SOUTH BOULDER
MINES LTD

ABN 56 097 904 302

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

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South Boulder's seventh year as a publicly listed company has been one that shows promise of ultimately having an interest in producing mines with nickel suphide at Duketon and potash in Eritrea.

The Colluli Potash Project has progressed rapidly with the establishment of an Asmara Office and the employment of staff. After a long period of preparation drilling finally got underway in June. Drilling evaporite potash is more akin to oil and gas drilling in that you have to have the right composition and density of drilling fluid or no sample is recovered.

Due to the expertise of our potash mining, processing and exploration consultant, ERCOSPLAN, and the readiness to learn on behalf of our Eritrean Drilling contractor, General Exploration Drilling we successfully drilled four holes with excellent core recovery. This was a fantastic effort in the Danakil Depression; 120 m below sea level, with day temperatures in the mid 50's & lows in the mid 40's. During an overnight visit to the drilling in July, I was struck by the technical skill in potash drilling in one of the harshest places on earth and the willingness of our Eritrean geological staff to learn and complete the work.

Significant thicknesses of potassium rich salts have been demonstrated by the recently completed drilling both by assay and visually from very shallow depths 30 to 60m. The Colluli Project is now proven to be one of the shallowest deposits of potash in the world and this has the potential to be part of a significant new potash producing province.

Back in W.A., the Duketon Project has delivered on the promise shown last year with significant drill intercepts of, Kambalda Style, nickel rich suphide at the Rosie prospect. This opens up the potential of further discoveries within the Duketon Belt as these nickel deposits rarely occur singly but have numerous occurrences such as at Kambalda and Forrestania. Unfortunately due to the nature of the agreement with Independence Group, South Boulder does not have control over the rate of progress of exploration over the Duketon Nickel project. This fact however is considered minor as it is expected the exploration work will progress at an accelerated rate in the near future.

The coming year promises to be a transitional one for the company and I thank my fellow directors and all our staff for their hard work and effort over the past year.

TERRY GRAMMER
Chairman

INTRODUCTION

The 2010 Annual Report is South Boulder Mines Ltd ("South Boulder") seventh annual report since listing on 17 October 2003.

This year has been a highly successful one for South Boulder with the discovery of the Rosie Ni-Cu-PGE deposit and the Colluli Potash Project in Eritrea. These two projects will ensure the rapid growth of The Company as the prospects advance toward mining. South Boulder has recently been focussing on mine development scenarios as well as grassroots exploration. The Company is in a strong financial position with the value of its net tangible assets being more than adequate to meaningfully progress all the projects toward the ultimate goal of production.

The Duketon Gold Project is also a focus of activity although it is at an earlier stage than the two headline projects. There has been significant background compilation work on the Duketon Gold Project during the year and recent production and developments at competitor projects will make it easier to commercialise discoveries.

Due to the increased focus on the Colluli Project due to exploration success, South Boulder has been examining ways to maximise the value to shareholders. There is potential to create a new dedicated potash company listed on an international exchange. A decision that will best consider all shareholders is likely to be determined in the next year. Key resource modelling and scoping study analysis needs to be completed so that South Boulder can attribute the correct valuation to this asset and make development decisions accordingly.

South Boulder is well positioned with significant exploration exposure across a number of commodities and projects. Due to the success of the abovementioned projects, a decision was made to divest non-core fertilizer assets. Additionally The Company's equity holdings in ASX/TSX listed IXR, MZM, AGO, AVZ, BUX, UNX and CNI.V (TSX) provide fund raising options to The Company through divestment.

COLLULI POTASH PROJECT

The Colluli Potash Project

Diamond drilling at the 100% owned Colluli Potash Project in Eritrea was the focus of exploration activity and will continue through the 2011 period. It has progressed exceptionally well and resulted in the discovery of significant potash at very shallow depths. A selection of holes has been made for this report. Shallow potash mineralisation has been intersected in three holes situated 2 - 2.5km apart and some assays have been returned as at time of writing this report. It is expected that further outstanding assay results from carnallite ($KMg^3Cl_3.6(H_2O)$), sylvite (KCl) and kainite ($MgSO_4KCl.3(H_2O)$) rich layers intersected will be available in the next period.

Diamond hole COL-001 intercepted 6.00m of rock salt with sylvite from 59.20m, plus 10.10m of carnallitite from 83.20m plus 10.10m of kainitite from 93.30m; final hole depth was 141.30m, assays are outstanding (Figures 2, 3 and 4) and (Table 1).

Diamond hole COL-002B situated approximately 2.5Km to the north of COL-001 intercepted 11.34m of carnallitite from 56.56m plus 12.60m of kainitite from 67.90m; final hole depth was 90.10m, assays are outstanding (Figures 5 and 6).

Diamond hole COL-004 intercepted (chemical assay results);

- **7.72m of Sylvinite @ 25% KCl (16% K2O) from 28.68m depth;**
  - **Incl. 3.44m of Sylvinite @ 44% KCl (28% K2O) from 32.96m and;**

- **14.79m of Carnallitite + Kainitite @ 16% KCl (10% K2O) from 48.55m depth;**
  - **Incl. 3.20m of Kainitite @ 22% KCl (14% K2O) from 55.60m;**
  - **Incl. 4.20m of Kainitite @ 24% KCl (16% K2O) from 58.60m.**

The above chemical assay results have confirmed the presence of potash in economic quantities and have lead to a substantial re-evaluation of the value of the project.

The additional intercepts (assays outstanding at time of writing) are based on field observations and physical diagnostic tests and they confirm the presence of a significant shallow potash deposit. The full complete chemical composition of the mineralised intervals cannot be determined until laboratory chemical analyses can be performed. Drilling is continuing in order to define an initial 43-101 compliant resource.

Figure 1 – Diamond drilling hole 2 at the Colluli Potash Project Eritrea.

Drilling is currently suspended until all chemical assays are returned and an orientation gravity survey is completed at the end of October. This will allow South Boulder to better position the drill sites to try and locate more significant mineralisation at shallow depth. A summary log of COL-001 is shown in (Table 1) and for COL-004 (Table 2).

The current work program is to continue drilling in order to define a JORC and 43-101 compliant resource by the end of the year and continue work to complete a scoping study report in the March quarter 2011. This will involve larger diameter drill core and first pass financial modelling of the project. A 1-1.5million t.p.a operation is envisioned at this stage.

Figure 2 – COL-001 drill core showing rock salt and sylvite mineralisation from 61.98m – 65.20m.

Figure 3 – COL-001 drill core showing base of strong carnallite mineralisation zone from 89.74 – 93.20m. Carnallite cores are heat sealed in plastic to prevent the core from dissolving in air.

Figure 4 – COL-001 drill core showing kainite mineralisation from 93.30m – 97.05m.

Hole ID/ Member	East (m)	North (m)	Dip	Length (m)	From (m)	To (m)	Description
COL-001	644740	1589024	90	52.00	0.00	52.00	Clastics, overburden
Marker beds				9.20	52.00	59.20	Rock salt with anhydrite ($CaSO_4$)
Sylvinite				**6.00**	**59.20**	**65.20**	**Rock salt with sylvite (KCl) locally up to 30% sylvite**
Intermediate				2.80	65.20	68.00	Roack salt with carnallite ($KMg^3Cl_3.6(H_2O)$)
Intermediate				15.20	68.00	83.20	Bischofitite ($MgCl^3.6(H_2O)$)
Intermediate				**10.10**	**83.20**	**93.30**	**Carnallitite, (60-70%) carnallite ($KMg^3Cl_3.6(H_2O)$)**
Kainitite				**10.10**	**93.30**	**103.40**	**Kainitite, kainite ($MgSO_4KCl.3(H_2O)$)**
				37.90	103.40	141.30	Rock salt with layers of anhydrite ($CaSO_4$) and clay

Table 1 – Summary log of diamond hole COL-001. (Depth intervals are true width).

Figure 5 – COL-002B drill core showing the base of a strong carnallite mineralisation zone from 63.25m – 67.00m.

Figure 6 – COL-002B drill core showing kainite mineralisation zone from 74.63 – 78.20m.

Hole ID/ Member	East (m)	North (m)	Dip	Length (m)	From (m)	To (m)	Description
COL-004	642900	1590970	90	18.00	0.00	18.00	Clastics, overburden
Upper Rock Salt/Marker Bed				8.96 1.72	18.00 26.96	26.96 28.68	Rock salt Rock Salt with Anhydrite ($CaSO_4$)
Sylvinite				**7.71**	**28.68**	**36.39**	**Sylvite (KCl) locally 20-60% with rock salt and sulphate**
Intermediate				0.19	36.39	36.58	Rock salt with carnallite ($KMgCl_3.6(H_2O)$)
Intermediate				11.97	36.58	48.55	Bischofitite ($MgCl_2$ .6(H_2O))
Intermediate				**5.70**	**48.55**	**54.25**	**Carnallitite, (60-70%) carnallite ($KMgCl_3.6(H_2O)$)**
Kainitite				**16.14**	**54.25**	**70.39**	**Kainitite, kainite ($MgSO_4KCl.3(H_2O)$)**
				3.21	70.39	73.60	Rock salt with layers of anhydrite ($CaSO_4$) and clay

Table 2 – Summary log of diamond hole COL-004. (Depth intervals are true width).

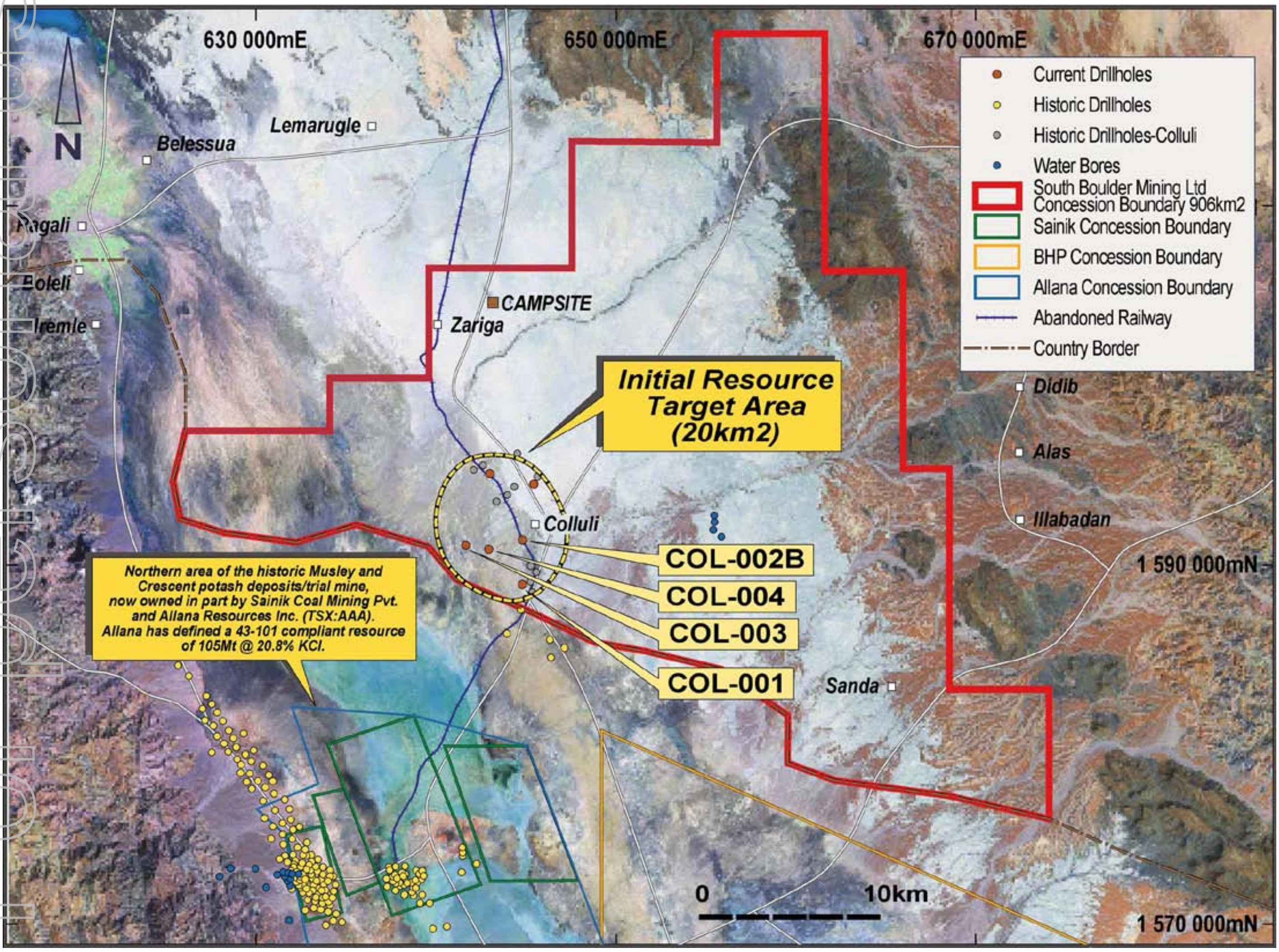


Figure 7 – Plan of Colluli Potash Project showing South Boulder drill hole sites and proximity to recent and historic potash mineralisation to the south.

Colluli Potash Project Background

The 906km^2 Colluli Potash Project licence was granted on the 23rd of July by the Minister for Mines and Energy Eritrea. South Boulder believes that the project has potential to host world class buried evaporite potash deposits and is extremely pleased to have won the tender for the project. The Project is located in the Danakil Depression region of Eritrea approximately 200kms south east of the capital Asmara (Figure 8).

The Colluli Project consists of buried evaporite deposits in which two shallow potash bearing horizons were identified from historic diamond drilling conducted in 1968 by the former Ethiopian Potash Company (EPC). The first horizon intersected an average thickness of 1.7m sylvinite with average grades of 12.5% K_2O at depths to the top of the horizon ranging from 23m – 180m. The second horizon intersected an average thickness of 17m carnallite with average grades of 50 - 70wt% (~17% K_2O) at depths to the top of the horizon at 390m.

