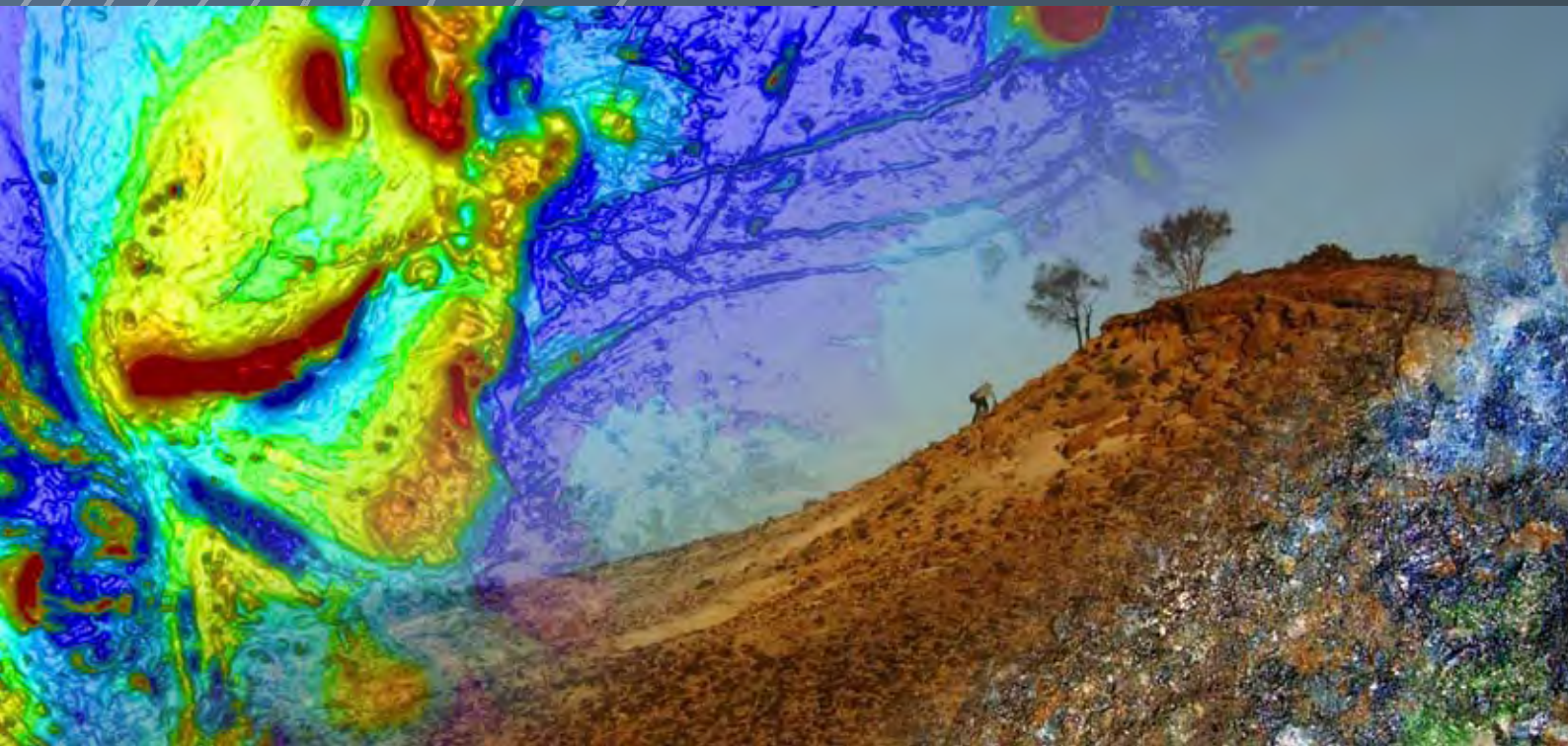


**PLATSEARCH NL**

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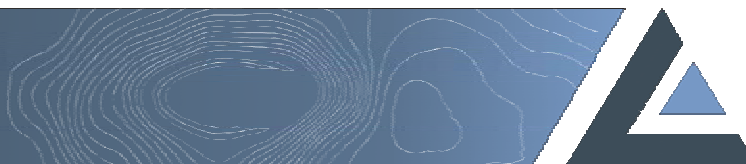


# 2010 annual report

# CONTENTS

|   |    |
|---|----|
| Chairman's Letter.....                  | 1  |
| Operational Review.....                 | 3  |
| Schedule of Tenements.....              | 13 |
| Summary of Joint Ventures.....          | 14 |
| Directors' Report.....                  | 16 |
| Auditor's Independence Declaration..... | 19 |
| Statement of Comprehensive Income.....  | 23 |
| Statement of Financial Position.....    | 24 |
| Statement of Cash Flows.....            | 25 |
| Statement of Changes in Equity.....     | 26 |
| Notes to the Financial Statements.....  | 27 |
| Directors' Declaration.....             | 61 |
| Independent Auditor's Report.....       | 62 |
| Corporate Governance Statement.....     | 64 |
| Shareholder Information.....            | 67 |





Dear Shareholder

It with much pleasure that, on behalf of your Board of Directors, I write to update you on the progress that your Company has made over the last 12 months.

Like most ASX listed companies, the last year for PlatSearch has been full of challenges, adjustments and new opportunities as the lingering effects of the Global Financial Crisis and its impact on the stock markets continues to echo throughout world economies. The volatile economic climate, the controversy surrounding the precipitous and poorly conceived 'super profits' tax of the Federal Government, and the conservative and substantially more risk-averse market conditions have greatly affected the small end of the resources sector.

For PlatSearch, this has resulted in decline in both interest and expenditures into its joint ventures as the Company's joint venture partners have struggled to maintain exploration funding under the volatile market and confidence sapping debate over the RSPT/MRRT. The difficult market conditions have also impacted on the capacity of smaller resource companies to raise new capital through Initial Public Offerings (IPO) onto the ASX, with recent press reports highlighting the significant decline in IPOs over the last 12 months.

Notwithstanding these issues, your Company has been very active as it continues to strengthen its corporate investment portfolio, build a pipeline of high quality exploration projects and seek an advanced project that will accelerate achievement of positive cash flows.

Aside from its exploration activities we have:

- Restructured our joint venture agreement with Eastern Iron over the CID deposits of Central NSW and are seeking a 51% ownership of identified Resources held within the Eastern Tenement block.
- Increased our investments in Chesser Resources Limited and WPG Resources Ltd. The total value of PlatSearch's investments has increased markedly from \$3.2 million at end 2008/2009 to \$9.1 million at end 2009/2010. In total, our listed investment portfolio has a market value of \$6.8 million and we have unlisted investments with a book value of \$2.3 million. This is around 5 cents per PlatSearch share.
- Secured tenements over a number of exciting new exploration projects such as Ghost rider, Bedrock, and Ten Mile Bore as our in-house exploration project generation has continued to be successful.
- Combined the assets held by Minotaur Exploration Ltd and PlatSearch within the Thomson Fold Belt into a new entity, Thomson Resources Ltd, which is now progressing towards listing on the ASX.
- Coordinated a \$4.5 million pre-IPO capital raising for our associate companies, Thomson Resources Ltd and Silver City Minerals Limited.
- Our associate Silver City Minerals Limited has advanced its exploration projects around Broken Hill and is preparing for listing on the ASX.
- Enhanced the Board's experience and skill sets by welcoming Dr Foo Fatt Kah, a Singapore-based corporate financier and investment advisor to the PlatSearch Board.
- Initiated steps to seek dual listing for PlatSearch onto the Catalist Board of Singapore Exchange Securities Trading Ltd (SGX), which it now hopes to complete in early 2011, a slight delay from its original timetable.

As indicated in last year's report, PlatSearch's business objective is to become a producer with ongoing positive cash flow. To achieve this we have expanded our project search to include advanced and brown-field opportunities. We have moved away from solely relying on exploration success to meet our objective. Our capability was given a boost during the year with the employment of an experienced, dedicated Business Development Manager to help identify projects, complete project assessment studies and resource company evaluations. The Company has now expanded its search to include off-shore opportunities, notably within south-east Asia, but also including other well endowed and low sovereign risk regions such as South America and Europe where it has strong contacts and in-house knowledge of areas of interest. The increased risk now evident in Australia courtesy of the RSPT/MRRT proposals has been a catalyst for us to broaden our geographic horizons into jurisdictions that do not share this heightened sovereign risk.

Through the year we have investigated numerous possible opportunities where we believe our team has the knowledge and insight to enable PlatSearch to add value to a potential development asset. Whilst we have not succeeded to date, we are confident that we will make significant progress in the current year.



The SGX listing will enable the Company to secure additional short term funding and will considerably enhance the Company's capacity to access capital. Catalist is a sponsor-supervised listing platform on the SGX. The Catalist Board typically caters to fast growing smaller industrial and service companies with lower market capitalisations. It has recently opened to resource companies, including explorers and developers such as PlatSearch NL.

PlatSearch has completed extensive assessment of the listing conditions and the appetite of the Singaporean market for a capital raising by a foreign resource company and is sufficiently encouraged to now commit to the task of achieving admission on Catalist.

The dual listing will allow PlatSearch to increase funding and effort into the exploration of its own key project areas and support the planned acquisition of more advanced projects to explore, develop and bring to production.

Recently the former Managing Director of PlatSearch, Bob Richardson retired from the Board. Bob was founding member of PlatSearch from listing on the ASX in 1987, and was instrumental in building the Company. It is with sincere gratitude that we thank him for his efforts, geophysical expertise and wise counsel over the last 23 years.

In closing I would also like to acknowledge our Managing Director, Greg Jones and the executive and staff team at PlatSearch, whose hard work and commitment in developing and promoting the new direction of your Company during this year have been commendable.

I thank you for joining us in this journey and look forward to your continued support in our endeavours.

Pat Elliott

Chairman



## THOMSON FOLD BELT



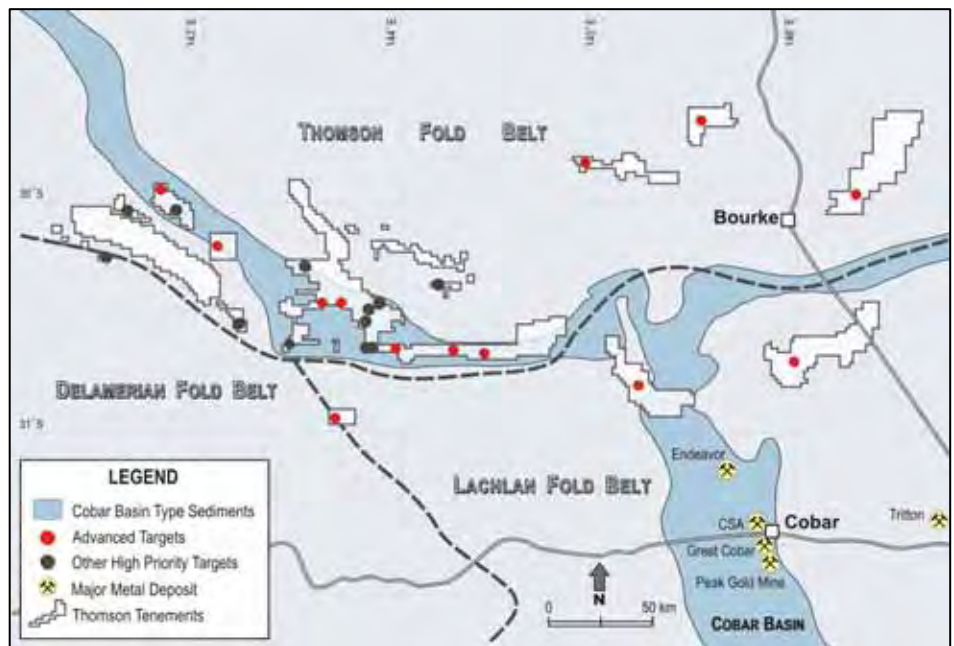
During 2009 PlatSearch and joint venture partner Minotaur Exploration Ltd formed **Thomson Resources Ltd** to acquire and advance the significant precious (gold and silver) and base (copper, lead and zinc) metal exploration projects within the Thomson Fold Belt of northern NSW. Subsequently, Thomson entered into four joint ventures with Raptor Minerals Limited (where Thomson can earn up to 75% in each joint venture) significantly expanding its ground position and number of quality projects.

Thomson Resources now controls a dominant ground position of more than 7,000 square kilometres within the Fold Belt, recognised as one of Australia's most exciting new mineral provinces. The Thomson Fold Belt has many distinct similarities to the well endowed Lachlan Fold Belt, which hosts numerous world-class deposits such as the Peak gold-copper and Endeavor zinc-lead-silver deposits in the Cobar Basin, and the Northparkes and Cadia-Ridgeway porphyry copper-gold systems within the Macquarie Arc, and is interpreted to be its north-western extension.

Over the past four years Thomson Resources, PlatSearch and Minotaur have completed extensive geophysics and drilling in the region, identifying more than 30 high quality exploration targets within the exploration tenements. Results from this work are considered highly encouraging, providing strong indications that mineral deposits may be present and

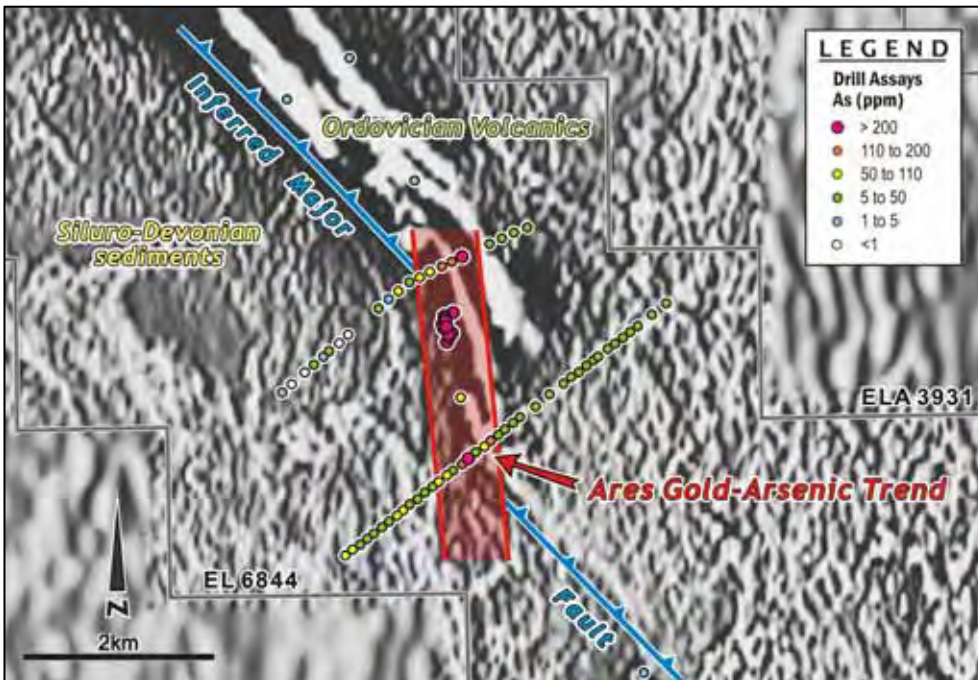
confirming the many similarities of the region to the Lachlan, including rocks that appear identical to those that host the rich Cobar deposits to the southwest. Of the 12 exploration holes drilled to date, six have intersected veining, alteration and base metal sulphides consistent with interpreted proximity to Cobar type mineralised systems.

In November 2009 Thomson successfully completed a \$2.5 million capital raising through sophisticated Singaporean and Australian investors and commenced a systematic programme of geophysical and geological work to bring a number of the key targets to "drill-ready" status. A high resolution aeromagnetic survey was flown over a large section of the tenement area (1,886 square kilometres) and detailed ground magnetic surveys were completed over 15 of the most promising targets to assist in drill positioning.



**Thomson tenements and key targets**





**Ares prospect drilling and geology over magnetics**

Thomson also completed modelling and interpretation of the large volume of aeromagnetic data and identified several important fault structures adjacent to some of the most prominent magnetic anomalies. The most important are the east-west structures of the Cuttaburra trend (hosting Cuttaburra anomalies A and B, as well as F3, F5, F6 and F23) and the Falcon trend (hosting F16, F17, F18 and F30) which may have acted as fluid pathways and deposition sites for mineralisation.

Evaluation of the Raptor joint venture tenements has identified a number of high quality base and precious metal prospects. The most outstanding of these is the Ares gold prospect on EL 6844 where previous work defined high grade gold mineralisation within a 2.5 kilometre mineralised corridor located on a major fault flexure. Previous explorers obtained very high gold

values at surface of up to 105.8 g/t Au in a 2 metre channel sample and noting visible gold in quartz veining. Later shallow RC drilling over a 200 metres section of the fault returned some strong intersections including 8 metres at 5.8 g/t Au (LORC004) and 3 metres at 7.0 g/t Au (95RCL03). The distribution of intercepts shows that this prospect is under-drilled with considerable variability in the tenor of mineralisation, and is open in all directions. Thomson is planning an aggressive and wide ranging aircore and RAB drilling program to define the system, with

RC and diamond drilling planned to test along strike and at depth.

During the year Thomson also strengthened its management team in appointing Eoin Rothery, formerly Exploration Manager for Consolidated Minerals Limited and Managing Director for ASX-listed India Resources Limited to the position of Chief Executive Officer and Lindsay Gilligan, former Director of the Geological Survey of NSW, to the Board as Non-Executive Director.

Thomson has made significant progress with preparations for the proposed IPO, scheduled for the third quarter of 2010, dependent on market conditions, with the Prospectus now nearing completion.



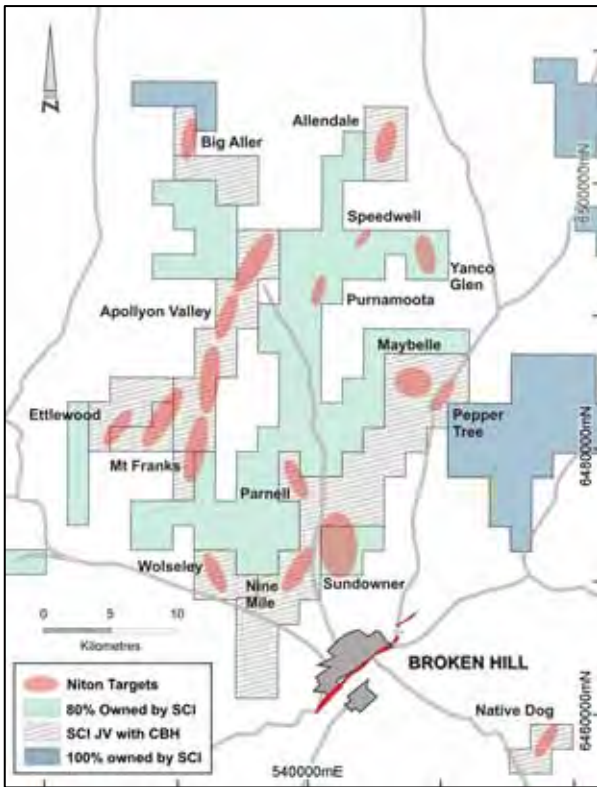
CURNAMONA PROVINCE



The Curnamona Province, in western NSW and extending across the border into South Australia is recognised as one of Australia’s pre-eminent target regions for copper, gold zinc, lead, silver and uranium deposits.

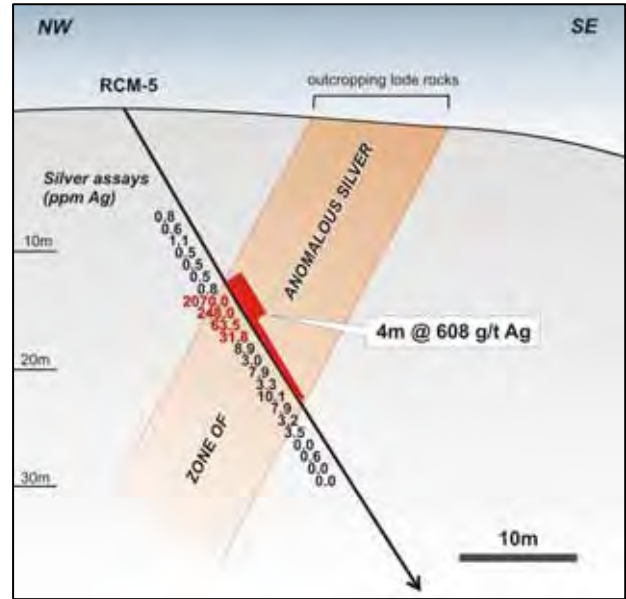
PlatSearch has a number of quality projects in this region as well as a significant interest in **Silver City Minerals Limited**, which now controls one of the largest ground holdings of any company within the Broken Hill Block surrounding the Broken Hill Mine, one of the largest, high grade lead-zinc-silver deposits in the world.

During the year Silver City (20% owned by PlatSearch) continued exploration and prospect assessment in order to rank its portfolio of targets and refine its



Silver City tenements and Niton geochemical anomalies

exploration programme. The company also successfully raised \$2 million from sophisticated Singaporean and Australian investors and appointed new board members including Mr Bob Besley as Chairman and Mr Chris Torrey as Managing Director. Both are geologists with strong exploration and public company management credentials adding considerable technical and management depth to the company.



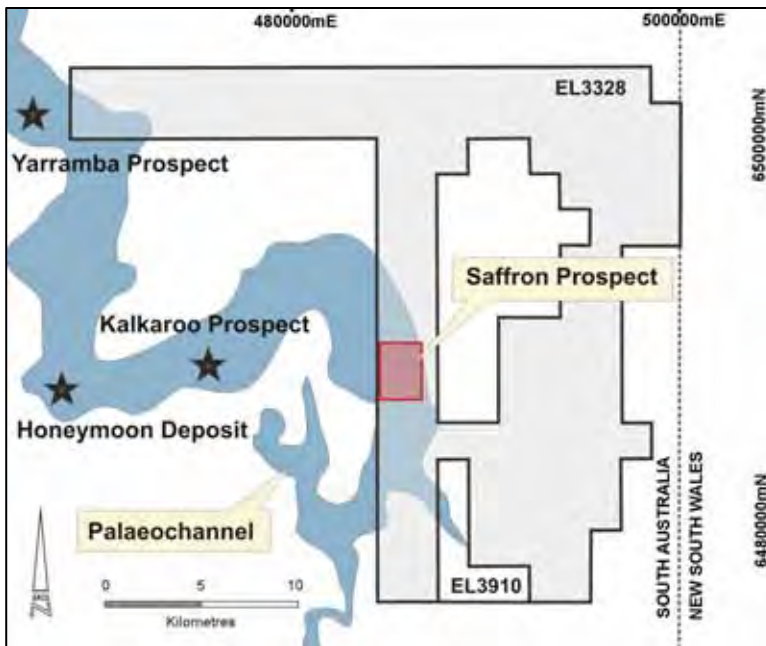
Silver intersection at Maybell

Silver City has made significant headway in preparations for the proposed IPO, scheduled for the December quarter of 2010, with technical due diligence and a draft Prospectus near completion.

Silver City exploration highlights for the year include:

- RAB delineation of a large (4,000 metres x 400 metres) base metal anomaly at Razorback West located some 15 kilometres north of the Broken Hill Line of Lode and potentially within equivalent rocks. Outcrop is poor so the anomaly is unexplained. More RAB and reconnaissance RC are scheduled.
- RC Hole RCM-5 returned 4 metres at 608g/t silver from 17 metres at the Maybell Prospect. Follow-up step-out drilling is planned.





**Saffron prospect location at Junction Dam**

- Delineation of a corridor hosting “lode rocks” that extend some 3.5 x 1.0 kilometres at Allendale, which has returned numerous rock chip samples containing high grade lead, zinc and silver. Historic high grade intersections in drill holes in the area of the Allendale mine will be targeted in follow-up drilling.
- Positive evaluation of historic drill data at Stephens Trig indicates a poorly drilled and apparently persistent zone of base metal and silver mineralisation extends for over 350 metres along strike and that best mineralisation occurs in a shoot close to surface. Follow-up RC drilling is planned.
- Signing an Option Agreement on three Mineral Claims which host the historic Golden King gold mine. Preliminary rock chip samples have returned values in excess of 0.5 g/t gold or 0.25% copper in eight of 24 samples, with five returning greater than 5 g/t gold or 2% copper. Drilling is planned.
- Preliminary delineation of a gossanous zone at the Native Dog prospect with detailed follow-up mapping to place these in a geological and structural context.

Elsewhere in the Curnamona, strong exploration results were obtained in reconnaissance drilling by Marmota Energy Ltd over the Saffron uranium prospect at **Junction Dam** following the signature of a joint venture to explore for uranium within the Yarramba Palaeochannel (Marmota can earn up to an 80% interest from Teck Australia Ltd and PlatSearch).

Down-hole gamma readings indicating high grade uranium mineralisation of potential economic significance were returned from a number of holes in what has been interpreted as Eyre Formation carbonaceous and pyritic sands within palaeochannel systems, which host the nearby Honeymoon Uranium Mine and Beverley Four Mile uranium project to the north and west of the project.

