

POWER RESOURCES LIMITED
ABN 69 125 345 502

ANNUAL REPORT

30 JUNE 2009

CORPORATE DIRECTORY

DIRECTORS

Vincent Kenneth Hyde (Chairman)
Cecil Lee
Warren Dunne

SECRETARY

Vincent Kenneth Hyde

REGISTERED OFFICE

800 Canning Highway
Applecross WA 6153

PRINCIPAL OFFICE

800 Canning Highway
Applecross WA 6153
Telephone: (08) 9315 9200
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SHARE REGISTRY

Security Transfer Registrars Pty Ltd
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Telephone: (08) 9315 2333
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AUDITORS

HLB Mann Judd
15 Rheola Street
West Perth WA 6005

AUSTRALIAN SECURITIES EXCHANGE

Power Resources Limited shares (PWW) and options (PWWO) are listed on the Australian Securities Exchange.

COMPANY OVERVIEW

Company Overview

Power Resources Limited (“Power”) was incorporated on 18 May 2007 for the purpose of acquiring prospective mineral assets with the aim of exploring and adding significant value to these assets. In addition the Company will develop an active program for identifying deposits in Australia and around the world that have the potential to become mines. Power has reviewed a number of projects since listing on the ASX. These include projects in Greenland (REE’s / Uranium), Angola, Liberia, Mali, and Mozambique.

Background

The tenements controlled by Power Resources Limited comprise of tenements in Western Australia and Greenland. In W.A. Power have interest in four Exploration Licence Applications (E04/1672-74, 1698 - Oobagooma Project) and two granted Exploration Licences (E09/1053 and E09/1054). In Greenland, the company has an application for A0484, located within the Proterozoic Ketilidian Batholith zone of southern Greenland. A summary of these tenements is provided in Tables 1 and 2. As to the current situation with respect to E08/1635 formerly held by Fineloo Holdings Pty Ltd, see the discussion below under “Events Subsequent to Balance Date”.

Table 1: Power Resources Limited tenements

TEN ID	TYPE	STATUS	HOLDER	GRANT DATE	CURRENT EXPIRY DATE	AREA
E 09/1053	Exploration Licence	LIVE	AZTEC RESOURCES LTD	18/09/2007	17/09/2012	19 BL
E 09/1054	Exploration Licence	LIVE	AZTEC RESOURCES LTD	18/09/2007	17/09/2012	29 BL

Table 2: Power Resources Limited tenement applications

TEN ID	TYPE	STATUS	HOLDER	LODGEMENT DATE	AREA
E 04/1672	Exploration Licence	PENDING	POWER MINERALS PTY LTD	16/04/2007	70 BL
E 04/1673	Exploration Licence	PENDING	POWER MINERALS PTY LTD	16/04/2007	94 BL
E 04/1674	Exploration Licence	PENDING	POWER MINERALS PTY LTD	16/04/2007	70 BL
E 04/1698	Exploration Licence	PENDING	POWER MINERALS PTY LTD	07/05/2007	101 BL
A 0484	Exploration Licence	PENDING	POWER MINERALS PTY LTD	07/06/2007	38km ²

Bangemall and Frasers Creek Projects - (E09/1053 and 09/1054)

INTRODUCTION

The tenements covering the Bangemall and Frasers Creek Projects in which the company has an interest are located in the Gascoyne Region of Western Australia. Exploration Licence application 09/1054 comprise of the *Bangemall Project*, and Exploration Licence application 09/1053 make up the *Frasers Creek Project*. The project areas are located approximately 340 kilometres northwest of Meekatharra and 290km east northeast of Carnarvon in the Gascoyne Mineral Field of Western Australia.

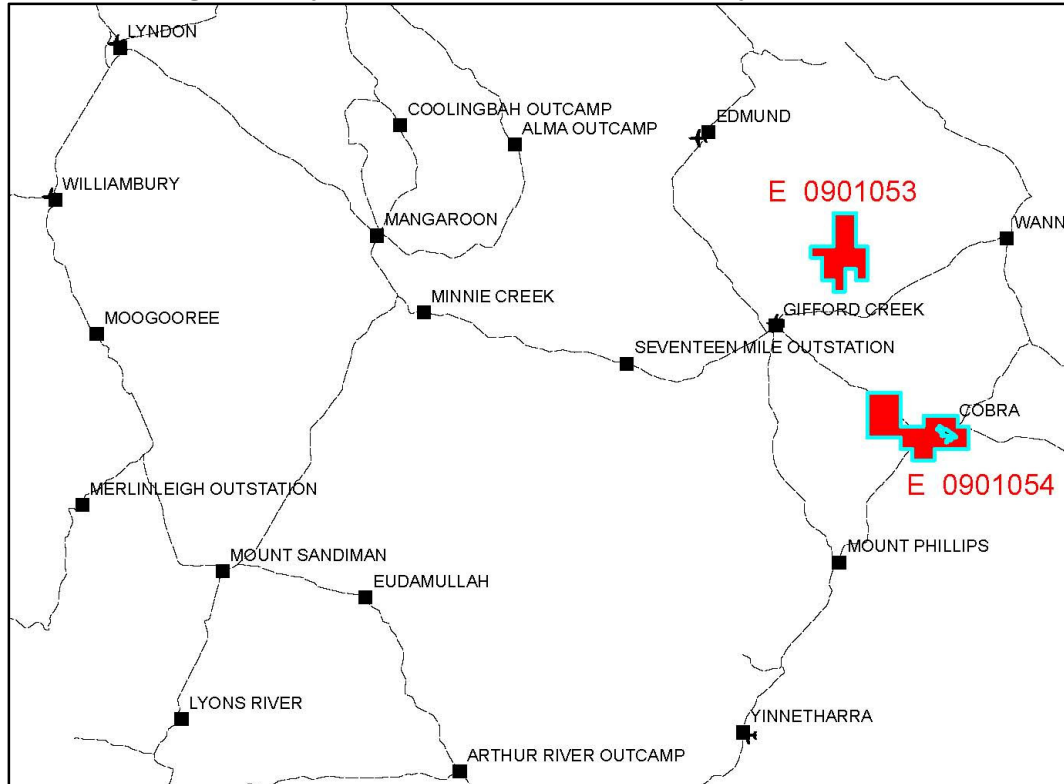
The tenements covering the Mesoproterozoic Bangemall Group sediments are considered prospective for deposits of gold and base metals and the lowermost units of the Bangemall Group are considered prospective for uranium and rare earths.

COMPANY OVERVIEW

LOCATION, ACCESS & TENEMENTS

The *Bangemall and Frasers Creek Projects* are located approximately 340 kilometres northwest of Meekatharra and 290km east northeast of Carnarvon in the Gascoyne Mineral Field of Western Australia.

Location of Bangemall Project (E09/1054) and Fraser Creek Project (E09/1053)



BANGEMALL PROJECT AREA

The **Bangemall Project area** (E09/1054) is located in the NE portion of Mt Phillip. The project area is accessible via the Gifford Creek Station – Cobra unsealed road.

FRASERS CREEK PROJECT AREA

The **Frasers Creek Project area** (E09/1053) is located south of Edmund. Access to the area is via the Cobra – Gifford Creek road.

REGIONAL GEOLOGY

The tenements of the Bangemall Project cover the southern margin of the Mesoproterozoic Bangemall Basin. The sedimentary sequence of the Bangemall Group is over 10,000m thick (Edmund Subgroup) and lies unconformably over a basement of Gascoyne Complex rocks. It consists of reworked Archaean gneiss and a metamorphic suite of schists, phyllite, quartzites and paragneiss.

Uranium mineralisation has been discovered at three locations at or near the contact where Bangemall sediments unconformably overlie the Gascoyne Complex. One of these locations, Centipede Range, lies within E09/1054.

COMPANY OVERVIEW

Exploration history

Bangemall Project

Exploration over the area now covered by Exploration Licence applications 09/1054 includes regional work, and uranium/yttrium exploration in the Centipede Range area, and gold exploration at the Bangemall/Cobra gold mining centre.

Historically Uranium and REE exploration conducted in the Bangemall project area by:

- Canadian-Australian Petroleum N.L. (CAP) - 1975
- Occidental Minerals Corporation - 1979
- Esmeralda Exploration Ltd - 1982-1991

The Bangemall / Cobra gold field was discovered in 1896 and was mined intermittently from 1897 – 1916.

Exploration for gold is known to have been conducted in the area by the following companies:

- Newmont Mining - 1974-1975
- Johnston, Bell & Mazinew - 1980 -1982
- Bell, Fraser, Frapple, Palmer & Palmer - 1981-1990
- Indian Ocean Gold NL - 1986-1990

Frasers Creek Project

Exploration over the area now covered by Exploration Licence application 09/1053 includes:

- Hallmak Mining Pty Ltd (“Hallmark”) - 1994-1997
- Renison Pty Ltd - 1997-1998

Centipede Range - E09/1054

Within E09/1053, the radioactive anomalies were found to occur in a dense hematite-goethite-fine grained silica ferricrete layer that forms the core of a low ridge broken in several lengths. This layer or formation is intruded by a medium-grained, leucocratic granite that is pegmatitic in places. As at the Centipede Range, the radioactive material is concentrated in these partly digested rafts of rock, and the suite of minerals is also very similar. Although the geological context is different, the crystallisation of rare earth and Na rich minerals followed the same process as in E09/1054 further to the south.

At the Centipede Range prospect, uranium was not found to be present in large quantities and contained in a mineralogical complex form that is unlikely to be readily treatable. Most of the apparent radioactivity was found to be produced by thorium. The potential for mining rare earth minerals was also found to be poor given the disseminated nature of the deposition. The alluvial/ colluvial deposits have been tested in the past and concentration of rare earth found to be totally uneconomic.

Oobagooma Project

INTRODUCTION

Power has applied for four tenements which together form the Oobagooma Project (E04/1672-74, 1698). The tenements are considered prospective for sandstone hosted uranium deposits as they surround the known Oobagooma uranium deposit.

COMPANY OVERVIEW

LOCATION, ACCESS & TENEMENTS

E04/1672, 1673, 1674 and 1698 are located 50 -100 km northeast of Derby, Western Australia. The project area is accessible via the Gibb River and Kimbolton unsealed roads.