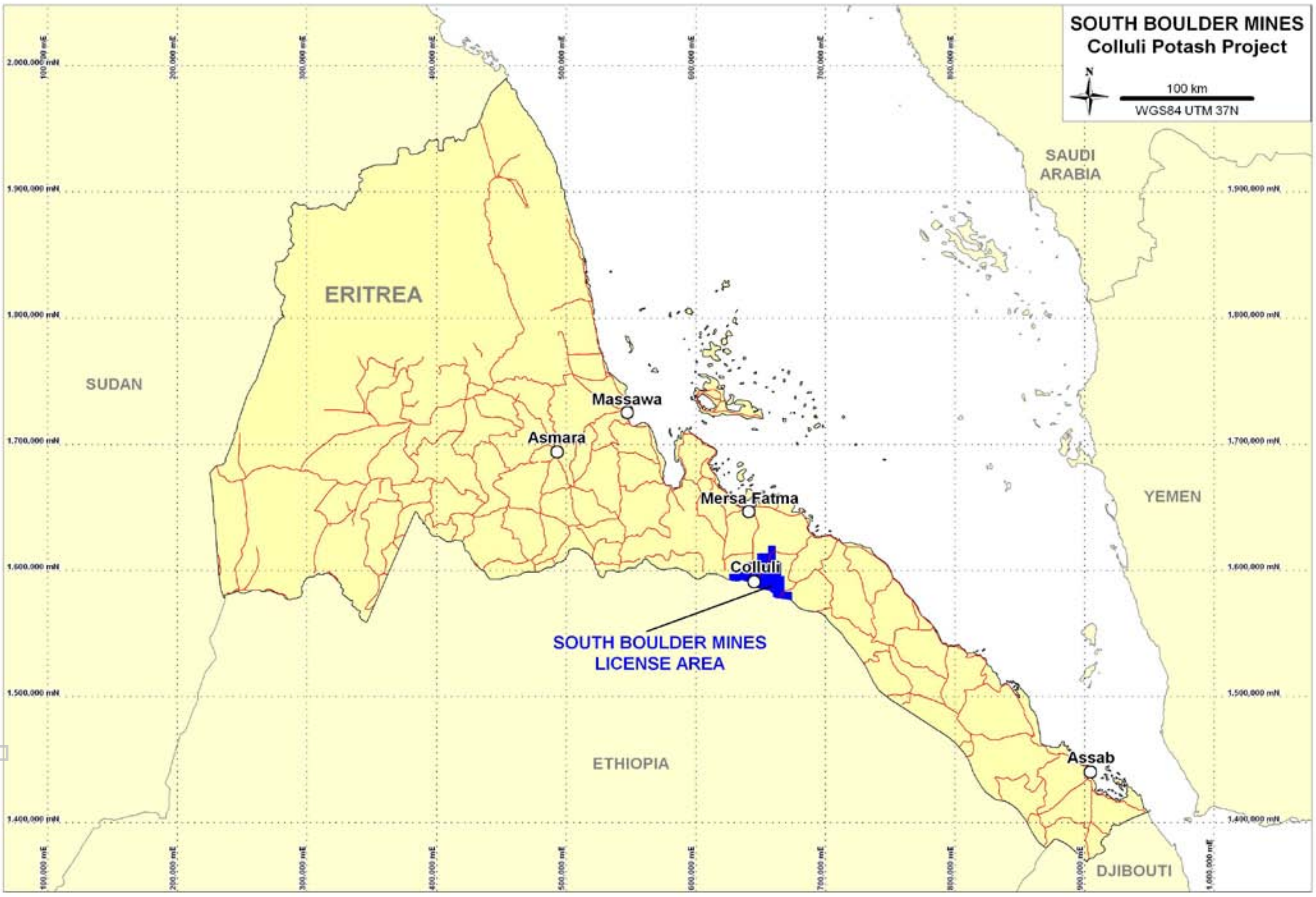


Figure 8 – Location of the Colluli Potash Project Eritrea.

The project is located approximately 70kms south of the shallow water port of Mersa Fatma and less than 200kms south east of the deep water port of Massawa. A derelict abandoned train line built by Italian colonialists in the early 1900's traverses the project to the coast at Mersa Fatma. The potential to utilise solar evaporation, solution mining techniques and geothermal energy coupled with a good potential infrastructure location make the project very attractive to South Boulder. These factors coupled with the relatively shallow nature of the mineralisation could lead to relatively cheap capital and operating costs if a deposit is defined.

South Boulder originally applied for the license in May 2008 as part of an open tender process and won the right to negotiate terms for an exploration license agreement in June 2009. The minimum expenditure requirements of the license are USD$500,000 in the first year and on application for a mining license, the Eritrean government is entitled to a 10% free-carried interest. The government also, after delivery of a Bankable Feasibility Study (BFS) has the right to purchase an additional 30% equity participation interest in any mining project and up to a 3.5% royalty on salts.

In Figure 8 to the immediate south of the Colluli Potash Project in yellow, the area of extensive work that has been conducted at the Musley and Crescent potash deposits in Ethiopia by the former Ralph M. Parsons Company from 1958 – 1968 is shown. At Musley historic resources were defined which are now in part owned by Sainik Coal Mining Pvt. and Allana Resources Inc. (TSX.V AAA). Allana has defined a 43-101 Compliant Inferred resource of 105 million tonnes @ 20.8% KCl from their portion of the historic resource area. These resources occur approximately 15km south of the Colluli Potash Project in Ethiopia. Exploration activity is currently underway on the Ethiopian deposits.

South Boulder has now confirmed a significant shallow potash deposit and it is expected to be of an order of magnitude similar to the abovementioned resource however, there is demonstrated potential to have broad areas of mineralisation with higher grades. The Musley deposit is the most analogous deposit to the mineralisation identified at Colluli and therefore provides South Boulder with a realistic exploration target within the project area.

LAKE DISAPPOIONTEMENT EAST POTASH PROJECT

During the period the progress at the Lake Disappointment East project (E45/3122) has been protracted and slow due to negotiations between the Western Desert Lands Council (WDLAC) and Reward Minerals Ltd (ASX: RWD) who are the beneficial owner of the Lake Disappointment potash resource located immediately west of South Boulder's Project.

Reward Minerals Ltd "Reward" (ASX: RWD) had their application for a mining lease over potash resources located at Lake Disappointment rejected in May 2009 by the National Native Title Tribunal. Subsequently an application by Reward to the Federal Attorney General to overrule the decision was also rejected in July 2009.

An exploration access agreement has been negotiated between South Boulder and the Traditional Owners of the area, that's sets the framework for exploration and the next stage is to conduct site based heritage surveys prior to non-ground disturbing and ground disturbing exploration. At this stage, South Boulder is unsure when access to the ground will be possible, however the Company remains committed to the Project.

DUKETON PROJECT

South Boulder's Duketon Project is located north of Laverton in Western Australia. The Duketon Project totals approximately 1,500km² in area, making South Boulder the largest single land holder in the Duketon Greenstone Belt. The Duketon Project is highly prospective for gold, nickel sulphide and base metals. South Boulder owns 100% of the gold and base metal rights to the package as part of the Duketon Gold Project and Independence Group NL "Independence" (ASX: IGO) are earning 70% of the nickel rights on selected tenements by the delivery of a Bankable Feasibility Study.

The Achaean Duketon Greenstone Belt is located ~ 80kms north of Laverton in Western Australia and is dominated by a broad, complex north-northwest trending fold structure known as the Erlistoun Syncline (Figure 9). The core of this syncline is occupied by the Ingi-jingi Felsic Volcanic Complex. The Ingi-jingi Felsic Volcanic Complex consists dominantly of rhyolitic and dacitic tuffs, and represents the youngest rocks in the belt.

The western limb of the Erlistoun Syncline is formed by a sequence of mafic and ultramafic volcanics and intrusives, epiclastic and chemical sediments, and minor felsics known as the Bandya Mafics. To the west the Bandya Mafics are bounded by the Hootanui Fault and the Granite Hills Batholith.

The north-eastern limb of the Erlistoun Syncline is formed by a sequence of mafic volcanics informally known as the Riccaboni Mafics. These mafics underlie the Ingi-jingi Felsic Volcanic Complex, and are intruded to the north by the Mount Joanna batholith.

DUKETON NICKEL JOINT VENTURE

In April 2004 South Boulder signed a farm-out Joint Venture Agreement with Independence Group NL (ASX:IGO). Under the terms of the agreement Independence will farm-in to earn 70% of the nickel metal rights on tenements held by South Boulder within the Duketon Project by delivery of a Bankable Feasibility Study within 5 years from the grant of the relevant tenement.

The Duketon Nickel Joint Venture (DNJV) covers ultramafic rich stratigraphy in the Duketon Greenstone Belt which are considered highly prospective for Ni-Cu-PGE (Platinum group element) disseminated and massive sulphide mineralisation. The tenure held within the DNJV is shown in Figure 9 and 10.

Nickel sulphide mineralisation within the Duketon Greenstone Belt is highlighted by the recent Collurabbie discovery by Falcon Minerals Ltd (ASX: FCN) and BHP Billiton Ltd to the north of the Duketon Project; and by the recently revived Windarra nickel mine to the south held by Poseidon Nickel Limited (ASX: POS).

The Bulge Rosie and C2 Prospects

During the last year the discovery of the Rosie Ni-Cu-PGE was made and advanced. The headline drilling results from hole TBDD098 was:

- **5.20m @ 9.1% Ni, 1.1% Cu, 0.2% Co and 7.1g/t PGE's from 599.71m. (Figure 12)**

During most of the year, substantial planning and preparation for a major drill out of the C2 and Rosie Prospects was carried out. Drilling approvals have been granted by the Department of Mines and

Petroleum (DMP) however other Governmental approvals are required before the major part of the drilling can commence.

Independence have finalised detailed technical and logistical plans for a significant follow-up drilling program that will involve drilling the Rosie Prospect out on a broad 100m x 50m pattern with some additional infill holes. Further to this the prospective corridor between Rosie and C2 will be drilled to determine the potential to host further mineralisation along strike and at depth from the main mineralised intercepts previously discovered.

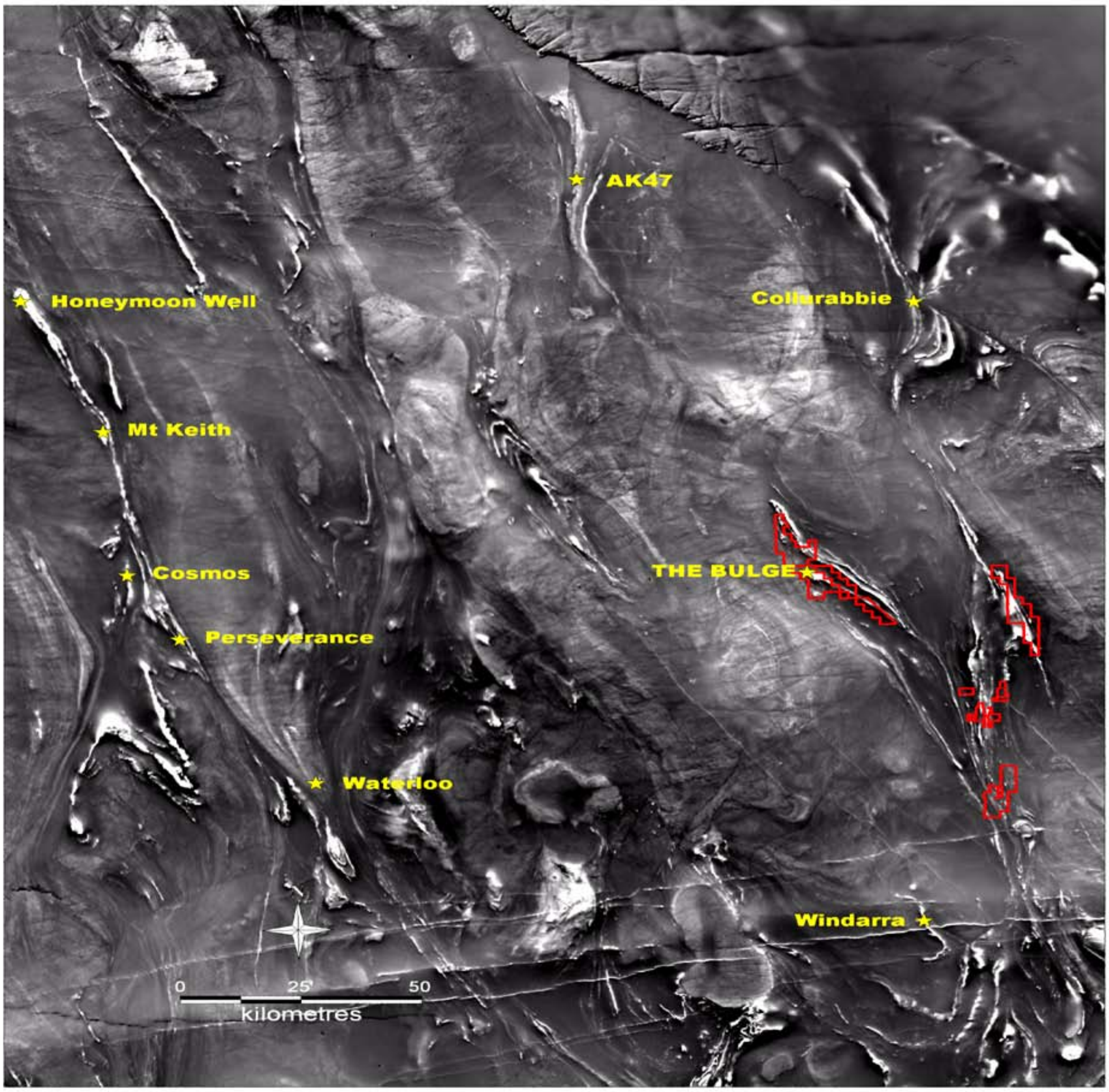
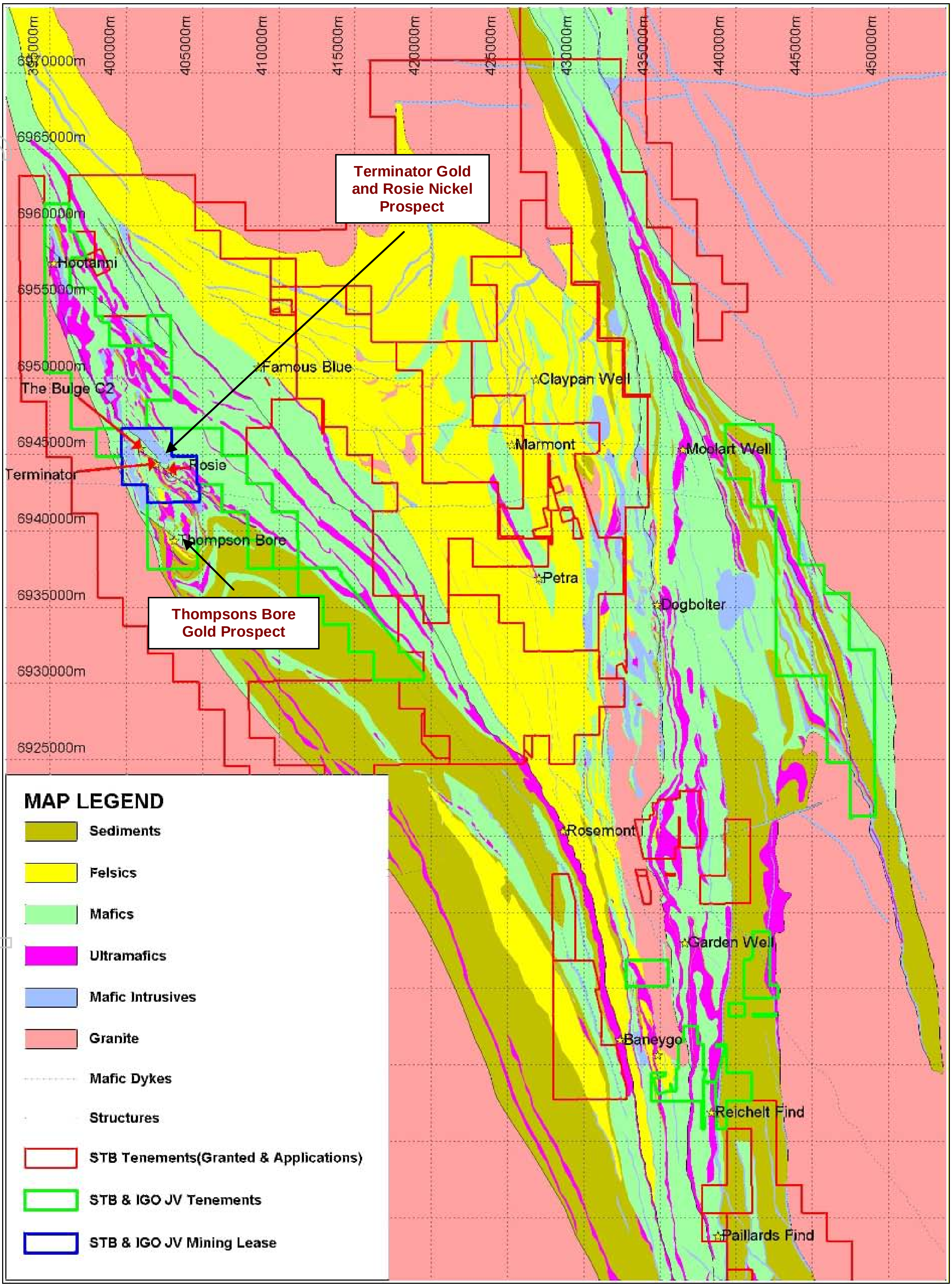


Figure 9 - Duketon Nickel Project showing the proximity to major nickel deposits in the region.

