ratel gold

LIMITED

Annual Financial Statements

For the period from date of incorporation, 27 JANUARY 2010, to 30 JUNE 2010

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from the date of incorporation, 27 January 2010, to 30 June 2010

	Note	2010 US$
Continuing Operations		
Revenue	**3**	9
Exploration and evaluation expenditure	**4**	(193,787)
Foreign exchange gains/(losses)		(4,039)
Administrative expenses		(20,097)
Loss from continuing operations		**(217,914)**
Income tax benefit	**5**	-
Loss for the period		**(217,914)**
Other comprehensive income/(loss)		
Other comprehensive income/(loss) for the period		-
Total comprehensive income/(loss) for the period		**(217,914)**
Loss attributable to:		
Owners of the Company		**(217,914)**
Total comprehensive loss attributable to:		
Owners of the Company		**(217,914)**
Earnings per share for loss attributable to the ordinary equity holders of the company		
Basic loss per share (cents)		(1.32)
Diluted loss per share (cents)		(1.32)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Note	30 June 2010 US$
ASSETS		
Current Assets		
Cash and cash equivalents	**6**	142,228
Trade and other receivables	**7**	207,465
Total Current Assets		**349,693**
Non-Current Assets		
Property, plant and equipment	**8**	201,768
Other	**9**	458,260
Total Non-Current Assets		**660,028**
TOTAL ASSETS		**1,009,721**
LIABILITIES		
Current Liabilities		
Trade and other payables	**10**	(483,836)
Loans	**11**	(19,715,909)
Total Current Liabilities		**(20,199,745)**
TOTAL LIABILITIES		**(20,199,745)**
NET LIABILITIES		**(19,190,024)**
SHAREHOLDER'S DEFICIT		
Issued Capital	**14**	16,595
Reserve	**16**	(18,988,705)
Accumulated losses		(217,914)
TOTAL SHAREHOLDER'S DEFICIT		**(19,190,024)**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from the date of incorporation, 27 January 2010, to 30 June 2010

	Note	2010 US$
Cash flows from operating activities		
Payments to suppliers and employees		(196,250)
Interest received		9
Net cash outflow from operating activities	**6(a)**	**(196,241)**
Cash flows from investing activities		
Cash held by subsidiaries on acquisition		126,324
Payments for motor vehicles		(57,600)
Net cash inflow/(outflow) from investing activities		**68,724**
Cash flows from financing activities		
Loans from ultimate parent		253,150
Proceeds from issue of shares		16,595
Net cash inflow from financing activities		**269,745**
Net increase / (decrease) in cash and cash equivalents		142,228
Cash and cash equivalents at beginning of the period		-
Cash and cash equivalents at end of the financial period	**6**	**142,228**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from the date of incorporation, 27 January 2010, to 30 June 2010

		Issued Capital US$	***Acquisition reserve US$***	***Accumulated losses US$***	***Total US$***
Loss for the period		-	-	(217,914)	(217,914)
Other comprehensive income/(loss)		-	-	-	-
Total comprehensive income /(loss) for the period		**-**	**-**	**(217,914)**	**(217,914)**
Issue of share capital	14	16,595	-	-	16,595
Acquisition reserve		-	(18,988,705)	-	(18,988,705)
At 30 June 2010		**16,595**	**(18,988,705)**	**(217,914)**	**(19,190,024)**

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

1. CORPORATE INFORMATION

The financial report of Ratel Gold Limited ("the Company", "Ratel", "the Group" or "the Entity") as at 30 June 2010 and for the period from date of incorporation, 27 January 2010 to 30 June 2010 ("the period") was authorised for issue in accordance with a resolution of directors on 28 September 2010.

The Company was incorporated on 27 January 2010 in the British Virgin Islands. Its registered address is Jayla Place, Wickhams Cay I, Road Town, Tortola, VG1110 British Virgin Islands. The Entity's ultimate parent company was CGA Mining Limited ("CGA" or "the Parent"). CGA is a company limited by shares incorporated in Australia whose shares are publicly traded on both the Australian and Toronto Stock Exchanges.

The principal activity of the Group during the period consisted of mineral exploration following the acquisition of Zambian Mining Limited and CGX Mining Limited on 1 June 2010.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated financial statements have been prepared as a general purpose financial report.

The consolidated financial statements have also been prepared on a historical cost basis and are presented in United States Dollars (US$).

The company was incorporated on 27 January 2010 and accordingly there are no comparatives.