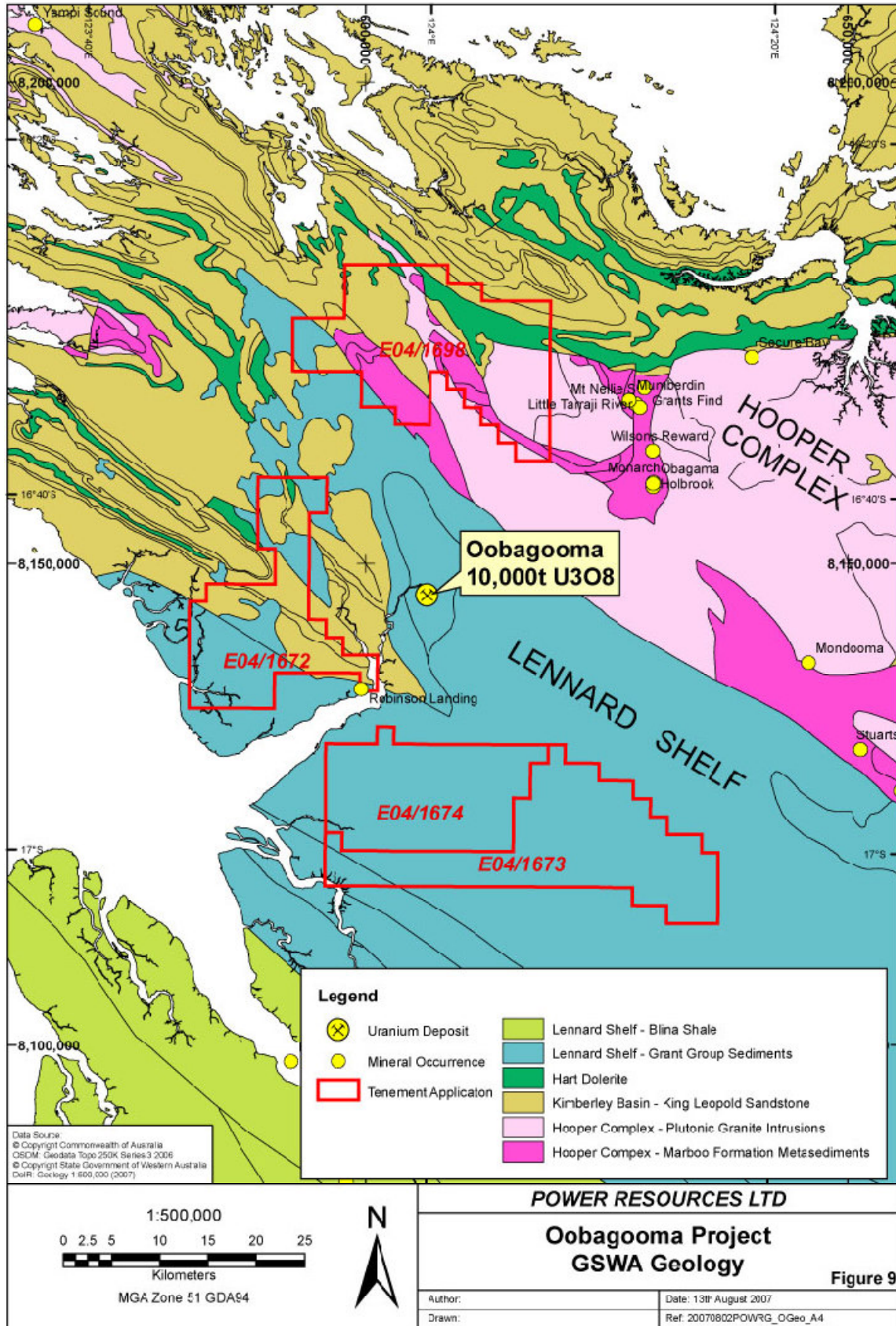
REGIONAL GEOLOGY

The Oobagooma project is within the Canning Basin, the Lower Carboniferous Yampi Sandstone is the known host to uranium mineralisation. The Yampi Sandstone is thought to be derived from erosion of the Halls Creek - King Leopold Orogen, which contains high levels of background uranium.

EXPLORATION HISTORY

Using the Oobagooma deposit as a model, Power intends to explore the Yampi Sandstone within the Yampi embayment for further blind occurrences of uranium mineralisation. Water bore sampling, detailed airborne surveys, gravity surveys and drilling will be the principal initial exploration techniques employed. Recent changes in State Government policy to allow uranium mining to occur are considered positive.

COMPANY OVERVIEW



COMPANY OVERVIEW

GREENLAND PROJECT

INTRODUCTION

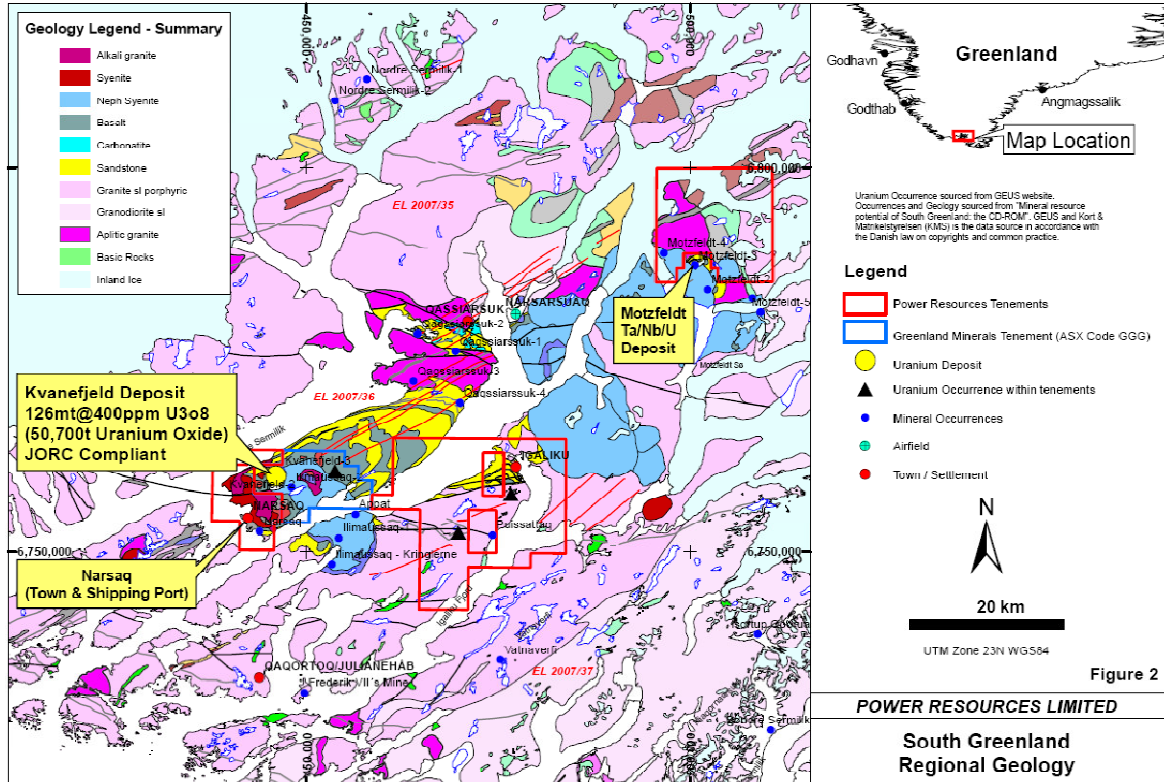
The South West Greenland Project is about 20 km south east and north east of Narsaq Township in South Greenland. Power has one tenement application, 2008/02, in the south western tip of Greenland. The tenement was applied for on 7 June 2007.

The primary focus for Power is the exploration for rare earth deposits. The company has decided to target uranium mineralisation as a first pass exploration technique to find rare earth deposits. The Kvanefjeld and Motzfeldt rare earth deposits both have a significant uranium signature.

LOCATION, ACCESS & TENEMENTS

REGIONAL GEOLOGY

The project area is located within the Proterozoic Ketilidian Batholith zone of southern Greenland. The tenements include the rock formation of the Garder period (1400Ma to 1130Ma) which hosts the majority of the significant mineralisation within the region including the Kvanefjeld and Mottzfeldt deposits.



Note: eastern two subsections of application 2008/02 (A0484) have been relinquished.

With the recent resurgence in exploration activity, several promising prospects for commodities such as zinc, gold, platinum, diamond, iron and complex ores including concentrations in tantalum, niobium, zircon, hafnium, rare earth elements, gold and copper have been discovered.