The program is likely to involve up to 3-4 diamond and RC drill rigs that will drill to extend and intersect the target mineralisation zones within a broad envelop already defined. The data is expected to provide sufficient information to compile robust resource estimates compliant with JORC standards and to facilitate the completion of a scoping study incorporating both C2 and Rosie.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Terminator Gold and Rosie Nickel Prospect
Thompsons Bore Gold Prospect
Hootanmi
Famous Blue
The Bulge C2
Terminator
Rosie
Thompson Bore
Claypan Well
Marmont
Moolart Well
Petra
Dogbolter
Rosemont
Garden Well
Baneygo
Reichelt Find
Paillards Find
MAP LEGEND
Sediments
Felsics
Mafics
Ultramafics
Mafic Intrusives
Granite
Mafic Dykes
Structures
STB Tenements(Granted & Applications)
STB & IGO JV Tenements
STB & IGO JV Mining Lease

Figure 10 - Duketon Project tenements over Duketon Greenstone Belt geology.
Drilling is planned to begin once all necessary approvals have been received and once commenced will continue over an approximate 4 month period.

Specific activities conducted during the quarter included;

- Planning a drill program designed to take Rosie and C2 to Inferred Resource status;
- Preparation of a Mineralisation Report and lodgement of Mining Lease Application;
- Program of Works (POW) approvals for resource drilling program;
- Preparation of a POW application for Exploration base camp;
- Commencement of baseline Environmental Studies;
- Engagement of Aboriginal Heritage consultants;
- Preliminary mineralogical studies to aid future metallurgical test work.

Additionally Independence has designed exploration programs along strike of the currently identified prospects and in the other regional JV tenements (Figure 10). At the time of writing this report, no specific details of the timing of the resource drilling or the regional exploration work is available to South Boulder as approvals for the drilling program are awaited. Further information will be provided to the market when it comes to hand.

As announced to the ASX on the 3rd of June 2010, South Boulder together with Independence has applied to the DMP for a Mining Lease that covers the C2 and Rosie Prospects. The Ni-Cu-PGE mineralisation currently defined is sufficient to satisfy the DMP mineralisation criteria guidelines for a Mining Lease to be granted. (Figure 3).

The Rosie and C2 Prospects are located approximately 120km NNW of Laverton, W.A in the Duketon Greenstone Belt. The deposits are approximately 2km apart and the mineralisation at both prospects is considered open in most directions. The mineralisation at Rosie is currently outlined over an approximate strike length of 750m and a dip extent of about 400m and comprises massive, matrix, stringer and disseminated sulphides (Figure 11).

The massive nickel sulphide mineralisation intersected in hole TBDD098 has an ultramafic hanging-wall and sediment-free basaltic footwall, and is interpreted to represent a classic Komatiitic lava channel. However, the high copper, cobalt and platinoid assays are atypical of known lava channel nickel sulphides in Western Australia (Figure 13).

The mineralisation discovered thus far at Rosie was not detectable using conventional surface TEM techniques however IGO proprietary DHTEM (downhole) methods have proven to be a highly effective tool in targeting massive sulphide mineralisation. The potential for further mineralisation is supported by DHTEM survey results from holes TBDD093 and TBDD098 which suggest that the strongest mineralisation is situated between these holes and continues steeply down plunge to the north-west. The locations of DHTEM conductive plates, potentially indicative of massive sulphide mineralisation, are illustrated on Figure 15.

The mineralisation at C2 is currently defined over an approximate strike length of 700m and a dip extent of up to 300m within 3 zones (Figure 16). The C2 mineralisation currently comprises disseminated and minor matrix and stringer sulphides and is considered to have some potential to host massive sulphide mineralisation. The best intercept at the C2 Prospect is (50m @ 0.92% Ni including 37m @ 1.05% Ni) comprised as disseminated, stringer and breccia sulphides with zones of higher grade mineralisation grading up to 3.34% Ni. There is potential at C2 for more discrete higher grade massive sulphide zones similar to those found so far at Rosie.

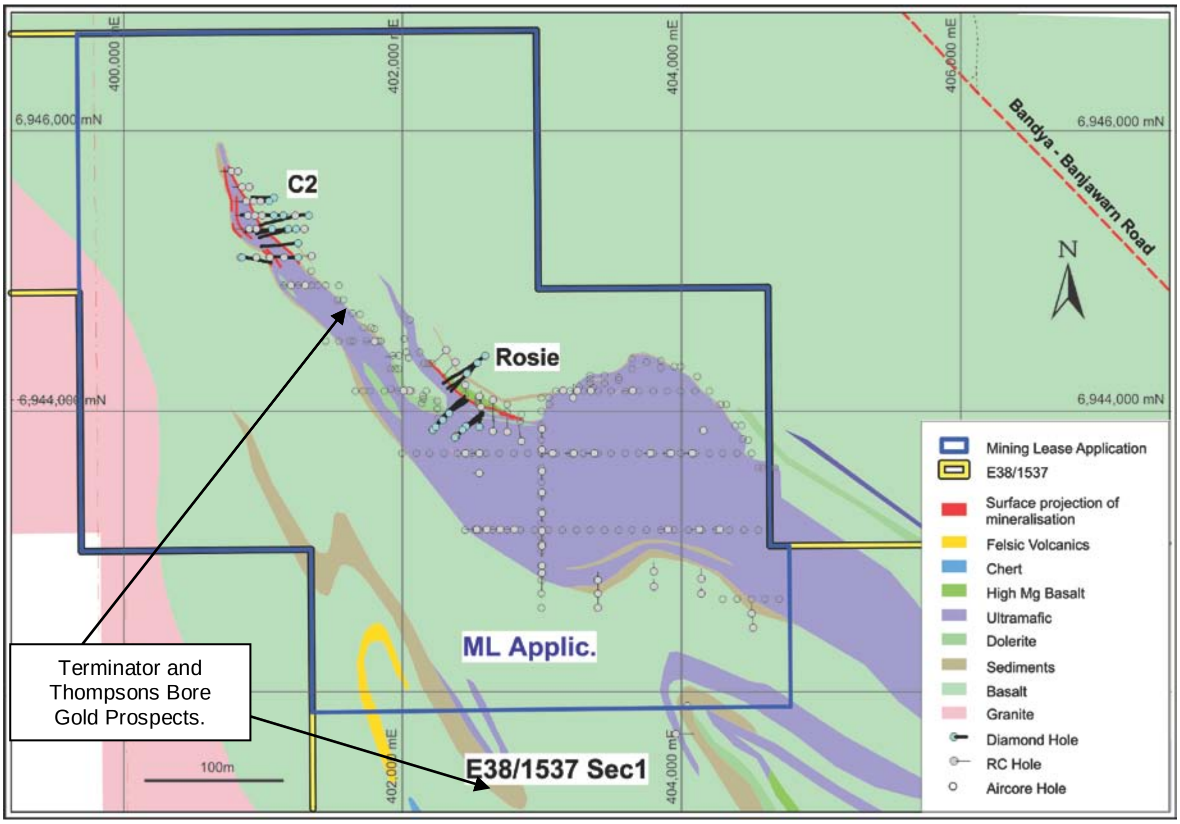

Figure 11: Rosie and C2 Deposit Mining Lease Application (Blue) over interpreted solid geology and drill plan.

Figure 12 – JV Rosie Prospect - TBDD098 Massive Sulphide Intercept - 5.20m @ 9.13% Ni, 1.09% Cu, 0.21% Co and 7.09g/t PGEs (PGEs include 2.22g/t Pt, 1.74g/t Pd, 0.82g/t Rh, 1.79g/t Ru)

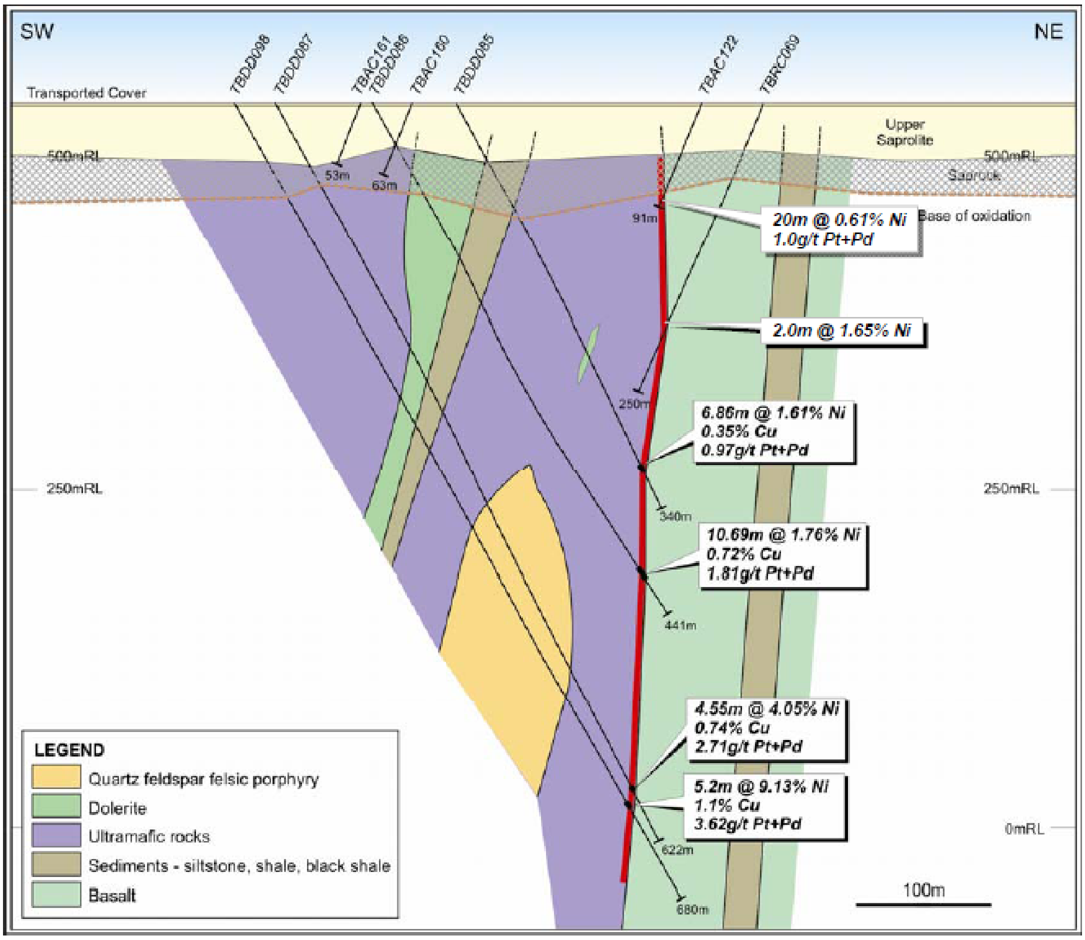

Figure 13: Rosie deposit schematic cross section with some recent downhole intercepts.

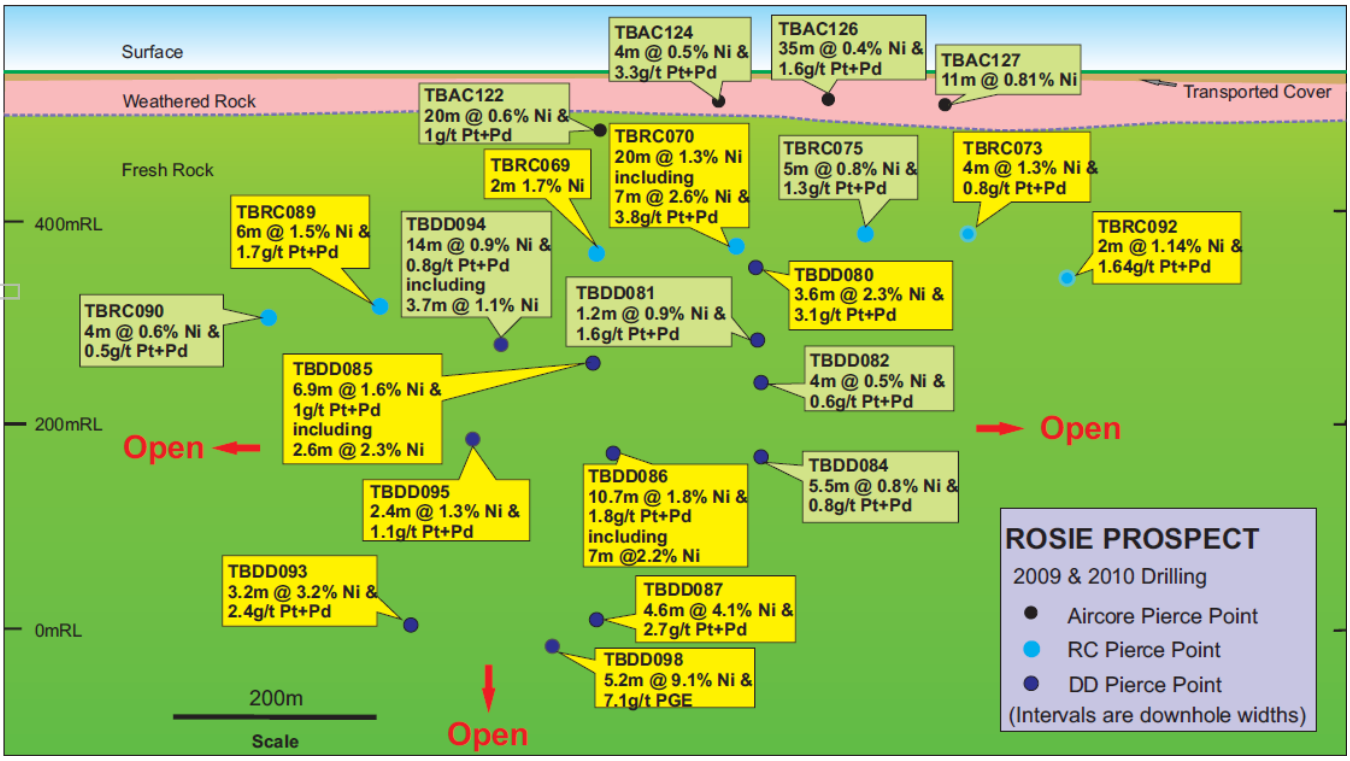

Figure 14 – Rosie Prospect long section showing air-core, RC and diamond drilling intercepts.