Going concern:

The Directors have prepared the consolidated financial statements on a going concern basis. At the date of signing the financial report the Directors believe that the Company and Group can continue as a going concern. In adopting the going concern basis the Directors have considered the following:

CGA Mining Limited ("CGA") (the ultimate parent at 30 June 2010), agreed to provide additional funding as required to Ratel to enable the Company and its controlled entities to operate and meet their respective obligations for a period to the earliest of 12 months from the date of approval of the 31 March 2010 financial statements or up to the date of Ratel successfully completing the proposed capital raising of up to C$14,000,000 (gross), and listing on the Toronto Stock Exchange ("TSX").

On 23 June 2010, the Company signed deeds of forgiveness and deeds of assumption with CGA for the inter-company loans whereby a portion of the loan would be forgiven on the Company successfully listing on the TSX. On 6 August 2010 the Company listed on the TSX raising C$14,000,000 (gross) and the loan payable to CGA of $19,018,506 was forgiven.

(b) Statement of compliance

The consolidated financial report complies with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The following Accounting Standards and interpretations have been issued but are not yet effective for the period ending 30 June 2010.

Reference	Title	Summary	Application date of standard	Application date for Group
International Financial Reporting Standards Annual Improvement Project (issued 2009)	Further Amendments to International Financial Reporting Standards arising from the Annual Improvements Project [IFRS 5, 8, IAS 1, 7, 17, 18, 36 & 39]	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting except for the following: The amendment to IAS 17 removes the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible vs. property, plant and equipment) needs to be determined. The amendment to IAS 1 stipulates that the terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification. The amendment to IAS 7 explicitly states that only expenditure that results in a recognised asset can be classified as a cash flow from investing activities. The amendment to IAS 18 provides additional guidance to determine whether an entity is acting as a principal or as an agent. The features indicating an entity is acting as a principal are whether the entity: • has primary responsibility for providing the goods or service; • has inventory risk; • has discretion in establishing prices; • bears the credit risk.	1 January 2010	1 July 2010

Reference	Title	Summary	Application date of standard	Application date for Group
		The amendment to IAS 36 clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment, as defined in IFRS 8 before aggregation for reporting purposes. The main change to IAS 39 clarifies that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract. The other changes clarify the scope exemption for business combination contracts and provide clarification in relation to accounting for cash flow hedges.		
IFRS 2 (Amended)	Amendments to IFRS 2 *Share-based Payment* – Group Cash-settled Share-based Payment Transactions [IFRS 2]	This Standard makes amendments to IFRS 2 *Share-based Payment* The amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments clarify the scope of IFRS 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.	1 January 2010	1 July 2010
IAS 32 (Amended)	Amendments to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues	The amendment provides relief to entities that issue rights in a currency other than their functional currency, from treating the rights as derivatives with fair value changes recorded in profit or loss. Such rights will now be classified as equity instruments when certain conditions are met.	1 February 2010	1 July 2010
IFRIC 19	IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	This interpretation clarifies clarifies that equity instruments issued to a creditor to extinguish a financial liability are “consideration paid” in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognised and the equity	1 July 2010	1 July 2010

Reference	Title	Summary	Application date of standard	Application date for Group
		instruments issued are treated as consideration paid to extinguish that financial liability. The interpretation states that equity instruments issued in a debt for equity swap should be measured at the fair value of the equity instruments issued, if this can be determined reliably. If the fair value of the equity instruments issued is not reliably determinable, the equity instruments should be measured by reference to the fair value of the financial liability extinguished as of the date of extinguishment.		
IFRS 9	Financial Instruments	IFRS 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (IFRS 39 Financial Instruments: Recognition and Measurement). These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IFRS 39. The main changes from IFRS 39 are described below. (a) Financial assets are classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in IFRS 39, each of which had its own classification criteria. (b) IFRS 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or	1 January 2013	1 July 2013

Reference	Title	Summary	Application date of standard	Application date for Group
		recognising the gains and losses on them, on different bases.		
IAS 124 (Revised)	Revision of IAS 24 -Related Party Disclosures	The revised IAS 24 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including: (a) the definition now identifies a subsidiary and an associate with the same investor as related parties of each other; (b) entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and (c) the definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other. A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.	1 January 2011	1 July 2011
International Financial Reporting Standards Annual Improvement Project (Revised 2010)	Amendments to Accounting Standards arising from the Annual Improvement Project [IFRS 3, 7, IAS 121, 128, 131, 132 & 139]	Limits the scope of the measurement choices of non-controlling interest at proportionate share of net assets in the event of liquidation. Other components of NCI are measured at fair value. Requires an entity (in a business combination) to account for the replacement of the acquirer's share based payment transactions (whether obliged or voluntarily), ie split between consideration and post combination expenses. Clarifies that contingent consideration from a business combination that occurred before the effective date of IFRS 3 Revised is not restated. Eliminates the requirement to restate financial statements for a reporting period when significant influence of joint control is lost and the reporting entity accounts for the remaining investment under IAS 39. This includes the effect on accumulated foreign exchange differences on such investments.	1 July 2010	1 July 2010