Marmota has completed 60 holes to approximately 110m in depth and has reported that high grade intercepts continue to be returned from follow-up infill and extensional drilling conducted over the western side of the prospect area.

Multiple holes have returned peak uranium grades of more than 1,000 ppm  $eU_3O_8^*$ . High grade intercepts coupled with significant intervals of mineralisation continue to be intersected in this drilling. A number of holes drilled have reported grade-thickness accumulations in excess of 0.045 m%  $eU_3O_8$  and up to 0.242 m%  $eU_3O_8$  (intersections of greater than 0.045 m%  $eU_3O_8$  are considered significant and important in evaluating the economic viability).

Along with the continuation of extensional drilling, core drilling is now being planned to attempt to more clearly establish the controls and thickness of mineralisation. Marmota has met the expenditure requirements to earn a 51% interest in the joint venture and has indicated that it intends to progress to earning up to 80% in the joint venture.







Within the **Callabonna** (EL 3695) and **Quinyambie** (EL 4289) projects, joint venture partner Red Metal Limited is earning up to an 80% interest by targeting roll-front type uranium deposits hosted in Tertiary sedimentary sequences within the fertile Frome Sub-Basin containing the Beverley uranium mining operations and the Four Mile deposits.

Red Metal completed ten rotary mud holes up to 248 metres in depth to test a range of new uranium drill targets generated by a high resolution airborne electromagnetic data (REPTM) survey. This survey outlined a number of distinctive and previously unrecognised faults, including the Paralana Fault, which are interpreted to play an important role in the localisation of both the prospective Tertiary sand sequences and uranium mineralisation elsewhere in the district.

Highlights from the drilling include the identification of a previously unrecognised palaeochannel sand unit deposited along the Paralana Fault in EL 3695. The sand unit, referred to as the Woolatchi channel, is confined within the Namba Formation shales and has a similar geological setting to the channel sand units hosting the Beverley and Four Mile uranium deposits.

The Woolatchi channel sands are encouraging because they are highly oxidised suggesting potential uranium-bearing fluids may have moved through the channel. A small gamma response (up to 3 times background) associated with the oxidised sands in hole L26 further supports this interpretation. Further drill testing of the prospective uranium-bearing palaeochannel sands is planned.

## GAWLER CRATON

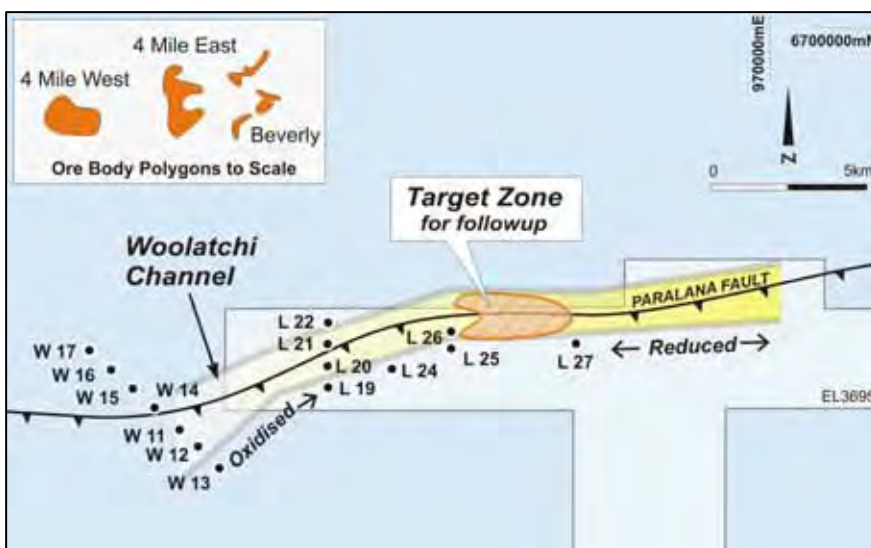
The **Kalabity** (EL 4461) project area, covering 148 square kilometres, is located about 100 kilometres west of Broken Hill in the northern Olary Domain of the Proterozoic Willyama Inlier in South Australia. Exploration is being conducted by joint venture partner Crossland Uranium Mines who is earning up to an 80% interest.

Crossland has completed an exploration programme to follow up anomalous uranium and copper values obtained previously at the Tabita Prospect in the Kalabity tenement. In the 2010 programme, 2,325 metres were drilled in 93 shallow air core holes. In addition, seven costeans with a combined length of 434 metres and 3 metres deep were excavated. Assay samples returned anomalous uranium values up to 250ppm uranium in drilling and 1,010ppm uranium in costeaning. Mineralisation appears to be associated with surficial gypsiferous/ferruginous zones that carry carnotite uranium mineralisation.

A programme of metallurgical testing will be commissioned to determine if there is a means to physically separate gypsum, thereby upgrading the uranium-vanadium enriched ferruginous material. Metallurgical testing of the concept will be performed on composite samples of mineralised material from the trench sampling.

PlatSearch signed a joint venture with Bemax Resources Limited where Bemax can earn up to 80% interest in the heavy mineral (HM) sands within the **Wynbring** tenement (EL 4403) for expenditure of \$1.6 million.

PlatSearch had completed an assessment of the HM sands potential of the Wynbring area identifying weak to modestly anomalous HM contents up to 0.3% over 10 metres within old PIRSA drilling. Logging indicates that the finer grained shoreline sequences, more likely to host high grade heavy mineral sand deposits (similar to Iluka's Mojave deposit) are likely to lie in the southwest corner of the tenement block. Bemax is currently compiling available data and plans to commence shallow traverse drill testing shortly.



**Woolatchi Channel target at Callabonna**

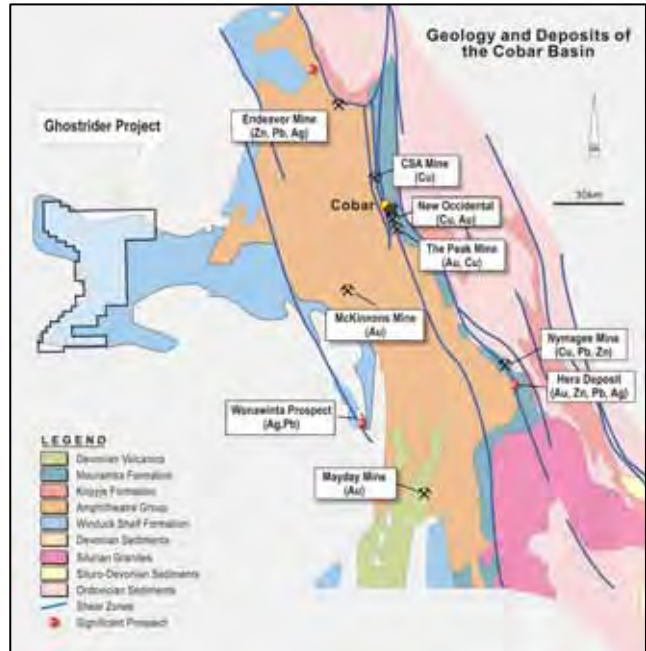


Gravity surveys have been completed in the **Pathfinder** joint venture area (ELs 4323, 4469 and 4470) to assist in definition of the western margin of the ultramafic complex and provide useful guidance for planned drill testing of the basal layer of the complex to investigate its potential for nickel mineralisation.

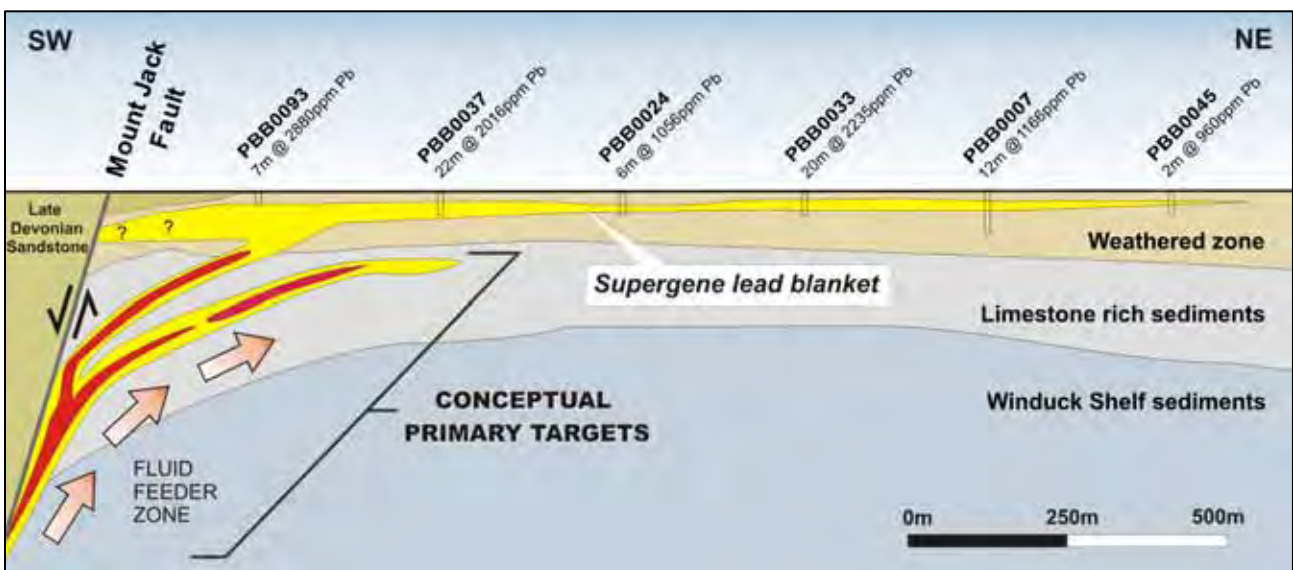


During the year PlatSearch applied for four large exploration licences in western NSW (**Ghostrider**), west of the main known base and precious metal deposits in the rich Cobar mineral field. The Company believes the area is prospective for Mississippi Valley Type (MVT) base and precious metal mineralisation similar to that found within the Wonawinta silver-lead deposit located 120 kilometres to the southeast. The licences cover the same carbonate-bearing stratigraphy as found at Wonawinta.

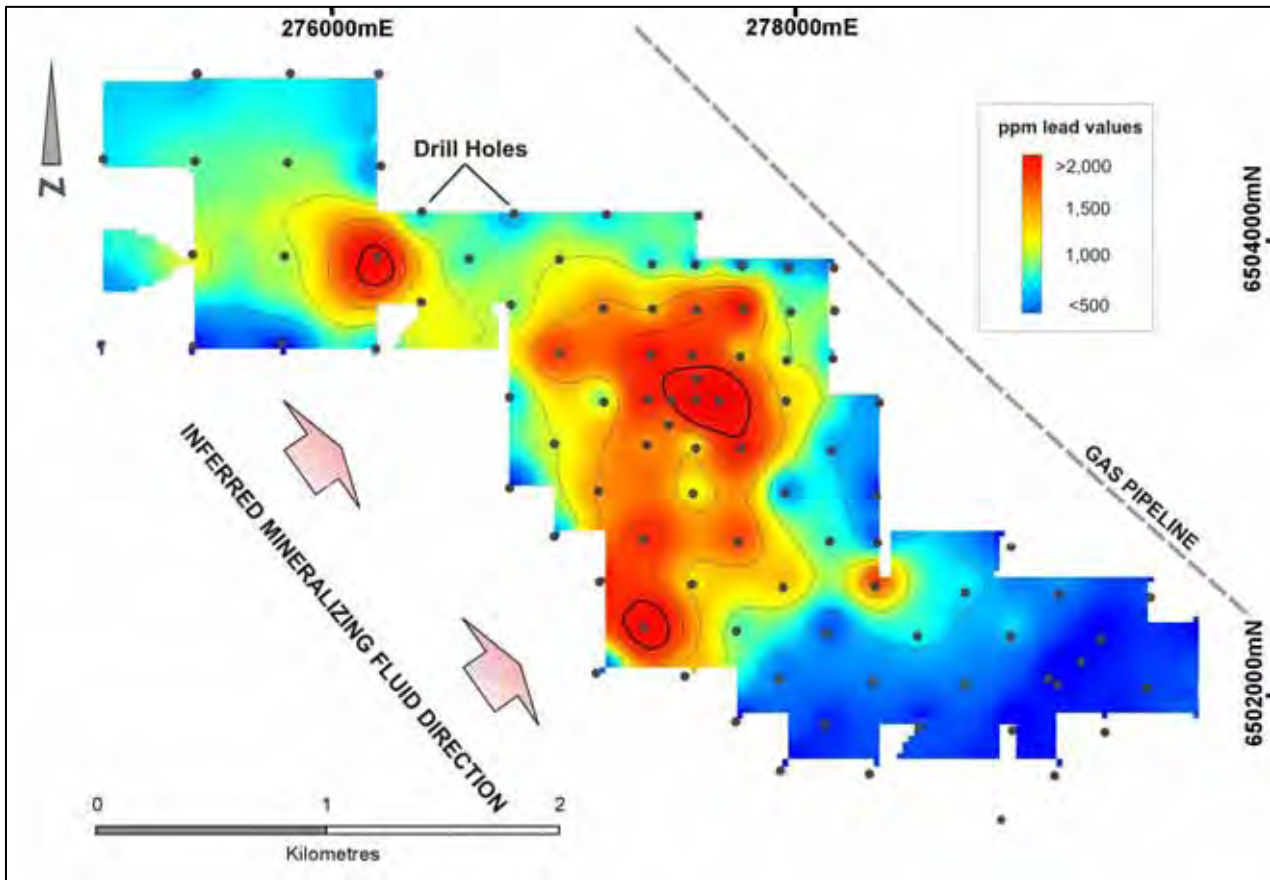
PlatSearch has identified strongly anomalous results in 2 metre composite samples from RAB drilling completed by BHP Limited in the 1980s, extending over a strike distance of 4 kilometres, with maximum values in the weathered zone of 1.15% lead, 0.22% zinc, 0.12% copper and 25ppm silver. Limited deeper RC drilling (70 – 100 metres) intersected lead sulphides in fresh rock (up to 0.48% lead). The lead anomaly is open to the northwest and east, and appears to be obscured by younger (Late Devonian) sediments to the west where latest work by PlatSearch indicates a clear target for primary mineralisation below cover. The Company has designed a programme to follow up anomalous stream sediment results to target new drilling in the prospect.



Ghostrider location and geology



Ghostrider conceptual high grade lead-silver target



**Ghostrider contoured maximum lead values (ppm) in drilling**

At **Thurla**, located in south western NSW, in a recently signed joint venture with Bemax (PlatSearch may earn up to 20%), modelling of regional magnetic data was completed in preparation for deep drilling of targets within the interpreted northern extension of the same stratigraphy that hosts the multimillion ounce Stawell gold deposit in nearby western Victoria. Targets are clearly visible within the magnetic data and will likely be drilled following interpretation of recent ground magnetic surveys to assist in drill hole placement. Drilling is anticipated to commence later this year.

PlatSearch is assessing the significance of the maghemite intersections in a network of palaeochannels at **Tinman** (EL 7076), south of the Ardlethan Mine and has identified a new grassroots gold exploration play at **Bedrock** (EL 7401) near West Wyalong where gold-in-soil geochemistry may represent an intrusion-related gold target.

**NEW ENGLAND FOLD BELT**

Mineralisation at the **Kempsey** project (ELs 6813 and 6932), located 40 kilometres west of Kempsey, occurs in association with a belt of I-type granite intrusives, known elsewhere for intrusive-related gold, molybdenum and tin mineralisation.

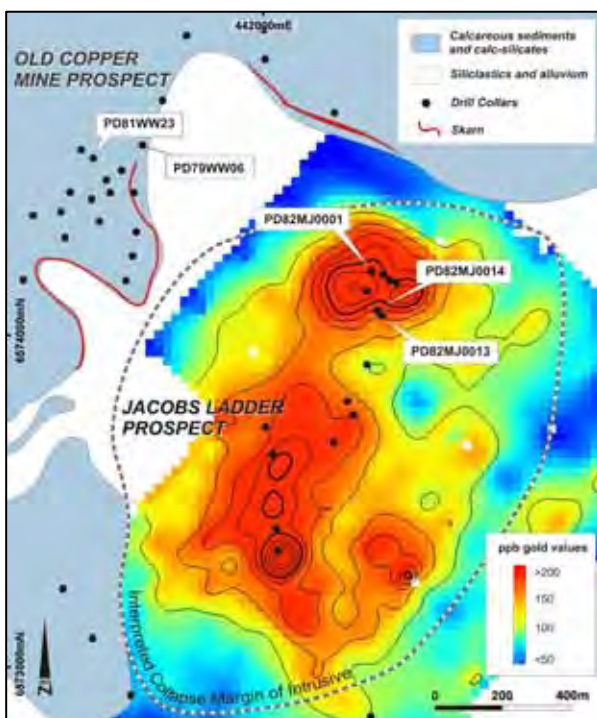
A compilation of all previous exploration drilling by BHP Limited and CRA (now Rio Tinto Limited) at the Kempsey Project has confirmed that a large scale alteration zone and associated mineralised system exists within the licence area. Two separate, yet genetically linked, mineralisation styles have been identified by PlatSearch at the Old Copper Mine Prospect (a tin and copper-silver rich skarn system) and at the Jacobs Ladder Prospect (an intrusive-related, gold-rich sheeted and stockwork vein system). PlatSearch believes the two deposit styles are the result of a mineralising intrusion driving the intrusive related gold-rich stockworks at Jacobs Ladder and the related skarn development at the Old Copper Mine prospect.



At the Old Copper Mine prospect previous drilling has defined a large area of tin-copper-silver mineralisation which is considered to be a Renison-style replacement tin system with a copper-rich zone. Drilling recorded strong but sporadic intersections including 3.5 metres at 4.3% copper, 85 g/t silver 0.17% tin from 93.5 metres (PD81WW23) and 6 metres at 3.58% copper, 83 g/t silver and 0.25% tin from 14 metres (RD79WW06). There is scope to expand the size of the upper mineralised zone and to discover additional mineralised zones at different levels within the skarn system.

The Jacobs Ladder prospect lies adjacent to the Old Copper Mine prospect and is defined by a large (1,000 metres x 600 metres at greater than 0.1 g/t gold) gold-in-soil anomaly over thermally metamorphosed sandstones and siltstones. Previous explorers drilled 20 largely shallow percussion holes into the gold anomaly, all intersecting mineralised intervals at >0.1 g/t gold, with many holes ending in mineralisation. Intersections included 114 metres at 0.28 g/t gold from surface (PD82MJ0013), 9 metres at 1.37 g/t gold from surface (PD82MJ0001) and 88 metres at 0.40 g/t gold (PD82MJ0014). This gold mineralisation appears associated with a sub-vertical, sheeted vein system interpreted to have formed over the top of a deeper mineralised intrusive which may have also been responsible for the tin-copper-silver mineralisation found at the Old Copper Mine prospect.

PlatSearch is highly encouraged by the results of its recent assessment work over these prospects and is planning deeper drilling of these prospective systems.



Gold-in-soil (ppb) geochemistry at Jacobs Ladder

## EASTERN IRON LIMITED



### Hawkwood

Recently Eastern Iron Limited (ASX code: EFE) (48.65% owned by PlatSearch) has expanded its project portfolio with the addition of an exciting new high grade iron-vanadium prospect, the Hawkwood Project, located 160 kilometres from the coast and 250 kilometres by rail from the coal export port of Gladstone. Preliminary work at Hawkwood has shown potential for high grade magnetite-vanadium concentrates grading 60% Fe and 1% V<sub>2</sub>O<sub>5</sub>.

The project area contains layered intrusive complexes of the Bushveld Type, South Africa. These intrusions often form large, sill-like bodies of differentiated igneous rock which exhibit extensive layering (distinct differences in mineral compositions and textures) extending laterally over many square kilometres. They are important hosts for titanium and vanadium-bearing magnetite iron deposits such as Savage River, Tasmania and Balla Balla, Western Australia as well as some of the world's largest platinum-palladium group element (PGE) deposits such as the Merensky Reef, South Africa.

Eastern Iron has recently completed a high resolution airborne magnetic survey over the Hawkwood area targeting magnetite-rich layers within the igneous complex as potential sources of high-grade iron ore. Processed images from the survey clearly show a series of laterally continuous highly magnetic zones which are interpreted as high magnetite-bearing layers within the layered igneous complex. This high resolution survey has shown that the east-west trending main magnetic anomaly consists of a series of parallel highly magnetic layers. Moreover, these layers are continuous with a north-trending magnetic zone which extends from the western end of the anomaly giving a total length of over 12 kilometres and greatly enhancing the resource potential of the project.

Eastern Iron has recently completed a 2,000 metre RC drilling programme. The drilling programme targeted the main magnetic anomaly to confirm the source of the anomaly, the grade of magnetite iron and the attitude (dip) of the magnetite-bearing layers. Assay results are still pending, but if the programme proves successful, a more detailed infill drilling programme will be scheduled for later in 2010.



### **New South Wales - Bulk Tonnage Pisolite Project**

Eastern Iron has reported the completion of initial Resource estimates for 13 prospect areas within their bulk tonnage pisolite (CID) project near Cobar, central New South Wales. At a 5% iron cut-off, Eastern Iron has estimated the Resource at 627Mt for 10.3% Fe. This Resource has been determined on the basis of exploration of less than 10% of the identified palaeochannels.

In November 2009, Eastern Iron announced the results of a preliminary report into the Direct Shipping Ore economic potential of the Cobar deposits. The report focused on the development of a low capital cost, 1.5Mtpa direct shipping operation involving a simple dry magnetic separation product at the Belah Tank prospect. The study concluded that a DSO export project required high iron ore prices to justify development and that alternative development strategies should be pursued.

As a result, Eastern Iron recently announced that it has agreed, subject to shareholder approval, to joint venture the project to the 3E consortium which will allow 3E to earn up to a 77.5% interest in 13 tenements. 3E may earn its interest by completing further investigations, including new metallurgical process studies and a possible bankable feasibility study into the project.

Under an earlier agreement with PlatSearch, Eastern Iron had earned an 80% interest in the project tenements with obligations to sole fund project expenditure to the completion of a bankable feasibility study. The agreement with 3E includes a requirement that Eastern Iron and PlatSearch execute an agreement to restructure the ownership of the 15 project tenements in which both the companies hold interests.

The new agreement with PlatSearch will see the project tenements split into two groups, i.e. the Eastern Block, comprising four exploration licences containing 352 million tonnes of the identified iron Resource and the Western Block comprising 13 tenements and 275 million tonnes of the Resource. Under the new agreement PlatSearch will give up its 20% free-carried interest in the project tenements in favour of a 51% contributing interest in the four Eastern Block tenements, with Eastern Iron holding the balance 49% contributing interest. PlatSearch will retain no interest in the Western Tenements in which Eastern Iron will hold 100% and which are subject to the 3E joint venture arrangements.

PlatSearch and Eastern have also granted to 3E a right of first refusal over any product which may be produced from the Eastern Block tenements. 3E can retain this right indefinitely by meeting ongoing minimum

expenditure conditions for the tenements and will include material from these tenements in their year one test work programme.

The Eastern Iron and PlatSearch restructure is subject to approval by Eastern Iron's shareholders at a meeting of shareholders which is tentatively scheduled for early November 2010.

During the year PlatSearch exercised 2.685 million of its 12 cent options, the maximum allowable under the 3% Corporations Act creep provisions to take its shareholding to 23.685 million shares or 48.65% of Eastern Iron. PlatSearch also holds and 5,000,000 EFE options (exercise price 35 cents and expiry date of 19 December 2012). As at 28 September 2010 EFE shares were trading at \$0.13. More details regarding Eastern Iron can be obtained from its website.



### **WPG RESOURCES LTD**

WPG Resources Ltd (ASX Code: WPG – formerly Western Plains Resources Ltd) is a company with significant, advanced iron ore interests in South Australia. WPG's key assets include shallow, high grade, direct shipping ore (DSO) hematite iron deposits at Peculiar Knob and Hawks Nest as well as large, open pittable magnetite deposits at Hawks Nest and Kestrel. Over the past few years WPG has successfully explored and expanded these resources and generated a positive feasibility study on the mining of the DSO deposits for export. Recently WPG executed binding lease, licence and pricing agreements with Flinders Ports Pty Ltd that give WPG long term access to Berth 7 at Port Pirie for the export of iron ore and coal for an initial term of 10 years with rights to extend to 30 years.

WPG intends to take the decision to commit to project development at its flagship Peculiar Knob DSO iron ore mine in the second half of 2010. As a result of optimisation of the logistics chain, WPG now expects exports of 3-4 million tonnes per annum of iron ore could commence in the second half of 2011. This is higher than the previous estimates of 2-3 million tonnes per annum. WPG believes the capacity of the materials handling and transshipment strategy to be implemented at Port Pirie is some 7-8 million tonnes per annum. The company intends to make surplus capacity available to other users. The 30 year term of the agreements with Flinders Ports will provide a seamless path for WPG to export ore from its Hawks Nest DSO and magnetite iron ore projects if mining is approved by the



Commonwealth, and also if development of the Penrhyn coal project proceeds.