COMPANY OVERVIEW

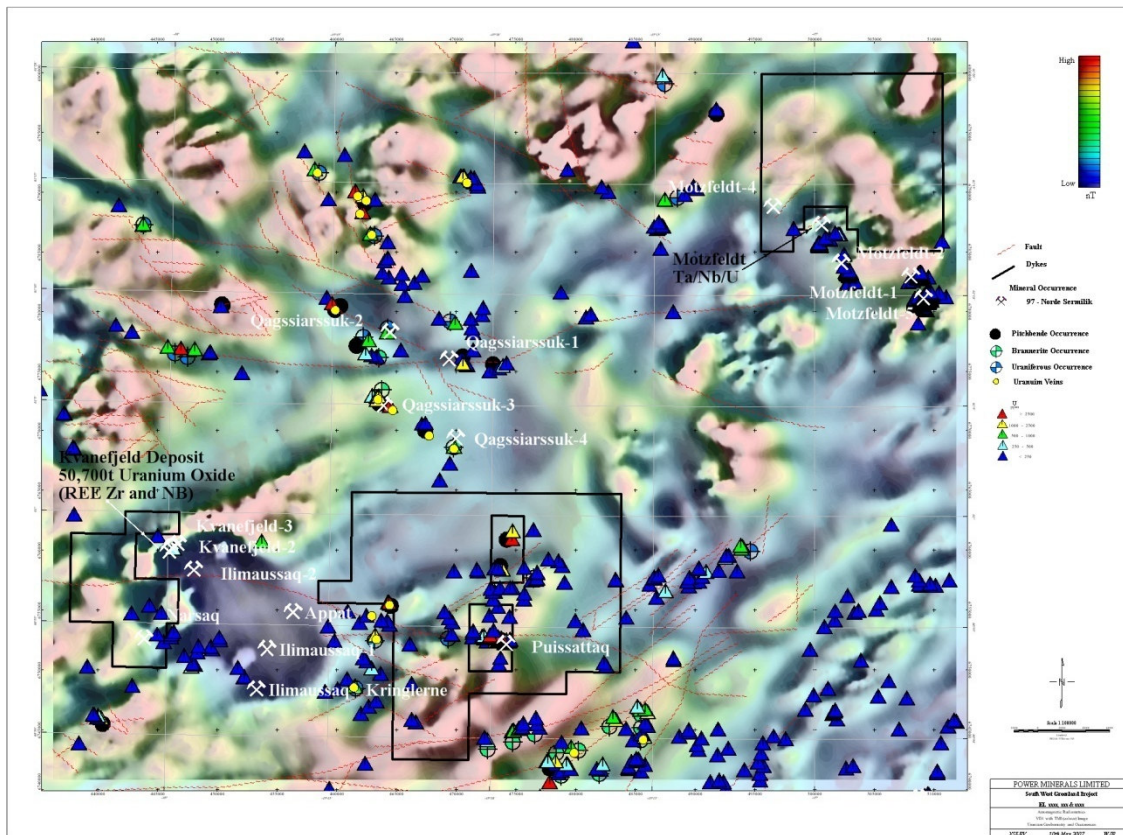
EXPLORATION HISTORY

Reconnaissance exploration for uranium mineralization has been carried out by the Geological Survey of Greenland during the 1980's. In May 2007, Greenland Minerals and Energy Limited (formerly The Gold Company Ltd) announced that it was acquiring an interest in the Kvanefjeld Project, in what could be one of the largest undeveloped multi element occurrences of uranium and rare earth elements in the world. At Kvanefjeld a J.O.R.C compliant resource of 43,000t uranium metal within a global inferred resource of 126mt at 400 ppm U3O8 per tonne has been calculated. A drilling program is currently in progress which is expected to prove the existence of one of the largest economic concentration of U, rare earth in the world.

EXPLORATION COMPLETED BY POWER AND RESULTS

From the data reviewed so far, the areas contain a number of promising mineral occurrences that have been identified from regional assessment work carried out mainly by the Greenland Geological Survey.

Power has prepared an exploration programme consisting of field site visits to the most promising areas to collect geochemical samples and to geologically map the area. Airborne magnetic survey was also used to assist with exploration.



A detailed heli-magnetic/radiometric survey of the area was undertaken, due to the unavailability of helicopters during the field season.

On the basis of results of fieldwork carried out mid 2008, subsections 2 and 3 from this application were surrendered, with subsection 1 retained.

DIRECTORS REPORT

Your Directors present their report on the Consolidated Entity and its controlled entities for the year ended 30 June 2009.

DIRECTORS

The names of the Directors of the Consolidated Entity in office during the financial year and up to the date of this report are as follows:

	Special Responsibilities in Parent Entity	Relevant Interest in Securities of Parent Entity	
Vincent Kenneth Hyde	Executive Chairman	400,000	ordinary shares
		1,000,000	options – 31 October 2011
Cecil Lee	Non-Executive Director	150,000	ordinary shares
		250,000	options – 31 October 2011
Warren Dunne	Non-Executive Director	200,000	ordinary shares
		300,000	options – 31 October 2011

Directors were in office from the beginning of the financial year until the date of this report unless otherwise stated.

The particulars of the qualifications, experience and special responsibilities of each director are as follows:

Vincent Hyde

Mr Hyde has over 40 years of banking and corporate advisory experience. He was the managing director of a merchant bank for many years and his responsibilities included the overall management and performance of operations in Australia, South East Asia, Republic of South Africa, United Kingdom, France, Germany and North America. He has assisted small to medium enterprises in restructuring, developing competitive strategies, implementing management reporting systems and reviewing their operations and banking facilities.

Mr Hyde is an accountant by training and due to the varied nature of the projects he has been involved in he has had extensive dealings with lawyers, project managers, developers, utility companies and government.

Mr Hyde is a member of the Australian Institute of Export and the National Institute of Accountants.

Director since 18 May 2007.

During the past three years Mr Hyde has held the following other listed company directorships:

- Blaze International Limited (18 April 2007 to present)
- Ironbark Gold Limited (28 March 2007 to 7 August 2009)
- Prime Minerals Limited (27 July 2006 to present)

DIRECTORS REPORT Continued

Cecil Lee

Mr Lee has over thirty years of experience in a variety of commercial ventures in Hong Kong and the Peoples' Republic of China which has resulted in high level contacts in those areas, which will prove useful to Blaze International Ltd. He is a practicing CA, CPA which will prove useful to Power Resources Limited

During the past three years Mr Lee has held the following other listed company directorships:

- Blaze International Limited (19 July 2007 to present)

Warren Dunne

Director since 18 May 2007.

During the past three years Mr Dunne has held the following other listed company directorships:

- Venus Investments Limited (16 October 2006 to 30 November 2006)

COMPANY SECRETARY

Vincent Hyde – Mr Hyde, also a director of the Consolidated Entity was appointed company secretary on 18 May 2007. Particulars on Mr Hyde are detailed above.

PRINCIPAL ACTIVITIES

The principal continuing activities during the year of entities within the Consolidated Entity was exploration for uranium and other economic resources.

OPERATING AND FINANCIAL REVIEW

Review of Operations

A review of operations for the financial year and the results of those operations are contained within the Company Review.

Operating Results

Consolidated loss after income tax for the financial year was \$1,262,569 (2008: \$166,123).

Financial Position

On 22 August 2008, the Consolidated Entity issued 14,875,001 options at an issue price of \$0.01 each exercisable at \$0.20 per option, expiring on 31 October 2011 as part of a non-renounceable entitlements issue on the basis of 1 loyalty option for every 2 shares held. The issue was fully subscribed.

At 30 June 2009, the Consolidated Entity had cash reserves of \$1,185,991 (2008: \$1,820,022).

Dividends

No dividends were paid during the year and no recommendation is made as to dividends.

DIRECTORS REPORT Continued

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Consolidated Entity during the financial year are detailed in the Company Review.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year under review not otherwise disclosed in this report or in the financial statements.

EVENTS SUBSEQUENT TO BALANCE DATE

Since 30 June 2009, Power has become aware that exploration licence 08/1635 was registered by the Department of Mines and Petroleum (**DMP**) as having been voluntarily surrendered on 8 April 2009. This tenement was previously registered in the name of Finelooop Holdings Pty Ltd ACN 108 444 006 (**Finelooop**), which held the tenement as bare trustee for Power Minerals Pty Ltd ACN 124 895 610 (**Power Minerals**).

Investigations have revealed that the surrender document registered by DMP was not executed by a director of Finelooop. Further, it is the position of the Consolidated Entity that the surrender was not authorised by Finelooop or Power Minerals or any person on behalf of those entities.

Finelooop has made an application under the *Mining Act 1978* (WA) (**Mining Act**) for amendment of the register maintained under the Mining Act such that it records E08/1635 as still being in existence with Finelooop as the holder. It has also lodged objections to applications for tenements brought by third parties that encroach on the land previously covered by E08/1635.

In addition, on 15 September 2009 Power Minerals lodged an application for an exploration licence covering all of the land that was the subject of E08/1635. Finelooop has also written to the Minister for Mines and Petroleum explaining the circumstances surrounding the purported surrender of E08/1635 and submitting that he should exercise his power under section 111A of the Mining Act to disallow, on public interest grounds, all existing applications by third parties for tenements covering the land formerly the subject of E08/1635. If the Minister accepts this submission, the application by Power Minerals for an exploration licence over the land formerly the subject of E08/1635 would become the only tenement application affecting that land, and would have priority over any applications lodged subsequent to the Minister's decision.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Consolidated Entity will continue to pursue its principal activity of exploration and evaluation, particularly in respect to the Projects as more particularly outlined in the Company Review. The Consolidated Entity will also continue to pursue other potential investment opportunities to enhance shareholder value.

DIRECTORS REPORT Continued

MEETINGS OF DIRECTORS

The numbers of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Board of Directors	
	Held	Attended
V Hyde	2	2
C Lee	2	2
W Dunne	2	2

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director and executive of Power Resources Limited.

A. Remuneration policy

The board policy is to remunerate directors at market rates for time, commitment and responsibilities. The board determines payments to the directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. Fees for non-executive directors are not linked to the performance of the Consolidated Entity. However, to align directors' interests with shareholders interests, the directors are encouraged to hold securities in the Consolidated Entity.

The Consolidated Entity's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company officers and directors are remunerated to a level consistent with the size of the company.

All remuneration paid to directors and executives is valued at the cost to the Consolidated Entity and expensed.

Performance-based remuneration

The Consolidated Entity does not pay any performance-based component of salaries.

B. Details of remuneration for year ended 30 June 2009

The Consolidated Entity does not have any full time executive officers, other than directors as detailed above.

There were no performance related party payments made during the year.

Refer to Note 17 for details of other compensation paid to Directors.

DIRECTORS REPORT Continued

C. Employment contracts of directors and senior executives

The employment conditions of the executive Chairman, Vincent Hyde were approved by the Board on 18 May 2007 with a director's fee of \$80,000 (2008: \$40,000) per annum plus GST.

Under the terms of the above contract, employment may be terminated by the Company by giving 12 months notice in writing or Vincent Hyde by giving the other 3 months notice in writing. Alternatively, the employment may be terminated by the Company providing compensation instead of the period of notice required. Termination payments are due for all of the notice period plus an additional 12 months in lieu of notice if the termination period is not worked out. Termination payments are not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct, the Company can terminate employment at any time. The employment contract will continue until terminated by the Company or Vincent Hyde in accordance to the contract.

D. Remuneration Committee

The Remuneration Committee, performed by the Board as a whole, is responsible for determining and reviewing compensation arrangements for the directors.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of directors and senior executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

E. Remuneration Structure

In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct.

F. Non-Executive Director Remuneration

The Board seeks to set aggregate remuneration at a level that provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held on 27 November 2008 when shareholders approved an aggregate remuneration of \$30,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Each director receives a fee for being a director of the company.

The remuneration of non-executive directors for the period ended 30 June 2009 is detailed in Note 17 of this report.

G. Senior Manager and Executive Director Remuneration

Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

H. Fixed Remuneration

Fixed remuneration is reviewed annually by the Remuneration Committee, or Board, as it currently stands. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Committee has access to external, independent advice where necessary.

The fixed remuneration component of the most highly remunerated Group and company executives is detailed in Note 17.