Reference	Title	Summary	Application date of standard	Application date for Group
International Financial Reporting Standards Annual Improvement Project (Issued 2010)	Further Amendments to Accounting Standards arising from the Annual Improvements Project [IFRS 1, 7, IAS 1, 34 and IFRIC 13]	Emphasises the interaction between quantitative and qualitative IFRS 7 disclosures and the nature and extent of risks associated with financial instruments. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Provides guidance to illustrate how to apply disclosure principles in IAS 34 for significant events and transactions Clarify that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.	1 January 2011	1 July 2011

The Group is in the process of determining the impact of the standards and interpretations above.

(c) Significant accounting estimates and assumptions

In the process of applying the Entity's accounting policies, judgements applied are disclosed in the appropriate policy notes.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Carrying value of exploration and evaluation.

Refer to note (g) for details.

Deferred tax assets and liabilities

Significant judgement is required in determining deferred tax assets and liabilities. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Impairment of plant and equipment

The Group determines whether plant and equipment is impaired at least on a annual basis. This requires an assessment on whether there have been any impairment triggers, and where there have been triggers for impairment, an estimation of the recoverable amount of cash generating units to which the plant and equipment are allocated.

(d) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Office, plant and equipment – over 1 to 10 years

De-recognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the period the item is derecognised.

(e) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profits or taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry–forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse

in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are recognised at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets relate to the same taxable entity and the same taxation authority.

(f) Other taxes

Revenues, expenses and assets are recognized net of the amount of goods and services tax ("GST" or "VAT"), except where the amount of GST or VAT incurred is not recoverable from the relevant taxation authorities, in which case the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and receivables and payables, which are stated with the amount of GST or VAT included.

The net amount of GST or VAT recoverable from, or payable to, the relevant taxation authorities is included as a receivable or payable in the statement of financial performance.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST or VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST or VAT recoverable from, or payable to, the taxation authority.

(g) Exploration and evaluation

Exploration and evaluation expenditure is written off as incurred, except for acquisition costs and where an area of interest is established.

Exploration assets acquired from a third party are carried forward provided that either i) the carrying value is expected to be recouped through the successful development and exploitation or sale of an area of interest or ii) exploitation and/or evaluation activities in the area have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, active and significant

operations in relation to the area are continuing and the rights of the tenure are current. If capitalised exploration and evaluation costs do not meet either of these tests, they are expensed to the profit and loss.

An area of interest is established where a discovery of economically recoverable resource is made. The area of interest will be established as a mineral project. All activity relating to the area of interest is then subsequently capitalised. Where development is anticipated, costs will be carried forward until the decision to develop is made.

Each area of interest is reviewed at least bi-annually to determine whether it is appropriate to continue to carry forward the capitalised costs.

Upon approval for the development of an area of interest, accumulated expenditure for the area of interest is transferred to capitalised development expenditure.

(h) Foreign currency translation

Both the functional currency and presentation currency of the Company and the subsidiaries is United States dollars (US$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

(i) Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Provision is made for the group's liability for employee entitlements arising from services rendered by employees to reporting date. Employee entitlements due to be settled within one year have been measured at their nominal amounts based on remuneration rates which are due to be paid when the liability is settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit valuation method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service.

(j) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(k) Cash and cash equivalents

Cash and short term deposits in the statement of financial performance include cash at bank and short term deposits with an original maturity of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents include cash and cash equivalents defined above, net of outstanding bank overdrafts.

(l) Share capital

Share capital is recognised at the fair value of the consideration received by the Company. 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.

(m) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependant of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs.

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in the statement of comprehensive income.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

After such a reversal the depreciation charge is adjusted in future periods to allocate the assets revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is represented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(o) Trade and other receivables

Trade receivables, which generally have 30 day terms are recognised and carried at fair value and subsequently measured at amortised cost less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(p) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(q) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Entity as a lessee
Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(r) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed as incurred.

(s) Revenue recognition

Interest revenue

Revenue is recognised as the interest accrues using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(t) Business Combinations of entities under common control

The Group adopts the pooling of interests method to account for business combinations of entities under common control.