WPG also progressed drilling, coal quality and washing tests on the Penrhyn coal deposit 40 kilometres southwest of Coober Pedy, 20 kilometres from the proposed haul road from WPG's Peculiar Knob DSO iron mine to the Wirrida rail siding.

WPG drilled four core holes across the basin containing the coal deposit and commenced coal quality tests. Results have been encouraging with WPG indicating that Penrhyn coal may be suited for use in a variety of applications, particularly as a feedstock to plants using one of the emerging clean coal technologies. Washing tests are continuing.

PlatSearch holds 9.325 million WPG Resources ordinary shares. As at 28 September 2010 WPG shares were trading at \$0.88. For further details regarding the progress of WPG's projects, refer to its website.

### **CHESSER RESOURCES LIMITED**

Chesser Resources (ASX Code: CHZ) is exploring for gold deposits in the Tethyan Belt in Turkey. Chesser is earning an interest in a number of projects, including the potentially heap-leachable Sisorta high sulphidation, epithermal gold deposit and the high grade Kestanelik epithermal vein deposit. Chesser has announced an initial gold resource in the order of 300,000 ounces gold for Sisorta with good potential for expansion. Chesser also announced positive preliminary scoping results for Sisorta and the follow up drill programme has confirmed the expansion potential of the project.

Chesser completed a first pass drilling programme over the Kestanelik gold deposit in February 2010, recording high grade intersections in a number of the outcropping veins. The company also completed a follow-up programme which focussed on step outs from existing intersections recorded in the earlier drilling. Drilling successfully intersected gold mineralisation in quartz veining and stockworks, albeit at slightly lower grades than those seen in the February drill holes. An IP geophysics programme has indicated the vein systems extend well beyond that defined in outcrop and drilling, highlighting the excellent potential of the field to generate significant new discoveries.

During the year Chesser successfully raised approximately \$8 million to fast track exploration of its Kestanelik project. Drilling recommenced in the third quarter of 2010.

PlatSearch holds 2.3 million fully paid shares and 2 million options exercisable at \$0.35 in Chesser. At 28 September 2010 Chesser shares were trading at \$0.66.

For further details regarding Chesser's activities, please refer to its website.

### **NEWPORT MINING LIMITED**

Newport Mining (ASX Code: NMN) is an exploration company in joint venture with PlatSearch over the Pathfinder project in South Australia. During the year Newport finalised the acquisition of two highly prospective and potentially large scale phosphate projects in Brazil. These are the Lucena Phosphate Project and the Mata da Corda Phosphate Project.

PlatSearch currently holds 520,000 fully paid shares and 1 million options exercisable at \$0.35. At 28 September 2010 Newport shares were trading at \$0.49.

For further details regarding Newport's activities, please refer to its website

**Greg Jones**  
Managing Director

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Gregory Jones, BSc (Hons), who is a member of the Australasian Institute of Mining and Metallurgy. Mr Jones is Managing Director and a full time employee of PlatSearch NL. Mr Jones has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Jones consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

# SCHEDULE OF TENEMENTS

as at 10 September 2010

| Tenement  | Tenement Number   | Interest | Joint Venture Details  |
|---|---|----------|--|
| <b>NEW SOUTH WALES</b>  |   |          |  |
| <b>Broken Hill</b>  |   |          |  |
| Mundi Plains  | EL 6404   | 49%      | Teck 51%, can earn 80%   |
| Stephens-Centennial   | EL 6132   | 0%       | Notes 1 and 5  |
| Hollis Tank   | EL 5765   | 80%      | Eaglehawk 20%  |
| Hillston  | EL 6363   | 80%      | Perilya can earn 80%, Eaglehawk 20%                              |
| Yanco Glen, Copper King, Big Aller, Mt Robe, Apollyon Valley and Eldee Ck | ELs 5764, 5919, 6147, 5646, 6475 and 6002                 | 0%       | Note 4   |
| Mundi Mundi, Euriowie, Interceptor, Humungus, Iron Bar and Nightrider     | ELs 4657, 7319, 6863, 6864, 7203 and 7228                 | 0%       | Note 5   |
| Paradise, Paramount and Ten Mile Bore                                     | EL 7414, ELA 4032 and EL 7573                             | 100%     | -  |
| <b>Cobar</b>  |   |          |  |
| Eastern Iron Projects   | ELs 6706, 6710, 6711, 6671, 6672, 6952-6954 and 6956-6962 | 20%      | Note 3   |
| Ghostrider Project  | ELs 7493-7496   | 100%     | -  |
| <b>Lachlan Fold Belt</b>  |   |          |  |
| Woodlawn South  | ELs 7257 and 7469   | 0%       | Royalty interest only  |
| Trundle   | EL 4512   | 0%       | Royalty interest only  |
| Dunmore and Tomingley   | ELs 6473 and 6474   | 90%      | RobertsConsulting 10%  |
| Tinman and Bedrock  | ELs 7076 and 7401   | 100%     | -  |
| Thurla  | EL 6477   | 0%       | Bemax 100%, PlatSearch can earn 20%                              |
| <b>New England Fold Belt</b>  |   |          |  |
| Kempsey Porphyry and Gundle   | EL 6813 and 6932  | 100%     | -  |
| <b>QUEENSLAND</b>   |   |          |  |
| Horse Creek and Lilleyvale  | EPMs 13304 and 12115                                      | 100%     | -  |
| <b>SOUTH AUSTRALIA</b>  |   |          |  |
| Mirikata  | EL 3537   | 100%     | -  |
| Callabonna  | EL 3695   | 100%     | Red Metal can earn 70%   |
| Kalabity  | EL 4461   | 80%      | Eaglehawk 20%, Crossland can earn 60%                            |
| Mulyungarie   | EL 3478   | 0%       | Note 4   |
| Junction Dam  | EL 4509   | 39.2%    | Teck 51%, Eaglehawk 9.8%, Marmota can earn 51% in uranium rights |
| Quinyambie  | EL 4289   | 52.6%    | Red Metal can earn 70%, Note 2                                   |
| Coondambo   | EL 3593   | 100%     | Transfer from Marathon in progress                               |
| Poverty Lake (Benagerie JV)   | EL 3831   | 90%      | Allender 5% and Hosking 5%                                       |
| Frome (Benagerie JV)  | EL 3952   | 90%      | Allender 10%   |
| Wynbring  | EL 4403   | 100%     | Bemax can earn 50%   |
| Toolgerie, Black Hill and Yalata (Pathfinder JV)                          | ELs 4232, 4470 and 4469                                   | 80%      | Bohoun Resources 20%, Newport can earn 60%                       |
| Officer Basin Project   | ELAs 2007/246-247 and 2007/286-287                        | 50%      | Crossland 50%  |

EL = Exploration Licence, ELA = Exploration Licence Application, EPM = Exploration Permit for Minerals,

EPC = Exploration Permit for Coal

Note 1: Endeavour Minerals holds a 1.5% NSR in 4 units of the EL.

Note 2: Dolores Group 47.4% (Allender, Kennedy, Aurelius Resources, Hosking and Houldsworth).

Note 3: Eastern Iron Limited (EFE) is currently owned 48.65% by PlatSearch and PlatSearch holds options in EFE. EFE holds (100%) ELs 7282, 7283; applications for EPMs 18566 and 18533 and EPCs 2175 and 2206. EFE is also earning an interest in EPM 15289 and EPM application 17099.

Note 4: These tenements are subject to agreements with Silver City Minerals Limited (SCI) whereby SCI must meet expenditure commitments within various time frames. PlatSearch holds an NSR interest in these tenements.

Note 5: These tenements are subject to agreements with SCI whereby SCI must meet expenditure commitments within various time frames. Apollyon Valley EL 6475, Big Aller EL 6147, Mt Robe EL 5646, Yanco Glen EL 5764, Copper King EL 5919, Eldee Creek EL 6002 and Stephens-Centennial EL 6132. Under an agreement with SCI and CBH Resources, PlatSearch has converted its interest in these tenements to a NSR (Net Smelter Return). Endeavour Minerals has a 1.5% NSR on any discovery in a small area of EL 6132.



### **Black Hill EL 4470, Toolgerie EL 4323 and Yalata EL 4469 (Pathfinder JV), SA**

PlatSearch 80% and Bohuon Resources 20%. Newport Mining can earn 60% by spending \$1.5 million. PlatSearch/Bohuon can then participate with their 40% interest, or reduce to a 20% interest free carried to completion of a favourable bankable feasibility study (BFS) and decision to mine. At the completion of a BFS and decision to mine PlatSearch/Bohuon can elect to either participate in further expenditure in proportion to their interests or convert their participating interest to a NSR royalty.

### **Callabonna EL 3695, SA**

PlatSearch 100%. Red Metal can earn a 51% interest by spending \$1 million and a 70% interest by spending \$3 million. PlatSearch then can contribute with 30% or reduce to a 15% interest, carried to completion of a BFS and repayable from PlatSearch's share of net proceeds of mine production.

### **Coondambo EL 3593, SA**

Previously PlatSearch 50% and Marathon Resources 50%. Marathon withdrew from the JV in June 2010 and the tenement is being transferred to 100% held by PlatSearch.

### **Dunmore EL 6473 and Tomingley EL 6474, NSW**

PlatSearch 90% and RobertsConsulting 10%.

### **Eastern Iron Projects ELs 6706, 6710, 6711, 6671, 6672, 6952-6954 and 6956-6962, NSW**

Currently PlatSearch 20% and Eastern Iron 80%. A new JV agreement which is conditional to share holder approval will see these projects split into two groups. The Eastern Block comprising ELs 6956, 6711, 6954 and 6706 and the Western Block comprising ELs 6710, 6671, 6672, 6952, 6953, 6957-6962 and ELs 7282 and 7283 which are held solely by Eastern iron. Under the new agreement PlatSearch will give up its 20% free-carried interest in the project tenements in favour of a 51% contributing interest in the four Eastern Block tenements, with Eastern Iron holding the balance 49% contributing interest. PlatSearch will retain no interest in the Western Block tenements in which Eastern Iron will hold 100%.

### **Poverty Lake EL 3831, Frome EL 3952 (Benagerie JV), SA**

Previously PlatSearch 10%, Allender 5%, Hoskings 5% and Newcrest 80% in EL 3831 and PlatSearch 10%, Allender 10% and Newcrest 80% in EL 3952. Newcrest has sold its interest in the tenements to PlatSearch. PlatSearch is the manager of the JV. EL 3831

PlatSearch 90%, Allender 5% and Hosking 5%; EL 3952 PlatSearch 90% and Allender 10%.

### **Hillston EL 6363, NSW**

PlatSearch 80% and Eaglehawk 20%. Perilya can earn an 80% interest in this tenement by completing expenditure of \$1.5 million. PlatSearch and Eaglehawk can then each participate with their respective interests of 16% and 4% or convert to a 10% and 2.5% free-carried interest to completion of a BFS. On completion of a BFS, PlatSearch and Eaglehawk can participate or convert their interests to a NSR royalty.

### **Hollis Tank EL 5765, NSW**

PlatSearch 80% and Eaglehawk 20%.

### **Junction Dam EL 4509, SA**

PlatSearch 39.2%, Teck 51% and Eaglehawk 9.8% in base and precious metal rights. Marmota Energy Limited has earned a 51% interest in the uranium rights only, PlatSearch 19.21%, Teck 24.99% and Eaglehawk 4.80%.

### **Kalabity EL 4461, SA**

PlatSearch 80% and Eaglehawk 20%. Crossland Uranium Mines can earn a 60% interest by spending \$500,000. The parties then will contribute to expenditure on a pro-rata basis or PlatSearch/Eaglehawk may elect to dilute to a 20% interest, free-carried to a BFS. In the event of a BFS, PlatSearch/Eaglehawk may either contribute pro-rata to development or dilute to a NSR royalty.

### **Mundi Mundi EL 4657, Interceptor EL 6863 and Humungus EL 6864, Euriowie EL 7319, Ironbar EL 7203 and Nightrider EL 7228, NSW and Mulyungarie EL 3478, SA**

Under a sale agreement with Silver City Minerals Limited (SCI) SCI must meet expenditure commitments and list on the ASX prior to 30 June 2011 or hand back the tenements to PlatSearch (100% in the case of EL 7319; ELs 3478 and 7203, 80% PlatSearch and 20% Eaglehawk). The consideration paid by SCI was a combination of ordinary shares, options and converting performance shares which may convert to ordinary SCI shares if certain conditions are met.

### **Mundi Plains EL 6404, NSW**

PlatSearch 49% and Teck Cominco Australia 51%. Teck Cominco can increase its interest to 80% by spending a further \$2 million when PlatSearch can participate with a 20% interest or dilute to a NSR royalty.



## SUMMARY OF JOINT VENTURES

as at 10 September 2010



### **Officer Basin Project, ELAs 2007/246-247 and 2007/286-287, SA**

PlatSearch 50% and Crossland Uranium Mines 50%.

### **Quinyambie EL 4289, SA**

Resources, Hosking and Houldsworth (collectively Dolores Group 47.4%). Red Metal can earn a 70% interest by spending \$3 million. PlatSearch can contribute with 15% or reduce to a 7.5% interest, carried to completion of a BFS and repayable from PlatSearch's share of net proceeds of mine production.

### **Thurla EL 6477, NSW**

Bemax 100% PlatSearch can earn a 20% interest by providing Bemax with services to the value of \$100,000 within four years.

### **Trundle EL 4512, NSW**

PlatSearch holds a NSR royalty interest.

### **Woodlawn South ELs 7257 and 7469, NSW**

PlatSearch holds a NSR royalty interest.

### **Wynbring EL 4403, SA**

PlatSearch 100%, Bemax can earn a 50% interest by spending \$600,000 within four years.



The Directors present their report on the consolidated entity (the Group) consisting of PlatSearch NL (PlatSearch) and the entities it controlled at the end of, or during, the year ended 30 June 2010.

### DIRECTORS

The following persons hold office as Directors at the date of this report and throughout the financial year or as indicated. Their qualifications and experience are:

**Patrick J D Elliott, BCom, MBA, CPA**

#### *Chairman*

Patrick was appointed a Director of the Company on 22 December 2008 and is a company director specialising in the resources sector with 36 years experience in investment and corporate management. His early career was at Consolidated Gold Fields Australia Limited and covered investment analysis and management, minerals marketing (copper, tin, rutile and zircon). In 1979 he went into investment banking and became Head of Corporate Finance for Morgan Grenfell Australia Limited in 1982. Patrick subsequently became Managing Director of Natcorp Investments Ltd in 1986 which owned a number of manufacturing businesses. After its takeover he became an active early stage venture capital investor with an emphasis on resources.

Patrick is Chairman of Argonaut Resources NL, Australia Oriental Minerals NL and MIL Resources Ltd, the latter company in which he is also the managing director. He is also a director of Crossland Uranium Mines Limited, Global Geoscience Limited and a number of privately owned companies.

**Gregory F P Jones, BSc (Hons 1) (UTS), MAusIMM**

#### *Managing Director*

Greg was appointed Chief Executive Officer of the Company on 1 January 2009 and Managing Director from 20 April 2009. He is a geologist with 31 years of exploration and operational experience gained in a broad range of metalliferous commodities both within Australia and overseas. Greg has held senior positions in a number of resource companies including Western Mining Corporation and Sino Gold Limited and his experience spans the spectrum of exploration activity from grass-roots exploration through to resource definition and new project generation, as well as mine geology, ore resource/reserve generation and new mine development.

Greg was awarded the Institute Medal for academic excellence whilst at university and is credited with several economic discoveries including the Blair nickel and the Orion gold deposits in Western Australia. He is a director of Eastern Iron Limited and PlatSearch NL's associated companies Silver City Minerals Limited and Thomson Resources Ltd.

#### **Kwan Chee Seng**

#### *Non-Executive Director*

Chee Seng was appointed a Director of the Company on 17 February 2009. Chee Seng has investments in the renewable sustainable energy, base metal resources and the biotechnology businesses. He has extensive experience in senior management and in business. He is a Non-Executive Director and a major shareholder of Singapore listed Van der Horst Energy Limited and Viking Offshore and Marine Ltd (formerly known as Novena Holdings Limited). Kantial Champaklal became an alternate director for Chee Seng from 9 March 2009.

**Dr Foo Fatt Kah, MB, BCh, BAO, MBA**

#### *Non-Executive Director*

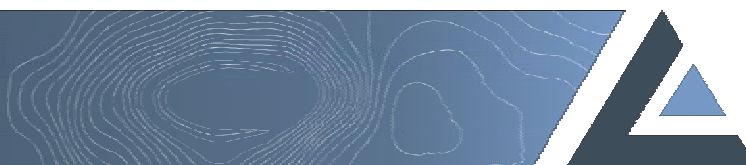
Dr Foo was appointed a Director of the Company on 7 October 2009. Dr Foo has over 20 years experience in the investment banking, fund management and advisory businesses spanning Europe and Asia. He was previously Head of Asian Equities for SG Securities Asia (the Asian Investment Banking business for Societe Generale) covering 10 Asian countries ex-Japan. Since 2004 Dr Foo has been active as an investor and advisor, overseeing investments in Resources, Energy and Healthcare.

Dr Foo is qualified in Medicine (MB, B Ch, BAO) and Business Administration (M.B.A.) from the Queen's University, United Kingdom, with further continuing education qualifications from Insead on Economic Value Added (EVA) and International Project Management. He has experience with listed companies in Singapore, being previously Executive Director of CyberVillage Holdings Ltd and currently Lead Independent Director of PEC Ltd.

**Robert J Waring, BEc (Sydney), CA, FCIS, FFin, MAusIMM, FAICD**

#### *Non-Executive Director and Company Secretary*

Company Secretary since 1990. His experience has been gained over 38 years in financial and corporate



roles including 20 years in company secretarial roles for ASX listed companies and 16 years as a Director of PlatSearch. Robert has had 29 years experience in the mining industry and prior to that nine years with an international firm of chartered accountants. He is a Director of PlatSearch NL's associated company Silver City Minerals Limited and a director of Spencer Hamilton Limited, a group which provides secretarial and corporate advisory services to a range of listed and unlisted companies.

**Bob Richardson, BSc (Sydney), BE (Hons) (Sydney), MAusIMM, MASEG**

*Non-Executive Director  
(resigned 23 July 2010)*

Bob has 45 years experience in mineral exploration management, geophysics and exploration technology. His career includes 17 years with the Peko-Wallsend Group as Chief Geophysicist and Exploration Manager. He was a founder in 1976 and Managing Director of Austirex Aerial Surveys that became a major international airborne geophysical contractor. He was a co-founder and Managing Director of Lachlan Resources NL in 1983 and PlatSearch in 1987. He is currently a non-executive Director of Western Plains Resources Ltd and Crossland Uranium Mines Limited. He retired as a non-executive Director of Eastern Iron Limited on 11 August 2009. Mr Richardson was Managing Director until his resignation on 31 December 2008. He resigned as a Non-Executive Director on 23 July 2010.

**Kantilal Champaklal,**

*Alternate Director to Kwan Chee Seng*

Kantilal was appointed an alternate director to Mr Kwan on 9 March 2009.

## Activities

The principal continuing activity of the consolidated entity is the exploration for economic base metals, iron ore, gold and heavy minerals.

## Results

The net result of operations of the consolidated entity after applicable income tax benefit was a profit of \$85,006 (2009: loss of \$5,684,575) which includes the write-off of exploration expenditure during the year of \$127,206 (2009: \$242,043).

## Directors' Interests in Shares and Options

Directors' interests in shares and options as at the date of this report are set out in the table below.

| Director       | Shares Directly and Indirectly Held | Options Directly and Indirectly Held |
|----------------|-------------------------------------|--------------------------------------|
| P J D Elliott  | 2,352,345                           | 1,000,000                            |
| G F P Jones    | 365,862                             | 4,000,000                            |
| C S Kwan       | 45,183,893                          | 1,000,000                            |
| F K Foo        | -                                   | 1,000,000                            |
| R J Waring     | 1,353,864                           | 1,300,000                            |
| R L Richardson | 3,350,760                           | 1,560,000                            |
| K Champaklal   | -                                   | 500,000                              |

## Dividends

No dividends were paid or proposed during the year.

## Review of Operations

A review of the operations of the Group during the financial year and the results of those operations are contained in pages 3 to 12 in this report.

## Corporate Structure

PlatSearch NL is a no liability company that is incorporated and domiciled in Australia. In August 2007 a wholly owned subsidiary, Bluestone 23 Limited, was incorporated. Eastern Iron Limited was a wholly owned subsidiary from the date of incorporation in July 2007 until May 2008 when shares were issued in connection with its Australian Securities Exchange Initial Public Offering (IPO) and PlatSearch's interest was diluted to 45.65%. In June 2010 PlatSearch exercised 2,685,000 options in Eastern Iron Limited bringing its interest in Eastern Iron to 48.65%.

## Indemnification and Insurance of Directors and Officers

The Company has not, during or since the end of the financial period, in respect of any person who is or has been an officer of the Company or a related body corporate indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.



## Insurance Premiums

During the financial period the Company has paid premiums to insure each of the directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

The premiums paid are not disclosed as such disclosure is prohibited under the terms of the contract.

## Environmental Performance

PlatSearch holds exploration licences issued by the Mines Departments of various state governments which specify guidelines for environmental impacts in relation to exploration activities. The licence conditions provide for the full rehabilitation of the areas of exploration in accordance with the various Mines Departments' guidelines and standards. There have been no significant known breaches of the licence conditions.

## Significant Changes

The Directors are not aware of any significant changes in the state of affairs of the Group occurring during the financial year, other than as disclosed in this report.

## Matters Subsequent to the End of the Financial Year

There were at the date of this report no matters or circumstances which have arisen since 30 June 2010 that have 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, other than:

- The issue of 2,000,000 options to the Company's Business Development Manager on 23 August 2010. The options were issued for nil consideration with an exercise price of 18 cents and expiry date of 27 November 2014. The options have been valued at \$175,800 using the Binomial pricing model; and
- PlatSearch has commenced preparatory work on meeting the requirements for admission to the Singapore Stock Exchange (SGX). The Company intends to dual list onto the Catalist Board of the SGX and to raise additional capital in Singapore to support its aim of securing an advanced project to attain cash flow; and
- Eastern Iron Limited (Eastern Iron) and the 3E consortium have signed a joint venture agreement

whereby 3E may earn up to a 77.5% interest in a number of Eastern Iron exploration licences. In tandem with this, PlatSearch has renegotiated its joint venture agreement with Eastern Iron such that it will own 51% of selected exploration licences and iron resources, subject to Eastern Iron shareholder approval.

## Likely Developments and Expected Results

As the Company's areas of interest are at an early stage of exploration, it is not possible to postulate likely developments and any expected results. The Company is hoping to identify other precious, base metal and iron ore exploration and evaluation targets.