DIRECTORS REPORT Continued

I. Variable Remuneration

The objective of the short term incentive program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential short term incentive available is set at a level so as to provide sufficient incentive to the senior manager to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

The aggregate of annual payments available for executives across the Group is subject to the approval of the Remuneration Committee. The company also makes long term incentive payments to reward senior executives in a manner that aligns this element of remuneration with the creation of shareholder wealth. Refer to Note 17.

DIRECTORS AND AUDITORS INDEMNIFICATION

The Consolidated Entity has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Consolidated Entity or a related body corporate:

- (a) indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses of successfully defending legal proceedings; or
- (b) paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

SHARE OPTIONS

At the date of this report there were the following unissued ordinary shares for which options were outstanding:

- 17,875,001 options expiring 31 October 2011, exercisable at 20 cents each.

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

ENVIRONMENTAL REGULATIONS

The Consolidated Entity is not currently subject to any specific environmental regulation. There have not been any known significant breaches of any environmental regulations during the year under review and up until the date of this report.

AUDITOR

HLB Mann Judd continues in office in accordance with Section 327 of the Corporations Act 2001.

NON-AUDIT SERVICES

The following non-audit services were provided by our auditors, HLB Mann Judd. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act.

Taxation \$4,254

The directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the integrity and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

DIRECTORS REPORT Continued

AUDITOR'S DECLARATION OF INDEPENDENCE

The auditor's independence declaration for the year ended 30 June 2009 has been received and is included within the financial statements.

Signed in accordance with a resolution of directors.



Vincent Hyde
Executive Chairman
Perth, 30 September 2009

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Power Resources Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Power Resources Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Power Resources Limited's Corporate Governance Statement is structured with reference to the Corporate Governance Council's principles and recommendations, which are as follows:

Recommendation	Section
Principle 1: Lay solid foundations for Management and Oversight	
Recommendation 1.1 Functions of the Board and Senior Executives	3.1
Recommendation 1.2 Performance Evaluation of Senior Executives	12.1
Recommendation 1.3 Reporting on Principle 1	3.1, 12.1
Principle 2: Structure the Board to Add Value	
Recommendation 2.1 Independent Directors	1.2
Recommendation 2.2 Independent Chair	1.2
Recommendation 2.3 Role of the Chair and CEO	1.2
Recommendation 2.4 Establishment of Nomination Committee	2.1
Recommendation 2.5 Performance Evaluation Processes	12.1
Recommendation 2.6 Reporting on Principle 2	1.1, 1.2, 1.3, 1.4, 1.5, 4.1, 12.1
Principle 3: Promote Ethical and Responsible Decision Making	
Recommendation 3.1 Directors' and Senior Executives' Code of Conduct	3.2, 5.1
Recommendation 3.2 Company Security Trading Policy	7.1
Recommendation 3.3 Reporting on Principle 3	5.1, 7.1
Principle 4: Safeguard Integrity in Financial Reporting	
Recommendation 4.1 Establishment of Audit Committee	9.1
Recommendation 4.2 Structure of Audit Committee	9.1
Recommendation 4.3 Audit Committee Charter	9.1
Recommendation 4.4 Reporting on Principle 4	9.1
Principle 5: Make Timely and Balanced Disclosure	
Recommendation 5.1 Policy for Compliance with Continuous Disclosure	10.1
Recommendation 5.2 Reporting on Principle 5	10.1
Principle 6: Respect the Rights of Shareholders	
Recommendation 6.1 Communications Strategy	10.2
Recommendation 6.2 Reporting on Principle 6	10.2, 10.3
Principle 7: Recognise and Manage Risk	
Recommendation 7.1 Policies on Risk Oversight and Management of	11.1
Recommendation 7.2 Attestations by CEO and CFO	11.2
Recommendation 7.3 Risk Management and Internal Control	11.3
Recommendation 7.4 Reporting on Principle 7	11.3
Principle 8: Remunerate Fairly and Responsibly	
Recommendation 8.1 Establishment of Remuneration Committee	12.1
Recommendation 8.2 Executive and Non-Executive Director Remuneration	13.1, 13.2
Recommendation 8.3 Reporting on Principle 8	12.1, 13.1, 13.2

CORPORATE GOVERNANCE STATEMENT Continued

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

The Board continues to review its current practices in light of the ASX Principles of Good Corporate Governance and Best Practice Guidelines 2004 with a view to making amendments where applicable after considering the Company's size and resources it has available. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of any additional formal corporate governance committees will be given further consideration.

1 Structure of the Board

1.1 The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the annual report is included in the Directors' Report. Directors of Power Resources Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgment.

1.2 In the context of Director independence, 'materiality' is considered from both the company and individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the Director in question to shape the direction of the company's loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the following Directors of Power Resources Limited are considered to be independent:

Name	Position
Cecil Lee	Non-Executive Director
Warren Dunne	Non-Executive Director

1.3 There are procedures in place, agreed by the Board, to enable Directors in the furtherance of their duties to seek independent professional advice at the company's expense.

1.4 The term in office held by each Director in office at the date of this report is as follows:

Name	Term in Office
Vincent Hyde	Since 18 May 2007
Cecil Lee	Since 4 June 2007
Warren Dunne	Since 18 May 2007

1.5 The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the annual report is included in the Directors' Report.

2 Nomination Committee

2.1 There is no nomination committee.

The Board considers those matters and issues arising that would usually fall to a nomination committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee.

CORPORATE GOVERNANCE STATEMENT Continued

The full Board carries out the functions of the Nomination Committee. The Board did not meet formally as the Nomination Committee during the financial period, however any relevant matters were discussed on as-required basis from time to time during regular meetings of the Board.

3 Responsibilities of the Board

3.1 The Board is responsible for setting the strategic direction and establishing the policies of the Group. It is responsible for overseeing the financial position, and for monitoring the business and affairs on behalf of the shareholders, by whom the Directors are elected and to whom they are accountable. The Board also addresses issues relating to internal controls and approaches to risk management.

3.2 To assist the Board carry out its functions, it has developed a Code of Conduct to guide the Directors, the Managing Director and other senior executives in the performance of their roles. The Code of Conduct addresses the maintenance of the confidence in the Company's integrity, legal obligations and expectations of shareholders, responsibility and accountability of individuals for reporting and investigating reports of unethical behaviour.

4 Appointments to Other Boards

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

5 Ethical Standards

5.1 The Board acknowledges the need for continued maintenance of the highest standards of corporate governance practice and ethical conduct by all Directors and employees of the Group. A fundamental theme of the Group's code of ethics is that all business affairs are conducted legally, ethically and with the strict observance of the highest standards of integrity and propriety. The Directors and management have the responsibility to carry out their functions with a view to maximising financial performance of the Group. All Directors and employees are expected to act with the utmost of integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

6 Conflict of Interest

6.1 In accordance with the Corporations Act 2001 and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

7 Directors' Dealings in Company Securities

7.1 On 29 July 2009 the Board reviewed and re-adopted its Share Trading Policy. The Board periodically reminds Directors, senior executives and employees of the prohibition in the Corporations Act 2001 concerning trading in the Company's securities when in possession of "inside information". The Board also periodically reminds Directors of their obligations to notify the Company Secretary of any trade in securities to ensure that ASX Listing Rule requirements are met.

8 Financial Reporting

8.1 The Chair and the Group Accountant have declared to the Board that the Company's Annual Reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

9 Audit Committee

9.1 There is no audit committee.

The company and its Board are of a relatively small size and board members are encouraged to consult regularly with the Company's external auditors, therefore the Company considers that no benefits would be gained by establishing a separate audit committee.

The role of the Audit Committee has been assumed by the full Board. The Board as the Audit Committee meets at least bi-annually (in respect of the full year and half year reports).

9.2 The Board has adopted an Audit Committee Charter which sets out the roles and responsibilities, composition, structure and membership requirements. The Board refers to the Audit Committee Charter to ensure they are meeting all the requirements otherwise delegated to an Audit Committee. A copy of the Audit Committee Charter is available on the Company's website.

10 Continuous Disclosure and Communication with Shareholders

10.1 The Chair is responsible, in consultation with the Board, for interpreting and monitoring the Company's compliance with the continuous disclosure requirements of the ASX whilst the Company Secretary is responsible for all communications with ASX. The Board has adopted a continuous disclosure policy to ensure that the Company complies with the disclosure requirements of the ASX Listing Rules, which is available on the Company's website. All Directors and senior employees have a general understanding of the continuous disclosure requirements under the ASX listing rules, particularly as they relate to identification of matters that may have a material effect on the price of the Company's securities and that would influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

10.2 Communication with shareholders is conducted through the following mechanisms:

- Announcements lodged with ASX
- Half Yearly and Preliminary Final Reports
- Annual Reports
- Annual General Meetings

Notices of meeting are specifically designed and distributed on a timely basis to encourage shareholder attendance and participation at general meetings.

10.3 The Company also posts corporate information in the investor section of its Company website at www.powerresources.com.au and encourages shareholders to visit the website. The Company's policy for shareholder communications is available on the Company's website.

11 Risk Management

11.1 The full Board is responsible for the oversight of risk management and internal control. Due to the current size and operations of the Consolidated Entity, a formal risk management committee is not considered to add any efficiency to the process of assessing and managing material business risk. The Board sets aside time at meetings to discuss any risk management issues and Directors are encouraged to give priority to such issues.

11.2 In developing its risk management policies, the Board has taken into consideration any legal obligations and the reasonable expectations of its stakeholders in relation to risk management. The Chair is accountable to the Board for effective risk management. The Board undertakes to review the management of material business risks at least annually. The objectives of the Company's risk management strategy are to:

- identify risks to the Company;
- balance risk to reward;
- ensure regulatory compliance is achieved; and
- ensure senior executives, the Board and investors understand the risk profile of the Company.

The Board monitors risk through various arrangements including:

- regular Board meetings;
- share price monitoring;
- market monitoring; and
- regular review of financial position and operations.

The Company's risk management strategy was formally reviewed by the Board on 29 July 2009 and was considered a sound strategy for addressing and managing risk. A copy of the strategy is available on the Company's website.

11.3 The Board has received assurance from the Chair that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

12 Performance Evaluation of the Board and its Members

12.1 The Board reviews its composition on an annual basis to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board will select appropriate candidates with relevant qualifications, skills and experience. External advisers may be used to assist in such a process. The Board will then appoint the most suitable candidate who must stand for election at the next general meeting of shareholders.

There is no separate remuneration committee.