The pooling of interest method involves the following:

The assets and liabilities of the combining entities are reflected at their carrying amounts prior to the combination;

No adjustments are made to reflect fair values, or recognise any new assets or liabilities, that would otherwise be done under the acquisition method. The only adjustments that are made are to harmonise accounting policies;

No 'new' goodwill is recognised as a result of the combination; and

The only goodwill that is recognised is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid/transferred (including liabilities assumed) and the equity 'acquired' is reflected within equity.

The consolidated statement of comprehensive income reflects the results of the combining entities from the date that the combination occurred. Financial information for periods prior to the date the combination occurred is not restated.

(u) Interest in a jointly controlled asset

The Group recognizes its share of the asset, classified as plant and equipment. In addition the Group recognizes its share of liabilities, expenses and income from the use and output of the jointly controlled asset.

(v) Interest in joint ventures

The group's interest in joint ventures is accounted for by proportionate consolidation, which involves recognising a proportionate share of the joint venture's assets, liabilities, income and expenses with similar items in the consolidated financial statements on a line-by-line basis.

(w) Basis of consolidation

The consolidated financial statements comprise the financial statements of Ratel and its subsidiaries.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intragroup transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

3. REVENUE

	2010 US$
Interest income	9
Other income	-
	9

4. EXPENSES

	2010 US$
Employee Benefits	65,421
Consultants fees	7,003
Motor vehicle expenses	2,071
Travel expenses	31,608
Bankable feasibility study costs	9,468
Depreciation expense	2,423
Other	75,793
	193,787

5. INCOME TAX

The Company is incorporated in the British Virgin Islands and holds its registered office there, however it is expected that it will be deemed an Australian resident for tax purposes due to the location of its central management and control.

The major components of income tax benefit are:

(a) Recognised in the income statement	**2010**
Current income tax	**US$**
Current Income tax expense / (benefit)	-
Deferred Income tax	-
Relating to the origination and reversal of temporary differences	-
Income tax expense reported in the income statement	-

A reconciliation between tax expense and accounting loss before income tax:

(b) A reconciliation between tax expense and accounting loss before income tax

	2010 US$
Accounting loss before income tax	(217,914)
At the domestic income tax rate of 30% (Australia)	(65,374)
Expenditure not allowable for income tax purposes	63,178
Deferred tax assets not brought to account	2,196
Income tax expense reported in the income statement	-

(c) Deferred income tax

	2010 US$
Deferred income tax at 30 June 2010 relates to the following:	
Deferred tax assets	
Tax losses available to offset against future taxable income	2,196
Deferred tax assets not brought to account	(2,196)
	-

The tax losses have not been recognised as their realisation is not considered probable.

There were no significant temporary differences as at 30 June 2010.

6. CASH AND CASH EQUIVALENTS

	2010 US$
Cash at bank	136,500
Cash on hand	5,728
	142,228

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

(a) Reconciliation to Statement of Cash Flows

	2010 US$
Reconciliation of net loss after tax to net cash flows from operations	
Net loss after related income tax	(217,914)
Adjustment for non-cash income and expense items:	
Depreciation	2,423
Changes in assets and liabilities:	
(Increase) /decrease in trade and other receivables	(455,038)
Increase /(decrease) in payables	474,288
Net cash outflow from operating activities	(196,241)

7. TRADE AND OTHER RECEIVABLES

	2010 US$
VAT and GST	198,247
Other	9,218
	207,465

Receivables are non-interest bearing and are generally on 30-90 day terms. There are no receivables past due or impaired. It is expected that these receivables will be received when due.

8. PROPERTY, PLANT & EQUIPMENT

	2010 US$
Office equipment	
Equipment arising on acquisition of subsidiaries	146,588
Additions	57,600
Disposals	-
Depreciation	(2,423)
Foreign exchange differences	3
Balance at 30 June	201,768

At 30 June 2010	
Costs	287,557
Accumulated depreciation	(85,789)
Net book value	201,768

9. OTHER – NON CURRENT ASSETS

	2010 US$
Deferred listing costs in respect of TSX Listing & Capital Raising	458,260

The costs associated with the TSX listing and capital raising have been capitalised and have been transferred to equity on 6 August 2010 on completion of the Company's capital raising and listing on the TSX.

10. TRADE AND OTHER PAYABLES

	2010 US$
Trade creditors	5,182
Accrued expenses	478,654
	483,836

Trade payables are non interest bearing and are normally settled on 30 to 60 day terms.