## Shares Under Option or Issued on Exercise of Options

Details of unissued shares or interests under option for PlatSearch NL as at the date of this report are:

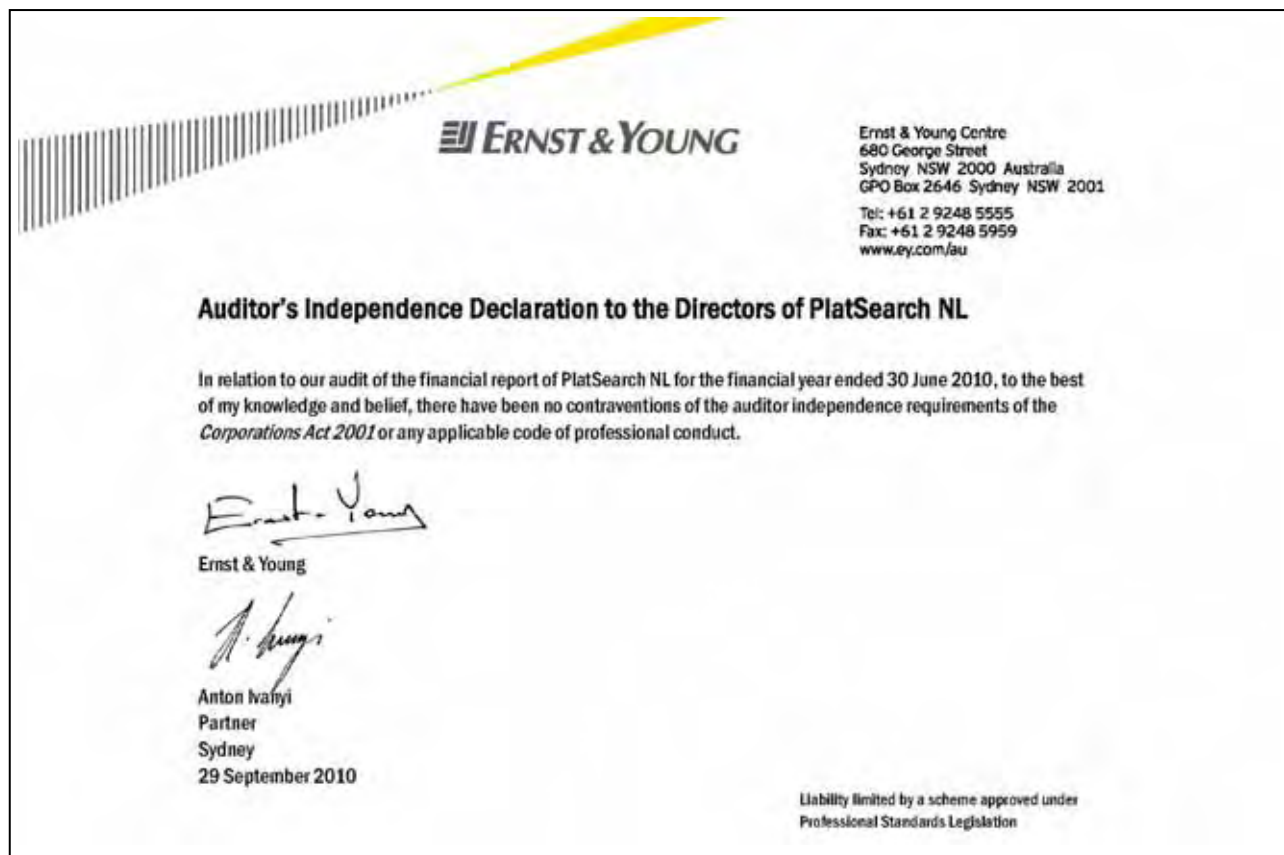
| Number of Shares Under Option | Class of Share | Exercise Price of Option | Expiry Date of Options |
|-------------------------------|----------------|--------------------------|------------------------|
| 2,280,000                     | Ordinary       | \$0.14                   | 27 November 2011       |
| 300,000                       | Ordinary       | \$0.18                   | 28 May 2012            |
| 900,000                       | Ordinary       | \$0.14                   | 9 February 2014        |
| 8,250,000                     | Ordinary       | \$0.18                   | 27 November 2014       |
| 1,140,000                     | Ordinary       | \$0.18                   | 27 November 2014       |
| <b>12,870,000</b>             |                |                          |                        |

The holders of these options do not have the right, by virtue of the option, to participate in any share issue of the Company or of any other body corporate or registered scheme.

There were no shares issued during or since the end of the financial year as a result of exercise of the above options.

Refer to the remuneration report and Note 18 for further details of the options outstanding.

## Auditor's Independence and Non-Audit Services



### Non-Audit Services

The following non-audit services were provided by the Company's primary auditor, Ernst & Young Australia. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditor's imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young Australia received or is due to receive the following amounts for the provision of non-audit services:

- Non-audit related services \$2,153

### Meetings of Directors

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director.

| Director       | Board of Directors |          | Remuneration Committee |          | Audit Committee |          |
|----------------|--------------------|----------|------------------------|----------|-----------------|----------|
|                | Held               | Attended | Held                   | Attended | Held            | Attended |
| P J D Elliott  | 7                  | 6        | 1                      | 1        | 2               | 2        |
| G F P Jones    | 7                  | 7        | 1                      | 1        | -               | -        |
| C S Kwan       | 7                  | 7        | 1                      | 1        | -               | -        |
| F K Foo        | 4                  | 3        | -                      | -        | -               | -        |
| R J Waring     | 7                  | 7        | -                      | -        | -               | -        |
| R L Richardson | 7                  | 5        | -                      | -        | 2               | 2        |
| K Champaklal   | 7                  | 6        | -                      | -        | -               | -        |



## REMUNERATION REPORT (AUDITED)

The Directors present the remuneration report prepared in accordance with Section 300A of the *Corporations Act 2001* for the Company and the Group for the year ended 30 June 2010. This Remuneration Report outlines the director and executive remuneration arrangements of the Company and the Group. For the purposes of this report Key Management Personnel (KMP) of the Group are those persons responsible for the strategic direction and operational management of the Company.

### Remuneration Philosophy

Company officers and Directors are remunerated to a level consistent with the size of the Company. KMP, including Directors, may participate in the Employee Share Option Plan (ESOP), which assists in the motivation and retention of KMP.

### Non-Executive Directors' Fees

The current base fees, last reviewed on 1 July 2008, are \$11,550 per annum for each of the Non-Executive Directors. These are within the aggregate Directors Fee Pool Limit of \$100,000 approved by shareholders at the 2007 Annual General Meeting (AGM).

### Remuneration of the Non-Executive Directors

The Board, on advice from the Remuneration Committee (Messrs Kwan, Jones and Elliott), determine the fees for Non-Executive Directors and remuneration packages for employees and consultants. The fees for Directors are disclosed below. The Committee seeks independent external advice and market comparisons as necessary but the Directors believe that the size of the Company makes individual salary and consultant rate negotiation more appropriate than formal remuneration policies. Remuneration levels, including

participation in the Company's Employee Share Option Plan, are set to provide reasonable compensation in line with the Company's financial resources.

### Employment Contracts

The Managing Director, Mr Jones, is employed under a rolling contract. The contract sets out base rates, three month's notice is required for termination and there are normal termination benefits. Mr Buckley and Mr Maund are employed under rolling contracts. The contracts set out base rates, one month's notice is required for termination and there are normal termination benefits. Mr De Ross is employed by Eastern Iron Limited under a rolling contract. The contract sets out base rates, two month's notice is required for termination and there are normal termination benefits. There are no contracts in place which provide for any variable remuneration, including bonuses or commissions from the Company.

### Service Agreements

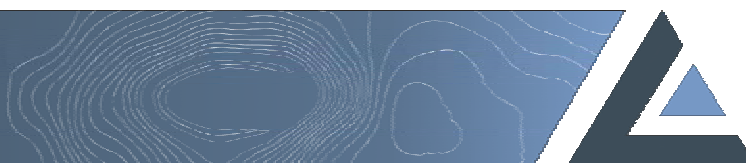
Mr Waring provides consulting management, accounting and company secretarial services through Warinco Services Pty Limited under a 12-month contract with one month's notice required for termination.

Mr Richardson provided consulting technical services through Geotangent Pty Limited under a contract with three month's notice required for termination. The contract terminated on 23 July 2010.

Ms Corbett provides contract geological consulting through DT Corbett Engineering Pty Ltd under a rolling contract. One month's notice is required to either party to terminate the Agreement.

Ms Lilley provides services as the Company's Financial Controller through her company Bluefish Consulting Pty Ltd under a rolling contract. One month's notice is required to either party to terminate the Agreement.

| Details of Key Management Personnel during the year |  |
|---|--|
| Patrick J D Elliott                                 | Chairman (Non-Executive)                               |
| Gregory F P Jones                                   | Managing Director (Executive)                          |
| Kwan Chee Seng                                      | Director (Non-Executive)                               |
| Dr Foo Fatt Kah                                     | Director (Non-Executive) – appointed 7 October 2009    |
| Robert J Waring                                     | Director (Non-Executive)                               |
| Robert L Richardson                                 | Director (Non-Executive) – resigned 23 July 2010       |
| Kantilal Champaklal                                 | * Alternate director for Kwan Chee Seng                |
| Peter Buckley                                       | Exploration Manager                                    |
| Wendy Corbett                                       | Managing Geologist                                     |
| Michelle Lilley                                     | Financial Controller                                   |
| Nigel Maund   | Business Development Manager                           |
| Greg De Ross  | Managing Director of Subsidiary – Eastern Iron Limited |



## Directors and Other Key Management Personnel Remuneration 2010 (Consolidated)

|                                       | Short Term |                 |                  | Post Employment              |                    | Share-based Payment | Total     | Performance Related |
|---------------------------------------|------------|-----------------|------------------|------------------------------|--------------------|---------------------|-----------|---------------------|
|                                       | Salary     | Directors' Fees | Consulting Fees* | Superannuation Contributions | Long Service Leave | Options             |           |                     |
| 2010                                  | \$         | \$              | \$               | \$                           | \$                 | \$                  | \$        | %                   |
| <b>Directors</b>                      |            |                 |                  |                              |                    |                     |           |                     |
| P J D Elliott                         | -          | 10,835          | -                | 715                          | -                  | 63,600              | 75,150    | 84.6                |
| G F P Jones                           | 217,892    | -               | 16,000           | 19,610                       | -                  | 206,700             | 460,202   | 44.9                |
| C S Kwan                              | -          | 11,550          | -                | -                            | -                  | 127,200             | 138,750   | 91.7                |
| F K Foo                               | -          | 8,662           | -                | -                            | -                  | 63,600              | 72,262    | 88.0                |
| R J Waring                            | -          | -               | 121,728          | -                            | -                  | 31,800              | 153,528   | 20.7                |
| R Richardson                          | -          | 10,596          | 27,428           | 954                          | -                  | 31,800              | 70,778    | 44.9                |
| K Champaklal                          | -          | -               | -                | -                            | -                  | -                   | -         | -                   |
| <b>Other key management personnel</b> |            |                 |                  |                              |                    |                     |           |                     |
| P Buckley                             | 124,773    | -               | 8,000            | 11,230                       | 2,329              | 16,080              | 162,412   | 9.9                 |
| W Corbett                             | -          | -               | 110,675          | -                            | -                  | 18,760              | 129,435   | 14.5                |
| M Lilley                              | -          | -               | 64,891           | -                            | -                  | 13,400              | 78,291    | 17.1                |
| N Maund                               | 40,367     | -               | -                | 3,633                        | -                  | -                   | 44,000    | -                   |
| G De Ross                             | 79,511     | -               | -                | 7,156                        | -                  | 56,960              | 143,627   | 39.7                |
|                                       | 462,543    | 41,643          | 348,722          | 43,298                       | 2,329              | 629,900             | 1,528,435 |                     |

## Directors and Other Key Management Personnel Remuneration 2009 (Consolidated)

| 2009                                  | \$      | \$     | \$      | \$     | \$    | \$     | \$      | %    |
|---------------------------------------|---------|--------|---------|--------|-------|--------|---------|------|
| <b>Directors</b>                      |         |        |         |        |       |        |         |      |
| P J D Elliott                         | -       | 5,298  | -       | 477    | -     | -      | 5,775   | -    |
| G F P Jones                           | 100,920 | -      | -       | 9,083  | -     | 39,900 | 149,903 | 26.6 |
| C S Kwan                              | -       | 4,330  | -       | -      | -     | -      | 4,330   | -    |
| F K Foo                               | -       | -      | -       | -      | -     | -      | -       | -    |
| R J Waring                            | -       | -      | 170,208 | -      | -     | 625    | 170,833 | 0.4  |
| R Richardson                          | 48,498  | 5,298  | 31,696  | 35,477 | -     | -      | 120,969 | -    |
| K Champaklal                          | -       | -      | -       | -      | -     | -      | -       | -    |
| <b>Other key management personnel</b> |         |        |         |        |       |        |         |      |
| P Buckley                             | 124,275 | -      | -       | 11,185 | 5,753 | 1,250  | 142,463 | 0.9  |
| W Corbett                             | -       | -      | 127,375 | -      | -     | 312    | 127,687 | 0.2  |
| M Lilley                              | -       | -      | 57,949  | -      | -     | 125    | 58,074  | 0.2  |
| N Maund                               | -       | -      | -       | -      | -     | -      | -       | -    |
| G De Ross                             | -       | -      | -       | -      | -     | -      | -       | -    |
|                                       | 273,693 | 14,926 | 387,228 | 56,222 | 5,753 | 42,212 | 780,034 |      |

\* Note: Included in consulting fees are Eastern Iron Limited directors fees paid to KMP of \$24,000 in 2010 (2009: nil).



There are no variable remuneration short term or long term incentive payments in this remuneration (no performance related element of remuneration).

Compensation Options: Granted and vested during the year (Consolidated)

**Share-based payments awarded during the year to Directors and Other Key Management Personnel**

|               | Grant       | Number Granted | Number Vested | % Vested | Value of Options Granted at the Grant Date (Note 18) | Number of Options Exercised | Value of Options Exercised at the Exercise Date | Value of Options Lapsed at the Date of Lapse |
|---------------|-------------|----------------|---------------|----------|--|-----------------------------|---|--|
| 2010          | Date        | No.            | No.           | %        | \$   | No.                         | \$  | \$   |
| P J D Elliott | 26 Nov 2009 | 1,000,000      | 1,000,000     | 100      | 63,600   | -                           | -   | -  |
| G F P Jones   | 26 Nov 2009 | 3,250,000      | 3,250,000     | 100      | 206,700  | -                           | -   | -  |
| C S Kwan      | 26 Nov 2009 | 2,000,000      | 2,000,000     | 100      | 127,200  | -                           | -   | -  |
| F K Foo       | 26 Nov 2009 | 1,000,000      | 1,000,000     | 100      | 63,600   | -                           | -   | -  |
| R J Waring    | 26 Nov 2009 | 500,000        | 500,000       | 100      | 31,800   | -                           | -   | -  |
| R Richardson  | 26 Nov 2009 | 500,000        | 500,000       | 100      | 31,800   | -                           | -   | -  |
| K Champaklal  | -           | -              | -             | 100      | -  | -                           | -   | -  |
| P Buckley     | 18 Dec 2009 | 300,000        | 300,000       | 100      | 16,080   | -                           | -   | -  |
| W Corbett     | 18 Dec 2009 | 350,000        | 350,000       | 100      | 18,760   | -                           | -   | -  |
| M Lilley      | 18 Dec 2009 | 250,000        | 250,000       | 100      | 13,400   | -                           | -   | -  |
| N Maund       | -           | -              | -             | -        | -  | -                           | -   | -  |
| G De Ross     | -           | -              | -             | -        | -  | -                           | -   | -  |

Note: All share based payments granted during the year, vested on the date they were granted, have an expiry date of 27 November 2014 and an exercise price of \$0.18.

The value of options granted during the period is recognised in compensation over the vesting period of the grant, in accordance with Australian Accounting Standards.

For details on the valuation of the options, including models and assumptions used, please refer to Note 18.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date. There were no forfeitures during the period.

The Company has established an ESOP for the benefit of Directors, officers, senior executives and consultants.

**Directors' Benefits, Emoluments and Share Options**

During its annual budget review the Board reviews the Directors' Emoluments. Remuneration levels, including participation in the Company's ESOP, are set to provide reasonable compensation in line with the Company's limited financial resources. During the year no Director of the Company has received or become entitled to

receive a benefit (other than a benefit included in Note 21 and 22 of the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Due to the difficulty in the measurement of performance using quantitative indicators in the mineral exploration industry, there is no formal link between assessment of performance and remuneration levels.

There is no retirement scheme for Non-Executive Directors.

Signed at Sydney this 29<sup>th</sup> day of September 2010 in accordance with a resolution of the Directors.

G F P Jones  
Managing Director



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2010

|   | Note | 2010<br>\$  | 2009<br>\$  | 2008<br>\$ |
|---|------|-------------|-------------|------------|
| <b>REVENUE AND OTHER INCOME</b>   | 3    | 1,990,074   | 585,274     | 332,244    |
| ASX and ASIC fees   |      | (54,082)    | (48,696)    | (40,963)   |
| Auditors' remuneration  | 5    | (88,653)    | (102,044)   | (66,479)   |
| Contract administration services  |      | (288,890)   | (419,851)   | (300,187)  |
| Contract geological services  |      | (28,883)    | (29,552)    | -          |
| Depreciation expense  | 13   | (18,205)    | (16,454)    | (6,174)    |
| Directors' fees   |      | (127,439)   | (86,183)    | (19,790)   |
| Exploration expenditure written-off   | 14   | (127,206)   | (242,043)   | (121,339)  |
| Insurance   |      | (20,275)    | (29,112)    | (12,808)   |
| Loss on options – mark to market  |      | (468,623)   | (4,446,810) | -          |
| Operating lease rental expense  |      | (64,407)    | (44,433)    | (39,859)   |
| Employee costs net of on-costs recharged to exploration projects            |      | (550,417)   | (128,396)   | (35,862)   |
| Share of net losses of associate accounted for by the equity method         | 9    | (241,541)   | (95,166)    | -          |
| Share registry costs  |      | (20,583)    | (9,307)     | (13,065)   |
| Share-based compensation  | 18   | (642,764)   | (50,689)    | (42,061)   |
| Other expenses  |      | (86,433)    | (333,496)   | (100,523)  |
| <b>LOSS BEFORE INCOME TAX EXPENSE</b>                                       |      | (838,327)   | (5,496,958) | (466,866)  |
| Income tax benefit/(expense)  | 4    | 923,333     | (187,617)   | 153,863    |
| <b>PROFIT/(LOSS) AFTER TAX</b>  |      | 85,006      | (5,684,575) | (313,003)  |
| <b>OTHER COMPREHENSIVE INCOME</b>   |      |             |             |            |
| Net fair value gains/(losses) on available-for-sale financial assets        |      | 3,342,489   | (5,481,434) | (603,214)  |
| Income tax on items of other comprehensive income                           |      | (1,136,018) | 1,644,430   | 180,964    |
| <b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX</b>         |      | 2,206,471   | (3,837,004) | (422,250)  |
| <b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>                     |      | 2,291,477   | (9,521,579) | (735,253)  |
| <b>Profit/(Loss) for the period is attributable to:</b>                     |      |             |             |            |
| Non-controlling interests   |      | (304,678)   | (164,182)   | (12,421)   |
| Owners of the parent  |      | 389,684     | (5,520,393) | (300,582)  |
|   |      | 85,006      | (5,684,575) | (313,003)  |
| <b>Total comprehensive income/(loss) for the period is attributable to:</b> |      |             |             |            |
| Non-controlling interests   |      | (238,664)   | (164,182)   | (12,421)   |
| Owners of the parent  |      | 2,530,141   | (9,357,397) | (722,832)  |
|   |      | 2,291,477   | (9,521,579) | (735,253)  |
| <b>Earnings/(Loss) per share</b>  |      |             |             |            |
| Basic Earnings/(Loss) per share (cents per share)                           | 20   | 0.23        | (4.79)      | (0.28)     |
| Diluted Earnings/(Loss) per share (cents per share)                         | 20   | 0.23        | (4.79)      | (0.28)     |

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



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

|  | Note | 2010<br>\$        | 2009<br>\$       | 2008<br>\$        |
|--|------|-------------------|------------------|-------------------|
| <b>ASSETS</b>  |      |                   |                  |                   |
| <b>CURRENT ASSETS</b>                                      |      |                   |                  |                   |
| Cash and cash equivalents                                  | 6    | 4,757,247         | 4,158,458        | 5,172,610         |
| Receivables  | 7    | 120,403           | 74,555           | 109,894           |
| <b>TOTAL CURRENT ASSETS</b>                                |      | <b>4,877,650</b>  | <b>4,233,013</b> | <b>5,282,504</b>  |
| <b>NON-CURRENT ASSETS</b>                                  |      |                   |                  |                   |
| Investments – available for sale                           | 8    | 6,818,631         | 2,338,350        | 7,952,750         |
| Investment in associates                                   | 9    | 1,325,800         | 279,922          | -                 |
| Derivative financial instruments                           | 11   | 975,000           | 537,398          | 4,979,208         |
| Tenement security deposits                                 | 12   | 272,500           | 277,500          | 215,500           |
| Property, plant and equipment                              | 13   | 55,638            | 41,891           | 30,011            |
| Deferred exploration and evaluation expenditure            | 14   | 2,163,797         | 1,906,744        | 930,763           |
| <b>TOTAL NON-CURRENT ASSETS</b>                            |      | <b>11,611,366</b> | <b>5,381,805</b> | <b>14,108,232</b> |
| <b>TOTAL ASSETS</b>  |      | <b>16,489,016</b> | <b>9,614,818</b> | <b>19,390,736</b> |
| <b>LIABILITIES</b>   |      |                   |                  |                   |
| <b>CURRENT LIABILITIES</b>                                 |      |                   |                  |                   |
| Trade and other payables                                   | 15   | 262,615           | 297,461          | 99,145            |
| Provisions   | 16   | 39,828            | 33,735           | 6,146             |
| <b>TOTAL CURRENT LIABILITIES</b>                           |      | <b>302,443</b>    | <b>331,196</b>   | <b>105,291</b>    |
| <b>NON-CURRENT LIABILITIES</b>                             |      |                   |                  |                   |
| Provisions   | 16   | 12,154            | 5,753            | -                 |
| Deferred tax liabilities                                   | 4    | -                 | -                | 1,461,198         |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                       |      | <b>12,154</b>     | <b>5,753</b>     | <b>1,461,198</b>  |
| <b>TOTAL LIABILITIES</b>                                   |      | <b>314,597</b>    | <b>336,949</b>   | <b>1,566,489</b>  |
| <b>NET ASSETS</b>  |      | <b>16,174,419</b> | <b>9,277,869</b> | <b>17,824,247</b> |
| <b>EQUITY</b>  |      |                   |                  |                   |
| <b>Equity attributable to equity holders of the parent</b> |      |                   |                  |                   |
| Contributed equity   | 17   | 14,515,132        | 10,657,060       | 9,710,609         |
| Reserves   | 19   | 4,936,892         | 2,179,293        | 5,968,417         |
| Accumulated losses   |      | (7,696,672)       | (8,086,356)      | (2,565,963)       |
| <b>Parent interests</b>                                    |      | <b>11,755,352</b> | <b>4,749,997</b> | <b>13,113,063</b> |
| <b>Non-controlling interests</b>                           | 10   | <b>4,419,067</b>  | <b>4,527,872</b> | <b>4,711,184</b>  |
| <b>TOTAL EQUITY</b>  |      | <b>16,174,419</b> | <b>9,277,869</b> | <b>17,824,247</b> |

The Statement of Financial position should be read in conjunction with the accompanying notes

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2010

|   |      | 2010               | 2009               | 2008             |
|---|------|--------------------|--------------------|------------------|
|   | Note | \$                 | \$                 | \$               |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |      |                    |                    |                  |
| Payment to suppliers and employees                          |      | (1,448,964)        | (837,706)          | (687,125)        |
| Consultancy fees received                                   |      | 204,400            | 103,632            | 25,917           |
| Interest received   |      | 224,000            | 304,163            | 87,402           |
| Rental income received                                      |      | 33,600             | 23,072             | 1,000            |
| <b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>          | 28   | <b>(986,964)</b>   | <b>(406,839)</b>   | <b>(572,806)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                 |      |                    |                    |                  |
| Purchase of plant and equipment                             |      | (32,000)           | (28,335)           | (24,238)         |
| Expenditure on mining interests (exploration)               |      | (736,000)          | (1,321,856)        | (387,465)        |
| Purchase of shares – investments                            |      | (1,357,000)        | (167,000)          | (37,000)         |
| Proceeds of sale of shares                                  |      | -                  | 19,296             | -                |
| Tenement security deposits (paid)/recovered                 |      | 5,000              | (62,000)           | (80,000)         |
| <b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>          |      | <b>(2,120,000)</b> | <b>(1,559,895)</b> | <b>(528,703)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                 |      |                    |                    |                  |
| Proceeds from issue of shares                               |      | 3,983,810          | 1,001,000          | 5,358,400        |
| Payment of share issue costs                                |      | (278,057)          | (48,418)           | (278,663)        |
| <b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>             |      | <b>3,705,753</b>   | <b>952,582</b>     | <b>5,079,737</b> |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b> |      |                    |                    |                  |
|   |      | 598,789            | (1,014,152)        | 3,978,228        |
| Cash and cash equivalents at beginning of period            |      | 4,158,458          | 5,172,610          | 1,194,382        |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>           | 28   | <b>4,757,247</b>   | <b>4,158,458</b>   | <b>5,172,610</b> |

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



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2010

| Consolidated   |                          |                          |                |                                |                    |
|--|--------------------------|--------------------------|----------------|--------------------------------|--------------------|
| Note   | Contributed Equity<br>\$ | Accumulated Losses<br>\$ | Reserves<br>\$ | Non-controlling Interest<br>\$ | Total Equity<br>\$ |
| <b>AT 1 JULY 2009</b>  | 10,657,060               | (8,086,356)              | 2,179,293      | 4,527,872                      | 9,277,869          |
| Profit/(Loss) for the period                                 | -                        | 389,684                  | -              | (304,678)                      | 85,006             |
| Other comprehensive income                                   | -                        | -                        | 2,206,471      | -                              | 2,206,471          |
| <b>Total comprehensive income for the period</b>             | -                        | 389,684                  | 2,206,471      | (304,678)                      | 2,291,477          |
| <b>Transactions with owners in their capacity as owners:</b> |                          |                          |                |                                |                    |
| Issue of share capital                                       | 17                       | 3,858,072                | -              | 104,237                        | 3,962,309          |
| Transfer to reserves   | 19                       | -                        | (34,676)       | 34,676                         | -                  |
| Share-based payments   | 18                       | -                        | 585,804        | 56,960                         | 642,764            |
| <b>AT 30 JUNE 2010</b>                                       | 14,515,132               | (7,696,672)              | 4,936,892      | 4,419,067                      | 16,174,419         |
| Consolidated   |                          |                          |                |                                |                    |
| Note   | Contributed Equity<br>\$ | Accumulated Losses<br>\$ | Reserves<br>\$ | Non-controlling Interest<br>\$ | Total Equity<br>\$ |
| <b>AT 1 JULY 2008</b>  | 9,710,609                | (2,565,963)              | 5,968,417      | 4,711,184                      | 17,824,247         |
| Loss for the period  | -                        | (5,520,393)              | -              | (164,182)                      | (5,684,575)        |
| Other comprehensive income                                   | -                        | -                        | (3,837,004)    | -                              | (3,837,004)        |
| <b>Total comprehensive income for the period</b>             | -                        | (5,520,393)              | (3,837,004)    | (164,182)                      | (9,521,579)        |
| <b>Transactions with owners in their capacity as owners:</b> |                          |                          |                |                                |                    |
| Issue of share capital                                       | 17                       | 946,451                  | -              | (21,939)                       | 924,512            |
| Share-based payments   | 18                       | -                        | 47,880         | 2,809                          | 50,689             |
| <b>AT 30 JUNE 2009</b>                                       | 10,657,060               | (8,086,356)              | 2,179,293      | 4,527,872                      | 9,277,869          |
| Consolidated   |                          |                          |                |                                |                    |
| Note   | Contributed Equity<br>\$ | Accumulated Losses<br>\$ | Reserves<br>\$ | Non-controlling Interest<br>\$ | Total Equity<br>\$ |
| <b>AT 1 JULY 2007</b>  | 9,345,609                | (2,265,381)              | 6,359,323      | -                              | 13,439,551         |
| Loss for the period  | -                        | (300,582)                | -              | (12,421)                       | (313,003)          |
| Other comprehensive income                                   | -                        | -                        | (422,250)      | -                              | (422,250)          |
| <b>Total comprehensive income for the period</b>             | -                        | (300,582)                | (422,250)      | (12,421)                       | (735,253)          |
| <b>Transactions with owners in their capacity as owners:</b> |                          |                          |                |                                |                    |
| Issue of share capital                                       | 17                       | 365,000                  | -              | 4,611,848                      | 4,976,848          |
| Share-based payments   | 18                       | -                        | 31,344         | 111,757                        | 143,101            |
| <b>AT 30 JUNE 2008</b>                                       | 9,710,609                | (2,565,963)              | 5,968,417      | 4,711,184                      | 17,824,247         |

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



## 1. CORPORATE INFORMATION

The financial report of PlatSearch NL (the Company or PlatSearch) for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the Directors on 29 September 2010.