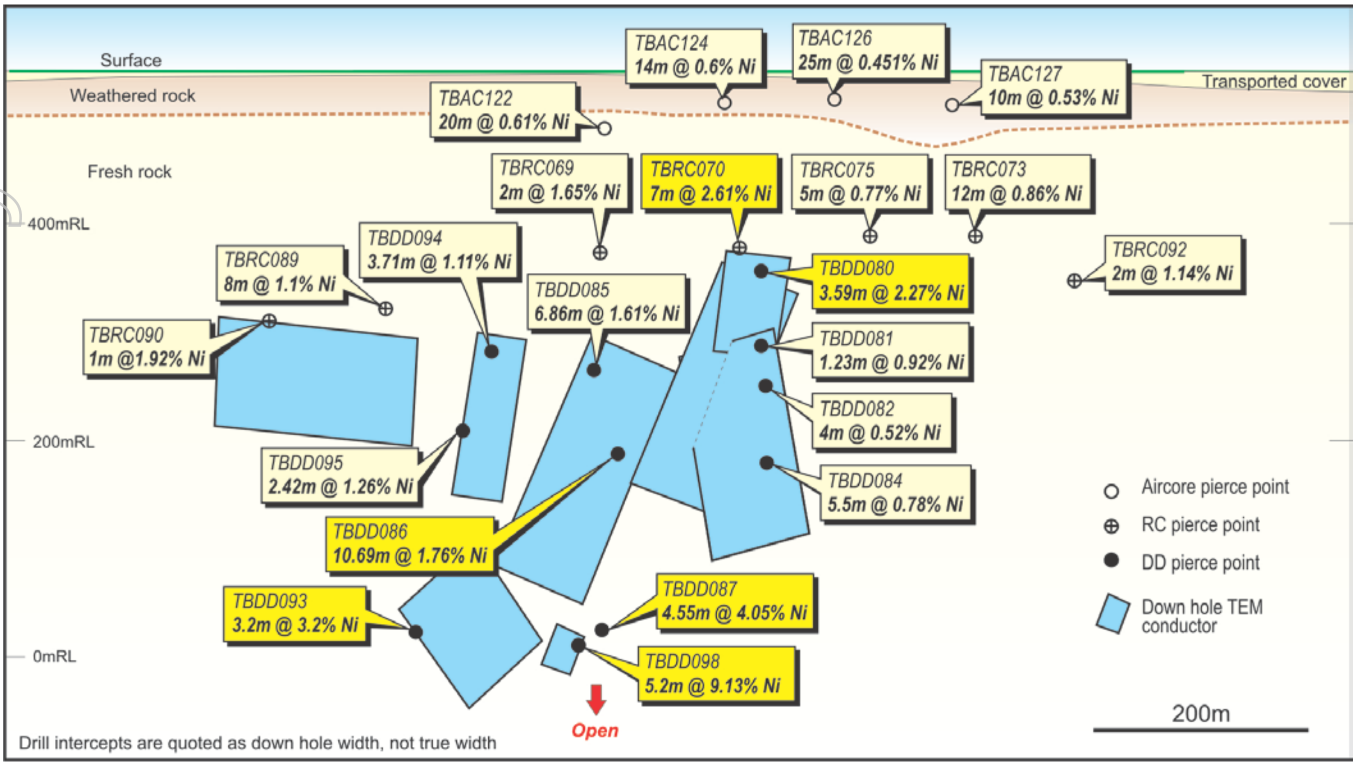

Figure 15: Duketon JV – Rosie Prospect Longitudinal Projection Showing Significant Drill Intercepts and Down-Hole TEM Conductors.

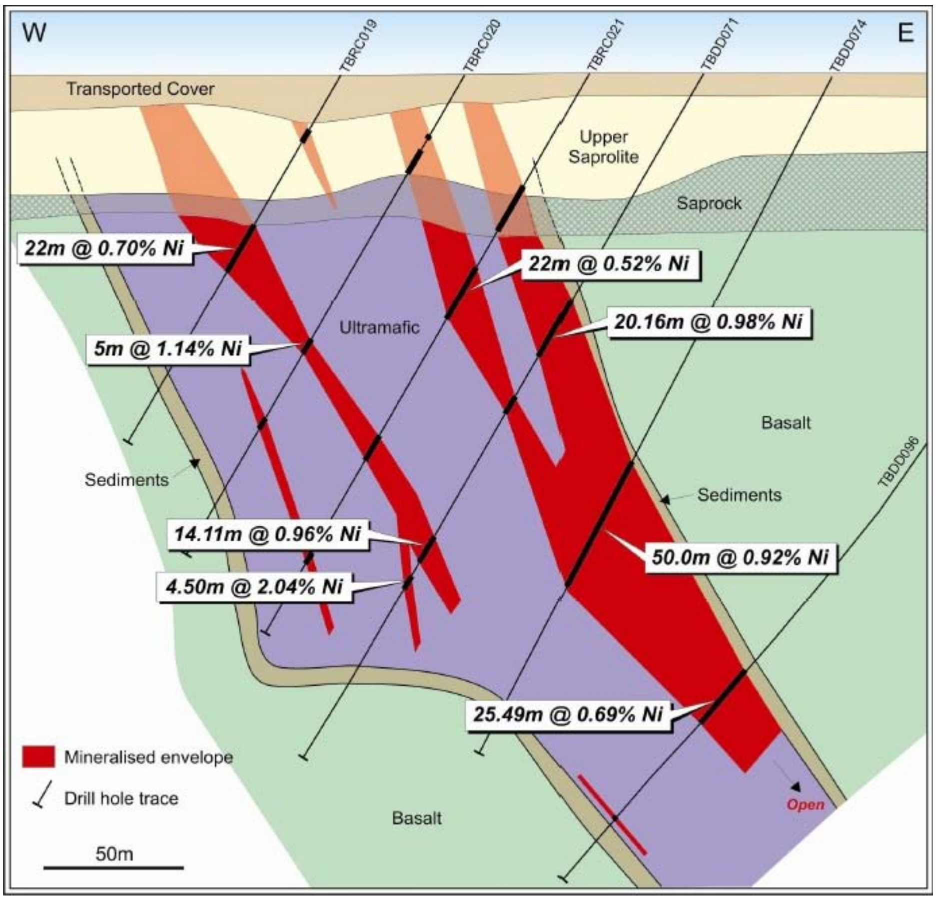

Figure 16: C2 Deposit schematic cross section with some recent downhole intercepts.

The German Well Prospect

The German Well prospect covers an ultramafic unit located on the eastern flank of the project area towards the northern end of E38/1825. Previous work by IGO has identified a TEM anomaly in close proximity to highly anomalous geochemistry in aircore drilling (max 0.43% Ni, 306ppm Cu, 55ppb Pt+Pd). It is intended to RC drill test the conductor as soon as the necessary approvals are in place.

The Robinson Prospect

The Robinson Prospect is located within E38/1511 between the Camp Oven and Bulge Prospects. Ground TEM geophysical surveys were completed over 11 strike km of partially covered ultramafic stratigraphy. A total of 93 line km of data was collected, identifying 6 bedrock conductors.
Five of these bedrock conductors are considered to be indicative of sedimentary horizons. The sixth conductor ("Anomaly B") is closely associated with a magnetic anomaly and is considered to be a priority exploration target.

Note: Most tables, figures and text relating to the DNJV have been provided courtesy of Independence.

DUKETON GOLD PROJECT

From the early 90's the majority of the Duketon Project was held by Normandy Mining Limited and Newmont Mining Corporation. Although wide spaced reconnaissance exploration was sporadically conducted, the vast majority of the project remains under shallow cover and vastly under explored.

The Duketon Belt contains highly prospective geological sequences and mineralised structures. Numerous structures are known to contain significant gold mineralisation and this is demonstrated by the approximately +4M ounces of unmined gold resources currently defined to date within the belt. In addition the +1.5M ounce Moolart Well Gold Project is currently being developed by Regis Resources NL "Regis" (ASX: RRL). Once operational this will be the only mining operation in the Duketon Belt. The recent development in the belt announced by Regis and A1 Minerals (ASX: AAM) are under consideration and will likely have a very positive impact on the future of the Duketon Belt (Figure 10).

Terminator Prospect

The Terminator Gold Prospect was discovered during a geochemical aircore drilling program on E38/1537 during September 2009. The Prospect is located approximately 1.4km south of the Bulge C2 Nickel Prospect (Figure 10).

Recent RC drilling intersected high grades up to 28.60 g/t Au over 1m as well as broad intercepts of highly anomalous mineralisation like TBAC111 - 37m @ 2.18g/t Au from 1m. Refer to March 2010 quarterly report for recent drilling intercepts.

During the period, work was focused on targeting extensions to known mineralisation and gaining a better understanding of the structural complexities of the deposit. It is intended to conduct further RC drilling at Terminator in a combined Duketon Regional Gold exploration program. Details and approvals of the program are currently being finalised and it is planned to conduct the drilling within the first half of the next period.

Thompson's Bore Prospect

The Thompson's Bore Gold Prospect is located within E38/1537, 5km due south of the Bulge Nickel Sulphide discovery. Previous aircore intercepts include values up to 75.30g/t over 1m from 14m and 8.70g/t over 11m from 35m. The mineralisation at Thompsons is considered complex and open in all directions. Indications are that mineralised intersections are significantly depleted down to depths of ~ 80m. At least 2 and possibly 3 steeply dipping, parallel north - northwest striking gold zones exist within the project.

As with the Terminator Prospect a follow up drilling program is in the planning stages combined with the Duketon Regional Gold exploration program.

Regional Prospects

During the period reconnaissance sampling in regional areas of the Duketon Gold Project has identified numerous new targets. These targets are planned to be drill tested within the next 4 months as part of the Duketon Regional Gold exploration program. South Boulder are encouraged by the recent competitor drilling activity by Regis resources NL (ASX: RRL) who have made a recent gold discovery at Garden Well (+1.2m ounces) and are developing the +1.5m ounce Moolart Well deposit. South Boulder hold ground in along strike positions to the Garden Well discovery and adjacent to the Moolart well deposit.

All the following prospects are under going detailed evaluation and data compilation. Aerial magnetic surveys and RAB drilling of selected targets are planned for the coming period.

The Mistake South Prospect is located approximately 10kms south along strike from the Garden Well Prospect and immediately south of the Erlistoun/Mistake deposits.

The Golden Star Prospect is located a further 25km south along strike of the Mistake Prospect. Reconnaissance work has located the historical workings and drill hole locations of the Golden Star and Dochan deposits in E38/1535. Preliminary three dimensional modeling of these deposits have shown that the deposits are open along strike and at depth. South Boulder is currently planning an aircore drilling program for this exploration license.

Historical RC drill intercepts Golden Star (Figure 18) include 20m @ 5.26g/t, 14m @ 2.46g/t and 6m @ 4.32g/t Au. Historical RAB intercepts at Dochan include 8m @ 2.24g/t, 4m @ 2.92g/t and 1m @ 22.88g/t Au. South Boulder is planning a detailed geochemical and aircore sampling program for all these prospects and plans will be released in the next period.

Another prospective gold project is the Moolart Well West Prospect which is located immediately east of Regis Resources's Moolart Well Gold Mine. This area covers sequences of basics and ultrabasics, as well as the north-trending Duketon Fault.

This entire area is not suitable for soil sampling, as discovered by Carpenteria Exploration when they held the area in the 1970s, but the majority is suitable for lag sampling. Carpenteria geologists noticed several E-W trending faults in the field, which have a displacement of ~200m. Several gossans in the area returned assays anomalous for gold.

Regis Resources noted at Moolart Well that gold occurs in the oxide zone of intrusives as a laterite zone of pisolites in clay (0-4m deep), as dipping oxide lodes following preserved quartz-bearing shears (from 20-70m deep), as well as a sub-horizontal supergene horizon at the base of oxidation. They have only conducted minimal drilling into fresh rock to test primary mineralisation.

Previous lag sampling by STB in the Moolart Well West area has delineated several gold anomalies (~20ppb). These show strong structural control, trending NNW along shears and faults. These anomalies cross the Duketon Fault along these structures. However, if mineralisation is indeed similar to Moolart Well, the majority of a deposit may have no geochemical signature at all.

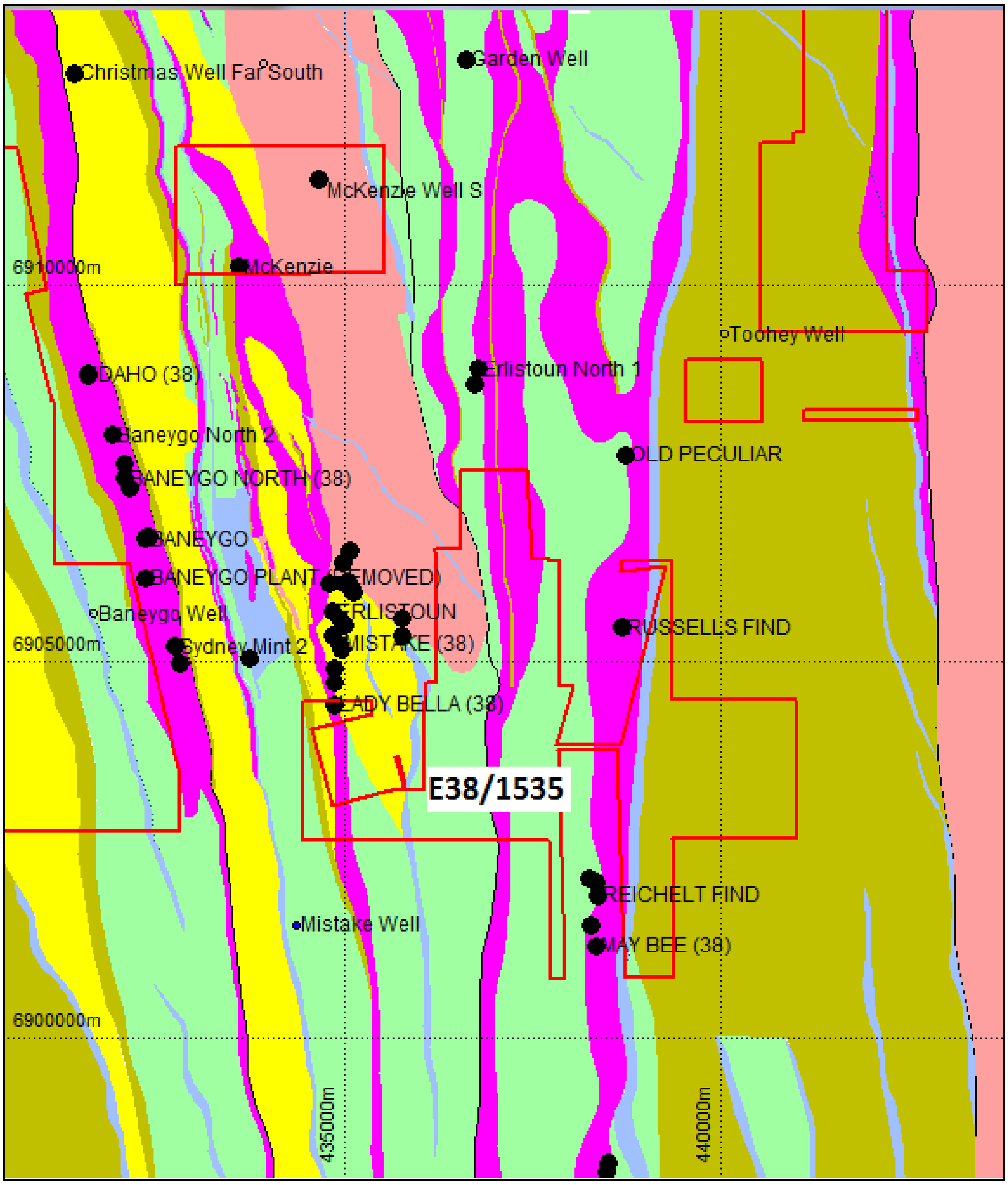

Figure 17: Geology of the area surrounding E38/1535, including Garden Well to the north (green =mafics, pink=ultramafics, yellow=felsics, red=granite, blue=mafic intrusives, brown=sediments).