11. LOANS

	2010 US$
Loans from ultimate parent entity	19,715,909

The Group received loans from its parent company CGA advanced on short term inter-company accounts.

These transactions were undertaken on the following terms and conditions:

- loans are repayable on demand; and
- no interest is payable on the loans at present.

On 1 June 2010, Ratel agreed to acquire a 100% interest in Zambian Mining Limited and CGX Limited. Refer to note 18 for further details of this acquisition.

CGA previously agreed to provide additional funding as required to Ratel to enable the Company and its controlled entities to operate and meet their respective obligations for a period to the earliest of 12 months from the date of approval of the 31 March 2010 financial statements or up to the date of Ratel successfully completing the proposed capital raising of up to C$14,000,000 (gross) and listing on the TSX.

On 23 June 2010, the Company signed deeds of forgiveness and deeds of assumption with CGA for the inter-company loans whereby a portion of the loan would be forgiven on the company successfully listing on the TSX. Subsequent to 30 June 2010, Ratel successfully completed the listing on the TSX and a total of $19,018,506 was forgiven, with the balance and any funding provided subsequently by CGA to be reimbursed to CGA by the Group.

12. EVENTS AFTER BALANCE SHEET DATE

There have been the following significant events subsequent to balance date:

- The Company successfully completed its capital raising of C$14,000,000 (gross) and listed on the TSX on 6 August 2010. Costs associated with the raising were approximately $1,400,000.
- On 2 July 2010 a total of 8,500,000 options were issued to directors and employees under the Company's employee option plan with an exercise price of C$0.25 and an expiration date of 30 June 2012.
- Subsequent to year end, a feasibility study on the Segilola Gold Project has been delivered to our joint venture partner, pursuant to the terms of the joint venture agreement.
- On 23 June 2010, the Company signed deeds of forgiveness and deeds of assumption with CGA for the inter-company loans whereby a portion of the loan would be forgiven on the Company successfully listing on the TSX. Subsequent to 30 June 2010, upon successful completion of the listing on the TSX on 6 August 2010, a total of $19,018,506 was forgiven, with the balance and any funding provided subsequently by CGA to be reimbursed to CGA by the Group.
- On 9 September 2010, the Company announced it had exercised its option to acquire the 51% interest in Obuasi, with a condition subsequent, that Ghanaian ministerial approval to a change of control in CAML Ghana as required is obtained. The exercise price of the option is an issue of 2,500,000 new shares in Ratel which equates to approximately C$500,000 using the closing share price on the day of striking the deal of C$0.20.

13. ULTIMATE PARENT

CGA is the ultimate parent entity of the group which was incorporated in Australia and owns 100% of the Company. Subsequent to year end the Company was listed on the TSX and CGA diluted its interest to approximately 20%.

14. ISSUED CAPITAL

	2010 Number	2010 US$
Issued and paid up capital:	17,500,000	16,595

14,906,367 fully paid ordinary shares were issued at the incorporation of the Company on 27 January 2010. An additional 2,593,633 shares were issued on 31 March 2010.

Fully paid ordinary shares carry one vote per share and the right to dividends. The Company is authorised to issue an unlimited number of shares of no par value of a single class.

15. AUDITORS REMUNERATION

The auditor of the Company is Ernst & Young.

	2010 US$
Amounts received or due and receivable by Ernst & Young (Australia) for:	
• An audit or review of the financial report of the entity and any other entity in the consolidated group.	10,000
• Services in relation to TSX listing	87,500
	97,500

16. RESERVES

	2010 US$
Acquisition reserve	(18,988,705)

The acquisition reserve is used to record the difference between the consideration transferred and the equity acquired for common control business combinations. Refer to note 18 for further details of the acquisition.

17. SEGMENT INFORMATION

Identification of reportable segments

For management purposes the Group is organized into two operating segments which is segmented by location, Nigeria and Zambia. The primary focus of these segments is mineral exploration. The Board of Directors is the chief operating decision maker for each of these segments and monitors performance of the segments separately for the purpose of making decisions about resources to be allocated and of assessing performance.

Accounting policies

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 2 to the financial statements.

The unallocated assets and liabilities largely consist of the deferred listing costs and the liabilities associated with these costs.

The following table presents the revenue and result information regarding operating segments for the period to 30 June 2010.