PlatSearch NL (the parent) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange under ASX Code PTS.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. It has been prepared on a historical cost basis except for investments in listed shares and derivative financial instruments, which are measured at fair value.

As at 30 June 2010, a number of accounting standards have been issued with applicable commencement dates subsequent to the year end. PlatSearch does not believe that the adoption of these changes will materially impact the results of the Company.

### (b) Statement of compliance

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

### (c) Basis of consolidation

The consolidated financial statements comprise the financial statements of PlatSearch NL (PlatSearch or the Company) and its subsidiaries (collectively, the Group) as at 30 June each year.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Non-controlling interests are allocated their share of profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent. Losses are attributable to the non-controlling interest even if that results in a deficit balance.

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. The Group applies defacto control in its subsidiaries and as a result subsidiaries with defacto control are consolidated into the accounts.

### (d) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquire and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquire. For each business combination, the acquirer measures the non-controlling interest in the acquire either at fair value of at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.



When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

(e) Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts, if any.

(f) Trade and other receivables

Trade receivables, which generally have a 30 day term, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

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

(g) Exploration, evaluation, development and restoration costs

**Exploration and evaluation**

Exploration and evaluation expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific connection with a particular area of interest.

Exploration and evaluation costs in relation to separate areas of interest for which rights of tenure are current are brought to account in the year in which they are incurred and carried forward provided that:

- such costs are expected to be recouped through successful development and exploitation of the area, or alternatively through its sale; or
- exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Once a development decision has been taken, all past and future exploration and evaluation expenditure in respect of the area of interest is aggregated within costs of development.

**Exploration and evaluation - impairment**

The Group assesses at each reporting date whether there is an indication that an asset has been impaired and for exploration and evaluation costs whether the above carry forward criteria are met.

Accumulated costs in respect of areas of interest are written off or a provision made in the Income Statement when the above criteria do not apply or when the Directors assess that the carrying value may exceed the recoverable amount. The costs of productive areas are amortised over the life of the area of interest to which such costs relate on the production output basis.

Provisions are made where farm-in partners are sought and there is a possibility that carried-forward expenditures may have to be written off in the future if a farm-in partner is not found. In the event that farm-in agreements are reached or the Company undertakes further exploration in its own right on those properties, the provisions would be reviewed and if appropriate, written back.



## Development

Development expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the Directors. Such expenditure comprises net direct costs and, in the same manner as for exploration and evaluation expenditure, an appropriate portion of related overhead expenditure having a specific connection with the development property.

All expenditure incurred prior to the commencement of commercial levels of production from each development property is carried forward to the extent to which recoupment out of revenue to be derived from the sale of production from the relevant development property, or from the sale of that property, is reasonably assured.

No amortisation is provided in respect of development properties until a decision has been made to commence mining. After this decision, the costs are amortised over the life of the area of interest to which such costs relate on a production output basis.

## Restoration

Provisions for restoration costs are recognised when the Company 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 obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, 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.

## (h) Investments and other financial assets

Investments and financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are categorised as either financial assets at fair value through profit or loss, loans and receivables, or available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

### Recognition and derecognition

All purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or have been transferred.

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

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on financial assets held for trading are recognised in profit or loss and the related assets are classified as current assets in the Statement of Financial Position.

#### (ii) Loans and receivables

Loans and receivables including loan notes and loans to KMP 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 the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.



### **(iii) Available for sale securities**

Available for sale investments are those non-derivative financial assets, principally equity securities, that are designated as available for sale or are not classified as any of the three preceding categories. After initial recognition available for sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

### **(iv) Investments in associates**

The Group's investment in its associates is accounted for using the equity method of accounting in the consolidated financial statements and at cost in the parent. The associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures.

The Group generally deems they have significant influence if they have over 20% of the voting rights.

Under the equity method, investments in the associates are carried in the consolidated Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates.

The Group's share of its associates' post-acquisition profits or losses is recognised in the Statement of Comprehensive Income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payment on behalf of the associate.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

### **(i) Interest in jointly controlled operations – joint ventures**

The Group has an interest in exploration joint ventures that are jointly controlled. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Group recognises its interest in the jointly controlled operations by recognising the assets that it controls and the liabilities that it incurs. The Group also recognises the expenses that it incurs and its share of any income that it earns from the sale of goods or services by the jointly controlled operations.

### **(j) Plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, namely plant and equipment – depreciated over 3 years (2009 3 years).

#### **Impairment**

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010



An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

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 income statement in the period the item is derecognised.

### (k) Leases

In 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 fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

### (l) Goodwill and intangibles

#### **Goodwill**

Goodwill acquired in a business combination is initially measured at cost of the business combination, being the excess of the consideration transferred over the fair value of the Group's net identifiable assets acquired and liabilities assumed. If this consideration transferred is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit or loss.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment determined in accordance with AASB 8. Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash generating units), to which the goodwill relates.

When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. Impairment losses recognised for goodwill are not subsequently reversed.

#### **Intangibles**

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite.

Where amortisation is charged on assets with finite lives, this expense will be taken to the income statement.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite life intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.



(m) Trade and other payables and provisions

Trade payables and other payables are carried at amortised cost. They 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.

Provisions are recognised when the Company 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 obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company 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 presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, 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.

(n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(o) Employee entitlements

**(i) Wages, salaries, annual leave, sick leave and long service leave**

Liabilities for wages and salaries are recognised and are measured as an amount unpaid at the reporting date at current pay rates in respect of employee's services up to that date.

**(ii) Superannuation**

The Company contributes to defined contribution superannuation funds for its employees. The cost of these contributions is expensed as incurred. A liability in respect of superannuation at the current superannuation guarantee rate has been accrued at the reporting date.

(p) Share-based payment transactions

In addition to salaries, the Group provides benefits to certain 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").

There is currently an Employee Share Option Plan in place to provide these benefits.

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 of the options is determined by using the binomial option pricing model.

In valuing transactions settled by way of issue of options, no account is taken of any vesting limits or hurdles, or the fact that the options are not transferable.

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

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 Group's best estimate of the number of equity instruments that will ultimately vest. 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.



The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

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

If the terms of an equity-settled award are modified, at a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised is recognised immediately. However, if a new award is substituted for the cancelled award and designated a replacement award on the date it is granted, the cancelled and the new award are treated as if there was a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share except where such dilution would serve to reduce a loss per share.

## (q) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

### **Rendering of services**

Revenue from consulting services are recognised when provided.

### **Interest**

Revenue is recognised as interest accrues using the effective interest method.

### **Royalties**

Royalties are recognised in accordance with substance of the relevant agreement.

### **Contract exploration**

Contract exploration revenue (consulting fees) earned from third parties is recognised when rights to receive the revenue are assured.

## (r) 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 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 taxable temporary differences associated with investments in subsidiaries, associates and interests 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:



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

- 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 investments 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.

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 balance sheet date.

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

### (s) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST 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 are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financial 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 recoverable from, or payable to, the taxation authority.

### (t) Currency

The functional and presentation currency for the Group is Australian dollars (\$).

### (u) Impairment of 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 independent 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 relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

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. The 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 unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(v) **Contributed equity**

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.

(w) **Recoverable amount of assets**

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the higher of fair value less costs to sell and value in use.

(x) **Significant accounting judgements, 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 is:

**Share-based payment transactions**

The Company measures the cost of equity-settled share-based payments at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted, as detailed in Notes 18 and 19.

**Derivative financial instruments**

The Company values its equity in the form of options in listed public companies using the Binomial method of valuation methodology taking into account the terms and conditions on which the instruments are granted as detailed in Note 11. The net gain or loss for the period is brought to account in the Income Statement.

**Capitalisation and write-off of capitalised exploration costs**

The determination of when to capitalise and write-off exploration expenditure requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions.

(y) **Earnings per share**

Basic earnings per share is calculated as net profit attributable to members of the Group, adjusted to exclude any costs of servicing equity divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit attributable to members of the Group, adjusted for:

- costs of servicing equity;
- 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.



(z) Change in accounting policy

The Group has changed its accounting policy to apply the concept of defacto control in determining its subsidiaries. Defacto control recognises the situation where a minority shareholder, who does not have the ability to directly or indirectly control more than half of the voting interests in an investee may have control of the investee due to the fact that the remaining voting interests in the investee are widely held and the other shareholders have not organised their interests in such a way that they exercise more votes than the minority holder. As a result of the change in policy, it has been determined that the Company has defacto control over Eastern Iron Limited. The Group has consolidated its accounts with Eastern Iron Limited. This change in accounting policy has been applied retrospectively as the change was deemed to have a material impact. Management believe the new policy provides more reliable and useful information to the users of PlatSearch's financial statements.

(aa) New accounting standards and interpretations

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report. Adoption of these Standards did not have any effect on the financial position or performance of the Consolidated Entity.

*AASB 2009-7 Amendments to Australian Accounting Standards effective 1 July 2009*

The amendments are editorial amendments to AASB 5, AASB 7, AASB 107, AASB 112, AASB 136, AASB 139 and AASB Interpretation 17 that have no major impact on the requirements of the amended pronouncements.

*AASB 8 Operating Segments effective 1 July 2009*

Operating segments are identified and segment information disclosed on the basis of internal reporting that are regularly provided to, or reviewed by, the chief operating decision makers, the Board of directors.

*AASB 2 Share Based Payments effective 1 July 2009*

The amendments relate to share-based payments requirements for vesting conditions and cancellations.

*AASB 127 Consolidated and Separate Financial Statements effective 1 July 2009*

AASB 127 (revised 2008) requires that a change in the ownership interest of a subsidiary (without a change in control) is to be accounted for as a transaction with owners in their capacity as owners. Therefore such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss in the statement of comprehensive income. Furthermore the revised Standard changes the accounting for losses incurred by a partially owned subsidiary as well as the loss of control of a subsidiary. The changes in AASB 3 (revised 2008) and AASB 127 (revised 2008) will affect future acquisitions, changes in, and loss of control of, subsidiaries and transactions with non-controlling interests.

*AASB 101 - Presentation of Financial Statements effective 1 July 2009*

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one statement.

*AASB 3 (Revised) Business Combinations effective 1 July 2009*

The revised standard introduces a number of changes to the accounting for business combinations, the most significant of which allows entities a choice for each business combination entered into – to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets.

*AASB 7 - Financial Instruments: Disclosures*

The amended Standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to all financial instruments recognised and measured at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010



between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in note 29. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in note 29.

## **Accounting standards issued but not yet effective**

Australian Accounting Standards and Interpretations that have been issued or amended but are not yet effective have not been adopted by the Consolidated Entity for the year ended 30 June 2010. At this time the following standards and interpretations may have an impact, but the impact is not considered to be significant:

### *AASB 2 share based payment effective 1 July 2010*

The amendments clarify the accounting for group cash-settled share-based payment transactions.

### *AASB 9 Amendments to Australian Accounting Standards arising from AASB 9 effective 1 July 2013*

The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes:

- two categories for financial assets being amortised cost or fair value
- removal of the requirement to separate embedded derivatives in financial assets
- strict requirements to determine which financial assets can be classified as amortised cost or fair value,
- an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition
- reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes
- changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income

### *AASB 2009-12 Amendments to Australian Accounting Standards effective 1 July 2011*

This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations and the amendment to AASB 124 clarifies and simplifies the definition of a related party.

### *AASB 124 – Related Party Disclosures*

The revised AASB 124 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.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

### 3. REVENUE AND OTHER INCOME

#### Revenue

Interest received – other persons/corporations  
 Consulting fees  
 Rental income

#### Other Income

Gain on deemed disposal relating to an associate  
 Gain on options – mark to market  
 Gain on sale of tenements  
 Profit on sale of shares

|  | 2010      | 2009    | 2008    |
|--|-----------|---------|---------|
|  | \$        | \$      | \$      |
| Interest received – other persons/corporations   | 260,643   | 274,445 | 116,517 |
| Consulting fees                                  | 197,906   | 93,751  | 25,019  |
| Rental income                                    | 42,845    | 21,754  | 5,000   |
| Gain on deemed disposal relating to an associate | 416,276   | 190,088 | -       |
| Gain on options – mark to market                 | 951,600   | -       | 185,708 |
| Gain on sale of tenements                        | 120,804   | -       | -       |
| Profit on sale of shares                         | -         | 5,236   | -       |
|  | 1,990,074 | 585,274 | 332,244 |

### 4. INCOME TAX

#### Income tax expense

The major components of income tax expense are:

##### Current income tax

Current income tax benefit

##### Deferred income tax

Relating to origination and reversal of temporary differences

Recognition of previously unrecognised losses

Income tax (benefit)/expense reported in the Statement of Comprehensive Income

#### Amounts charged or credited directly to equity

Deferred income tax related to items charged directly to equity

Unrealised gain on available for sale investments

Income tax benefit reported in equity

#### Reconciliation

Prima facie income tax (benefit)/expense on operating (loss)/profit at 30%

Non-deductible expenses

Non-assessable income

Recognition of previously unrecognised losses

De-recognition of current year loss

Recognition / de-recognition of temporary differences

Income tax (benefit)/expense

#### Recognised deferred tax assets and liabilities

Opening deferred tax liability balance

Charged to income expense / (benefit)

Charged to equity (credit)

Closing balance

|  | 2010        | 2009        | 2008      |
|--|-------------|-------------|-----------|
|  | \$          | \$          | \$        |
| Current income tax benefit   | -           | -           | (202,732) |
| Relating to origination and reversal of temporary differences                  | 297,813     | (1,688,058) | 48,869    |
| Recognition of previously unrecognised losses                                  | (1,221,146) | 1,500,441   | -         |
| Income tax (benefit)/expense reported in the Statement of Comprehensive Income | (923,333)   | 187,617     | (153,863) |
| Deferred income tax related to items charged directly to equity                | -           | -           | -         |
| Unrealised gain on available for sale investments                              | (923,333)   | 1,648,816   | (180,753) |
| Income tax benefit reported in equity  | (923,333)   | 1,648,816   | (180,753) |
| Prima facie income tax (benefit)/expense on operating (loss)/profit at 30%     | (251,498)   | (1,649,087) | (140,060) |
| Non-deductible expenses  | 175,775     | 2,053,476   | (13,803)  |
| Non-assessable income  | (34,763)    | -           | -         |
| Recognition of previously unrecognised losses                                  | (1,221,146) | -           | -         |
| De-recognition of current year loss  | 201,119     | -           | -         |
| Recognition / de-recognition of temporary differences                          | 207,180     | (216,772)   | -         |
| Income tax (benefit)/expense   | (923,333)   | 187,617     | (153,863) |
| Opening deferred tax liability balance   | -           | 1,461,199   | 1,593,083 |
| Charged to income expense / (benefit)  | (923,333)   | 187,617     | 48,869    |
| Charged to equity (credit)   | 923,333     | (1,648,816) | (180,753) |
| Closing balance  | -           | -           | 1,461,199 |



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

|   |           |             |             |
|---|-----------|-------------|-------------|
| Tax(benefit)/expense in the Statement of Comprehensive Income | (923,333) | 187,617     | (153,863)   |
| Amounts recognised in the Statement of Financial Position     |           |             |             |
| Deferred tax asset  | 2,596,458 | 1,788,259   | 2,548,022   |
| Deferred tax liability  | 2,596,458 | (1,788,259) | (4,009,221) |
| Net deferred tax balance                                      | -         | -           | (1,461,199) |

Deferred income tax at 30 June relates to the following:

|                                       | 2010        | 2009        | 2008        |
|---------------------------------------|-------------|-------------|-------------|
|                                       | \$          | \$          | \$          |
| <i>(i) Deferred tax liabilities</i>   |             |             |             |
| Derivatives                           | 250,740     | 665,579     | 1,495,262   |
| Available for sale investments        | 1,625,707   | 549,405     | 2,195,223   |
| Capitalised exploration               | 649,139     | 573,275     | 279,230     |
| Equity accounted investment           | 49,945      | -           | -           |
| Other                                 | 20,927      | -           | 39,506      |
| Gross deferred tax liabilities        | 2,596,458   | 1,788,259   | 4,009,221   |
| <i>(ii) Deferred tax assets</i>       |             |             |             |
| Carry-forward tax losses              | 3,600,862   | 3,260,895   | 2,657,755   |
| Provisions                            | 32,845      | 11,250      | 9,600       |
| Share issuance costs                  | 121,736     | -           | -           |
| Tax losses not booked                 | (1,158,985) | (1,483,886) | (119,332)   |
| Gross deferred tax assets             | 2,596,458   | 1,788,259   | 2,548,022   |
| Net deferred tax assets/(liabilities) | -           | -           | (1,461,199) |

Recognition has been given to a deferred income tax asset of \$2,441,877 (2009:\$1,777,009) which arose from the available tax losses. An additional deferred income tax asset of \$1,158,985 (2009: \$1,483,886) has not been brought to account.

Of the total \$3,600,862 (2009: \$3,260,895) available carried forward losses, \$2,770,758 are attributable to the PlatSearch NL tax consolidated group and \$899,078 are attributable to Eastern Iron Limited.

No franking credits are available for subsequent years.

## Tax consolidation

PlatSearch NL and its 100% owned subsidiaries (Bluestone 23) formed a tax consolidated group with effect from 1 November 2007. PlatSearch NL is the head entity of the tax consolidated group. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

## 5. AUDITORS' REMUNERATION

Amounts received or due and receivable by **Ernst & Young Australia**, for:

Audit and review of the financial report of the entity  
Other services – Assurance related

|  | 2010   | 2009   | 2008   |
|--|--------|--------|--------|
|  | \$     | \$     | \$     |
| Audit and review of the financial report of the entity | 70,000 | 89,044 | 61,479 |
| Other services – Assurance related                     | 2,153  | -      | -      |
|  | 72,153 | 89,044 | 61,479 |



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

Amounts received or due and receivable **Barnes Dowell James**, for:

Audit and review of the financial report of Eastern Iron Limited  
Other services – Independent Accountant's Report for IPO Prospectus

|        |         |        |
|--------|---------|--------|
| 16,500 | 13,000  | 5,000  |
| -      | -       | 5,000  |
| 16,500 | 13,000  | 10,000 |
| 88,653 | 102,044 | 71,479 |

Total Auditors' Remuneration for the Group

### 6. CASH AND CASH EQUIVALENTS

Cash at bank and in hand  
Short-term deposits  
Refer Note 28

| 2010      | 2009      | 2008      |
|-----------|-----------|-----------|
| \$        | \$        | \$        |
| 98,507    | 485,916   | 203,413   |
| 4,658,740 | 3,672,542 | 4,969,197 |
| 4,757,247 | 4,158,458 | 5,172,610 |

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represents fair value.

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.

### 7. RECEIVABLES – CURRENT

Trade receivables  
GST receivable  
Interest receivable  
Prepayments  
Other debtors

| 2010    | 2009   | 2008    |
|---------|--------|---------|
| \$      | \$     | \$      |
| 22,667  | 36,036 | 17,044  |
| 9,948   | 16,346 | 31,793  |
| 48,673  | 10,674 | 40,392  |
| 32,550  | 11,230 | 11,210  |
| 6,565   | 269    | 9,455   |
| 120,403 | 74,555 | 109,894 |

Receivables are non-interest bearing and generally 30 day terms and trading terms are being followed by debtors and there are no overdue amounts. An allowance for impairment loss is recognised when there is objective evidence that it is impaired. No allowance for impairment loss is required. The amounts not past due have been assessed to be of good quality.

### 8. INVESTMENTS

Investment – available for sale – WPG (a)  
Investment – available for sale – CHZ (b)  
Investment – available for sale – NMN (c)  
Investment – available for sale – SCI (d)

| 2010      | 2009      | 2008      |
|-----------|-----------|-----------|
| \$        | \$        | \$        |
| 5,688,437 | 2,103,750 | 7,713,750 |
| 833,794   | 180,000   | 145,000   |
| 296,400   | 54,600    | 91,000    |
| -         | -         | 3,000     |
| 6,818,631 | 2,338,350 | 7,952,750 |

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010



- (a) The PlatSearch interest in Western Plains Resources Ltd (WPG) is 7.7% at 30 June 2010. During the financial year the Company purchased an additional 2,950,307 shares in WPG for \$767,428. The market value on ASX of PlatSearch's 9,325,307 shares in Western Plains Resources Ltd at 30 June 2010 was \$5,668,437 (\$0.61 per share) and on 28 September 2010 it was \$8,206,270 (\$0.88 per share).
- (b) During the financial year the Company purchased an additional 516,094 shares in Chesser Resources Limited (CHZ) for \$79,802. The market value on ASX of the Group's 2,316,094 shares in CHZ at 30 June 2010 was \$833,794 (\$0.36 per share) and on 28 September 2010 was \$1,505,461 (\$0.65 per share).
- (c) The market value on ASX of the Group's 520,000 shares in Newport Mining Limited (NMN) at 30 June 2010 was \$296,400 (\$0.57 per share) and on 28 September 2010 was \$260,000 (\$0.50 per share).
- (d) In May 2008 the Group purchased 30,000 shares in Silver City Minerals (SCI) for \$3,000. The shares and options were recorded at cost at 30 June 2008 as these shares were not listed on ASX and therefore the fair value could not be reliably estimated. In September 2008 the Group purchased 470,000 shares in SCI for \$47,000. At 30 June 2009 the Group's interest in SCI was 24.2% and the investment has now been accounted for using the equity method (Note 9).

|  | 2010<br>\$ | 2009<br>\$ | 2008<br>\$ |
|--|------------|------------|------------|
| Investment in TMO                                | 819,248    | -          | -          |
| Investment in SCI                                | 506,552    | 279,922    | -          |
| Investment accounted for using the equity method | 1,325,800  | 279,922    | -          |

## 9. INVESTMENT IN ASSOCIATES

Investment in TMO

Investment in SCI

Investment accounted for using the equity method

### Thomson Resources Limited

In July 2009 Thomson Resources Limited (TMO) was incorporated. On incorporation, the Group acquired a 50% interest in TMO via the purchase of 250,000 shares in TMO for \$10,000. During the six month period TMO raised additional capital totalling \$2,562,000 issuing an additional 31,320,000 shares of which the Group acquired an additional 4,750,000 shares for \$190,000. In November 2009 PlatSearch acquired an additional 10,500,000 share as consideration for the sale of 13 tenements. The sale of the tenements resulted in the Group recognising a gain of \$120,804.