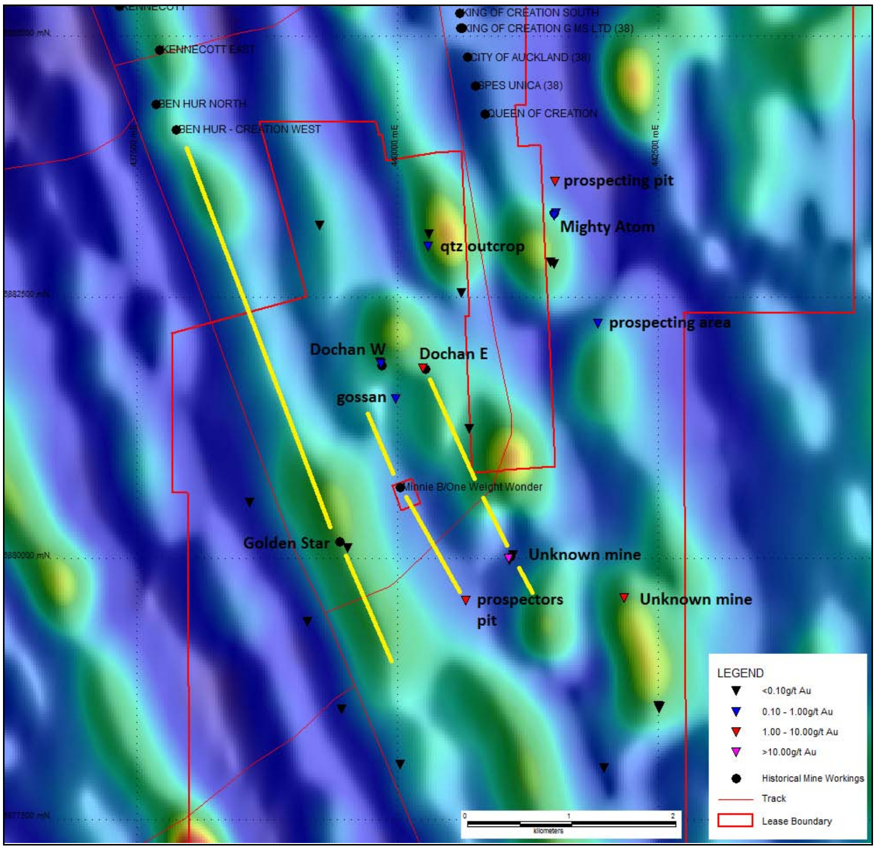

Figure 18: Golden Star Prospect.

PORTFOLIO DEVELOPMENT

South Boulder has a policy of constantly reviewing its project and equity portfolios with a view to adding or realising value. Due to prevailing global financial conditions over the last 2 years rationalisation of the project portfolio has been important to ensure the company focuses on core projects and is well funded to add value.

The board had previously resolved to divest the non-core phosphate exploration portfolio comprising the Cardabia and the Georgina Basin phosphate projects. Options are being reviewed on how to create value from the projects considering the Georgina Basin Project is funded by Auvex Resources Ltd. Discussions are ongoing. South Boulder will continue to implement a policy of reviewing acquisitions both within Australia and offshore and will inform shareholders if and when an acquisition is tendered.

The equity portfolio of listed exploration companies derived from divestment of non-core exploration assets is valued at ~ AUD$2.1m. The portfolio is under regular periodic review in order to determine opportunities for divestment to add to funds for working capital. Over the last 18 months as equity markets have been depressed it has been difficult to justify divestment. Investor appetite and overall market conditions appear to be improving and there is likely to be further opportunities to realise better value for South Boulder shareholders.

South Boulder holds a number of shares and options in ASX and TSX listed companies currently valued at ~ AUD $2.3m (Table 3).

Company Name	Stock Exchange	No of fully paid Shares	20c/25c Options	Option Expiry Date
IMX Resources NL	ASX	495,000		
Montezuma Mining Company Ltd	ASX	3,975,000	1,037,500	31/08/2011
Buxton Resources Limited	ASX	1,410,000	750,000	30/06/2012
Avonlea Minerals Limited	ASX	400,000		
Uranex NL	ASX	700,000		
Continental Nickel	TSX	121,200		
Auvex Resources Ltd (25c)	Private		1,000,000	

Table 3 – Current equities owned by South Boulder Mines Limited.

Southern Georgina Phosphate Project

The 100% owned Southern Georgina Phosphate Project is located in the central east Northern Territory, approximately 450km east north-east of Alice Springs. The tenements comprise 3 granted exploration licenses (EL26380, EL25983 and EL25982). Auvex Resources Limited (Auvex) purchased 90% of the manganese and base metal rights and 10% of the phosphate rights on the project.

Under the terms of the agreement South Boulder has a free carried 10% interest in the manganese and base metal rights up until the delivery of a Feasibility Study (FS). At that point South Boulder can elect to contribute or dilute to a $2 per dry metric tonne (DMT) sold royalty for manganese or a 1.5% N.S.R. royalty in the case of base metals. Under the same terms, Auvex has a 10% free carry to a FS and then can either contribute or dilute to a $2 per DMT sold royalty for phosphate sold.

Consideration to South Boulder for the project was $50,000 cash and 1,000,000 options in Auvex Resources Pty Ltd with an exercise price of 25 cents (Expiry 31st December 2013). Auvex is pursuing plans to list on the ASX in the future.

Cardabia Phosphate Project

The 100% owned Cardabia Phosphate Project is located in the northern Carnarvon Basin in Western Australia, approximately 200km north northeast from Carnarvon. The project comprises ~1,642km^2 (ELA08/2005, ELA08/2121 and ELA08/2151) and is prospective for nodular phosphate. South Boulder has a policy of constantly reviewing its project and equity portfolios with a view to adding or realising value. Due to prevailing global financial conditions over the last year rationalisation of the project portfolio has been important to ensure the company focuses on core projects and is well funded to add value.

CORPORATE

South Boulder is listed on the Frankfurt, Munich and Berlin Stock Exchanges. The relevant codes are SO3.F, SO3.MU and SO3.BE respectively, and can be accessed via Yahoo Finance.

This ASX release has been compiled by Lorry Hughes using information on exploration results supplied by South Boulder Mines Ltd and Independence Group who are the operator of the Duketon Nickel JV. Lorry Hughes is a member of the Australian Institute of Mining and Metallurgy. Mr Hughes has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Lorry Hughes consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Directors' Report

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of South Boulder Mines Limited and the entities it controlled at the end of, or during, the year ended 30 June 2010.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Where applicable, all current and former directorships held in listed public companies over the last three years have been detailed below. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Terrence Grammer, (Non Executive Chairman)

Mr Grammer is a geologist with over 35 years experience in mining and mineral exploration with extensive experience in Australia, Southern Africa, East Asia & New Zealand and has operated in Western Australia since 1988. He has extensive experience in exploring for gold and base metals.

Mr Grammer was awarded The Association of Mining and Exploration Companies (AMEC) Prospector of the Year Award (jointly with Mr Anthony Rovira) in 2000 for the Discovery of Jubilee Mines NL's Cosmos Nickel Deposit. The initial Cosmos discovery defined a resource of approximately 400,000t @ 8.2% Ni. The project has grown significantly since then.

He was also a founder and promoter in 1999 of the successful nickel explorer Western Areas NL where he was the Exploration Manager from 2000 until retiring in 2004.

Mr Grammer is a former director of Hannans Reward Limited and Montezuma Mining Company Limited within the last 3 years.

David "Lorry" Hughes, BSc, MAusIMM (Managing Director)

Mr Hughes is a Geologist with nearly 20 years industry experience and has been South Boulder Mines' Managing Director since May 2009. He formally the Exploration Manager.

Mr Hughes has held management positions on exploration and operational mining projects for Energy Metals Ltd, CSA Australia and Energy Resources Australia. His industry experience was gained from various gold mines and exploration prospects in the NE goldfields of Western Australia while working for Plutonic/Homestake, Aberfoyle and Mt Grace. Mr Hughes has also experience in Malaysia and Indonesia working at the Penjom gold mine in Malaysia and on gold and base metals exploration projects for Pt Inco in Indonesia. Since 2008 Mr Hughes has been actively involved in setting up the Colluli Potash Project in Eritrea.

Mr Hughes has previously been responsible for mining and exploration/development operations management including, geological resource interpretation/estimation, project generation, mine planning, near mine resource development and environmental management. Mr Hughes has not held any former directorships in the last 3 years.

Liam Cornelius, BApp.Sc (Executive Director)

Mr Cornelius graduated from Curtin University of Technology with a BApp.Sc in Geology. Mr Cornelius has been involved in the exploration industry within Australia and Africa for nearly 20 years. Whilst specializing in gold he has experience with a wide range of commodities including nickel, copper, platinum and uranium.

As a founding member of South Boulder Mines Ltd, Mr Cornelius has played a key role in outlining areas of interest for the Company. In addition to project generation and providing guidance to the board on future directions, his responsibilities include public relations and fund raising. Mr Cornelius has not held any former directorships in the last 3 years.

COMPANY SECRETARY

Dennis Wilkins, B.Bus, MAICD, ACIS

Mr Wilkins is an accountant who has been a director, company secretary or acted in a corporate advisory capacity to listed resource companies for over 20 years.

Mr Wilkins previously served as the Finance Director and Company Secretary for a mid tier gold producer and also spent five years working for a leading merchant bank in the United Kingdom. Resource postings to Indonesia, South Africa and New Zealand in managerial roles has broadened his international experience.

Mr Wilkins has extensive experience in capital raising specifically for the resources industry and is the principal of DWCorporate Pty Ltd which provides advisory, funding and administrative management services to the resource sector. Mr Wilkins is a director of Key Petroleum Limited and Minemakers Limited. Mr Wilkins is a former director of Marengo Mining Limited and South Boulder Mines Limited within the last 3 years.

Directors' Report continued

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of South Boulder Mines Limited were:

	Ordinary Shares	Options over Ordinary Shares
Terry Grammer	310,000	1,700,000
Lorry Hughes	237,000	3,400,000
Liam Cornelius	2,897,338	8,250,000

PRINCIPAL ACTIVITIES

During the year the Group carried out exploration on its tenements and applied for or acquired additional tenements with the objective of identifying economic mineral deposits.

There was no significant change in the nature of the Group's activities during the year.

DIVIDENDS

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

REVIEW OF OPERATIONS

Finance Review

The Group began the financial year with a cash reserve of $2,509,126. During January 2010 the Group completed an entitlements offer by issuing 5,570,795 ordinary shares to raise $1,114,159, and a total of 4,265,000 options were exercised during the year, raising a total of $1,570,000.

During the year total tenement acquisition and exploration expenditure incurred by the Group amounted to $1,405,030. In line with the Group's accounting policies, all exploration expenditure was written off at year end. Net administration expenditure incurred amounted to $2,933,378. This has resulted in an operating loss after income tax for the year ended 30 June 2010 of $4,338,408 (2009: $1,593,275).

At 30 June 2010 surplus funds available totalled $3,853,118.

Operating Results for the Year

Summarised operating results are as follows:

	2010	
	Revenues $	Results $
Consolidated entity revenues and loss from ordinary activities before income tax expense	1,271,881	(4,338,408)

Shareholder Returns

	2010	2009
Basic earnings per share (cents)	**(7.4)**	(2.9)

Risk Management

The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the board.

The Group believes that it is crucial for all board members to be a part of this process, and as such the board has not established a separate risk management committee.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as disclosed in this Annual Report no significant changes in the state of affairs of the Group occurred during the financial year.

Directors' Report continued

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances, besides those disclosed at note 22, have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group expects to maintain the present status and level of operations and hence there are no likely developments in the Group's operations.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is subject to significant environmental regulation in respect to its exploration activities.

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

REMUNERATION REPORT

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

Principles used to determine the nature and amount of remuneration

Remuneration Policy

The remuneration policy of South Boulder Mines Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group’s financial results. The board of South Boulder Mines Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group.

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

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board reviews executive packages annually by reference to the Group’s performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

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

All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently $200,000). Fees for non-executive directors are not linked to the performance of the Group. However, to align directors’ interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Performance based remuneration

The Group currently has no performance based remuneration component built into director and executive remuneration packages.

Company performance, shareholder wealth and directors' and executives' remuneration

The remuneration policy has been tailored to increase the direct positive relationship between shareholders investment objectives and directors and executives performance. Currently, this is facilitated through the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The Group believes this policy will be effective in increasing shareholder wealth. At commencement of mine production, performance based bonuses based on key performance indicators are expected to be introduced. For details of directors and executives interests in options at year end, refer to note 16 of the financial statements.

Directors' Report continued

Details of remuneration

Details of the remuneration of the directors, the key management personnel (as defined in AASB 124 *Related Party Disclosures*) and specified executives of South Boulder Mines Limited are set out in the following table.

The key management personnel of South Boulder Mines Limited include the directors and company secretary as per page 24 above.

Given the size and nature of operations of South Boulder Mines Limited, there are no other employees who are required to have their remuneration disclosed in accordance with the Corporations Act 2001.

Key management personnel and other executives of South Boulder Mines Limited

	Short-Term		**Post Employment**		**Share-based Payments**	**Total**
	Salary & Fees	Non Monetary	Superannuation	Retirement benefits	Options	
	$	**$**	**$**	**$**	**$**	**$**
Directors						
Terry Grammer						
2010	**40,000**	**2,750**	**3,600**	**-**	**-**	**46,350**
2009	85,796	2,464	7,719	-	18,080	114,059
Lorry Hughes						
2010	**150,096**	**2,750**	**13,509**	**-**	**106,400**	**272,755**
2009	153,462	2,464	13,812	-	54,400	224,138
Liam Cornelius						
2010	**70,000**	**2,750**	**6,300**	**-**	**1,803,000**	**1,882,050**
2009	84,808	2,464	7,633	-	21,500	116,405
Other key management personnel						
Dennis Wilkins						
2010	**68,826**	**-**	**-**	**-**	**-**	**68,826**
2009	38,723	-	-	-	15,800	54,523
Total key management personnel compensation						
2010	**328,922**	**8,250**	**23,409**	**-**	**1,909,400**	**2,269,981**
2009	362,789	7,392	29,164	-	109,780	509,125

Service agreements

The details of service agreements of the key management personnel of South Boulder Mines Limited are as follows:

Lorry Hughes, Managing Director:

- Term of agreement - Commencing 23 May 2008 until terminated by either party with a minimum of one months written notice.
- Base salary at the commencement of the financial year, exclusive of superannuation, of $140,000 was increased to the original contract amount of $165,000 effective 25 January 2010, to be reviewed annually by the Board.
- Payment of termination benefit by the employer, other than for gross misconduct, of one months salary following one months written notice of termination.