Operating segment	**Nigeria 2010 US$**	**Zambia 2010 US$**	**Consolidated 2010 US$**	**Total**
Revenue				
Segment revenue from external customers	-	-		-
Interest Revenue	9	-		9
Total revenue as per income statement	9	-		9

Operating segment	**Nigeria**	**Zambia**	**Consolidated**	**Total**
Segment profit/(loss) before tax	(168,371)	(44,645)		(213,016)
Administrative expenses				(4,898)
Segment profit/(loss before income tax as per income statement				**217,914**
Assets				
Segment assets	246,465	288,296		534,761
Unallocated assets				474,960
Total assets as per balance sheet				**1,009,721**
Non Current Assets				
Segment assets	156,883	44,885		201,768
Unallocated assets				458,260
Total non current assets as per balance sheet				**660,028**
Liabilities				
Segment liabilities	(8,424,510)	(11,311,971)		(19,736,480)
Unallocated liabilities				(463,265)
Total liabilities as per balance sheet				**(20,199,745)**

18. RELATED PARTY DISCLOSURE

The consolidated entity consists of Ratel and its subsidiaries and joint ventures listed in the following table:

Name of Entity	Country of Incorporation	Equity Interest (%) 2010	Investment (US$) 2010
Controlled Entities			
CGX Limited	British Virgin Islands	100	-
Segilola Gold Ltd	Nigeria	100	-
Zambian Mining Limited	British Virgin Islands	100	-
Seringa Mining Ltd	Zambia	100	-
Joint Ventures			
Segilola Joint Venture Co*	Nigeria*	38*	-
Mkushi Copper Joint Venture Co Ltd	Zambia	51	-
			-

* The Company has been granted a 38% interest in the Segilola Joint Venture Co, and a balance of 13% to be granted upon delivery of a bankable feasibility study and other criteria potentially increasing its total interest to 51%.

On 1 June 2010, the Company acquired a 100% interest in Zambian Mining Limited and CGX Limited. The entities were acquired from Zambian Holdings Pty Ltd and CGX Holdings Pty Ltd, both 100% owned subsidiaries of CGA. CGA is also the ultimate parent of Ratel.

The acquisition was effective 1 June 2010 and the consideration paid for Zambian Mining Limited was $2 and CGX Limited, $2. In addition the Company assumed the liabilities owed by Zambian Mining Limited and CGX Limited to CGA. As the transaction was a common control transaction, the Company has elected to apply the 'pooling of interest' method to account for the combinations. The combination resulted in an acquisition reserve of $18,988,705.

At the date of acquisition the net assets of the entities acquired were:

Assets	**US$**
Cash	126,324
Trade and Other Receivables	206,445
Plant and Equipment	146,588
Liabilities	
Trade and Other Payables	(5,182)
Loan payable to CGA Mining	(19,462,884)
Net liabilities	**18,988,709**

Ratel has entered into an Option Agreement dated 1 June 2010 with Central Asia Minerals Limited ("CAML") to acquire 100% of its interest in CAML Ghana Limited, the company holding a 51% interest in the Obuasi Gold Project in Ghana ("Obuasi"). Pursuant to its terms, Ratel had three months from the date of the option agreement to exercise the option to acquire 100% of CAML's interest in CAML. On 9 September 2010, the Company announced it had exercised its option to acquire the 51% interest in Obuasi, with a condition subsequent, that Ghanaian ministerial approval to a change of control in CAML Ghana as required, is obtained. The exercise price of the option is an

issue of 2,500,000 new shares in Ratel which equates to approximately C$500,000 using the closing share price on the day of striking the deal of C$0.20.

(a) Controlling entity

The ultimate controlling entity in the wholly owned group is CGA.

(b) Other transactions with related parties

Transactions with related parties

During the period ended 30 June 2010, the Group entered into transactions with related parties in the wholly-owned group:

- loans were advanced on short term inter-company accounts;

These transactions were undertaken on the following terms and conditions:

- loans are repayable at call; and
- no interest is payable on the loans at present.

Share based payment plans

On 31 May 2010 the Board approved an option plan whereby Directors and Employees could be issued options in the Company. At 30 June 2010 no options had been issued under the plan. Subsequent to year end a total of 8,500,000 options were issued with the following terms:

- 8,500,000 options with an exercise price of C$0.25, vesting 6 August 2010 and expiring on 30 June 2012.

Key management personnel compensation

At 30 June 2010 there was no compensation paid or payable to key management personnel.

(c) Segilola Joint Venture

Pursuant to the Segilola Joint Venture, Segilola Gold Limited was granted sole and exclusive rights to earn a 51% interest.