As a result of the capital raising during the six months, the Group's investment in TMO was diluted from 50% to 32.76% which resulted in a gain of \$393,446 which was recognised on the 'deemed disposal' of the 17.24% interest. This gain has been recognised against the carrying value of the investment.

The Group's interest in TMO has been brought to account as an investment in an equity accounted associate in accordance with Australian Accounting Standard AASB 128 Investments in Associates as the Directors consider that significant influence exists.

| Interest in Associate<br>Name                                    | Balance Date | Ownership interest held |                    |                    |
|--|--------------|-------------------------|--------------------|--------------------|
|  |              | 2010<br>%               | 2009<br>%          | 2008<br>%          |
| <b>Thomson Resources Limited – ordinary shares</b>               | 30 June      | 32.76                   | -                  | -                  |
| (i) Principal activity<br>TMO is an Australian minerals explorer |              |                         |                    |                    |
|  |              | <b>2010<br/>\$</b>      | <b>2009<br/>\$</b> | <b>2008<br/>\$</b> |
| (ii) Share of associate's losses                                 |              |                         |                    |                    |
| Share of associate's:  |              |                         |                    |                    |
| - net loss before income tax                                     |              | (135,341)               | -                  | -                  |
| - income tax expense attributable                                |              | -                       | -                  | -                  |
| Share of net loss after income tax                               |              | (135,341)               | -                  | -                  |



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

The Company's share in any retained profits or reserves of the associated company are not available to PlatSearch until such time as those profits and reserves are distributed by the associated company.

|   | 2010      | 2009 | 2008 |
|---|-----------|------|------|
|   | \$        | \$   | \$   |
| (iii) Carrying amount of investment in associate                              |           |      |      |
| Balance at the beginning of the financial period                              | -         | -    | -    |
| - cost of investment  | 561,143   | -    | -    |
| - share of associate's net losses for the financial period                    | (135,341) | -    | -    |
| - share of associate's net assets taken to equity                             | -         | -    | -    |
| - uplift in value of the associate arising from share issue by the associate  | 393,446   | -    | -    |
| Carrying amount of investment in associate at the end of the financial period | 819,248   | -    | -    |
| (iv) Share of associate's assets and liabilities                              |           |      |      |
| Current assets  | 483,167   | -    | -    |
| Non-current assets  | 476,238   | -    | -    |
| Current liabilities   | (19,822)  | -    | -    |
| Net assets  | 939,583   | -    | -    |
| (v) Accumulated losses of the Company attributable to associate:              |           |      |      |
| Balance at the beginning of the financial period                              | -         | -    | -    |
| Share of associate's net losses   | (135,341) | -    | -    |
| Balance at the end of the financial period                                    | (135,341) | -    | -    |

(vi) The TMO shares are not listed on ASX and therefore the fair market value cannot be reliably estimated. In August 2009 TMO issued an Information Memorandum for a Pre-IPO capital raising to sophisticated investors to raise an additional \$2.6 million at an issue price of \$0.10 per share.

## Silver City Minerals Limited

In October 2009 Silver City Mining Limited (SCI) raised additional capital totalling \$2,010,000 issuing an additional 18,272,728 shares which diluted PlatSearch's shareholding in SCI from 24.2% to 20.1%. Bluestone 23 Limited contributed \$310,000 and was issued 2,818,182 shares in the SCI October 2009 capital raising. As a result of the dilution a gain of \$22,830 was recognised on the 'deemed disposal' of the 4.1% interest. The gain has been recognised against the carrying value of the investment.

The Group's interest in SCI has been brought to account as an investment in an equity accounted associate in accordance with Australian Accounting Standard AASB 128 Investments in Associates as the Directors consider that significant influence exists.

| Interest in Associate<br>Name                                    | Balance Date | Ownership interest held |      |      |
|--|--------------|-------------------------|------|------|
|  |              | 2010                    | 2009 | 2008 |
|  |              | %                       | %    | %    |
| <b>Silver City Minerals Limited</b> – ordinary shares            | 30 June      | 20.1                    | 24.2 | -    |
| (i) Principal activity<br>SCI is an Australian minerals explorer |              |                         |      |      |

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

|  | 2010      | 2009     | 2008 |
|--|-----------|----------|------|
|  | \$        | \$       | \$   |
| (ii) Share of associate's profits/(losses) |           |          |      |
| Share of associate's:                      |           |          |      |
| - net loss before income tax               | (106,200) | (95,166) | -    |
| - income tax expense attributable          | -         | -        | -    |
| Share of net loss after income tax         | (106,200) | (95,166) | -    |

The Company's share in any retained profits or reserves of the associated company are not available to PlatSearch until such time as those profits and reserves are distributed by the associated company.

|  |           |          |   |
|--|-----------|----------|---|
| (iii) Carrying amount of investment in associate                                 |           |          |   |
| Balance at the beginning of the financial period                                 | 279,922   | -        | - |
| - cost of investment   | 310,000   | 185,000  | - |
| - share of associate's net losses for the financial period                       | (106,200) | (95,166) | - |
| - uplift in value of the associate arising from the share issue by the associate | 22,830    | 190,088  | - |
| Carrying amount of investment in associate at the end of the financial period    | 506,552   | 279,922  | - |
| (iv) Share of associate's assets and liabilities                                 |           |          |   |
| Current assets   | 264,204   | 165,370  | - |
| Non-current assets   | 289,542   | 134,586  | - |
| Current liabilities  | (26,938)  | (20,034) | - |
| Net assets   | 526,808   | 279,922  | - |
| (v) Accumulated losses of the Company attributable to associate:                 |           |          |   |
| Balance at the beginning of the financial period                                 | (95,166)  | -        | - |
| Share of associate's net losses  | (106,200) | (95,166) | - |
| Balance at the end of the financial period                                       | (201,366) | (95,166) | - |

(vi) The SCI shares are not listed on ASX and therefore the fair market value cannot be reliably estimated. In August 2009 SCI issued an Information Memorandum for a Pre-IPO capital raising to sophisticated investors to raise an additional \$2 million at an issue price of \$0.11 per share.

## 10. NON-CONTROLLING INTERESTS

|                    | 2010      | 2009      | 2008      |
|--------------------|-----------|-----------|-----------|
|                    | \$        | \$        | \$        |
| Contributed equity | 4,694,145 | 4,589,909 | 4,611,848 |
| Reserves           | 206,201   | 114,565   | 111,757   |
| Accumulated losses | (481,279) | (176,602) | (12,421)  |
|                    | 4,419,067 | 4,527,872 | 4,711,184 |



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

### 11. DERIVATIVE FINANCIAL INSTRUMENTS

Share options – WPG (a)  
 Share options – CHZ (b)  
 Share options – NMN (c)  
 Share options – SCI (d)  
 Share options – TMO (e)

|  | 2010           | 2009           | 2008             |
|--|----------------|----------------|------------------|
|  | \$             | \$             | \$               |
|  | -              | 408,998        | 4,555,708        |
|  | 292,200        | 78,400         | 343,200          |
|  | 420,200        | 45,000         | 80,300           |
|  | 100,100        | 5,000          | -                |
|  | 162,500        | -              | -                |
|  | <b>975,000</b> | <b>537,398</b> | <b>4,979,208</b> |

- (a) PlatSearch held 3,475,000 options in Western Plains Resources Limited (WPG) with an exercise price of \$0.35 which expired on 28 September 2009 and 1,375,000 options with an exercise price of \$0.25 which expired on 28 September 2009 (1,375,000 of these options were exercised on 28 September 2009).
- (b) PlatSearch holds 2,000,000 options in Chesser Resources Limited (CHZ) with an exercise price of \$0.35 and an expiry date of 29 May 2011. A valuation of these options has been obtained using the Binomial valuation methodology model and the following assumptions: expected volatility of 105.29%, risk-free interest rate of 4.44%, dividend yield nil and an option life of 0.9 years. This results in a fair value of \$292,200 at 30 June 2010.
- (c) The PlatSearch Group holds 1,000,000 options in Newport Mining Limited (NMN) with an exercise price of \$0.35 and an expiry date of 31 December 2011. A valuation of these options has been obtained using the Binomial valuation methodology model and the following assumptions: expected volatility of 151.15%, risk-free interest rate of 4.44%, dividend yield nil and an option life of 1.5 years. This results in a fair value of \$420,200 at 30 June 2010.
- (d) PlatSearch holds 3,000,000 options in Silver City Minerals Limited (SCI) with an exercise price of \$0.35 and an expiry date of 1 July 2013. A valuation of these options has been obtained using the Binomial valuation methodology model and the following assumptions: expected volatility of 130.78%, risk-free interest rate of 4.47%, dividend yield nil and an option life of 3 years. SCI shares were not listed and freely traded on the measurement date, therefore, a 50% discount was applied to reflect such considerations. This results in a fair value of \$98,100 at 30 June 2010.

PlatSearch holds 9,715,500 converting performance shares (contingent consideration) in SCI which can be converted into ordinary shares if the share price of SCI shares exceeds 50 cents for a month within two years of SCI listing on the stock exchange. As SCI shares are not quoted on the stock exchange these converting performance shares have been valued at the cost price of \$2,000.

- (e) PlatSearch holds 5,000,000 options in Thomson Resources Limited (TMO) with an exercise price of \$0.30 and an expiry date of 11 December 2014. A valuation of these options has been obtained using the Binomial valuation methodology model and the following assumptions: expected volatility of 113.08%, risk-free interest rate of 4.71%, dividend yield nil and an option life of 4.5 years. TMO shares were not listed and freely traded on the measurement date, therefore, a 50% discount was applied to reflect such considerations. This results in a fair value of \$162,500 at 30 June 2010.

The fair value of share prices are as identified in Notes 8 and 9.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010



## 12. TENEMENT SECURITY DEPOSITS

Cash at bank – bank deposits  
Cash with government mines departments

| 2010    | 2009    | 2008    |
|---------|---------|---------|
| \$      | \$      | \$      |
| 130,000 | 130,000 | 10,000  |
| 142,500 | 147,500 | 205,500 |
| 272,500 | 277,500 | 215,500 |

These deposits are restricted so that they are available for any rehabilitation that may be required on exploration tenements (refer to Note 25). The bank deposits are interest earning.

## 13. PROPERTY, PLANT AND EQUIPMENT

**Plant and equipment** – at cost

Accumulated depreciation

Net carrying amount

Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current and previous financial year

Carrying amount at beginning

Additions

Disposals

Depreciation expense

Net carrying amount

| 2010     | 2009     | 2008     |
|----------|----------|----------|
| \$       | \$       | \$       |
| 86,148   | 50,865   | 74,693   |
| (47,060) | (29,464) | (65,687) |
| 39,088   | 21,401   | 9,006    |
| 21,401   | 9,006    | 11,946   |
| 31,952   | 25,173   | 3,234    |
| -        | -        | -        |
| (14,265) | (12,778) | (6,174)  |
| 39,088   | 21,401   | 9,006    |
| 24,166   | 24,166   | 21,005   |
| (7,616)  | (3,676)  | -        |
| 16,550   | 20,490   | 21,005   |
| 20,490   | 21,005   | -        |
| -        | 3,161    | 21,005   |
| -        | -        | -        |
| (3,940)  | (3,676)  | -        |
| 16,550   | 20,490   | 21,005   |
| 55,638   | 41,891   | 30,011   |

**Motor Vehicle** – at cost

Accumulated depreciation

Net carrying amount

Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current and previous financial year

Carrying amount at beginning

Additions

Disposals

Depreciation expense

Net carrying amount

**Total property, plant and equipment**



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

### 14. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

|   | 2010<br>\$ | 2009<br>\$ | 2008<br>\$ |
|---|------------|------------|------------|
| Costs brought forward   | 1,906,744  | 930,763    | 664,637    |
| Costs incurred during the year                                | 624,598    | 1,358,211  | 387,465    |
| Tenements sold during the year                                | (240,339)  | (140,187)  | -          |
| Expenditure written off during the year                       | (127,206)  | (242,043)  | (121,339)  |
| Costs carried forward   | 2,163,797  | 1,906,744  | 930,763    |
| Exploration expenditure costs carried forward are made up of: |            |            |            |
| Expenditure on joint venture areas                            | 1,851,727  | 1,587,574  | 768,540    |
| Expenditure on non joint venture areas                        | 312,070    | 319,170    | 162,223    |
| Costs carried forward   | 2,163,797  | 1,906,744  | 930,763    |

The above amounts represent costs of areas of interest carried forward as an asset in accordance with the accounting policy set out in Note 2(g). The ultimate recoupment of deferred exploration and evaluation expenditure in respect of an area of interest carried forward is dependent upon the discovery of commercially viable reserves and the successful development and exploitation of the respective areas or alternatively sale of the underlying areas of interest for at least their carrying value. Amortisation, in respect of the relevant area of interest, is not charged until a mining operation has commenced.

In accordance with Note 2(g), the Directors write off exploration expenditure where they assess that the asset is impaired. Exploration expenditure is written off either by a reassessment by the Group that has reduced the interpreted potential of the licence for mineral deposits and, or a joint venture partner has withdrawn from a project.

### 15. CURRENT LIABILITIES – PAYABLES

|   | 2010<br>\$ | 2009<br>\$ | 2008<br>\$ |
|---|------------|------------|------------|
| Trade creditors *   | 155,429    | 95,786     | 18,886     |
| Accrued expenses  | 96,908     | 200,436    | 80,259     |
| Employee entitlements – accrued salaries and superannuation | 10,278     | 1,239      | -          |
|   | 262,615    | 297,461    | 99,145     |

\* Trade payables are non-interest bearing and are generally settled on 30 day terms.

### 16. LIABILITIES – PROVISIONS

|                                  | 2010<br>\$ | 2009<br>\$ | 2008<br>\$ |
|----------------------------------|------------|------------|------------|
| Annual Leave – current           | 39,828     | 33,735     | 6,146      |
| Long Service Leave – non-current | 12,154     | 5,753      | -          |

Annual leave is accrued for all permanent eligible employees and provided for based on current salaries. Long service leave is accrued for all permanent eligible employees with greater than two years service and provided for based on current salaries.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010



## 17. CONTRIBUTED EQUITY

### Share capital

175,287,592 ordinary shares fully paid

450,000 ordinary shares paid to \$0.01 with \$0.24 unpaid

|  | 2010              | 2009              | 2008             |
|--|-------------------|-------------------|------------------|
|  | \$                | \$                | \$               |
|  | 14,510,632        | 10,652,560        | 9,706,109        |
|  | 4,500             | 4,500             | 4,500            |
|  | <b>14,515,132</b> | <b>10,657,060</b> | <b>9,710,609</b> |

| Movements in ordinary share capital       | Date     | Number of fully paid shares | Issue price | \$                |
|---|----------|-----------------------------|-------------|-------------------|
| Opening balance <b>30 June 2007</b>       | 30/06/07 | 79,101,392                  |             | 9,345,609         |
| Exercise of employee options              | 06/07/07 | 60,000                      | \$0.14      | 8,400             |
| Transfer from share-based payment reserve | 06/07/07 | -                           |             | 6,600             |
| Payment of partly paid shares             | 30/06/08 | 8,750,000                   | \$0.04      | 350,000           |
| Balance at <b>30 June 2008</b>            | 30/06/08 | 87,911,392                  |             | 9,710,609         |
| Placement                                 | 22/12/08 | 7,700,000                   | \$0.13      | 1,001,000         |
| Less: Transaction costs on share issue    |          | -                           |             | (54,549)          |
| Balance at <b>30 June 2009</b>            | 30/06/09 | 95,611,392                  |             | 10,657,060        |
| Rights Issue                              | 29/7/09  | 79,676,200                  | \$0.05      | 3,983,810         |
| Less: Transaction costs on share issue    |          | -                           |             | (125,738)         |
| Balance at <b>30 June 2010</b>            | 30/06/10 | <b>175,287,592</b>          |             | <b>14,515,132</b> |

### Shares issued during the year

In July 2009 the Company issued 79,676,200 ordinary shares at an issue price of \$0.05 per share under the Company's five for six renounceable rights issue of shares under its Prospectus dated 10 June 2009.

### Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

In respect to members who hold shares which are paid to \$0.01, the number of votes to which that member is entitled on a poll in respect of those part paid shares shall be that fraction of one vote which the amount paid up bears to the total issued price thereof. The shares were issued under the Platinum Search Share Incentive Plan, which was replaced by the PlatSearch Employee Share Option Plan on 25 November 1993. The unpaid portion can be called by the Directors at any time, subject to the rules of the Plan. Option holders have no voting rights until the options are exercised.



**18. SHARE-BASED PAYMENTS**

Recognised share-based payments expensed during the year for the parent entity are shown in the table below. The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted determined by using the Binomials options valuation methodology model with the below assumptions.

**Consolidated share-based payment option pricing model**

| Issue Date | Number of Options Issued | Exercise Price | Expiry Date | Expected Volatility | Risk-free Rate | Expected Life | Estimated Fair Value | Total \$ Vested 2009 | Total \$ Vested 2010 |     |
|------------|--------------------------|----------------|-------------|---------------------|----------------|---------------|----------------------|----------------------|----------------------|-----|
| Mar 09     | 900,000                  | 0.14           | 9 Feb 14    | 123.55%             | 4.12%          | 4.8 years     | 0.0532               | 47,880               | -                    | (a) |
| Nov 09     | 8,250,000                | 0.18           | 27 Nov 14   | 122.91%             | 4.99%          | 5.0 years     | 0.0636               | -                    | 524,700              | (b) |
| Dec 09     | 1,140,000                | 0.18           | 27 Nov 14   | 122.91%             | 4.99%          | 4.9 years     | 0.0536               | -                    | 61,104               | (c) |
| Mar 10     | 1,200,000                | 0.18           | 9 Mar 15    | 104.16%             | 5.01%          | 5 years       | 0.0712               | -                    | 56,960               | (d) |
|            |                          |                |             |                     |                |               |                      | 47,880               | 642,764              |     |

- (a) Issued by PlatSearch NL to the Chief Executive Officer (750,000 options, vesting 1 April 2009) and a geologist (150,000 options, vesting 14 July 2009) and expensed in the income statement.
- (b) Issued by PlatSearch NL to Directors and approved by shareholders at the General Meeting held on 26 November 2009. Expensed in the income statement. The options vested on the grant date of 26 November 2009.
- (c) Issued by PlatSearch NL to employees and consultants under the Company's ESOP. Expensed in the income statement. The options vested on the grant date of 18 December 2009.
- (d) 1,200,000 options were issued by Eastern Iron Limited to Greg De Ross and expensed in the income statement. 50% of the options vested immediately and the remaining 50% vest on 9 March 2011.

**Summary of options granted by the parent entity under ESOP**

|   | 2010 No.    | 2009 No.  |
|---|-------------|-----------|
| Outstanding option at beginning of period | 6,860,000   | 5,960,000 |
| Exercised during the year                 | -           | -         |
| Lapsed during the year                    | (3,380,000) | -         |
| Granted during the year                   | 9,390,000   | 900,000   |
| Balance at end of period                  | 12,870,000  | 6,860,000 |

The outstanding balance at 30 June 2010 is represented by:

- 2,280,000 which expire on 27 November 2011 exercisable at \$0.14 per share;
- 300,000 which expire on 28 May 2012 exercisable at \$0.18 per share
- 900,000 which expire on 9 February 2014 exercisable at \$0.14 per share
- 8,250,000 which expire on 27 November 2014 exercisable at \$0.18 per share
- 1,140,000 which expire on 27 November 2014 exercisable at \$0.18 per share

All options granted under the ESOP have vested. The Options are issued for nil consideration and are issued in accordance with a performance review by the Directors. The Options cannot be transferred and will not be quoted on the ASX. Options expire if not exercised 90 days after a participant resigns from the Company. The Plan is open to employees, consultants, contractors and Directors of PlatSearch.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

## 19. RESERVES

Share-based compensation reserve  
General reserve  
Investment revaluation reserve

|   | 2010<br>\$       | 2009<br>\$       | 2008<br>\$       |
|---|------------------|------------------|------------------|
| Share-based compensation reserve                                    | 1,007,152        | 421,348          | 373,468          |
| General reserve   | (34,676)         | -                | -                |
| Investment revaluation reserve                                      | 3,964,416        | 1,757,945        | 5,594,949        |
|   | <b>4,936,892</b> | <b>2,179,293</b> | <b>5,968,417</b> |
| <b>Share-based compensation reserve (i)</b>                         |                  |                  |                  |
| Balance at the beginning of financial year                          | 421,348          | 373,468          | 342,124          |
| Share-based payment expense   | 585,804          | 47,880           | 37,944           |
| Transfer to share capital (options exercised)                       | -                | -                | (6,600)          |
| Balance at end of financial year                                    | <b>1,007,152</b> | <b>421,348</b>   | <b>373,468</b>   |
| <b>General reserve (ii)</b>   |                  |                  |                  |
| Balance at the beginning of financial year                          | -                | -                | -                |
| Transfer to non-controlling interests                               | (34,676)         | -                | -                |
| Balance at end of financial year                                    | <b>(34,676)</b>  | <b>-</b>         | <b>-</b>         |
| <b>Investment revaluation reserve (iii)</b>                         |                  |                  |                  |
| Balance at the beginning of financial year                          | 1,757,945        | 5,594,949        | 6,017,199        |
| Change in fair value of investments available for sale (net of tax) | 2,206,471        | (3,837,004)      | (422,250)        |
| Balance at end of financial year                                    | <b>3,964,416</b> | <b>1,757,945</b> | <b>5,594,949</b> |

**(i) Share-based compensation reserve**

The share-based compensation reserve is used to recognise the fair value of options issued but not exercised as described in Note 2(p) and referred to in Note 18.

**(ii) General reserve**

The general reserve represents the change in the value of non-controlling interests resulting in the exercise of Eastern Iron Limited options during the financial year.

**(iii) Investment revaluation reserve**

The investment revaluation reserve arises in connection with the accounting for investments as per Note 8.



## 20. EARNINGS/LOSS PER SHARE

Earnings/Loss per share (cents per share) 0.23 cents (2009 – loss 4.79 cents).

Diluted Earnings/Loss per share (cents per share) 0.23 cents (2009 – loss 4.79 cents).

Weighted average number of ordinary shares on issue used in the calculation of basic and diluted profit per share is 170,500,658 (2009: 115,255,042).

The 2009 & 2008 weighted average number of shares have been adjusted to reflect the 'bonus element' of the 2009 rights issue as required by AASB 133 *Earnings per Share*.

|  | 2010    | 2009        | 2008      |
|--|---------|-------------|-----------|
|  | \$      | \$          | \$        |
| Profit/(Loss) used in calculating basic and diluted earnings per share | 389,684 | (5,520,394) | (300,582) |

The number of potential ordinary shares that are dilutive and included in determining diluted EPS are nil (2009: 2,580,000) relating to share options issued. There are no instruments excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are antidilutive for all of the periods presented.

Conversion, call, subscription or issue after 30 June 2010: Since the end of the financial year there have been no other conversions to, call of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of these financial statements.