Liam Cornelius, Executive Director:

- Term of agreement - until terminated by either party with a minimum of one months written notice.
- Base salary, exclusive of superannuation, of $70,000 to be reviewed annually by the Board.
- Payment of termination benefit by the employer, other than for gross misconduct, of one months salary following one months written notice of termination.

Share-based compensation

Options are issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to the majority of directors and executives of South Boulder Mines Limited to increase goal congruence between executives, directors and shareholders. The following options were granted to or vesting with key management personnel during the year.

	Grant Date	**Granted Number**	**Vesting Date**	**Expiry Date**	**Exercise Price (cents)**	**Value per option at grant date (cents)**	**Exercised Number**	**% of Remuneration**
Directors								
Lorry Hughes	30/11/2009	1,000,000	30/11/2009	30/06/2014	20	10.6	N/A	39.0
Liam Cornelius	21/06/2010	3,000,000	21/06/2010	30/03/2015	20	60.1	N/A	95.8

There were no ordinary shares issued upon exercise of remuneration options to directors or other key management personnel of South Boulder Mines Limited during the year.

Directors' Report continued

DIRECTORS' MEETINGS

During the year the Company held one meeting of directors. The attendance of directors at meetings of the board were:

	Directors Meetings	
	A	**B**
Terry Grammer	1	1
Lorry Hughes	-	1
Liam Cornelius	1	1

Notes

A - Number of meetings attended.

B - Number of meetings held during the time the director held office during the year.

SHARES UNDER OPTION

At the date of this report there are 34,940,000 unissued ordinary shares in respect of which options are outstanding.

	Number of options
Balance at the beginning of the year	23,480,000
Movements of share options during the year	
Issued, exercisable at 20 cents, on or before 30 June 2014	8,200,000
Issued, exercisable at 20 cents, on or before 30 March 2015	4,000,000
Issued, exercisable at 35 cents, on or before 31 July 2013	1,050,000
Exercised at 20 cents (24 March 2011)	(575,000)
Exercised at 20 cents (30 November 2012)	(150,000)
Exercised at 20 cents (30 June 2014)	(150,000)
Exercised at 25 cents (31 August 2010)	(550,000)
Exercised at 25 cents (31 March 2011)	(490,000)
Exercised at 30 cents (31 March 2011)	(200,000)
Exercised at 50 cents (13 June 2010)	(2,150,000)
Expired on 29 November 2009, exercisable at 25 cents	(500,000)
Total number of options outstanding as at 30 June 2010	**31,965,000**
Movements of share options after the reporting date:	
Issued, exercisable at 75 cents, on or before 30 March 2015	5,000,000
Exercised (20 cents, 30 November 2012)	(100,000)
Exercised (25 cents, 31 August 2010)	(450,000)
Exercised (30 cents, 31 March 2011)	(400,000)
Exercised (50 cents, 19 August 2010)	(1,075,000)
Total number of options outstanding as at the date of this report	**34,940,000**

The balance is comprised of the following:

Expiry date	Exercise price (cents)	Number of options
24 March 2011	20	2,490,000
31 March 2011	25	3,260,000
31 March 2011	30	3,240,000
30 November 2012	20	3,550,000
31 July 2013	35	4,000,000
30 June 2014	20	9,400,000
30 March 2015	20	4,000,000
30 March 2015	75	5,000,000
Total number of options outstanding at the date of this report		**34,940,000**

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

Directors' Report continued

INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the Company has paid premiums insuring all the directors of South Boulder Mines Limited against costs incurred in defending proceedings for conduct involving:

(a) a wilful breach of duty; or

(b) a contravention of sections 182 or 183 of the *Corporations Act 2001*,

as permitted by section 199B of the *Corporations Act 2001*.

The total amount of insurance contract premiums paid is $9,196.

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, Rothsay Chartered Accountants or associated entities. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

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

Rothsay Chartered Accountants received or are due to receive the following amounts for the provision of non-audit services:

	2010	2009
	$	$
Tax compliance services	**3,500**	2,000

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 30.

Signed in accordance with a resolution of the directors.

Lorry Hughes
Managing Director

Perth, 23 September 2010

ROTHSAY

96 Parry Street, Perth WA 6000 P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9227 0552 www.rothsay.com.au

The Directors
South Boulder Mines Ltd
PO Box 8355
Perth Business Centre WA 6849

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

i) no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 30 June 2010 financial statements; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Frank Vrachas (Lead auditor)

Rothsay Chartered Accountants

Dated 23 September 2010

Corporate Governance Statement

The Board of Directors

The Company's constitution provides that the number of directors shall not be less than three and not more than nine. There is no requirement for any share holding qualification.

As and if the Company's activities increase in size, nature and scope the size of the board will be reviewed periodically, and as circumstances demand. The optimum number of directors required to supervise adequately the Company's constitution will be determined within the limitations imposed by the constitution.

The membership of the board, its activities and composition, is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the board shall include quality of the individual, background of experience and achievement, compatibility with other board members, credibility within the Company's scope of activities, intellectual ability to contribute to board's duties and physical ability to undertake board's duties and responsibilities.

Directors are initially appointed by the full board subject to election by shareholders at the next general meeting. Under the Company's constitution the tenure of a director (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the *Corporations Act 2001*, the board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, may revoke any appointment.

The board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees (other than an Audit Committee) at this time. The board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

Role of the Board

The board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the board is responsible for oversight of management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Appointments to Other Boards

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

Independent Professional Advice

The board has determined that individual directors have the right in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to director's rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

Continuous Review of Corporate Governance

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as directors of the Company. Such information must be sufficient to enable the directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The directors recognise that mineral exploration is an inherently risky business and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

ASX Principles of Good Corporate Governance

The board has reviewed its current practices in light of the revised ASX Corporate Governance Principles and Recommendations with a view to making amendments where applicable after considering the company's size and the resources it has available.

As the Company's activities develop in size, nature and scope, the size of the board and the implementation of any additional formal corporate governance committees will be given further consideration.

The board has adopted the revised Recommendations and the following table sets out the company's present position in relation to each of the revised Principles.

Corporate Governance Statement continued

	ASX Principle	Status	Reference/comment
Principle 1:	**Lay solid foundations for management and oversight**		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions	**A**	Matters reserved for the Board are included on the Company's website.
1.2	Companies should disclose the process for evaluating the performance of senior executives	**N/A**	Acting in its ordinary capacity, the Board from time to time carries out the process of considering and determining performance issues. The remuneration of executive and non executive Directors is reviewed by the Board with the exclusion of the Director concerned. The remuneration of executive management is reviewed and approved by the Board.
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1	**A (in part)**	
Principle 2:	**Structure the board to add value**		
2.1	A majority of the board should be independent directors	**N/A**	Given the Company's background, the nature and size of its business and the current stage of its development, the Board comprises three directors, two of whom are executive and the independent Chairman. The Board believes that this is both appropriate and acceptable at this stage of the Company's development.
2.2	The chair should be an independent director	**A**	
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	**A**	The positions of Chairman and Managing Director are held by separate persons.
2.4	The board should establish a nomination committee	**N/A**	The Board has no formal nomination committee. Acting in its ordinary capacity from time to time as requires, the Board carries out the process of determining the need for, screening and appointing of new directors. In view of the size and resources available to the Company, it is not considered that a separate nomination committee would add any substance to the process.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	**N/A**	Given the size of the Company, formal procedures for evaluating the performance of the Board, committees and individual directors have not been developed. The Company conducts these aspects on an ongoing basis and takes action to correct any abnormalities.
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2	**A (in part)**	The skills and experience of Directors are set out in the Company's Annual Report and on its website.
Principle 3:	**Promote ethical and responsible decision-making**		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	**A**	The Company has established a Code of Conduct which can be viewed on the Company's website.

A = Adopted
N/A = Not adopted

Corporate Governance Statement continued

	ASX Principle	Status	Reference/comment
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy	**A**	The Company has formulated a securities trading policy which can be viewed on the Company's website.
3.3	Companies should provide the information indicated in the Guide to reporting on Principle 3	**A**	
Principle 4:	**Safeguard integrity in financial reporting**		
4.1	The board should establish an audit committee	**A**	The Company has established an audit committee which comprises two directors and the company secretary. The charter for this committee is disclosed on the Company's website. Sourcing alternative or additional directors to comply with this principle is considered expensive with costs outweighing the potential benefits. In addition the whole Board addresses the governance aspects of the full scope of the Company's activities to ensure that it adheres to appropriate ethical standards. All matters that might properly be dealt with by special committees are subject to regular scrutiny at full Board meetings.
4.2	The audit committee should be structured so that it:	**A (in part)**	
	• consists only of non-executive directors	**N/A**	
	• consists of a majority of independent directors	**N/A**	
	• is chaired by an independent chair, who is not chair of the board	**N/A**	
	• has at least three members	**A**	Two directors and the company secretary.
4.3	The audit committee should have a formal charter	**A**	
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	**A**	
Principle 5:	**Make timely and balanced disclosure**		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	**A**	The Company has instigated internal procedures designed to provide reasonable assurance to the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with relevant laws and regulations. The Board is acutely aware of the continuous disclosure regime and there are strong informational systems in place to ensure compliance, underpinned by experience.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5	**A**	The Board receive monthly reports on the status of the Company's activities and any new proposed activities. Disclosure is reviewed as a routine agenda item at each Board meeting.
Principle 6:	**Respect the rights of shareholders**		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	**A**	In line with adherence to continuous disclosure requirements of ASX all shareholders are kept informed of major developments affecting the Company. This disclosure is through regular shareholder communications including the Annual Report, Quarterly Reports, the Company website and the distributions of specific releases covering major transactions and events or other price sensitive information.

A = Adopted
N/A = Not adopted

Corporate Governance Statement continued

	ASX Principle	Status	Reference/comment
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6	**A**	The Company has formulated a Communication Policy which can be viewed on the Company's website as a part of the Corporate Governance Statement.
Principle 7:	**Recognise and manage risk**		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	**A**	While the Company does not have formalised policies on risk management the Board recognises its responsibility for identifying areas of significant business risk and for ensuring that arrangements are in place for adequately managing these risks. This issue is regularly reviewed at Board meetings and risk management culture is encouraged amongst employees and contractors. Determined areas of risk which are regularly considered include: • performance and funding of exploration activities • budget control and asset protection • status of mineral tenements • compliance with government laws and regulations • safety and the environment • continuous disclosure obligations
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks	**N/A**	While the Company does not have formalised risk management policies it recognises its responsibility for identifying areas of significant business risk and ensuring that arrangements are in place to adequately manage these risks. This issue is regularly reviewed at Board meetings and a risk management culture is encouraged amongst employees and contractors.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks	**A**	
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7	**N/A**	
Principle 8:	**Remunerate fairly and responsibly**		
8.1	The board should establish a remuneration committee	**N/A**	The Company does not consider it appropriate to have a sub-committee of the Board to consider remuneration matters.
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	**A**	
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8	**A**	Refer to the Corporate Governance section of the Company's website.

A = Adopted
N/A = Not adopted

Consolidated Statement of Comprehensive Income

YEAR ENDED 30 JUNE 2010	Notes	Consolidated	
		2010	2009
		$	$
REVENUE	4	**94,863**	129,325
Other income	5	**1,177,018**	72,599
EXPENDITURE			
Depreciation expense		**(28,917)**	(10,830)
Salaries and employee benefits expense		**(44,260)**	(30,464)
Exploration expenditure		**(1,405,030)**	(824,039)
Corporate expenses		**(105,698)**	(81,189)
Consulting expenses		**(71,549)**	(66,109)
Administration expenses		**(123,363)**	(86,524)
Share based payment expense	25	**(3,810,835)**	(124,000)
Other expenses		**(20,637)**	(572,044)
PROFIT / (LOSS) BEFORE INCOME TAX		**(4,338,408)**	(1,593,275)
INCOME TAX	7	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF SOUTH BOULDER MINES LIMITED		**(4,338,408)**	(1,593,275)
Basic and diluted earnings/(loss) per share for loss attributable to the ordinary equity holders of the Company (cents per share)	24	**(7.4)**	(2.9)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Financial Position

AT 30 JUNE 2010

	Notes	Consolidated 2010 $	Consolidated 2009 $
CURRENT ASSETS			
Cash and cash equivalents	8	**3,853,118**	2,509,126
Trade and other receivables	9	**41,938**	33,708
Financial assets at fair value through profit or loss	10	**2,061,032**	1,316,413
TOTAL CURRENT ASSETS		**5,956,088**	3,859,247
NON-CURRENT ASSETS			
Plant and equipment	11	**139,469**	39,155
TOTAL NON-CURRENT ASSETS		**139,469**	39,155
TOTAL ASSETS		**6,095,557**	3,898,402
CURRENT LIABILITIES			
Trade and other payables	12	**139,536**	98,967
TOTAL CURRENT LIABILITIES		**139,536**	98,967
TOTAL LIABILITIES		**139,536**	98,967
NET ASSETS		**5,956,021**	3,799,435
EQUITY			
Issued capital	13	**11,446,330**	8,762,171
Reserves	14(a)	**4,988,825**	1,177,990
Accumulated losses	14(b)	**(10,479,134)**	(6,140,726)
TOTAL EQUITY		**5,956,021**	3,799,435

The above Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

YEAR ENDED 30 JUNE 2010 Consolidated	Notes	Contributed Equity $	Options Reserve $	Accumulated Losses $	Total $
BALANCE AT 1 JULY 2008		8,055,690	1,053,990	(4,547,451)	4,562,229
Loss for the year	14(b)	-	-	(1,593,275)	(1,593,275)
TOTAL COMPREHENSIVE INCOME		-	-	(1,593,275)	(1,593,275)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the year	13	706,481	-	-	706,481
Employee and contractor options	14(a)	-	124,000	-	124,000
BALANCE AT 30 JUNE 2009		8,762,171	1,177,990	(6,140,726)	3,799,435
Loss for the year	14(b)	-	-	**(4,338,408)**	**(4,338,408)**
TOTAL COMPREHENSIVE INCOME		-	-	**(4,338,408)**	**(4,338,408)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the year	13	**2,684,159**	-	-	**2,684,159**
Employee and contractor options	14(a)	-	**3,810,835**	-	**3,810,835**
BALANCE AT 30 JUNE 2010		**11,446,330**	**4,988,825**	**(10,479,134)**	**5,956,021**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

YEAR ENDED 30 JUNE 2010

	Notes	Consolidated	
		2010	2009
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		**87,425**	135,279
Payments to suppliers and employees		**(347,600)**	(300,059)
Proceeds from sale of tenement rights		**50,000**	40,000
Expenditure on mining interests		**(1,383,150)**	(763,072)
Proceeds on sale of financial assets at fair value through profit or loss		**501,399**	9,835
Payments for other financial assets at fair value through profit or loss		**(119,000)**	-
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	23	**(1,210,926)**	(878,017)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		**(129,231)**	(12,361)
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		**(129,231)**	(12,361)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares		**2,684,159**	666,481
Payment of share issue costs		**-**	(79,980)
NET CASH INFLOW FROM FINANCING ACTIVITIES		**2,684,159**	586,501
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**1,344,002**	(303,877)
Cash and cash equivalents at the beginning of the financial year		**2,509,126**	2,813,003
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	8	**3,853,118**	2,509,126

The above Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of South Boulder Mines Limited and its subsidiaries. The financial statements are presented in the Australian currency. South Boulder Mines Limited is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 23 September 2010. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

The consolidated financial statements of the South Boulder Mines Limited Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Financial statement presentation

The Group has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the Group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of South Boulder Mines Limited ("Company" or "parent entity") as at 30 June 2010 and the results of all subsidiaries for the year then ended. South Boulder Mines Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of South Boulder Mines Limited.