Due to the small size and structure of the Board, a separate remuneration committee is not considered to add any efficiency to the process of determining the levels of remuneration for the Directors and senior executives. The Board considers that it is more appropriate to set aside time at Board meetings each year to specifically address matters that would ordinarily fall to a remuneration committee. All matters of remuneration will continue to be determined in accordance with Corporations Act requirements, especially in respect to related party transactions. That is, no Directors participate in any deliberations regarding his or her own remuneration or related issues.

The Board meets once a year to review its own performance. The Non-Executive Directors are responsible for regularly evaluating the Executive Director. This evaluation is based on specific criteria, including the Company's business performance, whether long-term strategic objectives are being achieved and the development of management and personnel. The evaluation is taken into account in determining the Executive Director's remuneration. A performance evaluation for the board, its committees and Directors, was in accordance with the process disclosed, took place on 29 July 2009.

13 Company's Remuneration Policies

13.1 Remuneration levels for executives are competitively set to attract the most qualified and experienced candidates, taking into account prevailing market conditions and individual's experience, qualifications and in accordance with thresholds set in plans approved by shareholders. Each of the Non-Executive Directors receives a fixed fee for their services as Directors. There is no direct link between remuneration paid to any of the Directors and corporate performance such as bonus payments for achievement of certain key performance indicators.

For a full discussion on the company's remuneration philosophy and framework and the remuneration received by Directors and executives in the current period please refer to the remuneration report, which is contained within the Directors' Report.

13.2 All Directors are Non-Executive Directors so there is no difference in remuneration structure.

There are no retirement benefits for Non-Executive Directors.

INTERESTS IN MINING TENEMENTS

Project	Tenement Number	Tenement Status	Holder	Power Resources Percentage Interest
Oobagooma	EL-04/1698	Application	Power Minerals Pty Ltd	100%
Oobagooma	EL-04/1672	Application	Power Minerals Pty Ltd	100%
Oobagooma	EL-04/1673	Application	Power Minerals Pty Ltd	100%
Oobagooma	EL-04/1674	Application	Power Minerals Pty Ltd	100%
Bangemall	EL-09/1053	Live	Aztec Resources Limited	100%
Frasers Creek	EL-09/1054	Live	Aztec Resources Limited	100%
Greenland	A-0484	Application	Power Minerals Pty Ltd	100%

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	Consolidated 2009	Consolidated 2008	Parent Entity 2009	Parent Entity 2008
		\$	\$	\$	\$
Revenue	2	69,766	82,197	69,766	82,197
Directors' fees and benefits expense	2	(113,000)	(61,832)	(113,000)	(61,832)
Share-based payments	2	-	(77,308)	-	(77,308)
Exploration expenditure write off	2	(955,717)	-	(323,070)	-
Impairment of investment	2	-	-	(208,000)	-
Other expenses	2	(263,618)	(109,180)	(263,618)	(109,180)
Loss before income tax benefit		(1,262,569)	(166,123)	(837,922)	(166,123)
Income tax benefit	3	-	-	-	-
Net Loss attributable to members of the Power Resources Limited		(1,262,569)	(166,123)	(837,922)	(166,123)
Basic loss per share (cents)	4	(4.24)	(0.88)		

The accompanying notes form part of these financial statements.

BALANCE SHEET
AS AT 30 JUNE 2009

	Note	Consolidated 2009	Consolidated 2008	Parent Entity 2009	Parent Entity 2008
		\$	\$	\$	\$
ASSETS					
Current Assets					
Cash and cash equivalents	5	1,185,991	1,820,022	1,185,991	1,820,022
Trade and other receivables	6	31,428	42,304	31,428	42,304
Total Current Assets		1,217,419	1,862,326	1,217,419	1,862,326
Non-Current Assets					
Trade and other receivables	6	-	-	517,152	198,071
Other financial assets	7	33,162	-	1,852,000	2,060,000
Property, plant and equipment	8	3,901	-	3,901	-
Exploration and evaluation expenditure	9	1,971,120	2,586,441	21,990	308,370
Total Non-Current Assets		2,008,183	2,586,441	2,395,043	2,566,441
Total Assets		3,225,602	4,448,767	3,612,462	4,428,767
LIABILITIES					
Current Liabilities					
Trade and other payables	10	66,228	193,362	46,228	173,362
Total Current Liabilities		66,228	193,362	46,228	173,362
Total Liabilities		66,228	193,362	46,228	173,362
Net Assets		3,159,374	4,255,405	3,566,234	4,255,405
EQUITY					
Issued capital	11	4,344,220	4,344,220	4,344,220	4,344,220
Reserves	12	243,846	77,308	226,059	77,308
Accumulated losses		(1,428,692)	(166,123)	(1,004,045)	(166,123)
Total Equity		3,159,374	4,255,405	3,566,234	4,255,405

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009**

Consolidated	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total \$
Balance at beginning of year	-	-	-	-
Securities issued during the year	4,580,001	-	-	4,580,001
Share issue expenses	(235,781)	-	-	(235,781)
Cost of share-based payments	-	-	77,308	77,308
Loss attributable to members of the parent entity	-	(166,123)	-	(166,123)
Balance at 30 June 2008	4,344,220	(166,123)	77,308	4,255,405
Loyalty options issued	-	-	148,751	148,751
Asset revaluation	-	-	17,787	17,787
Loss attributable to members of the parent entity	-	(1,262,569)	-	(1,262,569)
Balance at 30 June 2009	4,344,220	(1,428,692)	243,846	3,159,374

Parent	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total \$
Balance at beginning of year	-	-	-	-
Securities issued during the year	4,580,001	-	-	4,580,001
Share issue expenses	(235,781)	-	-	(235,781)
Cost of share-based payments	-	-	77,308	77,308
Loss attributable to members of the parent entity	-	(166,123)	-	(166,123)
Balance at 30 June 2008	4,344,220	(166,123)	77,308	4,255,405
Loyalty options issued	-	-	148,751	148,751
Loss attributable to members of the parent entity	-	(837,922)	-	(837,922)
Balance at 30 June 2009	4,344,220	(1,004,045)	226,059	3,566,234

The accompanying notes form part of these financial statements.

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	Consolidated 2009 \$ Inflows/ (Outflows)	Consolidated 2008 \$ Inflows/ (Outflows)	Parent Entity 2009 \$ Inflows/ (Outflows)	Parent Entity 2008 \$ Inflows/ (Outflows)
Cash flows from operating activities					
Payments to suppliers and employees		(363,650)	(196,812)	(372,850)	(179,412)
Interest received		75,917	72,075	75,917	72,075
Interest paid		-	(1,245)	-	(1,245)
Net cash (used in) operating activities	5(i)	(287,733)	(125,982)	(296,933)	(108,582)
Cash flows from investing activities					
Payment for acquisition of subsidiaries	5(ii)	-	(60,000)	-	(60,000)
Payment for investments		(15,375)	-	-	-
Payment for property, plant and equipment		(4,717)	-	(4,717)	-
Exploration & evaluation expenditure		(474,957)	(338,216)	(162,051)	(157,545)
Net cash (used in) investing activities		(495,049)	(398,216)	(166,768)	(217,545)
Cash flows from financing activities					
Proceeds from issue of shares		-	2,580,001	-	2,580,001
Proceeds from issue of loyalty options		148,751	-	148,751	-
Payment of share issue costs		-	(235,781)	-	(235,781)
Loans to controlled entities		-	-	(319,081)	(198,071)
Net cash provided by financing activities		148,751	2,344,220	(170,330)	2,146,149
Net (decrease)/ increase in cash held		(634,031)	1,820,022	(634,031)	1,820,022
Cash at beginning of the financial year		1,820,022	-	1,820,022	-
Cash and cash equivalents at year end	5	1,185,991	1,820,022	1,185,991	1,820,022

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1. *Summary of Significant Accounting Policies*

(a) **Basis of Preparation**

The financial statements are general purpose financial statements which have been prepared in accordance with the measurement requirements of applicable Accounting Standards and other mandatory professional reporting requirements in Australia using the accrual basis of accounting, including the historical cost convention.

The financial statements are presented in Australian dollars. The Consolidated Entity is a listed public company incorporated in Australia and operating in Greenland, Africa and Australia.

The following is a summary of the significant accounting policies adopted by the Consolidated Entity in the preparation of the financial statements.

(b) **Adoption of new and revised standards**

In the year ended 30 June 2009, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

(c) **Statement of Compliance**

The financial report was authorised for issue on 30 September 2009.

The financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial information, comprising the financial statements and notes thereto, comply with International Financial Reporting Standards.

(d) **Basis of consolidation**

The consolidated financial statements comprise the financial statements of Power Resources Limited and its subsidiaries as at 30 June each year (together referred to as the "Consolidated entity").

The financial statements of the subsidiaries are prepared for the same reporting year as the Consolidated Entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and loss resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity and cease to be consolidated from the date on which control is transferred out of the Consolidated Entity. Control exists where the Consolidated Entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of the subsidiaries for the year from their acquisition.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Company and are presented separately in the income statement and within equity in the consolidated balance sheet.

NOTES TO THE FINANCIAL STATEMENTS *Continued* FOR THE YEAR ENDED 30 JUNE 2009

1. *Summary of Significant Accounting Policies (Continued)*

(e) **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

(f) **Cash and cash equivalents**

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purposes of the Cash Flow Statement, cash includes cash on hand and deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net outstanding bank overdrafts.

(g) **Income Tax**

Current tax assets and liabilities for the current year 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:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference 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 credits and unused tax losses can be utilised, except:

- when 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; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probably that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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

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

NOTES TO THE FINANCIAL STATEMENTS *Continued* FOR THE YEAR ENDED 30 JUNE 2009

1. *Summary of Significant Accounting Policies (Continued)*

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 profit or loss.

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

(h) Goods and services tax (“GST”)

Revenues, expenses and assets are recognised net of the amount of GST except where the amount of GST incurred is not recoverable from the Australian Taxation Office (“ATO”). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to the ATO are classified as operating cash flows.

(i) Recoverable amount

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

Recoverable amount is the greater of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset or cash generating unit. In estimating value in use, a pre-tax discount rate is used which reflects current market assessments of the time value of money and the risks specific to the asset.

(j) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is the published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

(k) Financial assets

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are classified as “financial assets at fair value through profit and loss” as they are acquired principally for the purpose of selling in the short term. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the year in which they arise.