## 21. KEY MANAGEMENT PERSONNEL

### (a) Key Management Personnel (KMP) remuneration, shares and options

|  | 2010      | 2009    |
|--|-----------|---------|
|  | \$        | \$      |
| <b>Compensation for Key Management Personnel</b> |           |         |
| Short-term employee benefits                     | 852,908   | 675,847 |
| Post-employment benefits                         | 45,627    | 61,975  |
| Share-based payments                             | 629,900   | 42,212  |
| Total compensation                               | 1,528,435 | 780,034 |

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010



## Shareholdings of key management personnel (held in PlatSearch NL)

|                | Balance at<br>1 July | Granted as<br>remuneration | Received on<br>exercise of<br>options | Net other<br>change | Balance at<br>30 June |
|----------------|----------------------|----------------------------|---------------------------------------|---------------------|-----------------------|
| <b>2010</b>    | No.                  | No.                        | No.                                   | No.                 | No.                   |
| P J D Elliott  | 1,283,097            | -                          | -                                     | 1,069,248*          | 2,352,345             |
| G F P Jones    | 70,000               | -                          | -                                     | 295,862*            | 365,862               |
| C S Kwan       | 17,254,312           | -                          | -                                     | 27,929,581*         | 45,183,893            |
| Dr K Foo       | -                    | -                          | -                                     | -                   | -                     |
| R J Waring     | 738,471              | -                          | -                                     | 615,393*            | 1,353,864             |
| R L Richardson | 1,827,687            | -                          | -                                     | 1,523,073*          | 3,350,760             |
| P Buckley      | 8,000                | -                          | -                                     | -                   | 8,000                 |
| W Corbett      | -                    | -                          | -                                     | -                   | -                     |
| M Lilley       | -                    | -                          | -                                     | -                   | -                     |
| N Maund        | -                    | -                          | -                                     | -                   | -                     |
| G De Ross      | -                    | -                          | -                                     | -                   | -                     |
| <b>Total</b>   | <b>21,181,567</b>    | <b>-</b>                   | <b>-</b>                              | <b>31,433,157</b>   | <b>52,614,724</b>     |
| <b>2009</b>    |                      |                            |                                       |                     |                       |
| P J D Elliott  | -                    | -                          | -                                     | 1,283,097*          | 1,283,097             |
| G F P Jones    | -                    | -                          | -                                     | 70,000*             | 70,000                |
| C S Kwan       | -                    | -                          | -                                     | 17,254,312          | 17,254,312            |
| Dr K Foo       | -                    | -                          | -                                     | -                   | -                     |
| R J Waring     | 518,471              | -                          | -                                     | 220,000*            | 738,471               |
| R L Richardson | 1,727,687            | -                          | -                                     | 100,000*            | 1,827,687             |
| P Buckley      | 8,000                | -                          | -                                     | -                   | 8,000                 |
| W Corbett      | -                    | -                          | -                                     | -                   | -                     |
| M Lilley       | -                    | -                          | -                                     | -                   | -                     |
| N Maund        | -                    | -                          | -                                     | -                   | -                     |
| G De Ross      | -                    | -                          | -                                     | -                   | -                     |
| <b>Total</b>   | <b>2,254,158</b>     | <b>-</b>                   | <b>-</b>                              | <b>18,927,409</b>   | <b>21,181,567</b>     |

\* Other change consists of shares purchased by KMP on market terms and KMP take up of entitlement under Rights Issue under Prospectus dated 10 June 2009.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

### Option holdings of key management personnel (held in PlatSearch NL)

|                | Balance at<br>1 July | Granted as<br>remuneration | Options<br>exercised | Net Change<br>Other # | Balance at<br>30 June | Balance<br>vested at<br>30 June | Vested and<br>exercisable |
|----------------|----------------------|----------------------------|----------------------|-----------------------|-----------------------|---------------------------------|---------------------------|
| 2010           | No.                  | No.                        | No.                  | No.                   | No.                   | No.                             | No.                       |
| P J D Elliott  | -                    | 1,000,000                  | -                    | -                     | 1,000,000             | 1,000,000                       | 1,000,000                 |
| G F P Jones    | 750,000              | 3,250,000                  | -                    | -                     | 4,000,000             | 4,000,000                       | 4,000,000                 |
| C S Kwan       | -                    | 2,000,000                  | -                    | -                     | 2,000,000             | 2,000,000                       | 2,000,000                 |
| F K Foo        | -                    | 1,000,000                  | -                    | -                     | 1,000,000             | 1,000,000                       | 1,000,000                 |
| R J Waring     | 1,950,000            | 500,000                    | -                    | (1,150,000)           | 1,300,000             | 1,300,000                       | 1,300,000                 |
| R L Richardson | 2,660,000            | 500,000                    | -                    | (1,600,000)           | 1,560,000             | 1,560,000                       | 1,560,000                 |
| K Champaklal   | -                    | -                          | -                    | -                     | -                     | -                               | -                         |
| P Buckley      | 300,000              | 300,000                    | -                    | -                     | 600,000               | 600,000                         | 600,000                   |
| W Corbett      | 150,000              | 350,000                    | -                    | -                     | 500,000               | 500,000                         | 500,000                   |
| M Lilley       | -                    | 250,000                    | -                    | -                     | 250,000               | 250,000                         | 250,000                   |
| N Maund        | -                    | -                          | -                    | -                     | -                     | -                               | -                         |
| G De Ross      | -                    | -                          | -                    | -                     | -                     | -                               | -                         |
| <b>Total</b>   | <b>5,810,000</b>     | <b>9,150,000</b>           | <b>-</b>             | <b>(2,750,000)</b>    | <b>12,210,000</b>     | <b>12,210,000</b>               | <b>12,210,000</b>         |
| <b>2009</b>    |                      |                            |                      |                       |                       |                                 |                           |
| P J D Elliott  | -                    | -                          | -                    | -                     | -                     | -                               | -                         |
| G F P Jones    | -                    | 750,000                    | -                    | -                     | 750,000               | 750,000                         | 750,000                   |
| C S Kwan       | -                    | -                          | -                    | -                     | -                     | -                               | -                         |
| F K Foo        | -                    | -                          | -                    | -                     | -                     | -                               | -                         |
| R J Waring     | 1,950,000            | -                          | -                    | -                     | 1,950,000             | 1,950,000                       | 1,950,000                 |
| R L Richardson | 2,660,000            | -                          | -                    | -                     | 2,660,000             | 2,660,000                       | 2,660,000                 |
| P Buckley      | 300,000              | -                          | -                    | -                     | 300,000               | 300,000                         | 300,000                   |
| W Corbett      | 350,000              | -                          | -                    | (200,000)             | 150,000               | 150,000                         | 150,000                   |
| M Lilley       | -                    | -                          | -                    | -                     | -                     | -                               | -                         |
| N Maund        | -                    | -                          | -                    | -                     | -                     | -                               | -                         |
| G De Ross      | -                    | -                          | -                    | -                     | -                     | -                               | -                         |
| <b>Total</b>   | <b>5,260,000</b>     | <b>750,000</b>             | <b>-</b>             | <b>(200,000)</b>      | <b>5,810,000</b>      | <b>5,810,000</b>                | <b>5,810,000</b>          |

#### # Expiry of options

No shares were issued as a result of the exercise of compensation options to KMP.

Options held by Directors under the Employee Share Option Plan may be exercised at any time. Shares and options held by Directors include those held by the Directors and their Director-related entities, including the spouses of such Directors and relatives of such Directors. All shares and options, excluding those held under the Employee Share Option Plan, were issued or granted on terms no more favourable than to other shareholders or option holders.



## 22. RELATED PARTY DISCLOSURES

### Transactions with Directors

Mr R J Waring is a Director and has a significant financial interest in Warinco Services Pty Limited, a company that provides company secretarial, general commercial and accounting services to the Company. Services provided during the year ended 30 June 2010 amounted to \$156,242 (2009: \$223,590) and included services provided by Mr R J Waring of \$121,728 (2009: \$170,208). The \$121,728 (2009: \$170,208) is included in the remuneration of Directors in the Remuneration Report.

Luminor Capital Pte Ltd, a Company of which Dr Foo and Mr Kwan are shareholders and directors and Mr Champaklal a director, provided advisory services at arms length commercial terms to PlatSearch's associated companies Silver City Minerals Limited and Thomson Resources Ltd.

Services provided by Director-related entities were under normal commercial terms and conditions. There are no long term service agreements and hence no liabilities will arise from termination of such agreements. No other benefits have been received or are receivable by Directors, other than those already disclosed in the notes to the accounts.

### Transactions with Associated Companies

During the year the Company provided technical and administrative support services to its associated companies company Silver City Minerals Limited (SCI) and Thomson Resources Limited (TMO). Services provided to SCI amounted to \$145,182 (2009: \$102,345) and TMO \$48,854 (2009: nil) consisting of payments received for consulting, use of office space and office services.

## 23. JOINT VENTURES

The Company is a party to a number of exploration joint venture agreements to explore for copper, gold, zinc, lead, uranium and heavy minerals. Under the terms of the agreements the Company will be required to contribute towards the exploration and other costs if it wishes to maintain or increase its percentage holdings. The joint ventures are not separate legal entities. There are contractual arrangements between the participants for sharing costs and future revenues in the event of exploration success. There are no assets and liabilities attributable to PlatSearch at balance date resulting from these joint ventures, other than exploration expenditure costs carried forward as detailed in Note 14. Costs are accounted for in accordance with the terms of joint venture agreements and in accordance with Note 2(i). Percentage equity interests in joint ventures at 30 June 2010 were as follows:

| PlatSearch NL<br>New South Wales – Base Metals and Gold | Percentage<br>Interest 2010 | Percentage<br>Interest 2009 | Percentage<br>Interest 2008 |
|---|-----------------------------|-----------------------------|-----------------------------|
| Euriowie – sold to SCI                                  | 0%                          | 32%                         | 32%                         |
| Mundi Mundi – sold to SCI                               | 0%                          | 0%                          | 100%                        |
| Hillston – diluting to 16%                              | 80%                         | 80%                         | 80%                         |
| Hollis Tank   | 80%                         | 80%                         | 80%                         |
| Copper King, Yanco Glen and Ziggys – sold to SCI        | 0%                          | 0%                          | 16%                         |
| Apollyon Valley, Big Aller and Mt Robe – sold to SCI    | 0%                          | 0%                          | 20%                         |
| Stephens-Centennial – sold to SCI                       | 0%                          | 0%                          | 48%                         |
| Iron Bar – sold to SCI                                  | 0%                          | 80%                         | 80%                         |
| Zetta - tenement relinquished                           | 0%                          | 80%                         | 80%                         |
| Cymbric Vale – tenement relinquished after JV ended     | -                           | 0%                          | 50%                         |
| Dunmore and Tomingley                                   | 90%                         | 90%                         | 90%                         |
| Mundi Plains – diluting to 20%                          | 49%                         | 49%                         | 100%                        |
| Thurla – PTS can earn 20%                               | 0%                          | -                           | -                           |
| Eastern Iron Projects – see below                       | 20%                         | 20%                         | 20%                         |



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

| <b>PlatSearch NL</b>   | <b>Percentage Interest 2010</b> | <b>Percentage Interest 2009</b> | <b>Percentage Interest 2008</b> |
|--|---------------------------------|---------------------------------|---------------------------------|
| <b>South Australia – Base Metals and Gold</b>                  |                                 |                                 |                                 |
| Black Hill, Yalata, Toolgerie, Pathfinder JV – diluting to 32% | 80%                             | 80%                             | 80%                             |
| Quinyambie – diluting to 15%                                   | 52.6%                           | 52.6%                           | 52.6%                           |
| Callabonna – diluting to 30%                                   | 100%                            | 100%                            | 100%                            |
| Frome, Poverty Lake – Benagerie JV                             | 10%                             | 10%                             | 10%                             |
| Coondambo – Marathon withdrew from JV                          | 100%                            | 50%                             | 50%                             |
| Mulyungarie – sold to SCI                                      | 0%                              | 0%                              | 80%                             |
| Kalabity – diluting to 32%                                     | 80%                             | 80%                             | 80%                             |
| Junction Dam – diluting to 16% base and precious metals rights | 39.2%                           | 80%                             | 80%                             |
| Junction Dam – uranium rights                                  | 19.21%                          | 80%                             | 80%                             |
| Wynbring   | 100%                            | 100%                            | 100%                            |
| Officer Basin – EL applications only                           | 50%                             | 50%                             | -                               |

| <b>Eastern Iron Tenements in NSW</b>   | <b>Percentage Interest 2010</b> | <b>Percentage Interest 2009</b> | <b>Percentage Interest 2008</b> |
|--|---------------------------------|---------------------------------|---------------------------------|
| Cobar East, Coolabah West, Oakvale, Quatermaine, Techno, Tottington, Wendoline, Shaun, Wallace, Gromit, Bimbella, Euabalong, McGraw, Flamingo, Preston | 80%                             | 80%                             | 80%                             |
| Hutch – EFE can earn 100%  | 0%                              | 0%                              | -                               |
| <b>Eastern Iron Tenements in Queensland</b>  |                                 |                                 |                                 |
| Hawkwood – EFE can earn 80%  | 0%                              | -                               | -                               |

## 24. SEGMENT INFORMATION

The operating segments identified by management are as follows:

- 1) Exploration projects funded directly by PlatSearch (“Exploration”) and;
- 2) Investments in other companies (“Investing”).

Regarding the Exploration segment, the Chief Operating Decision Maker (the Board of directors) receives information on the exploration expenditure incurred. This information is disclosed in Note 14 of this financial report. No segment revenues are disclosed as each exploration tenement is not at a stage where revenues have been earned. Furthermore, no segment costs are disclosed as all segment expenditure is capitalised, with the exception of expenditure written off which is disclosed in Note 14.

Regarding the Investing segment, the Chief Operating Decision Maker reviews the value of investments and derivatives held in other exploration companies. The changes in the value of investments and derivatives are disclosed in Notes 8, 9 and 11 of this financial report. Segment revenues are disclosed in the statement of comprehensive income as ‘(Loss) on options’.

Financial information about each of these tenements is reported to the Managing Director on an ongoing basis.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010



Corporate office activities are not allocated to operating segments as they are not considered part of the core operations of any segment and comprise of the following:

- Interest revenue
- Corporate costs
- Depreciation and amortisation of non-project specific property, plant and equipment.

The Group's accounting policy for reporting segments is consistent with that disclosed in Note 2.

## 25. CONTINGENT LIABILITIES

The Group's bankers have provided guarantees totalling \$10,000 (2009 \$10,000) in respect of mining tenements and the guarantees are secured against short term deposits of these amounts. Additional guarantees of \$262,500 (2009 \$267,500) in respect of mining tenements is secured against deposits with the NSW Department of Primary Industries and Mineral Resources, the Queensland Department of Mines and the Victorian Department of Energy and Minerals. The Company does not expect to incur any material liability in respect of the guarantees.

## 26. COMMITMENTS

### Lease commitments

The Company has obligations under the terms of an operating lease agreement for its office premises as follows:

|   | 2010   | 2009   | 2008    |
|---|--------|--------|---------|
|   | \$     | \$     | \$      |
| Payable not later than one year                           | 40,700 | 55,896 | 41,000  |
| Payable later than one year and not later than five years | -      | 32,606 | 61,500  |
|   | 40,700 | 88,502 | 102,500 |

The Company's lease of its office premises is for a three year period expiring on 26 January 2011.

### Exploration licence expenditure requirements

In order to maintain the Group's tenements in good standing with the various mines departments, the Group will be required to incur exploration expenditure under the terms of each licence. These expenditure requirements will diminish as the Group joint ventures projects to third parties. It is the Group's exploration strategy to farm-out to larger companies to fund drilling programmes. In addition, the Group has commitments to expend funds towards earning or retaining an interest under joint venture agreements.

|  |           |           |           |
|--|-----------|-----------|-----------|
| Payable not later than one year                          | 2,360,961 | 1,688,351 | 2,861,678 |
| Payable later than one year but not later than two years | 760,562   | 918,950   | 628,666   |
|  | 3,121,523 | 2,607,301 | 3,490,344 |

It is likely that variations to the terms of current and future joint ventures, the granting of new licences and changes in licence areas at renewal or expiry, will change the expenditure commitment to the Group from time to time.

### SGX Listing

PlatSearch has entered into an agreement with PrimePartners Corporate Finance Pte Ltd to assist in the proposed flotation on the Singapore Stock Exchange. In the event that the proposed flotation is aborted PlatSearch would be liable for an abort fee of \$90,667.



## 27. SUBSEQUENT EVENTS

There have been no material events subsequent to 30 June 2010 other than:

- The issue of 2,000,000 options to the Company's Business Development Manager on 23 August 2010. The options were issued for nil consideration with an exercise price of 18 cents and expiry date of 27 November 2014. The options have been valued at \$175,800 using the Binomial pricing model; and
- PlatSearch has commenced preparatory work on meeting the requirements for admission to the Singapore Stock Exchange (SGX). The Company intends to dual list onto the Catalist Board of the SGX and to raise additional capital in Singapore to support its aim of securing an advanced project to attain cash flow.
- Eastern Iron Limited (Eastern Iron) and the 3E consortium have signed a joint venture agreement whereby 3E may earn up to a 77.5% interest in a number of Eastern Iron exploration licences. In tandem with this, PlatSearch has renegotiated its joint venture agreement with Eastern Iron such that it will own 51% of selected exploration licences and iron resources, subject to Eastern Iron shareholder approval.

## 28. CASH FLOW STATEMENT

### Reconciliation of net cash outflow from operating activities to operating loss after income tax

|  | 2010<br>\$ | 2009<br>\$  | 2008<br>\$ |
|--|------------|-------------|------------|
| (a) Operating profit/(loss) after income tax     | 85,006     | (5,684,575) | (313,003)  |
| Depreciation                                     | 18,205     | 16,454      | 6,174      |
| Exploration expenditure written-off              | 127,206    | 242,043     | 121,339    |
| Share of associate's net losses                  | 241,541    | 95,166      | -          |
| Share-based payment expense                      | 642,764    | 50,689      | 42,061     |
| Loss/(gain) on options                           | (482,977)  | 4,446,810   | (185,708)  |
| Gain on accounting for investment in associate   | (416,276)  | (190,088)   | -          |
| Profit on sale of shares                         | -          | (5,236)     | -          |
| Provisions annual leave and long service leave   | 12,493     | 27,589      | -          |
| Profit on sale of tenements                      | (120,804)  | 187         | -          |
| Tax benefit – deferred tax                       | (923,333)  | 187,617     | (153,863)  |
| Other  | (102,589)  | 139,508     | (1,854)    |
| <b>Change in assets and liabilities:</b>         |            |             |            |
| (Increase)/decrease in receivables               | (45,848)   | 35,339      | (84,820)   |
| (Decrease)/increase in trade and other creditors | (34,846)   | 198,316     | (9,278)    |
| (Decrease)/increase provisions                   | 12,494     | 33,342      | 6,146      |
| Net cash outflow from operating activities       | (986,964)  | (406,839)   | (572,806)  |

- (b) For the purpose of the Statement of Cash Flows, cash includes cash on hand, at bank, deposits and bank bills used as part of the cash management function. The Group does not have any unused credit facilities.

The balance at 30 June 2010 comprised:

|  | 2010      | 2009      | 2008      |
|--|-----------|-----------|-----------|
| Cash and cash equivalents                        | 98,507    | 485,916   | 203,413   |
| Money market securities – bank deposits (Note 6) | 4,658,740 | 3,672,542 | 4,969,197 |
| Cash on hand                                     | 4,757,247 | 4,158,458 | 5,172,610 |



## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's Board considers the Company's overall risk management framework and policies, including quarterly review by the Board of the Company's financial position and financial forecasts and maintaining adequate insurances.

AASB 7 introduced new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendment to AASB 101 introduces disclosures about the level of an entity's capital and how it manages capital.

### (a) Capital management

The Group considers its capital to comprise its ordinary share capital and its retained earnings, net of accumulated losses.

In managing its capital, the Group's primary objective as an explorer is to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. The Group has no debt hence has a nil gearing ratio.

In making decisions to adjust its capital structure to achieve these aims, either through altering its new share issues, or consideration of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

### (b) Financial instrument risk exposure and management

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

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

### (c) General objectives, policies and processes

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

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

#### (i) Liquidity risk

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

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days.

The Board receives cash flow projections on a monthly basis as well as information regarding cash balances. At the balance sheet date, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

#### (ii) Interest rate risk

At balance date, the Group is exposed to floating weighted average interest rates for financial assets of 0.17% on \$66,604 (2009: \$209,143) in cash (2009: 0.045%), 3.0% on \$31,903 (2009: \$276,773) in deposits at call (2009: 2.80%), 5.7% (2009: 3.8%) on short term deposits of \$4,658,741 (2009: \$3,672,542) and tenement deposits with banks \$130,000 (2009: \$130,000). All other financial assets and liabilities are non-interest bearing

The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial asset and financial liability is set out in the following tables:



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

| Risk exposure and responses                  |           | Pre Tax Loss    |           |           | Equity          |           |
|--|-----------|-----------------|-----------|-----------|-----------------|-----------|
| Judgements of reasonably possible movements: |           | Lower/ (Higher) |           |           | Lower/ (Higher) |           |
|  | 2010      | 2009            | 2008      | 2010      | 2009            | 2008      |
| <b>Consolidated</b>                          | <b>\$</b> | <b>\$</b>       | <b>\$</b> | <b>\$</b> | <b>\$</b>       | <b>\$</b> |
| +1% (100 basis points)                       | 48,872    | 42,885          | 51,826    | -         | -               | -         |
| -1% (100 basis points)                       | (48,872)  | (42,885)        | (51,826)  | -         | -               | -         |

### (iii) Share market risk

The Company relies greatly on equity markets to raise capital for its exploration activities and is thus exposed to equity market volatility. When market conditions require, for prudent capital management, in consultation with its professional advisers the Group looks to alternative sources of funding, including the sale of assets and royalties.

### (iv) Credit risk

Credit risk arises principally from the Group's cash, cash equivalents, receivables and tenement security deposits.

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

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

### Other receivables

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

### (v) Equity price risk

Price risk arises from investments in equity securities. All significant equity investments held by PlatSearch are publicly traded on the ASX. The price risk for listed securities is material in terms of the possible impact on profit and loss or total equity and as such a sensitivity analysis is completed below. The capacity of the Company to raise capital from time to time may be influenced by either or both market conditions and the price of PlatSearch's quoted shares at that time.

At balance date, the Group is exposed to a stock exchange risk on its investments (Note 8). The Group's exposure to share price movement is set out in the following tables:

| Risk exposure and responses                                  |           | Pre Tax Loss    |           |             | Equity          |             |
|--|-----------|-----------------|-----------|-------------|-----------------|-------------|
| Judgements of reasonably possible movements in share prices: |           | Lower/ (Higher) |           |             | Lower/ (Higher) |             |
|  | 2010      | 2009            | 2008      | 2010        | 2009            | 2008        |
| <b>Consolidated</b>  | <b>\$</b> | <b>\$</b>       | <b>\$</b> | <b>\$</b>   | <b>\$</b>       | <b>\$</b>   |
| +20%   | -         | -               | -         | 1,363,726   | 467,670         | 1,590,550   |
| -20%   | -         | -               | -         | (1,363,726) | (467,670)       | (1,590,550) |

At balance date, the Group is exposed to a stock exchange risk on its derivative financial instruments (Note 11). The Group's exposure to movements in the value of share options is set out in the following tables:

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

| Risk exposure and responses   | Pre Tax Loss    |           |             | Equity          |      |      |
|---|-----------------|-----------|-------------|-----------------|------|------|
| Judgements of reasonably possible movements in underlying share prices: | Lower/ (Higher) |           |             | Lower/ (Higher) |      |      |
|   | 2010            | 2009      | 2008        | 2010            | 2009 | 2008 |
| Consolidated  | \$              | \$        | \$          | \$              | \$   | \$   |
| +20%  | 340,800         | 330,600   | 1,651,000   | -               | -    | -    |
| -20%  | (340,800)       | (330,600) | (1,651,000) | -               | -    | -    |

**(d) Accounting policies**

Accounting policies in relation to financial assets and liabilities and share capital are contained in Note 2.

**(e) Fair value of financial assets and liabilities**

The fair value of all monetary financial assets and financial liabilities of the PlatSearch Group approximate their carrying value.

There are no off-balance sheet financial asset and liabilities at year-end.

All financial assets and liabilities are denominated in Australian dollars.

**(f) Fair value risk**

The group uses two different methods in estimating the fair value of a financial investment. The methods comprise -

- Level 1 – the fair value is calculated using quoted prices in active markets; and
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3 – the fair value is estimated using inputs other than quoted prices.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

| 2010   | Quoted market price (Level 1) | Valuation technique – market observable inputs (Level 2) | Valuation technique – non market observable inputs (Level 3) | Total     |
|--|-------------------------------|--|--|-----------|
| <b>Financial assets</b>                                |                               |  |  |           |
| Investments available for sale                         | 6,818,631                     | -  | -  | 6,818,631 |
| Total financial assets                                 | 6,818,631                     | -  | -  | 6,818,631 |
| <b>Derivative assets</b>                               |                               |  |  |           |
| Derivatives – fair value through the income statements | -                             | 702,400  | 262,600  | 975,000   |
| Derivative assets                                      | -                             | 702,400  | 262,600  | 975,000   |

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs.

The fair value of derivatives that do not have an active market are based on valuation techniques. Level 2 derivatives include market observable inputs whilst level 3 derivatives do not include market observable inputs.

*Transfer between categories*

There were no transfers between levels during the year.

**30. PARENT ENTITY INFORMATION**

| <b>Information relating to the parent entity Ltd:</b>          | <b>2010<br/>AUD\$'000</b> | <b>2009<br/>AUD\$'000</b> | <b>2008<br/>AUD\$'000</b> |
|--|---------------------------|---------------------------|---------------------------|
| Current assets   | 3,066                     | 1,224                     | 918                       |
| Total assets   | 11,849                    | 5,519                     | 16,511                    |
| Current liabilities  | 255                       | 189                       | 79                        |
| Total liabilities  | 255                       | 195                       | 2,004                     |
| Issued capital   | 14,509                    | 10,675                    | 9,711                     |
| Accumulated losses   | (7,354)                   | (7,496)                   | (1,132)                   |
| Investment Revaluation Reserve                                 | 3,432                     | 1,724                     | 5,555                     |
| Share Based Payment Reserve                                    | 1,007                     | 421                       | 373                       |
| Total shareholders' equity                                     | 11,594                    | 5,324                     | 14,507                    |
| Profit/(loss) of the parent entity                             | 141                       | (6,364)                   | 1,133                     |
| Total comprehensive income of the parent entity                | 1,793                     | (3,831)                   | (462)                     |
|  | 1,934                     | (10,195)                  | 671                       |
| Contingent liabilities of the parent entity – refer to Note 25 | 153                       | 158                       | 116                       |

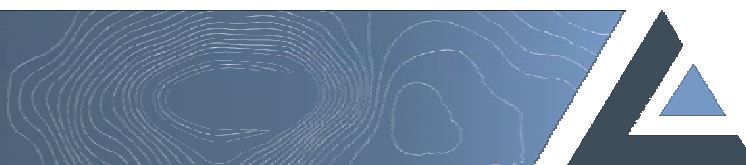
**Contractual commitments by the parent entity**

The parent entity has lease commitments as stated in Note 26. The parent entity holds the lease commitment for its subsidiaries.