To exercise the Third Option, SGL must, in addition to the matters already addressed:

- pay the balance of the US$650,000 signature bonus, being the sum of US$400,000 to TML;
- provide to TML the Feasibility Study demonstrating the economic viability of the development of the Project;
- execute a production sharing contract the form of which must be negotiated and agreed by TML and SGL;
- deliver to TML a notice in writing, not later than 12 months from the effective date of SGL's exercise of the Second Option (ie by 26 April 2011), that SGL wishes to acquire an additional 13% undivided interest in the Mine Tenements; and
- receive confirmation from the project accountant that SGL has incurred a total expenditure in the sum of US$2,000,000 on exploration operations on the Mine Tenements.

Pursuant to the Segilola JV, if SGL fails to exercise the Third Option SGL will forfeit to TML its entire interest in the Segilola Gold Project.

19. PARENT ENTITY INFORMATION

	2010 US$
Information relating to Ratel:	
Current assets	474,959
Total assets	474,963
Current liabilities	(463,265)
Total liabilities	(463,265)
Issued capital	16,595
Retained earnings	(4,897)
Total shareholders equity	**11,698**
Profit/(loss) of the parent entity	(4,897)
Total comprehensive income/(loss) of the parent entity	**(4,897)**

Commitments of the Parent

On 31 May 2010 the Company entered into a management agreement with CGA. The agreement allows for the provision of management services to be provided by CGA for an amount of $403,129 per annum. The agreement was subject to the successful listing of the Company on the Toronto Stock Exchange. On 6 August 2010, Ratel completed its listing on the Toronto Stock Exchange. Ratel also has commitments of $30,000 relating to service contracts.

20. COMMITMENT AND CONTINGENCIES

At 30 June 2010 the Group had the following outstanding commitments and contingencies requiring disclosure:

- $824,409 remaining to be spent on completion of the bankable feasibility study in relation the Segilola Gold Project; and
- On 31 May 2010 the Company entered into a management agreement with CGA. The agreement allows for the provision of management services to be provided by CGA for an amount of $403,129 per annum. The agreement was subject to the successful listing of the Company on the TSX. On 6 August 2010, Ratel completed its listing on the TSX; and
- A final signature payment to Tropical Mines Limited (“TML”) of $400,000 is payable on the exercise of the 3rd Option under the terms of the JV Agreement between TML and Segilola Gold Limited (a wholly owned Subsidiary of Ratel) to potentially earn a 51% interest in the Segilola Gold Project. This is not payable until April 2011 or such earlier date as Option 3 is validly exercised.
- $30,000 relating to service contract commitments.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, receivables, payables and borrowings. The Company currently has in place an active program of financial forecasting and budgeting both at a corporate and project level to manage both the application of funds and planning for future financial needs to ensure that any shortfall in funds is adequately covered by cash reserves or planned new sources being either debt or equity based on the then most cost effective weighted average cost of capital.

Risk management is carried out by management and the board of directors of the ultimate parent company (the "Board") under policies approved by the Board. The Board also provides regular guidance for overall risk management, including guidance on specific areas, such as mitigating foreign exchange, interest rate and credit risk.

The Group does not enter into financial instruments, including derivative financial instruments, for trade or speculative purposes.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for trading in derivatives, credit limits and future cash flow forecast projections.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Net fair values

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their respective net fair values, determined in accordance with the accounting policies disclosed in note 2.

Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Group's maximum exposures to credit risk at the reporting date in relation to each class of financial asset is the carrying amounts of those assets as indicated in the Balance Sheets. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. The Group monitors this credit risk through holding its cash through banks with a Standard and Poors credit rating of 'A' or greater. The credit risk associated with cash and cash equivalents is considered negligible by the Group. The Group does not hold collateral as security. The Group does not have any receivables past due or impaired.

Interest rate risk

At balance date, the Group's maximum exposure to interest rate risk is as follows:

	2010 US$
Cash and cash equivalents	
US$ balances held	142,228
	142,228

The Group constantly analyses its interest rate exposure. Consideration is given to potential renewals of existing positions, alternative financing and the mix of fixed and variable interest rates.

The Group's policy is to manage its exposure to interest rate risk by holding cash in short term fixed rate deposits and variable rate deposits. The Group's exposure to interest rate risk on post-tax profit or loss arises from higher or lower interest income from cash and cash equivalents.

Foreign currency risk

The Group's policy is to manage its foreign currency exposure through holding its cash largely in USD, being the same currency as the majority of its costs. As a result the Group does not have a material exposure to foreign currency risk.