(ii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of South Boulder Mines Limited.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Notes to the Financial Statements continued

30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

If the ownership interest in a jointly controlled entity or associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(iii) Changes in accounting policy

The Group has changed its accounting policy for transactions with non-controlling interests and the accounting for loss of control, joint control or significant influence from 1 July 2009 when a revised AASB 127 *Consolidated and Separate Financial Statements* became operative. The revisions to AASB 127 contained consequential amendments to AASB 128 *Investments in Associates* and AASB 131 *Interests in Joint Ventures*.

Previously transactions with non-controlling interests were treated as transactions with parties external to the Group. Disposals therefore resulted in gains or losses in profit or loss and purchases resulted in the recognition of goodwill. On disposal or partial disposal, a proportionate interest in reserves attributable to the subsidiary was reclassified to profit or loss or directly to retained earnings.

Previously when the Group ceased to have control, joint control or significant influence over an entity, the carrying amount of the investment at the date control, joint control or significant influence ceased became its cost for the purposes of subsequently accounting for the retained interests as associates, jointly controlled entity of financial assets.

The Group has applied the new policy prospectively to transactions occurring on or after 1 July 2009. As a consequence, no adjustments were necessary to any of the amounts previously recognised in the financial statements.

(c) 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 full Board of Directors.

Change in accounting policy

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 presented on the same basis as that used for internal reporting purposes. For management purposes, the Group considers the business from both a functional and geographic perspecitve and has identified two reportable segments, dividing the core function of mineral exploration between the Australia and Eritrea segments. There has been no change to the reportable segments required to meet the new standard.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is South Boulder Mines Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(iii) Group companies

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

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

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

(e) Revenue recognition

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

Notes to the Financial Statements continued

30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associated operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

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

(g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases where a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Cash and cash equivalents

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

(j) Trade and other receivables

Receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Notes to the Financial Statements continued

30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Investments and other financial assets

Classification

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Financial assets - reclassification

The Group may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within revenue from continuing operations or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of revenue from continuing operations when the Group's right to receive payments is established.

Notes to the Financial Statements continued

30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Details on how the fair value of financial investments is determined are disclosed in note 2.

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or Group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the statement of comprehensive income.

(l) Plant and equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

Depreciation of plant and equipment is calculated using the reducing balance method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term. The rates vary between 20% and 40% per annum.

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

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 (note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(m) Exploration and evaluation costs

Exploration and evaluation costs are written off in the year they are incurred.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured, non-interest bearing and are paid on normal commercial terms.

(o) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Share-based payments

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'), refer to note 25.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

Notes to the Financial Statements continued

30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

(p) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(q) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(r) Goods and Services Tax (GST)

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

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

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

(s) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions [AASB 2] (effective from 1 January 2010)

The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a Group share-based payment arrangement must recognise or expense for those goods or services regardless of which entity in the Group settles the transaction or whether the transaction is settled in shares or cash. They also clarify how the Group share-based payment arrangement should be measured, that is, whether it is measured as an equity or a cash-settled transaction. The Group will apply these amendments retrospectively for the financial reporting period commencing on 1 July 2010. There will be no impact on the Group's financial statements.

Notes to the Financial Statements continued

30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] (effective from 1 February 2010)

In October 2009 the AASB issued an amendment to AASB 132 *Financial Instruments: Presentation* which addresses the accounting for addresses for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The Group will apply the amended standard from 1 July 2010. As the Group has not made any such rights issues, the amendment will not have any effect on the Group's financial statements.

AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)

AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until1 January 2013 but is available for early adoption. The Group is yet to assess its full impact. The Group has not yet decided when to adopt AASB 9.

Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 *Related Party Disclosures*. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party. The Group will apply the amended standard from 1 July 2011. The amendments are not expected to have a significant impact on the financial statements of the Group.

AASB Interpretation 19 Extinguishing financial liabilities with equity instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 (effective from 1 July 2010)

AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the entity issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. The Group will apply the interpretation from 1 July 2010, with retrospective application required. The Group has not yet determined the potential effect of the interpretation.

(t) Critical accounting judgements, estimates and assumptions

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Share based payment transactions

The Group 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 an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in note 25.

2. FINANCIAL RISK MANAGEMENT

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

Risk management is carried out by the full Board of Directors as the Group believes that it is crucial for all board members to be involved in this process. The Managing Director, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the board on risk management.

(a) Market risk

(i) Foreign exchange risk

During the 2010 financial year the Group has commenced operations internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The Group has not formalised a foreign currency risk management policy however, it monitors its foreign currency expenditure in light of exchange rate movements. The international operations are presently at the start-up stage and there is only limited exposure at the reporting date to assets and liabilities denominated in foreign currencies. Hence the Group's current exposure to foreign currency risk is immaterial.

Notes to the Financial Statements continued

30 JUNE 2010

2. FINANCIAL RISK MANAGEMENT (cont'd)

(ii) Price risk

Given the current level of operations the Group is not exposed to price risk.

(iii) Interest rate risk

The Group is exposed to movements in market interest rates on cash and cash equivalents. The Group policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The entire balance of cash and cash equivalents for the Group $3,853,118 (2009: $2,509,126) is subject to interest rate risk. The proportional mix of floating interest rates and fixed rates to a maximum of six months fluctuate during the year depending on current working capital requirements. The weighted average interest rate received on cash and cash equivalents by the Group was 3.6% (2009: 4.6%).

Sensitivity analysis

At 30 June 2010, if interest rates had changed by -/+ 80 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Group would have been $21,000 lower/higher (2009: $22,500 lower/higher) as a result of lower/higher interest income from cash and cash equivalents.

(b) Credit risk

The Group has no significant concentrations of credit risk. The maximum exposure to credit risk at balance date is the carrying amount (net of provision for impairment) of those assets as disclosed in the statement of financial position and notes to the financial statements.

As the Group does not presently have any debtors, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained.

(c) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the Statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Group at the balance date are recorded at amounts approximating their carrying amount.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

Notes to the Financial Statements continued

30 JUNE 2010

3. SEGMENT INFORMATION

Identification of reportable segments

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 the basis of geographic location of assets given that the type of work done in each location is of a similar nature. Operating segments are therefore determined on this basis.

Types of activites by segment

Australia

The Australia segment is engaged in mineral exploration in the company's interests in Australia.

Eritrea

The Eritrea segment is engaged in mineral exploration in the company's interests in Eritrea.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment transactions

An internally determined transfer price is set for all inter-entity sales. This price is re-set quarterly and is based on what would be realised in the event the sale was made to an external party at arm's-length. All such transactions are eliminated on consolidation for the Group's financial statements.

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Comparative information

This is the first reporting period in which AASB 8 *Operating Segments* has been adopted. Comparative information has been restated to conform to the requirements of the Standard.

Notes to the Financial Statements continued

30 JUNE 2010

3. SEGMENT INFORMATION (cont'd)

	Australia		Eritrea		Total	
	2010 $	**2009 $**	**2010 $**	**2009 $**	**2010 $**	**2009 $**
Segment revenue						
Other income	**358,000**	72,599	-	-	**358,000**	72,599
Total segment revenue		72,599		-	**358,000**	72,599
Reconciliation of segment revenue to Group revenue						
Interest revenue					**94,863**	129,325
Fair value gains on financial assets					**819,018**	-
Total Group revenue					**1,271,881**	202,198
Segment result						
Segment result before income tax	**(624,966)**	(751,440)	**(422,292)**	-	**(1,047,258)**	(751,440)
Reconciliation of segment result to Group loss before tax						
Amounts not included in the segment result but reviewed by the Board:						
Depreciation					**(28,917)**	(10,830)
Interest revenue					**94,863**	129,325
Fair value gains on financial assets					**819,018**	-
Administration and corporate charges					**(365,279)**	(836,330)
Share-based payment expenses					**(3,810,835)**	(124,000)
Loss for the year					**(4,338,408)**	(1,593,275)
Segment assets	**28,203**	7,233	**54,183**	-	**82,386**	7,233
Reconciliation of segment assets to Group assets						
Corporate assets					**6,013,171**	3,891,169
Total Group assets from continuing operations					**6,095,557**	3,898,402
Segment liabilities	**59,402**	44,763	-	-	**59,402**	44,763
Reconciliation of segment liabilities to Group liabilities						
Corporate liabilities					**80,134**	54,204
Total Group assets from continuing operations					**139,536**	98,967

	Consolidated	
	2010 $	2009 $
4. REVENUE		
From continuing operations		
Interest	**94,863**	129,325

Notes to the Financial Statements continued

30 JUNE 2010

	Consolidated 2010 $	Consolidated 2009 $
5. OTHER INCOME		
Fair value gains on financial assets at fair value through profit or loss	**819,018**	-
Net gain on sale or sub-let of tenement	**358,000**	72,599
	1,177,018	72,599
6. EXPENSES		
Profit / (loss) before income tax includes the following specific expenses:		
Fair value losses on financial assets at fair value through profit or loss	-	549,628
Minimum lease payments relating to operating leases	**42,559**	38,748
Defined contribution superannuation expense	**37,601**	41,016
7. INCOME TAX		
(a) Income tax expense/(benefit)		
Current tax	-	-
Deferred tax	-	-
	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit / (loss) from continuing operations before income tax expense	**(4,338,408)**	(1,593,275)
Prima facie tax benefit at the Australian tax rate of 30% (2009: 30%)	**(1,301,522)**	(477,982)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	**1,143,251**	37,200
	(158,271)	(440,782)
Movements in unrecognised temporary differences	**(208,463)**	161,838
Tax effect of current year tax losses for which no deferred tax asset has been recognised	**366,734**	315,705
Income tax expense/(benefit)	-	-
(c) Unrecognised temporary differences		
Deferred Tax Assets (at 30%)		
On Income Tax Account		
Financial assets at fair value through profit or loss	-	47,406
Carry forward tax losses	**2,131,645**	1,764,911
	2,131,645	1,812,317
Deferred Tax Liabilities (at 30%)		
Financial assets at fair value through profit or loss	**161,056**	-

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

Notes to the Financial Statements continued

30 JUNE 2010

	Consolidated 2010 $	Consolidated 2009 $
8. CURRENT ASSETS - CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	**728,395**	22,665
Short-term deposits	**3,124,723**	2,486,461
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	**3,853,118**	2,509,126

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

9. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	2010 $	2009 $
Trade and other receivables	**41,938**	33,708

10. CURRENT ASSETS – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2010 $	2009 $
Australian listed equity securities	**2,061,032**	1,316,413

Changes in fair values of financial assets at fair value through profit or loss are recorded in other income or other expenses in the statement of comprehensive income (notes 5 and 6 respectively).

11. NON-CURRENT ASSETS - PLANT AND EQUIPMENT

	2010 $	2009 $
Plant and equipment		
Cost	**213,573**	84,342
Accumulated depreciation	**(74,104)**	(45,187)
Net book amount	**139,469**	39,155
Plant and equipment		
Opening net book amount	**39,155**	37,624
Additions	**129,231**	12,361
Depreciation charge	**(28,917)**	(10,830)
Closing net book amount	**139,469**	39,155

12. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	2010 $	2009 $
Trade payables	**74,434**	47,767
Other payables and accruals	**65,102**	51,200
	139,536	98,967

13. ISSUED CAPITAL

(a) Share capital

	Notes	2010 Number of shares	2010 $	2009 Number of shares	2009 $
Ordinary shares fully paid	13(b), 13(d)	**65,543,738**	**11,446,330**	55,707,943	8,762,171
Total issued capital		**65,543,738**	**11,446,330**	55,707,943	8,762,171

Notes to the Financial Statements continued

30 JUNE 2010

	2010		2009	
	Number of shares	$	Number of shares	$
13. ISSUED CAPITAL (cont'd)				
(b) Movements in ordinary share capital				
Beginning of the financial year	**55,707,943**	**8,762,171**	53,157,943	8,055,690
Issued during the year:				
– Issued for cash at 20 cents per share	**5,570,795**	**1,114,159**	-	-
– Issued for cash at 31 cents per share	**-**	**-**	2,150,000	666,481
– Issued on exercise of options (20 cents)	**875,000**	**175,000**	-	-
– Issued on exercise of options (25 cents)	**1,040,000**	**260,000**	-	-
– Issued on exercise of options (30 cents)	**200,000**	**60,000**	-	-
– Issued on exercise of options (50 cents)	**2,150,000**	**1,075,000**	-	-
– Issued as consideration for tenement acquisitions	**-**	**-**	400,000	40,000
End of the financial year	**65,543,738**	**11,446,330**	55,707,943	8,762,171

(c) Movements in options on issue

	Number of options	
	2010	2009
Beginning of the financial year	**23,480,000**	18,605,000
Issued during the year:		
– Exercisable at 20 cents, on or before 30 June 2014	**8,200,000**	1,350,000
– Exercisable at 20 cents, on or before 30 March 2015	**4,000,000**	-
– Exercisable at 35 cents, on or before 31 July 2013	**1,050,000**	2,950,000
– Exercisable at 50 cents, on or before 13 June 2010	**-**	1,075,000
Exercised, cancelled or expired during the year:		
– Exercisable at 20 cents, on or before 24 March 2011	**(575,000)**	-
– Exercisable at 20 cents, on or before 30 November 2012	**(150,000)**	-
– Exercisable at 20 cents, on or before 30 June 2014	**(150,000)**	-
– Exercisable at 25 cents, on or before 30 September 2008	**-**	(500,000)
– Exercisable at 25 cents, on or before 29 November 2009	**(500,000)**	-
– Exercisable at 25 cents, on or before 31 August 2010	**(550,000)**	-
– Exercisable at 25 cents, on or before 31 March 2011	**(490,000)**	-
– Exercisable at 30 cents, on or before 31 March 2011	**(200,000)**	-
– Exercisable at 50 cents, on or before 13 June 2010	**(2,150,000)**	-
End of the financial year	**31,965,000**	23,480,000

(d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Notes to the Financial Statements continued

30 JUNE 2010

	Consolidated 2010 $	Consolidated 2009 $

13. ISSUED CAPITAL (cont'd)

(e) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group at 30 June 2010 and 30 June 2009 are as follows:

	2010 $	2009 $
Cash and cash equivalents	**3,853,118**	2,509,126
Trade and other receivables	**41,938**	33,708
Financial assets at fair value through profit or loss	**2,061,032**	1,316,413
Trade and other payables	**(139,536)**	(98,967)
Working capital position	**5,816,552**	3,760,280

14. RESERVES AND ACCUMULATED LOSSES

(a) Reserves

	2010 $	2009 $
Share-based payments reserve		
Balance at beginning of year	**1,177,990**	1,053,990
Employees and contractors share options	**3,810,835**	124,000
Balance at end of year	**4,988,825**	1,177,990

(b) Accumulated losses

	2010 $	2009 $
Balance at beginning of year	**(6,140,726)**	(4,547,451)
Net loss for the year	**(4,338,408)**	(1,593,275)
Balance at end of year	**(10,479,134)**	(6,140,726)

(c) Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued.