**Parent entity subsidiaries**

At 30 June 2010 the Company has two subsidiaries, Bluestone 23 Limited (100% ownership (2009: 100%)) and Eastern Iron Limited (48.65% ownership (2009: 45.65%)). PlatSearch NL is the ultimate parent in the Group.

## DIRECTORS' DECLARATION



In accordance with a resolution of the directors of PlatSearch NL, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2; and
- (c) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.
- (d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2010.

On behalf of the Board

G F P Jones

Managing Director

Sydney, 29 September 2010



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## Independent auditor's report to the members PlatSearch NL

### Report on the Financial Report

We have audited the accompanying financial report of PlatSearch NL 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 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 financial year.

#### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

#### *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 and International Standards on Auditing. 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.

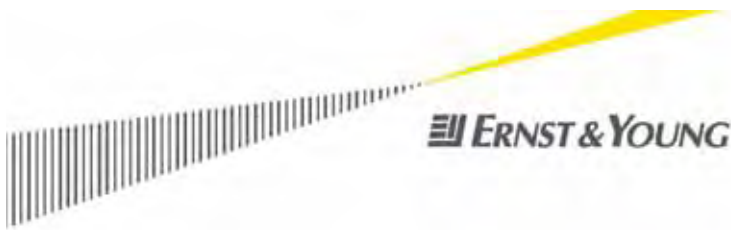
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making 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 *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.





## Auditor's Opinion

In our opinion:

1. the financial report of PlatSearch NL is in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the consolidated entity's financial position at 30 June 2010 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. the 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 pages 20 to 22 of 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.

## Auditor's Opinion

In our opinion the Remuneration Report of PlatSearch NL for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

A stylized signature of the Ernst &amp; Young firm, written in black ink.

Ernst & Young

A handwritten signature in black ink, appearing to read "Anton Ivanyi".

Anton Ivanyi  
Partner  
Sydney  
29 September 2010



The Board of Directors of PlatSearch NL is responsible for corporate governance and strives for high standards in this regard. The Board monitors the business and affairs of PlatSearch on behalf of the shareholders by whom they are elected and to whom they are accountable. The Board draws on relevant best practice principles, particularly those issued by the ASX Corporate Governance Council in August 2007. At a number of its meetings the Board examines the PlatSearch corporate governance practices and the progress towards a review of its practice compared to the best practice principles proposed by the ASX Corporate Governance Council. While PlatSearch is attempting to adhere to the principles proposed by the ASX, it is mindful that there may be some instances where compliance is not practicable for a company of PlatSearch's stage of development.

The August 2007 Australian Securities Exchange Corporate Governance Council publication, "Corporate Governance Principles and Recommendations" second edition, is referred to for guidance purposes, however all listed companies are required: to disclose the extent to which they have followed the recommendations; to identify any recommendations that have not been followed; and reasons for not doing so. The Company's Board of Directors has reviewed the recommendations. In many cases the Company was already achieving the standard required. In other cases the Company will have to consider new arrangements to enable compliance. In a limited number of instances, the Company may determine not to meet the standard set out in the recommendations, largely due to the recommendation being considered by the Board to be unduly onerous for the company with its staff numbers and Board size and structure.

A summary of the Company's written policies on corporate governance matters is being prepared, and following Committee review and approval, will be included in the Corporate Governance section of the PlatSearch website. The following paragraphs set out the Company's position relative to each of the eight principles contained in the ASX Corporate Governance Council's report.

### Principle 1: Lay solid foundations for management and oversight

Since the previous year the Company has formalised and disclosed the functions reserved to the Board and those delegated to management and has written processes for evaluating the performance of senior executives. The Company has a Board of five Directors (four Non-Executive Directors plus the Managing Director) and a small team of staff, so roles and functions have to be flexible to meet specific requirements.

### Principle 2: Structure the Board to add value

The Company complies with most of the recommendations within this area as the Chairman is independent; separate from the Managing Director. The Company does not comply with the recommendation that a majority of Directors are independent, because five are considered as not independent - an Executive Director, Mr Kwan is a substantial shareholder and Mr Waring is a recent former Executive Director. The Company does not have a separate Board Nomination Committee, but has a Remuneration and Nomination Committee that carries out this function, which includes an assessment of the specific governance skills and industry experience required of potential directors. A performance evaluation of the Board was carried out during the year and there have been changes to the Board.

One of the Company's five Directors is the Non-Executive Chairman and he has not undertaken any consultancy work for the Company within the past three years. Each Director of the Company has the right to seek independent professional advice at the expense of the Company. Prior approval of the Chairman is required, but this will not be unreasonably withheld.

### Principle 3: Promote ethical and responsible decision-making

The Company has a policy concerning trading in its securities by Directors, management, staff and significant consultants which is set out below. The Company has a formal code of conduct, which reflects the Company's size and the close interaction of individuals throughout the organisation, and guides compliance with legal and other obligations. The Board of Directors continues to review the guide to determine the most appropriate and effective operational procedures.

### Principle 4: Safeguard integrity in financial reporting

The Company periodically reviews its procedures to ensure compliance with the recommendations set out under this principle. Senior management confirms that the financial reports represent a true and fair view, and are in accordance with relevant accounting standards. The Managing Director and the Financial Controller state in writing to the Board that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial



condition, and operational results of the Company are in accordance with relevant accounting standards, and that the system of internal control is adequate.

The Company has an Audit Committee and the written charter has been approved by the Board. The Audit Committee consists of the Non-Executive Chairman of Directors, Mr Elliott, and the Non-Executive Director, Dr Foo, who is not independent (Chairman of the Committee - Mr Richardson was Chairman until July 2010). These Directors have applicable expertise and skills for the Audit Committee. This structure does not meet the ASX's guidance regarding independence, in that it should have a majority of independent directors and have at least three members, and the Committee Chairman should not be the Chairman of the Board. The Audit Committee reports to the Board after each Committee meeting. In conjunction with the full Board, the Committee reviews the performance of the external auditors (including scope and quality of the audit).

### Principle 5: Make timely and balanced disclosure

The Company, its Directors and staff are very aware of the ASX's continuous disclosure requirement, and operate in an environment where strong emphasis is placed on full and appropriate disclosure to the market. The Company has both formal written policies regarding disclosure, and it uses strong informal systems underpinned by experienced individuals.

### Principle 6: Respect the rights of shareholders

All significant information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Company's operations, the material used in the presentation is released to the ASX and posted on the Company's website. Procedures have also been established for reviewing whether any price-sensitive information has been inadvertently disclosed or inadvertently not disclosed, and if so, this information is also immediately released to the market.

The Company has a communications policy to promote effective communication with shareholders and the Company does communicate regularly with shareholders. The Company has requested the external auditor to attend general meetings and this has been supported by the Company's audit partner at Ernst & Young.

### Principle 7: Recognise and manage risk

The Company has formal policies on risk oversight and management of material business risks. Risk management arrangements are the responsibility of the Board of Directors and senior management collectively, and Risk Factors is a standing agenda item at Board meetings. The Company's Managing Director provides the Board with the recommended statements on the system for the management of risk and internal control, and periodically reports to the Board in writing on these areas.

### Principle 8: Remunerate fairly and responsibly

The Company has a Remuneration Committee consisting of Messrs Kwan (Chairman of the Committee) and Jones (Mr Richardson resigned in July 2010) which meets, as and when required, to review performance matters and remuneration. There has been no formal performance evaluation of the Board during the past financial year, although its composition is reviewed at a Board meeting at least annually. The Directors work closely with management and have full access to all the Company's files and records.

The Directors believe that individual salary and contractor negotiation are more appropriate than formal remuneration policies. The Remuneration Committee will seek independent external advice and market comparisons as necessary. In accordance with Corporations Act requirements, the Company discloses the fees or salaries paid to all Directors, plus the five highest paid officers. The Company has an Employee Share Option Plan that was introduced in November 1993 and replaced in 2006, after being approved by shareholders. There are no schemes for retirement benefits for any Director, other than statutory superannuation. The Company believes that its measures of equity-based remuneration are appropriate to incentivise Non-Executive Directors in a Company of PlatSearch's size and limited resources, which is at variance with the recommendation that Non-Executive Directors should not receive options. In the 2009-10 year Non-Executive Directors received options. Shareholders approval was obtained in advance of the issues.



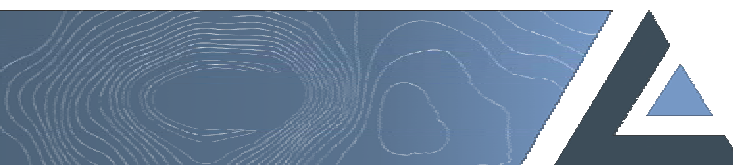
### **Ethical Standards**

The Board's policy is for the Directors and management to conduct themselves with the highest ethical standards. All Directors and employees will be expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

### **Securities Trading and Trading Windows**

Directors, employees and key consultants must consult with the Chairman of the Board or the Managing Director before dealing in securities of the Company. Purchases or sales in the Company's shares or options by Directors, employees and key consultants may not be carried out other than in the "window", being the period commencing two days following the date of an announcement leading, in the opinion of the Board, to an informed market. However, Directors, employees and key consultants are prohibited from buying or selling PlatSearch shares at any time if they are aware of price-sensitive information that has not been made public.

## SHAREHOLDER INFORMATION



Information relating to shareholders at 14 September 2010 (per ASX Listing Rule 4.10)

| <b>Substantial Shareholders</b>       |                          | <b>Shareholding</b>    |
|---------------------------------------|--------------------------|------------------------|
| Kwan Chee Seng                        |                          | 45,183,893             |
| <b>Distribution of Shareholders</b>   |                          |                        |
| <b>Number of ordinary shares held</b> | <b>Number of Holders</b> | <b>Ordinary Shares</b> |
| 1 – 1,000                             | 321                      | 133,289                |
| 1,001 – 5,000                         | 209                      | 582,907                |
| 5,001 – 10,000                        | 155                      | 1,294,654              |
| 10,001 – 100,000                      | 356                      | 13,910,682             |
| 100,001 – and over                    | 133                      | 159,366,060            |
|                                       | <b>1,174</b>             | <b>175,287,592</b>     |

At the prevailing market price of \$0.125 per share, there were 477 shareholders with less than a marketable parcel of \$500.

| <b>Top 20 Shareholders of Ordinary Shares as at 14 September 2010</b> | <b>Shares</b> | <b>% Shares issued</b> |
|---|---------------|------------------------|
| DMG & Partners Securities Pte Ltd                                     | 22,753,729    | 12.98                  |
| Kwan Chee Seng  | 22,430,164    | 12.80                  |
| UOB Kay Hian Private Limited  | 13,079,612    | 7.46                   |
| DBS Vickers Securities (Singapore) Pte Ltd                            | 8,150,963     | 4.65                   |
| Minotaur Resources Investments Pty Ltd                                | 8,000,000     | 4.56                   |
| Mr Xiangjun Zhang   | 8,000,000     | 4.56                   |
| Viking Investments Limited  | 7,256,676     | 4.14                   |
| Mr Chris Carr and Mrs Betsy Carr                                      | 5,500,000     | 3.14                   |
| Warman Investments Pty Ltd  | 4,864,019     | 2.77                   |
| Mr Robert Lewis Richardson and Ms Susanne Brint                       | 3,350,760     | 1.91                   |
| State One Nominees Pty Ltd  | 3,287,334     | 1.88                   |
| HBSC Custody Nominees (Australia) Limited                             | 3,042,057     | 1.74                   |
| Iipseity Pty Limited  | 2,839,707     | 1.62                   |
| Panstyn Investments Pty Ltd   | 2,352,345     | 1.34                   |
| Phillip Securities Pte Ltd  | 1,641,684     | 0.94                   |
| Nefco Nominees Pty Ltd  | 1,606,753     | 0.92                   |
| Crescent Nominees Limited   | 1,470,316     | 0.84                   |
| Howard-Smith Investments Pty Ltd                                      | 1,116,021     | 0.64                   |
| Wimtone Pty Limited   | 1,100,000     | 0.63                   |
| CIMB Securities (Singapore) Pte Ltd                                   | 1,087,417     | 0.62                   |
| Total of top 20 holdings  | 122,929,557   | 70.13                  |
| Other holdings  | 52,358,035    | 29.87                  |
| Total fully paid shares issued  | 175,287,592   | 100.00                 |



### **Partly paid, unlisted ordinary shares**

There are 450,000 ordinary \$0.25 shares paid to \$0.01 which are not listed on any stock exchange. Holders of these shares are Glenn Elliott Goodacre (200,000), Geonz Associates Limited (200,000) and Maxel Franz Rangott (50,000). The shares were issued under the Platinum Search Share Incentive Plan, which was replaced by the Employee Share Option Plan on 25 November 1993.

### **Share Options**

There are 12,870,000 options outstanding under the Company's Employee Share Option Plan (ESOP) and in additional options granted outside the ESOP. At the Company's Annual General Meeting held on 25 November 1993, shareholders approved the adoption of the Company's Employee Share Option Plan. The Plan has been "refreshed" at a number of Annual General Meetings since then and replaced in November 2006 by a new plan. On 21 November 2006 the Directors resolved to grant 2,340,000 options to eligible persons under the Plan. The options are for a period of five years, expire on 27 November 2011 and are exercisable at \$0.14. Holders of the 27 November 2011 options are Robert L Richardson (1,060,000), Robert J Waring (800,000), Raymond J Soper (270,000) and Wendy L Corbett (150,000). 60,000 options were exercised in July 2007. On 18 June 2007 the Directors resolved to grant 300,000 options to Peter M Buckley under the ESOP. The options which vested on 9 January 2008, are for a period of five years, expire on 28 May 2012 and are exercisable at \$0.18. In March 2009 the Directors resolved to grant 750,000 options to Gregory F P Jones and 150,000 options to Greg P MacRae under the ESOP. The options vested on 1 April 2009 (750,000) and 14 July 2009 (150,000), are for a period of 4.8 years, expire on 9 February 2014 and are exercisable at \$0.14. On 18 December 2009 the Directors resolved to grant 8,250,000 options to Directors and 1,140,000 options to eligible persons under the ESOP. The options are for a period of five years, expire on 27 November 2014 and are exercisable at \$0.18. Holders of the 27 November 2014 options are Gregory F P Jones (3,250,000), Patrick J D Elliott (1,000,000), Kwan Chee Seng (2,000,000), Foo Fatt Kah (1,000,000), Robert L Richardson (500,000), Robert J Waring (500,000), Wendy L Corbett (350,000), Peter M Buckley (300,000), Michelle C Lilley (250,000), Gregory P MacRae (100,000), Farokh Billimoria (50,000) and Robin A Catalano (90,000).

### **Voting rights**

There are no restrictions on voting rights. On a show of hands every member present or by proxy shall have one vote and upon a poll each share shall have one vote. Where a member holds shares which are not fully paid, the number of votes to which that member is entitled on a poll in respect of those part paid shares shall be that fraction of one vote which the amount paid up bears to the total issued price thereof. Option holders have no voting rights until the options are exercised.

### **Audit Committee**

At the date of the Directors' Report, the Company has a Committee of one Non-Executive Director and the Chairman of Directors which meets with the Company's external auditors at least once during each half-year. These meetings take place prior to the finalisation of the half-year financial statements and Annual Report and prior to the signing of the Audit Report.

## PLATSEARCH NL

ABN 16 003 254 395

### DIRECTORS

Patrick J D Elliott  
Greg F P Jones  
Kwan Chee Seng  
Foo Fatt Kah  
Robert J Waring  
Kantilal Champaklal (alternate to Kwan Chee Seng)

### SECRETARY

Robert J Waring

### REGISTERED AND ADMINISTRATION OFFICE

Level 1, 80 Chandos Street  
St Leonards NSW  
PO Box 956, Crows Nest  
NSW 1585 Australia  
Telephone: +61 2 9906 5220  
Facsimile: +61 2 9906 5233  
E-mail: pts@platsearch.com.au  
Website: www.platsearch.com.au

### SHARE REGISTRY

Computershare Investor Services Pty Limited  
ABN 48 078 279 277  
Level 2, 45 St Georges Terrace, Perth, WA, 6000  
GPO Box D182, Perth, WA 6840  
Telephone: 1300 557 010 (within Australia)  
+61 8 9323 2000 (outside Australia)  
Facsimile: +61 8 9323 2033

### AUDITORS

Ernst & Young

### BANKERS

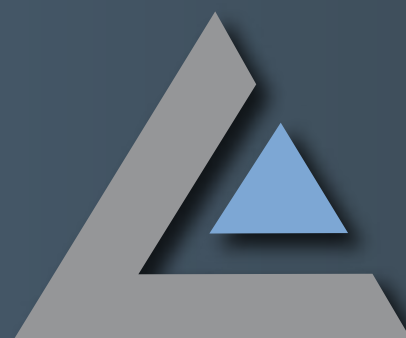
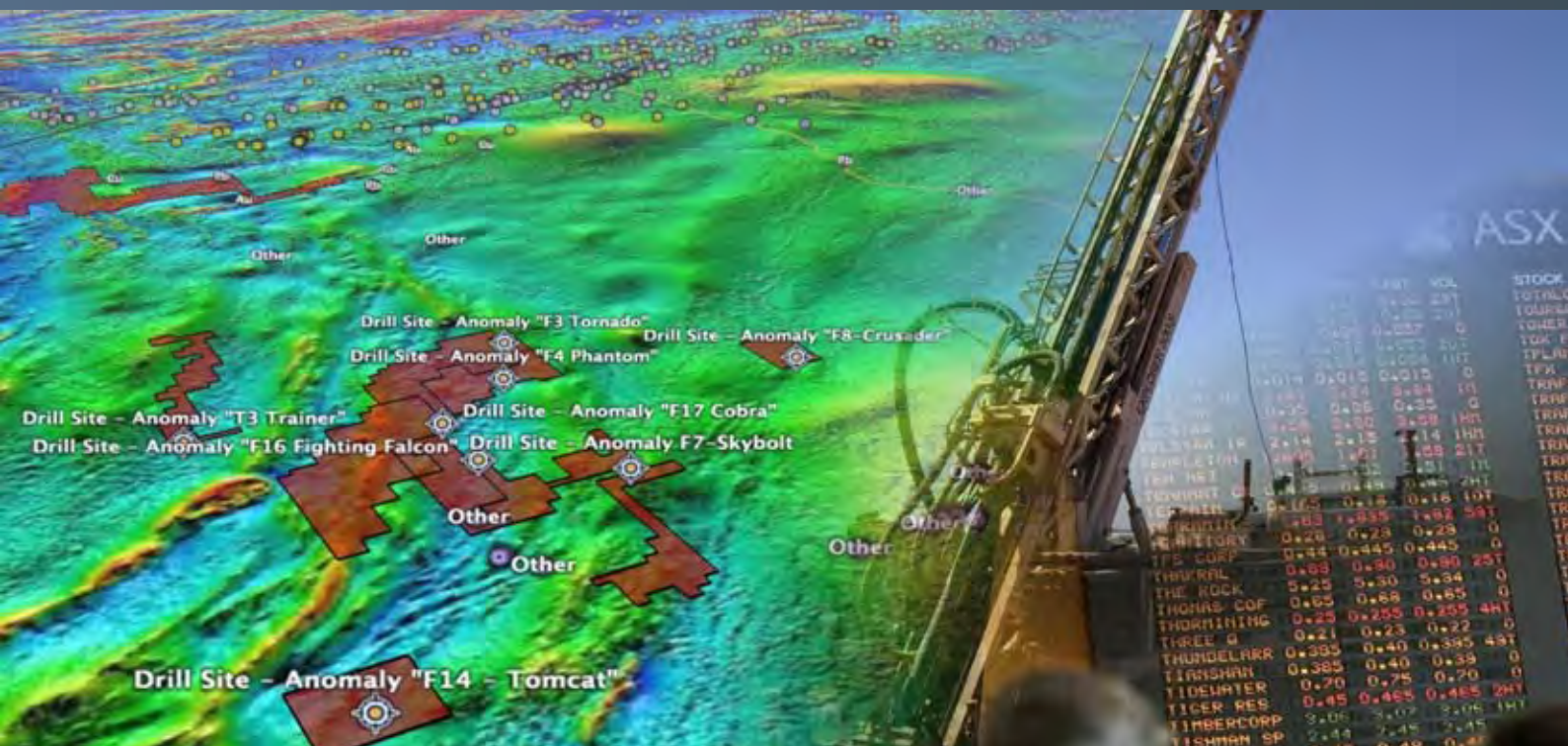
Commonwealth Bank of Australia, BankWest

### STOCK EXCHANGE LISTING

Listed on Australian Securities Exchange  
ASX Code: PTS

### SHARE CAPITAL

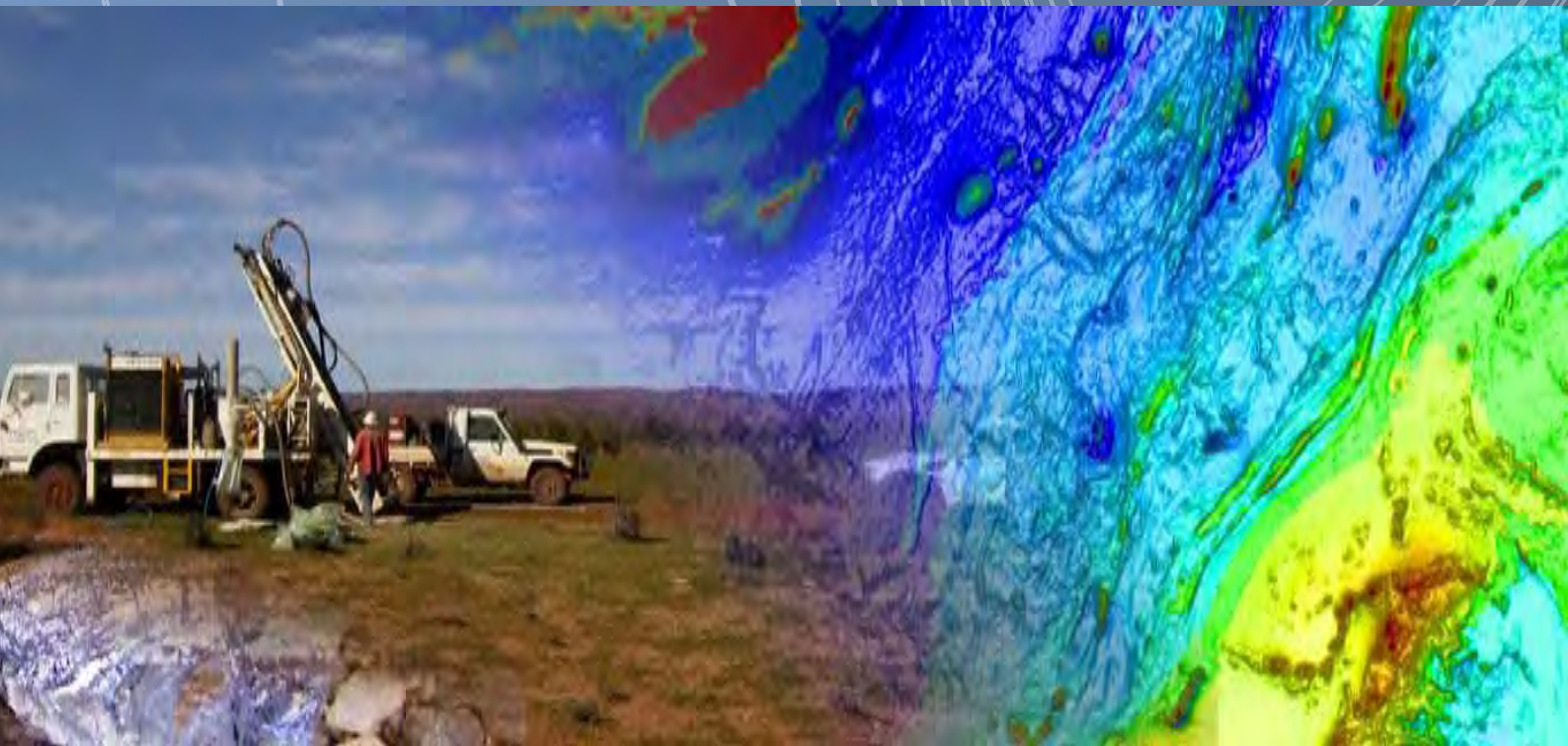
At 30 June 2010, 175,287,592 fully paid ordinary shares,  
450,000 partly paid ordinary shares paid to 1 cent and  
12,870,000 options.



ASX Code: PTS



**ASX Code: PTS**



## **PlatSearch NL**

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