At balance date, the Group had the following exposure to foreign currencies (KWA$) and (NGN$) on financial instruments that are not designated as cash flow hedges:

	2010 US$
Financial Assets	
Cash and cash equivalents	79,336
Trade and other receivables	198,962
	278,298
Financial Liabilities	
Trade and other payables	(5,613)
	(5,613)
Net exposure	(272,685)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will maintain sufficient cash or credit terms with its suppliers to meet the operating requirements of the business and invest excess funds in highly liquid short term cash deposits. Maintaining surplus working capital in highly liquid short term deposits allows the Company to meet its primary objectives by being able to fund new development and acquisition opportunities at short notice.

The responsibility for liquidity risk rests with the Board of Directors. The Group's liquidity needs can likely be met through cash on hand, short and long-term borrowings subject to the current forecast operating parameters being met.

The contractual maturities of the Group's financial liabilities are as follows:

	2007 US$
Within one month	
Trade creditors	483,836
Loans from CGA	19,715,909
	20,199,745

Future capital needs can be met through our cash position, future loans from the parent entity up until the proposed listing on the TSX, and the proposed capital raising at that time. These will likely be sufficient to meet our necessary capital requirements, subject to the current forecast operating parameters being met. Refer to note 11.

Sensitivity Analysis

The following table summarises the sensitivity of the Group's financial assets and liabilities to interest rate risk and foreign exchange rate risk. Had the relevant variables, as illustrated in the tables, moved, with all other variables held constant, post tax profit and equity would have been affected as shown.

Consolidated 30 June 2010			**Interest rate risk**				**Foreign exchange risk**			
			Negative movement		**Positive movement**		**Negative movement**		**Positive movement**	
Financial assets	**Note**	**Carrying Amount $**	**Profit**	**Equity**	**Profit**	**Equity**	**Profit**	**Equity**	**Profit**	**Equity**
Cash and cash equivalents										
USD	2	62,893	(629)	-	629	-	-	-	-	-
NGN	1,2	77,685	(777)	-	777	-	(7,768)	-	7,768	-
ZMK	1,2	1,651	(16)	-	16	-	(165)	-	165	-

1.The sensitivities show the net effect of a 10% movement in the USD against the NGN and ZMK. Sensitivity rates have been based on 12 month averages.
2.The sensitivities show the net effect of a 1% movement in AUD and USD interest rates, respectively. Sensitivity rates have been based on 12 month averages.

Capital risk management

The Group's total capital is defined as equity attributable to equity holders of the parent and cash and cash equivalents amounted to ($19,047,796) at 30 June 2010.

The Group's capital management objectives are to safeguard the business as a going concern, to maintain a capital base sufficient to maintain future exploration and development of its projects. Management may issue more shares or repay debts in order to maintain the optimal capital structure.

The Group does not have a target debt/equity ratio, but maintains a flexible financing structure so as to be able to take advantage of new investment opportunities that may arise. The Group monitors its capital risk management through annual cash flow projections and monthly reporting against budget.

17. EARNINGS PER SHARE

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element. Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

The following reflects the income and share data used in the basic and diluted earnings per share calculation:

(a) Earnings used in calculating earnings per share	**2010 US$**
For basic earnings per share	
Net loss attributable to ordinary equity holders of the parent	(217,914)
For diluted earnings per share	
Net loss attributable to ordinary equity holders of the parent	(217,914)

(b) Weighted average number of shares	**Number of Shares**
Weighted average number of ordinary shares used in calculating basic earnings per share	16,438,968
Effect of dilutive options	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	16,438,968

Subsequent to 30 June 2010:

- the Company successfully completed its capital raising of C$14,000,000 (gross) and listed on the TSX on 6 August 2010. Under the Offering 70,000,000 common shares were issued.
- 8,500,000 options were granted with an exercise price of C$0.25, vesting 6 August 2010 and expiring on 30 June 2012.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Ratel, I state that in the opinion of the Directors:

(a) the financial statements and notes of the consolidated entity:

  (i) give a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the period from incorporation to the 30 June 2010; and

  (ii) comply with International Accounting Standards; and

(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.

On behalf of the Board.

MICHAEL CARRICK
Director

Perth, 28 September 2010

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Independent auditor's report to the members of Ratel Gold Limited

We have audited the accompanying financial report of Ratel Gold Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from date of incorporation to 30 June 2010, 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 period.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with International Financial Reporting Standards. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, 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 in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have met the independence requirements of the Australian professional accounting bodies.

Liability limited by a scheme approved
under Professional Standards Legislation

Auditor's Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of the consolidated entity as of 30 June 2010, and of its financial performance and cash flows for the period from incorporation to 30 June 2010 in accordance with International Financial Reporting Standards.

Ernst & Young

Ernst & Young
Perth
28 September 2010