NOTES TO THE FINANCIAL STATEMENTS Continued FOR THE YEAR ENDED 30 JUNE 2009

1. Summary of Significant Accounting Policies (Continued)

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the directors assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

(l) Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to each separate area of interest, for which rights of tenure are current, are capitalised in the year in which they are incurred and are carried at cost less accumulated impairment losses. The expenditure relating to that area of interest is carried forward as an asset in the Balance Sheet so long as the following conditions are satisfied:

- a. the rights to tenure of the area of interest are current; and
- b. at least one of the following conditions is also met:
 - the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
 - exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence, or otherwise, of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation expenditure is assessed for impairment when facts and circumstances suggest that their carrying amount exceeds their recoverable amount and where this is the case an impairment loss is recognised. Should a project or area of interest be abandoned, the expenditure will be written off in the year in which the decision is made. Where a decision is made to proceed with development, accumulated expenditure will be amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

(m) Impairment of assets

The Consolidated Entity 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 Consolidated Entity 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).

NOTES TO THE FINANCIAL STATEMENTS Continued FOR THE YEAR ENDED 30 JUNE 2009

1. *Summary of Significant Accounting Policies (Continued)*

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

(n) Trade and other payables

Trade payables and other accounts payables are recognised when the Consolidated Entity becomes obliged to make future payments in respect of the purchase of these goods and services. Amounts are unsecured and are usually paid within 30 days of recognition.

(o) Share-based payment transactions

The fair value of shares and share options granted is recognised as an expense with a corresponding increase in equity. Fair value is measured at grant date and recognised over the period during which the grantees become unconditionally entitled to the shares or share options.

The fair value of share grants at grant date is determined by the share price at that time.

The fair value of share options at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, any vesting and performance criteria, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free rate for the term of the option.

Upon the exercise of the option, the balance of the share-based payments reserve relating to the option is transferred to share capital.

(p) Issued capital

Issued capital is recognised at the fair value of the consideration received by the Consolidated Entity.

Transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(q) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

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

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

NOTES TO THE FINANCIAL STATEMENTS Continued FOR THE YEAR ENDED 30 JUNE 2009

1. *Summary of Significant Accounting Policies (Continued)*

(r) **Significant Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Consolidated Entity.

Impairment

The Consolidated Entity assesses impairment at each reporting date by evaluating conditions specific to the Consolidated Entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of costs carried forward as exploration assets. The ultimate recoupment of value is dependent on the successful development and commercial exploitation or sale of the respective areas.

Share-based Payment Transactions

The Consolidated Entity measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date which they are granted. The fair value is determined by an external valuer using a Black and Scholes model, using the assumptions detailed in Note 17.

(s) **Property, plant and equipment**

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

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

Plant and equipment - over 5 to 10 years

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.

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

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

NOTES TO THE FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated 2009 \$	Consolidated 2008 \$	Parent Entity 2009 \$	Parent Entity 2008 \$
2. Revenue and Expenses				
(a) Revenue				
Interest received – other corporations	69,766	82,197	69,766	82,197
	69,766	82,197	69,766	82,197
(b) Expenses				
Directors' fees and benefits expense	113,000	61,832	113,000	61,832
Share-based payments	-	77,308	-	77,308
Exploration expenditure write off	955,717	-	323,070	-
Impairment of investment	-	-	208,000	-
Stock exchange and registry fees	38,304	4,563	38,304	4,563
Legal fees	2,589	846	2,589	846
Auditors' remuneration	28,477	23,325	28,477	23,325
Other	194,248	80,446	194,248	80,446
	1,332,335	248,320	907,688	248,320
3. Income Tax				
(a) Income Tax Benefit				
The prima facie income tax benefit on pre-tax accounting resulting from operations reconciles to the income tax benefit in the financial statements as follows:				
Accounting loss before tax from continuing operations	(1,262,569)	(166,123)	(837,922)	(166,123)
Income tax benefit calculated at 30%	(378,771)	(49,837)	(251,377)	(49,837)
Non-deductible expenses	1,262	23,446	1,262	23,446
Unused tax losses and tax offset not recognised as deferred tax assets	207,987	810,909	116,876	127,487
Other deferred tax assets and tax liabilities not recognised	169,573	(784,518)	133,290	(101,096)
Under provision for income tax benefit	(51)		(51)	
Income tax benefit reported in the income statement	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated 2009 \$	Consolidated 2008 \$	Parent Entity 2009 \$	Parent Entity 2008 \$
3. Income Tax (Continued)				
(b) Unrecognised Deferred Tax Balances				
The following deferred tax assets and (liabilities) have not been brought to account:				
Deferred tax assets comprise:				
Losses available for offset against future taxable income – revenue	1,018,896	810,909	244,363	127,487
Impairment of investments in subsidiary	-	-	62,400	-
Depreciation timing differences	1,141	1,061	1,141	1,061
Share issue expenses	42,390	56,587	42,390	56,587
Accrued expenses and liabilities	4,785	4,500	4,785	4,500
	1,067,212	873,057	355,079	189,635
Deferred tax liabilities comprise:				
Exploration expenditure capitalised	591,336	775,932	6,597	92,511
Accrued interest	1,191	-	1,191	-
	592,527	775,932	7,788	92,511
(c) Income tax benefit not recognised directly in equity				
Deferred tax:				
Share issue costs	70,734	70,734	70,734	70,734
	70,734	70,734	70,734	70,734

	Consolidated 2009 \$	Consolidated 2008 \$
4. Loss per Share (EPS)		
Basic loss per share (cents)	(4.24)	(0.88)
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:		
Earnings – Net loss for year	(1,262,569)	(166,123)
Weighted average number of ordinary shares used in the calculation of basic EPS	29,750,001	18,872,604

Diluted earnings per share has not been calculated as there were no options on issue which would be potential ordinary shares having a dilutive effect.

**NOTES TO THE FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2009**

	Consolidated 2009 \$	Consolidated 2008 \$	Parent Entity 2008 \$	Parent Entity 2008 \$
5. Cash and Cash Equivalents				
Cash at bank	1,185,991	1,820,022	1,185,991	1,820,022
Cash at bank earns interest at floating rates based on daily bank deposit rates.				
(i) Reconciliation of loss for the year to net cash flows used in operating activities:				
Loss for the year	(1,262,569)	(166,123)	(837,922)	(166,123)
Non cash items				
Depreciation	816	-	816	-
Exploration expenditure write off	955,717	-	323,070	-
Investment write off	-	-	208,000	
Share-based payments	-	77,308	-	77,308
Changes in assets and liabilities				
Receivables	10,877	(42,304)	10,877	(42,304)
Payables	7,426	5,137	(1,774)	22,537
Net cash flows (used in) operating activities	(287,733)	(125,982)	(296,933)	(108,582)

There were no non-cash financing or investing activities during the year.

(ii) Acquisition of subsidiaries

On 26 October 2007, Power Resources Limited acquired 100% of the voting shares of Power Minerals Pty Ltd as follows:

	2008 \$
The purchase price was allocated as follows:	
Cash consideration	60,000
Issue of 10,000,000 at \$0.20 per share	2,000,000
	<u>2,060,000</u>

Assets and liabilities acquired at acquisition date:

Exploration and evaluation expenditure	2,080,000
Liabilities	(20,000)
	<u>2,060,000</u>

NOTES TO THE FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated 2009 \$	Consolidated 2008 \$	Parent Entity 2008 \$	Parent Entity 2008 \$
6. Trade and other receivables				
Current				
Prepayments	14,907	13,426	14,907	13,426
GST Receivable	12,550	18,756	12,550	18,756
Accrued Interest	3,971	10,122	3,971	10,122
	31,428	42,304	31,428	42,304
Non-Current				
Unsecured loans to controlled entities				
Power Minerals Pty Ltd	-	-	517,152	198,071
	-	-	517,152	198,071

Loans to controlled entities are unsecured and interest free. Refer Note 19(d).

The ultimate recoupment of the unsecured loan to Power Minerals Pty Ltd is dependent on the successful development and commercial exploitation and/or sale of the relevant areas of interest of exploration being undertaken by that company.

7. Other financial assets

Non-Current				
Shares in controlled entities – at cost	-	-	1,852,000	2,060,000
Shares in listed entities – at fair value	33,162	-	-	-
	33,162	-	1,852,000	2,060,000
Reconciliation – Non Current				
At 1 July 2008	-	-	2,060,000	2,060,000
Additions	15,375	-	-	-
Revaluation	17,787	-	-	-
Impairment	-	-	(208,000)	-
	33,162	-	1,852,000	2,060,000
At 30 June 2009	33,162	-	1,852,000	2,060,000

For details on controlled entities refer Note 16. An impairment on the value of the investments in subsidiaries has been recognised as the subsidiaries didn't have the right to tenure on the tenements where exploration expenditure was capitalised.

NOTES TO THE FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated	Consolidated	Parent	Parent
	2009	2008	Entity	Entity
	\$	\$	2008	2008
			\$	\$
8. Property, plant and equipment				
Plant and equipment – at cost	4,717	-	4,717	-
Accumulated depreciation	(816)	-	(816)	-
Total written down amount	<u>3,901</u>	-	<u>3,901</u>	-
Reconciliation				
At 1 July, net of accumulated depreciation	-	-	-	-
Additions	4,717	-	4,717	-
Depreciation charge for year	(816)	-	(816)	-
At 30 June, net of accumulated depreciation	<u>3,901</u>	-	<u>3,901</u>	-

9. Deferred exploration expenditure

Costs carried forward in respect of areas of interest in the exploration and evaluation phase:

Exploration and evaluation phase				
Balance at beginning of year	2,586,441	-	308,370	-
Exploration and evaluation expenditure in respect of areas of interest acquired upon acquisition of controlled entities	-	2,080,000	-	-
Expenditure incurred during year	340,396	506,441	36,690	308,370
Expenditure written off during the year	(955,717)	-	(323,070)	-
Balance at end of year	<u>1,971,120</u>	2,586,441	<u>21,990</u>	308,370

Included in the above expenditure written off is the following expenditure incurred in respect of the following regions where the Consolidated Entity is yet to obtain rights to tenure:

Africa	306,291	-	306,291	-
United States of America	15,112	-	15,112	-
South East Asia	1,667	-	1,667	-
	<u>323,070</u>	-	<u>323,070</u>	-

The ultimate recoupment of the exploration and evaluation expenditure carried forward is dependent on the successful development and commercial exploitation and/or sale of the relevant areas of interest, at amounts at least equal to book value.