15. DIVIDENDS

No dividends were paid during the financial year. No recommendation for payment of dividends has been made.

16. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

	Consolidated 2010 $	Consolidated 2009 $
Short-term benefits	**337,172**	370,181
Post employment benefits	**23,409**	29,164
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	**1,909,400**	109,780
	2,269,981	509,125

Detailed remuneration disclosures are provided in the remuneration report on pages 26 and 27.

Notes to the Financial Statements continued

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16. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont'd)

(b) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the remuneration report on page 27.

(ii) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of South Boulder Mines Limited and other key management personnel of the Group, including their personally related parties, are set out below:

2010	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of South Boulder Mines Limited							
Terry Grammer	**1,700,000**	**-**	**-**	**-**	**1,700,000**	**1,700,000**	**-**
Lorry Hughes	**2,400,000**	**1,000,000**	**-**	**-**	**3,400,000**	**3,400,000**	**-**
Liam Cornelius	**5,250,000**	**3,000,000**	**-**	**-**	**8,250,000**	**8,250,000**	**-**
Other key management personnel of the Group							
Dennis Wilkins	**500,000**	**-**	**-**	**-**	**500,000**	**500,000**	**-**

All vested options are exercisable at the end of the year.

2009	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of South Boulder Mines Limited							
Terry Grammer	1,100,000	600,000	-	-	1,700,000	1,700,000	-
Lorry Hughes	400,000	2,000,000	-	-	2,400,000	2,400,000	-
Liam Cornelius	4,500,000	750,000	-	-	5,250,000	5,250,000	-
Other key management personnel of the Group							
Dennis Wilkins	-	500,000	-	-	500,000	500,000	-

(iii) Share holdings

The numbers of shares in the Company held during the financial year by each director of South Boulder Mines Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2010 Ordinary shares	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
Directors of South Boulder Mines Limited				
Terry Grammer	**100,000**	**-**	**210,000**	**310,000**
Lorry Hughes	**100,000**	**-**	**137,000**	**237,000**
Liam Cornelius	**2,452,125**	**-**	**445,213**	**2,897,338**
Other key management personnel of the Group				
Dennis Wilkins	**126,000**	**-**	**(126,000)**	**-**

Notes to the Financial Statements continued

30 JUNE 2010

16. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont'd)

2009 **Ordinary shares**	**Balance at start of the year**	**Received during the year on the exercise of options**	**Other changes during the year**	**Balance at end of the year**
Directors of South Boulder Mines Limited				
Terry Grammer	100,000	-	-	100,000
Lorry Hughes	-	-	100,000	100,000
Liam Cornelius	2,452,125	-	-	2,452,125
Other key management personnel of the Group				
Dennis Wilkins	126,000	-	-	126,000

(c) Loans to key management personnel

There were no loans to key management personnel during the year.

(d) Other transactions with key management personnel

DWCorporate Pty Ltd, a business of which Mr Wilkins is principal, provided company secretarial and other corporate services to South Boulder Mines Limited during the year. The amounts paid were at arms length and are included as part of Mr Wilkins' compensation.

17. REMUNERATION OF AUDITORS

	Consolidated 2010 $	Consolidated 2009 $
During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:		
(a) Audit services		
Rothsay Chartered Accountants - audit and review of financial reports	**36,500**	32,800
(b) Non-audit services		
Rothsay Chartered Accountants – tax compliance services	**3,500**	2,000

18. CONTINGENCIES

There are no material contingent liabilities or contingent assets of the Group at balance date.

19. COMMITMENTS

(a) Exploration commitments

The Group has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:

	2010	2009
within one year	**373,040**	1,272,360
later than one year but not later than five years	**1,492,160**	6,089,440
	1,865,200	7,361,800

Notes to the Financial Statements continued

30 JUNE 2010

	Consolidated 2010 $	Consolidated 2009 $
19. COMMITMENTS (cont'd)		
(b) Lease commitments: Group as lessee		
Operating leases (non-cancellable):		
Minimum lease payments		
within one year	**35,712**	35,713
later than one year but not later than five years	**-**	35,712
Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities	**35,712**	71,425

The property lease is a non-cancellable lease with a three year term, with rent payable monthly in advance. The rental agreement provides for an annual rent increase of the greater of market or CPI. An option exists to renew the lease at the end of the three year term for an additional term of three years. The lease allows for subletting of all lease areas.

(c) Remuneration commitments

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of key management personnel referred to in the remuneration report on pages 26 and 27 that are not recognised as liabilities and are not included in the key management personnel compensation.

	2010 $	2009 $
within one year	**19,583**	240,625
later than one year but not later than five years	**-**	-
	19,583	240,625

20. RELATED PARTY TRANSACTIONS

(a) Parent entity

The ultimate parent entity within the Group is South Boulder Mines Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 21.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 16.

21. SUBSIDIARY

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	Country of Incorporation	Class of Shares	Equity Holding[1] 2010 %	Equity Holding[1] 2009 %
STB Eritrea Pty Ltd	Australia	Ordinary	**100**	100

(1) The proportion of ownership interest is equal to the proportion of voting power held.

22. EVENTS OCCURRING AFTER THE STATEMENT OF FINANCIAL POSITION DATE

No matter or circumstance has arisen since 30 June 2010, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

Notes to the Financial Statements continued

30 JUNE 2010

	Consolidated 2010 $	Consolidated 2009 $
23. STATEMENT OF CASH FLOWS		
Reconciliation of net loss after income tax to net cash outflow from operating activities		
Net loss for the year	**(4,338,408)**	(1,593,275)
Non-Cash Items		
Depreciation of plant and equipment	**28,917**	10,830
Share-based payment expense	**3,810,835**	124,000
Fair value (gains)/losses on financial assets at fair value through profit and loss	**(819,018)**	549,628
Equity securities received on sale of tenements	**(308,000)**	(32,599)
Shares issued as consideration for exploration expenses	**-**	40,000
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	**(8,220)**	24,863
Decrease in financial assets at fair value through profit or loss	**382,399**	9,835
Increase/(decrease) in trade and other payables	**40,569**	(11,299)
Net cash outflow from operating activities	**(1,210,926)**	(878,017)

24. LOSS PER SHARE

	Consolidated 2010 $	Consolidated 2009 $
(a) Reconciliation of earnings used in calculating earnings per share		
Profit/(loss) attributable to the owners of the Company used in calculating basic and diluted earnings per share	**(4,338,408)**	(1,593,275)

(b) Weighted average number of shares used as the denominator

	Number of shares	Number of shares
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**58,918,024**	55,399,861

(c) Information on the classification of options

As the Group has made a loss for the year ended 30 June 2010, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

Notes to the Financial Statements continued

30 JUNE 2010

25. SHARE-BASED PAYMENTS

Employees and Contractors Option Plan

The Group provides benefits to employees (including directors) and contractors of the Group in the form of share-based payment transactions, whereby employees and contractors render services in exchange for options to acquire ordinary shares. All options issued under the scheme have exercise prices ranging from 20 to 50 cents and expiry dates ranging from 19 August 2010 to 30 March 2015.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company with full dividend and voting rights.

Set out below are summaries of the options granted:

	Consolidated			
	2010		2009	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the year	**14,065,000**	**28.8**	11,615,000	22.0
Granted	**13,250,000**	**21.2**	4,300,000	30.3
Forfeited	-	-	-	-
Exercised	**(1,365,000)**	**21.8**	-	-
Expired	-	-	(500,000)	25.0
Outstanding at year-end	**25,950,000**	**22.9**	14,065,000	28.8
Exercisable at year-end	**25,950,000**	**22.9**	14,065,000	28.8

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 3.14 years (2009: 2.3 years), with exercise prices ranging from 20 to 50 cents.

The weighted average fair value of the options granted during the year was 28.8 cents (2009: 2.9 cents). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2010	2009
Weighted average exercise price (cents)	21.2	30.3
Weighted average life of the option (years)	4.67	4.95
Weighted average underlying share price (cents)	41.1	11.8
Expected share price volatility	50%	50%
Risk free interest rate	3.57%	5.74%

Historical volatility has been used as the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate. The life of the options is based on historical exercise patterns, which may not eventuate in the future.

Expenses arising from share-based payment transactions

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

	Consolidated	
	2010	2009
	$	$
Options issued to employees and contractors	**3,810,835**	124,000

Notes to the Financial Statements continued

30 JUNE 2010	2010	2009
	$	$

26. PARENT ENTITY INFORMATION

The following information relates to the parent entity, South Boulder Mines Limited, at 30 June 2010. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.

	2010	2009
Current assets	**5,780,482**	3,859,237
Non-current assets	**749,655**	39,165
Total assets	**6,530,137**	3,898,402
Current liabilities	**139,536**	98,967
Total liabilities	**139,536**	98,967
Issued capital	**11,446,330**	8,762,171
Share-based payments reserve	**4,988,825**	1,177,990
Accumulated losses	**(10,044,554)**	(6,140,726)
Total equity	**6,390,601**	3,799,435
Loss for the year	**(3,903,828)**	(1,593,275)
Total comprehensive loss for the year	**(3,903,828)**	(1,593,275)

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 35 to 58 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2010 and of their performance for the financial year ended on that date;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(c) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

Lorry Hughes
Managing Director

Perth, 23 September 2010

ROTHSAY

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF SOUTH BOULDER MINES LTD

Report on the financial report

We have audited the accompanying financial report of South Boulder Mines Ltd (the Company") which comprises the balance sheet as at 30 June 2010 and 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 consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the year.

Directors Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The Directors are also responsible for the remuneration disclosures contained in the directors' report.

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 as to whether the financial report is free of 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 our 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, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to 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 in 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

We are independent of the Company, and have met the independence requirements of Australian professional ethical requirements and the *Corporations Act 2001*.

Audit opinion

In our opinion the financial report of South Boulder Mines Ltd is in accordance with the *Corporations Act 2001*, including:

a) (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

b) the consolidated financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board

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.

Audit opinion

In our opinion the remuneration report of South Boulder Mines Ltd for the year ended 30 June 2010 complies with section 300A of the *Corporations Act 2001*.

Rothsay

Frank Vrachas
Partner

Dated 23 September 2010

ASX Additional Information

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 20 September 2010.

(a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

			Ordinary shares	
			Number of holders	Number of shares
1	-	1,000	61	36,064
1,001	-	5,000	297	952,217
5,001	-	10,000	252	2,099,882
10,001	-	100,000	457	15,229,094
100,001		and over	93	49,248,431
			1,160	67,565,688
The number of shareholders holding less than a marketable parcel of shares are:			31	7,961

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	HSBC Custody Nominees Australia Ltd	6,692,117	9.90
2	JP Morgan Nominees Australia Ltd <Cash Income A/C>	4,892,470	7.24
3	Cornelius Liam Raymond	2,697,338	3.99
4	Alpha Boxer Ltd	2,272,941	3.36
5	ANZ Nominees Ltd <Cash Income A/C>	2,159,913	3.20
6	Kongming Investments Ltd	2,105,000	3.12
7	Ltd National Nominees Ltd	1,907,057	2.82
8	Lando Pty Ltd	1,443,931	2.14
9	Arotinco Resources Pty Ltd	1,325,000	1.96
10	Panagakis Anastasia <A Panagakis Fam S/F A/C>	1,150,000	1.70
11	Stroeve Hans	1,100,000	1.63
12	Citicorp Nominees Pty Ltd	952,693	1.41
13	Watts Paul Hartley	900,000	1.33
14	Tao Yuan Ltd <No 3 A/C>	751,000	1.11
15	Pearson James Florian <J Pearson Fam A/C>	625,000	0.93
16	Lewis Kathryn	591,000	0.87
17	Mineral Administration SV <Mas S/F Colless>	580,000	0.86
18	Goldthorpe Nigel Roy	572,000	0.85
19	Upora Pty Ltd <Looten S/F A/C>	550,000	0.81
20	Zeleny Peter <Estate of Victor Zeleny>	543,015	0.80
		33,810,475	50.03

(c) 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
HSBC Custody Nominees Australia Ltd	6,692,117
JP Morgan Nominees Australia Ltd <Cash Income A/C>	4,892,470

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

ASX Additional Information Continued

(e) Schedule of interests in mining tenements

Location	Tenement	Percentage held / earning
Duketon	E38/1499	100
Duketon	E38/1511	100
Duketon	E38/1522	100
Duketon	E38/1535	100
Duketon	E38/1537	100
Duketon	E38/1793	100
Duketon	E38/1800	100
Duketon	E38/1825	100
Duketon	E38/1836	100
Duketon	L38/33	100
Duketon	L38/174	100
Duketon	M38/330	100
Duketon	M38/1252	100
Duketon	E38/1979	100
Duketon	E38/1980	100
Duketon	E38/2177	100
Duketon	E38/2206	100
Duketon	E38/2231	100
Duketon	E38/2255	100
Duketon	E38/2393 (A)	100
Duketon	E38/2396 (A)	100
Duketon	E38/2397 (A)	100
Duketon	E38/2398 (A)	100
Duketon	E38/2399 (A)	100
Duketon	E38/2400 (A)	100
Duketon	E38/2403 (A)	100
Duketon	E38/2406 (A)	100
Duketon	E38/2413 (A)	100
Duketon	E38/2425 (A)	100
Duketon	E38/2426 (A)	100
Duketon	E38/2438 (A)	100
Duketon	E38/2448 (A)	100
Duketon	E38/2464 (A)	100
Duketon	E38/2465 (A)	100
Duketon	P38/3160	100
Duketon	P38/3282	100
Duketon	P38/3283	100
Duketon	P38/3162	100
Duketon	P38/3163	100
Duketon	P38/3308	100
Duketon	P38/3385	100
Duketon	P38/3893 (A)	100
Duketon	P38/3897 (A)	100
Lake Disappointment	E45/3122	100
Lake Disappointment	E45/3259 (A)	100
Lake Disappointment	E45/3262 (A)	100
Lake Disappointment	E45/3263 (A)	100
Lake Disappointment	E69/2580 (A)	100
Lake Burnside	E69/2558 (A)	100
Lake Lefroy	E15/1188 (A)	100
Lake Lefroy	E15/1210 (A)	100
Cutters Luck	E26/132 (A)	100
Cutters Luck	E26/136	100
Pilgangoora	E45/2375	10
Cardabia	E08/2005 (A)	100
Cardabia	E08/2121 (A)	100
Cardabia	E08/2151 (A)	100
Tombermorey	EL25982	100
Mt Guide	EL25983	100
Algamba	EL26380	100
NT Phos	EL26761	100
NT Phos	EL26763	100
NT Phos	EL26766	100
Colluli, Eritrea	Colluli	100