**NOTES TO THE FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2009**

	Consolidated 2009 \$	Consolidated 2008 \$	Parent Entity 2009 \$	Parent Entity 2008 \$
10. Trade and Other Payables				
Current				
Trade payables and accruals				
Other corporations	66,228	193,362	46,228	173,362
	<u>66,228</u>	<u>193,362</u>	<u>46,228</u>	<u>173,362</u>

Trade creditors are non-interest bearing and are normally settled on 30 day terms.

11. Issued Capital

(a) Issued and paid up capital

Ordinary shares fully paid	<u>4,344,220</u>	4,344,220	<u>4,344,220</u>	4,344,220
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	2009		2008	
	Number	\$	Number	\$
(b) Movement in ordinary shares on issue				
Balance at beginning of year	29,750,001	4,344,220	-	-
Shares issued for cash	-	-	19,750,001	2,580,001
Issued pursuant to business combination with Power Minerals Pty Ltd on 26 October 2007	-	-	10,000,000	2,000,000
Transaction costs relating to share issues		-	-	(235,781)
Balance at end of period	<u>29,750,001</u>	<u>4,344,220</u>	<u>29,750,001</u>	<u>4,344,220</u>

(c) Share Options

At the end of the year, the following options over unissued ordinary shares were outstanding:

- 3,000,000 options expiring 31 October 2011 at an exercise price of 20 cents each.
- 14,875,001 options expiring 31 October 2011 at an exercise price of 20 cents each. These loyalty options were issued on 22 August 2008.

In addition to the standard terms of these options, the options issued to directors (1,500,000 options) are subject to the additional term that such options may be cancelled at the discretion of the Board if that director resigns his position voluntarily within two years of appointment.

(d) 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 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.

NOTES TO THE FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated	Consolidated	Parent	Parent
	2009	2008	Entity	Entity
	\$	\$	2009	2008
			\$	\$
12. Reserves				
Share-based payments reserve – Note 12(a)	77,308	77,308	77,308	77,308
Loyalty options reserve – Note 12(b)	148,751	-	148,751	-
Asset revaluation reserve – Note 12(c)	17,787	-	-	-
	243,846	77,308	226,059	77,308

(a) Share-based payments reserve

(i) Nature and purpose of reserve

The share-based payments reserve is used to recognise the fair value of options issued as part of remuneration of directors, employees and consultants.

(ii) Movements in reserve

Balance at beginning of year	77,308	-	77,308	-
Share-based payments	-	77,308	-	77,308
Balance at end of year	77,308	77,308	77,308	77,308

(b) Loyalty options reserve

(i) Nature and purpose of reserve

The loyalty options reserve is used to recognise the fair value of options issued as part of the non-renounceable rights issue.

(ii) Movements in reserve

Balance at beginning of year	-	-	-	-
Loyalty options issued	148,751	-	148,751	-
Balance at end of year	148,751	-	148,751	-

(c) Asset revaluation reserve

(i) Nature and purpose of reserve

The asset revaluation reserve is used to recognise the fair value of financial assets

(ii) Movements in reserve

Balance at beginning of year	-	-	-	-
Revaluation of investments	17,787	-	-	-
Balance at end of year	17,787	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2009**

	Consolidated	Consolidated	Parent	Parent
	2009	2008	Entity	Entity
	\$	\$	2009	2008
			\$	\$

13. Commitments

Exploration Commitments

The Consolidated Entity has certain obligations to perform minimum exploration work and to expend minimum amounts of money on such work on mining tenements. These obligations may be varied from time to time subject to approval and are expected to be fulfilled in the normal course of the operations of the Consolidated Entity. These commitments have not been provided for in the financial statements. Due to the nature of the Consolidated Entity's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature and amount of future expenditure beyond the next year. Expenditure may be reduced by seeking exemption from individual commitments, by relinquishment of tenure or any new joint venture arrangements. Expenditure may be increased when new tenements are granted or joint venture agreements amended. The minimum expenditure commitment on the tenements is:

Within one year	<u>12,000</u>	250,000	<u>12,000</u>	250,000
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14. Contingent Liabilities

It is possible that native title, as defined in the Native Title Act 1993, might exist over land in which the Consolidated Entity has an interest. It is impossible at this stage to quantify the impact (if any) that the existence of native title may have on the operations of the Consolidated Entity. However, at the date of this report, the Directors are aware that applications for native title claims have been accepted by the Native Title Tribunal over tenements held by the Consolidated Entity.

15. Auditors' Remuneration

Amounts, received or due and receivable by auditors for:

- an audit or review services	22,200	15,000	22,200	15,000
- other services	6,277	8,325	6,277	8,325
	<u>28,477</u>	23,325	<u>28,477</u>	23,325

16. Investment in Controlled Entities

(a) Controlled Entities

	Ordinary Shares Percentage Owned	
	2009	2008
	%	%
Power Minerals Pty Ltd	100	100

(b) Acquisition of Controlled Entities

There were no acquisitions of controlled entities during the year.

**NOTES TO THE FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2009**

17. Director and Executive Disclosures

(a) Details of Key Management Personnel

Directors in office during the financial year were:

Executive Chairman

V Hyde (Appointed 18 May 2007)

Non Executive Directors

C Lee (Appointed 4 June 2007)

W Dunne (Appointed 18 May 2007)

(b) Compensation of Key Management Personnel

(i) Compensation Policy

The remuneration policy of Power Resources Limited as it applies to key management personnel is disclosed in the Remuneration Report contained in the Directors' Report.

(ii) Compensation of Key Management Personnel

Directors	Year	Primary		Post Employment	Share- based	Other	Total
		Salary and fees \$	Cash Bonus \$	Superannuation \$	Options \$		
V Hyde	2009	80,000	-	-	-	-	80,000
C Lee	2009	22,500	-	-	-	-	22,500
W Dunne	2009	22,500	-	-	-	-	22,500

Directors	Period	Primary		Post Employment	Share- based	Other	Total
		Salary and fees \$	Cash Bonus \$	Superannuation \$	Options \$		
V Hyde	2008	40,000	-	-	51,538	-	91,538
C Lee	2008	10,879	-	-	12,885	-	23,764
W Dunne	2008	10,953	-	-	12,885	-	23,838

(iii) Compensation by category:

Key Management Personnel

	Consolidated 2009 \$	Consolidated 2008 \$	Parent Entity 2009 \$	Parent Entity 2008 \$
Short-Term	125,000	61,832	125,000	61,832
Share-based Payment	-	77,308	-	77,308
	125,000	139,140	125,000	139,140

**NOTES TO THE FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2009**

17. Director and Executive Disclosures (Continued)

**(c) Option holdings of
Key Management Personnel**

2009	Opening Balance	Granted as Remuneration	Options Exercised	Net Change Other	Closing Balance
Directors					
V Hyde	1,000,000	-	-	-	1,000,000
C Lee	250,000	-	-	-	250,000
W Dunne	250,000	-	-	50,000	300,000

2008	Opening Balance	Granted as Remuneration	Options Exercised	Net Change Other	Closing Balance
Directors					
V Hyde	-	1,000,000	-	-	1,000,000
C Lee	-	250,000	-	-	250,000
W Dunne	-	250,000	-	-	250,000

**(d) Shareholdings of Key
Management Personnel**

2009	Opening Balance	Seed Capital	Options Exercised	Net Change Other	Closing Balance
V Hyde	400,000	-	-	-	400,000
C Lee	150,000	-	-	-	150,000
W Dunne	200,000	-	-	-	200,000

2008	Opening Balance	Seed Capital	Options Exercised	Net Change Other	Closing Balance
V Hyde	-	400,000	-	-	400,000
C Lee	-	150,000	-	-	150,000
W Dunne	-	200,000	-	-	200,000

All equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those the Consolidated Entity would have adopted if dealing at arm's length.

(e) Loans with Key Management Personnel

There were no loans to key management personnel or their related entities during the financial year.

NOTES TO THE FINANCIAL STATEMENTS *Continued* FOR THE YEAR ENDED 30 JUNE 2009

18. *Share Based Payments*

The following share-based payment arrangements existed at 30 June 2009:

- On 9 November 2007, 1,500,000 share options were issued to directors to take up ordinary shares at an exercise price of 20 cents each. The options expire on 31 October 2011. All options have vested and are exercisable.

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

The Black and Scholes Option Pricing Model was used to value the options issued as share-based payments. The following factors and assumptions were used in determining the fair value of options on grant date:

Expiry Date	Fair Value per Option	Exercise Price	Estimated Volatility	Risk Free Interest Rate	Underlying Share Price
31 October 2011	\$0.026	\$0.20	64.26%	6.54%	\$0.10

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

The weighted average exercise price of share based payment options that were outstanding as at 30 June 2009 was \$0.20.

The weighted average remaining contractual life of share based payment options that were outstanding as at 30 June 2009 was 2.33 years.

19. *Related Party Transactions*

(a) **Parent entity**

The ultimate parent entity within the Consolidated Entity is Power Resources Limited.

(b) **Subsidiaries**

Interests in subsidiaries are set out in Note 16.

(c) **Key management personnel**

Disclosures relating to key management personnel are set out in Note 17.

NOTES TO THE FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2009

18. Share Based Payments (Continued)

(d) Loans to related parties

	Parent Entity 2009 \$	Parent Entity 2008 \$
<i>Loans to subsidiary</i>		
Balance at beginning of year	198,071	-
Loans advanced	319,081	198,071
	<hr/>	<hr/>
Balance at end of year	517,152	198,071

Power Resources Limited has provided unsecured, interest free loans to its wholly owned subsidiary, Power Minerals Pty Ltd. An impairment assessment is undertaken each financial year by examining the financial position of the subsidiary and the market in which the subsidiary operates to determine whether there is objective evidence that the subsidiary is impaired. When such objective evidence exists, the Company recognises an allowance for the impairment loss.

(e) Other transactions

There were no other related party transactions during the year.

20. Financial Reporting by Segments

During the financial year, the Consolidated Entity operated principally in one business segment (for primary reporting) being mineral exploration, and five geographical segments (for secondary reporting) being Australia, Greenland, Africa, US and South East Asia.

	Segment Revenues	Segment Loss	Segment Assets	Acquisitions of Non-Current Segment Assets
	2009 \$	2009 \$	2009 \$	2009 \$
Australia	69,766	(306,850)	3,225,602	260,372
Greenland	-	(632,649)	-	100,116
Africa	-	(306,291)	-	-
US	-	(15,112)	-	-
South East Asia	-	(1,667)	-	-
	<hr/> 69,766	<hr/> (1,262,569)	<hr/> 3,225,602	<hr/> 360,488
Total assets			<hr/> 3,225,602	

NOTES TO THE FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2009

20. Financial Reporting by Segments (Continued)

	Segment Revenues	Segment Loss	Segment Assets	Acquisitions of Non-Current Segment Assets
	2008	2008	2008	2008
	\$	\$	\$	\$
Australia	82,197	(166,123)	4,147,275	2,284,949
Greenland	-	-	179,085	179,085
Africa	-	-	122,407	122,407
	82,197	(166,123)		2,586,441
Total assets			4,448,767	

21. Financial Risk Management

Overview

The Consolidated Entity and parent entity have exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Consolidated Entity's and parent entity's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Consolidated Entity through regular reviews of the risks.

Credit risk

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Consolidated Entity's investment securities. For the Parent Entity it also arises from receivables due from subsidiaries.

Trade and other receivables

As the Consolidated Entity operates in the mining explorer sector, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

Exposure to credit risk

The carrying amount of the Consolidated Entity's financial assets represents the maximum credit exposure. The Consolidated Entity's maximum exposure to credit risk at the reporting date was:

	Consolidated 2009	Consolidated 2008	Parent Entity 2009	Parent Entity 2008
	\$	\$	\$	\$
Financial assets at fair value through loss				
Cash	1,185,991	1,820,022	1,185,991	1,820,022
Receivables – other	31,428	42,304	31,428	42,304

NOTES TO THE FINANCIAL STATEMENTS *Continued* FOR THE YEAR ENDED 30 JUNE 2009

21. *Financial Risk Management (Continued)*

Liquidity risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation.

The Consolidated Entity manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

Typically the Consolidated Entity ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Consolidated Entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

Interest rate risk sensitivity analysis

The sensitivity analyses below have been determined based on those assets and liabilities with an exposure to interest rate risk at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's:

- Net loss would reduce by \$5,930 and increase by \$5,930, respectively. Equity would increase by \$5,930 and reduce by \$5,930 respectively. This is attributable to the Group's exposure to interest rates on its cash and cash equivalents balances.

NOTES TO THE FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2009

21. Financial Risk Management (Continued)

The following table details the Consolidated Entity's exposure to interest rate risk as at the reporting date:

Consolidated 2009

Financial Instrument	Floating interest rate	Fixed interest rate maturing in:				Total	Weighted average effective interest rate
		1 year or less	Over 1 to 5 years	More than 5 years	Non-interest Bearing		
Financial Assets							
Cash	185,991	1,000,000	-	-	-	1,185,991	3.4%
Receivables – other	-	-	-	-	31,428	31,428	-
Total financial assets	185,991	1,000,000	-	-	31,428	1,217,419	
Financial Liabilities							
Trade payables and accruals	-	-	-	-	66,228	66,228	-
Total financial liabilities	-	-	-	-	66,228	66,228	

Consolidated 2008

Financial Instrument	Floating interest rate	Fixed interest rate maturing in:				Total	Weighted average effective interest rate
		1 year or less	Over 1 to 5 years	More than 5 years	Non-interest Bearing		
Financial Assets							
Cash	1,820,022	-	-	-	-	1,820,022	6.4%
Receivables – other	-	-	-	-	42,304	42,304	-
Total financial assets	1,820,022	-	-	-	42,304	1,862,326	
Financial Liabilities							
Trade payables and accruals	-	-	-	-	193,362	193,362	-
Total financial liabilities	-	-	-	-	193,362	193,362	

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Consolidated Entity defines as net operating income divided by total shareholders' equity.

NOTES TO THE FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2009

21. Financial Risk Management (Continued)

	Consolidated	Consolidated	Parent	Parent
	2009	2008	Entity	Entity
	\$	\$	2009	2008
			\$	\$
Equity attributable to shareholders of the Company	3,159,374	4,255,405	3,566,234	4,255,405
Total assets	3,225,602	4,448,767	3,612,462	4,428,767
Equity ratio in %	98%	96%	99%	96%
Average equity				
Net loss	(1,262,569)	(166,123)	(837,922)	(166,123)
Return on equity in %	(40%)	(4%)	(23%)	(4%)

22. Events Subsequent to Year End

There are no matters or circumstances that have arisen since 30 June 2009 that have or may significantly affect the operations, results, or state of affairs of the Consolidated Entity in future financial years.

DIRECTORS' DECLARATION

1. In the opinion of the directors:
 - a) The financial statements and notes of the Consolidated Entity and of the Parent Entity are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the Consolidated Entity's and Parent Entity's financial position as at 30 June 2009 and of their performance for the year then ended; and
 - ii) complying with Accounting Standards and the Corporations Regulations 2001; and
 - b) 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.
2. 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 ended 30 June 2009.

This declaration is signed in accordance with a resolution of the Board of Directors.



Vincent Hyde
Executive Chairman

Perth, 30 September 2009

INDEPENDENT AUDITOR'S REPORT

**To the members of
Power Resources Limited**

Report on the Financial Report

We have audited the accompanying financial report of Power Resources Limited ("the company"), which comprises the balance sheet as at 30 June 2009, the income statement, statement of changes in equity, cash flow statement and notes to the financial statements for the year ended on that date, and the directors' declaration for both the company and the consolidated entity as set out on pages 23 to 49. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

In our opinion:

- (a) the financial report of Power Resources Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 12 to 14 of the directors' report for the year ended 30 June 2009. 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 Power Resources Limited for the year ended 30 June 2009 complies with section 300A of the Corporations Act 2001.



HLB MANN JUDD
Chartered Accountants



W M CLARK
Partner

Perth, Western Australia
30 September 2009

Auditor's Independence Declaration

As lead auditor for the audit of the financial report of Power Resources Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Power Resources Limited.



**Perth, Western Australia
30 September 2009**

**W M CLARK
Partner, HLB Mann Judd**

STOCK EXCHANGE INFORMATION

HOLDINGS AS AT 9 SEPTEMBER 2009

Number of Securities Held	FULLY PAID SHARES	LISTED OPTIONS 31 October 2011
	No. of Holders	No. of Holders
1 to 1,000	-	-
1,001 to 5,000	4	138
5,001 to 10,000	193	36
10,001 to 100,000	150	91
100,001 and over	44	25
Total Number of Holders	391	290
Number of holders of less than a marketable parcel	5	
Percentage of the 20 largest holders	60.93%	73.12

Substantial Shareholders

The Consolidated Entity has been notified of the following substantial shareholdings:

	Number
Colbern Nominees Pty Ltd	4,570,000
Burnell Inv Pty Ltd	3,000,000

Voting Rights

The Constitution of the Consolidated Entity makes the following provision for voting at general meetings:

On a show of hands, every ordinary shareholder present in person, or by proxy, attorney or representative has one vote. On a poll, every shareholder present in person, or by proxy, attorney or representative has one vote for any share held by the shareholder.

STOCK EXCHANGE INFORMATION (Continued)

HOLDINGS AS AT 9 SEPTEMBER 2009 (Continued)

20 Largest Holders of Securities as at 9 September 2009:

Fully Paid Ordinary Shares

		No.	%
1.	Colbern Nominees Pty Ltd	4,570,000	15.36
2.	Burnell Inv Pty Ltd	3,000,000	10.08
3.	Portobello Holdings Pty Ltd	1,000,000	3.36
4.	Number 7 Inv Pty Ltd	912,000	3.07
5.	Equit Nominees Pty Ltd	900,000	3.03
6.	Landlife Pty Ltd	887,500	2.98
7.	Johnstone Props Pty Ltd	800,000	2.69
8.	UBS Wealth Management Australia Nominees	785,000	2.64
9.	Number 7 Inv Pty Ltd	700,000	2.35
10.	Enthroned Pty Ltd	600,000	2.02
11.	Cangu Pty Ltd	550,000	1.85
12.	Sincere Liberty Finance	500,000	1.68
13.	FA & MA Ciccone Pty Ltd	499,500	1.68
14.	Hyde Vincent	400,001	1.34
15.	Brown Paul Gregory	400,000	1.34
16.	Brown Jessica Oriwia	400,000	1.34
17.	De Nicola Anthony	325,000	1.09
18.	BJS Robb Pty Ltd	300,000	1.01
19.	Zimbali Nominees Pty Ltd	300,000	1.01
20.	Coleman TP & Marciniak M	300,000	1.01
		18,129,001	60.93

Options 31 October 2011

		No.	%
1.	Johnstone Props Pty Ltd	2,446,750	14.94
2.	Colbern Nominees Pty Ltd	2,250,000	13.74
3.	Landlife Pty Ltd	1,113,750	6.80
4.	Number 7 Inv Pty Ltd	765,000	4.67
5.	Berrima Nominees Pty Ltd	721,750	4.41
6.	Maddison Pty Ltd	525,000	3.21
7.	Portobello Holdings Pty Ltd	500,000	3.05
8.	Cangu Pty Ltd	475,000	2.90
9.	Equit Nominees Pty Ltd	450,000	2.75
10.	Brick Inv Pty Ltd	415,000	2.53
11.	UBS Wealth Management Australia Nominees	392,500	2.40
12.	Enthroned Pty Ltd	300,000	1.83
13.	Johnstone Props Pty Ltd	258,750	1.58
14.	De Nicola Anthony	250,000	1.53
15.	FA & MA Ciccone Pty Ltd	210,000	1.28
16.	Hyde Vincent	200,001	1.22
17.	Brown Paul Gregory	200,000	1.22
18.	Brown Jessica Oriwia	200,000	1.22
19.	De Nicola Tanya Louise	150,000	0.92
20.	Tirol Inv Pty Ltd	150,000	0.92
		11,973,501	73.12

STOCK EXCHANGE INFORMATION (Continued)

Unlisted Options

Details of unlisted option holders are as follows:

Class of unlisted options	No of Options	No of Holders
a) Options exercisable at 20 cents each on or before 31 October 2011	3,000,000	5
Holdings of more than 20% of this class		
- Vincent Kenneth Hyde	1,000,000	
- Landlife Corporation Pty Ltd	1,000,000	

Restricted Securities

The Consolidated Entity has the following restricted securities on issue as at the date of this report:

- 375,000 ordinary fully paid shares held in escrow until 15 January 2010; and
- 1,500,000 options exercisable at 20 cents each on or before 31 October 2011 held in escrow until 15 January 2010.