

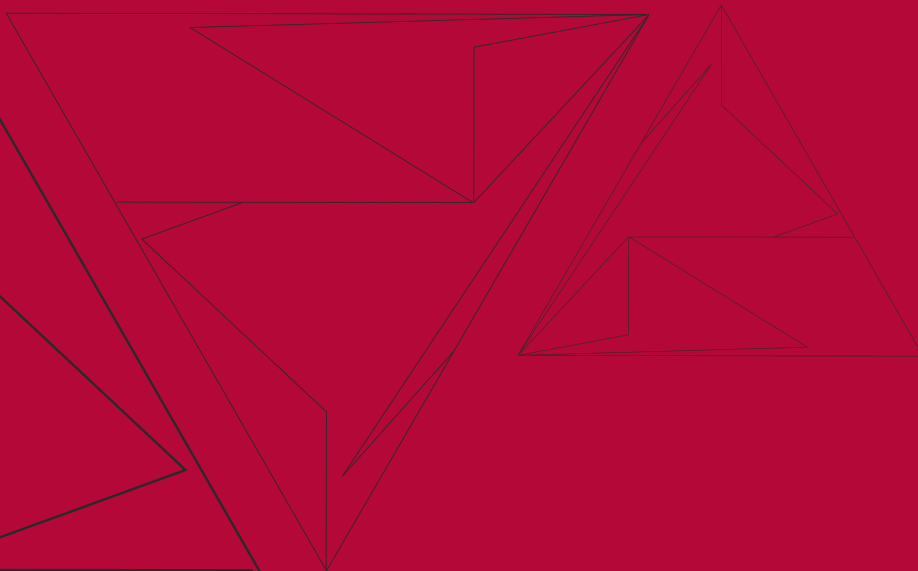
POWER

RESOURCES LIMITED

ABN 69 125 345 502

ANNUAL REPORT

30 JUNE 2008



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
Facsimile: (08) 9315 3299

SHARE REGISTRY

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233

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”) successfully listed on the Australian Stock Exchange (“ASX”) on the 19th February 2008 at a 20% premium to the 20 cent share issue price.

As was stated in the Power Prospectus, the Company completed a non-renounceable entitlements issue of Loyalty Options on the basis of one option for every two shares held, on the record date, 25 July 2008.

The price will be \$0.01 per Loyalty Option, and they will be quoted and tradable on the ASX and will have an exercise price of \$0.20 and an expiry date of 21 October 2011.

In line with stated objectives in the Prospectus, the Company has an active program in identifying mineral deposits around the world which have the potential to become mines. During the year the Company has accessed a number of overseas projects but as yet has not completed any acquisitions of mining projects.

During the year a rare earth exploration licence was granted in Greenland. Power carried out detailed data interpretation and completed a field survey on this Greenland tenement, and are presently awaiting assay results.

The Company considers the world metal demand and price outlook will continue to remain strong and is confident of being able to take advantage of this situation.

The recent change of government in Western Australia to the pro-uranium mining Liberal government has seen renewed interest in the Uranium sector and will provide numerous opportunities going forward. The Directors have received increased interest from third parties and are confident that shareholder wealth will be maintained and increased.

DIRECTORS REPORT

Your Directors present their report on the Consolidated Entity and its controlled entities for the period ended 30 June 2008.

DIRECTORS

The names of the Directors of the Consolidated Entity in office during the financial period 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 (Appointed 18 May 2007)	Executive Chairman	400,000	ordinary shares
Cecil Lee (Appointed 4 June 2007)	Non-Executive Director	1,000,000	options – 31 October 2011
Warren Dunne (Appointed 18 May 2007)	Non-Executive Director	150,000	ordinary shares
		250,000	options – 31 October 2011
		200,000	ordinary shares
		250,000	options – 31 October 2011

Directors were in office from the beginning of the financial period 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 present)
- 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 Power Resources Limited.. He is a practicing CA, CPA

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

Mr Dunne is a well experienced and successful Australian businessman with over 20 years experience in property management and development in various regions of Australia. In recent years he owned a consulting business specialising in financing and land development. Mr Dunne has numerous business associations with prominent business persons and has vast knowledge of company operations.

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 period 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 period and the results of those operations are contained within the Company Review.

Operating Results

Consolidated loss after income tax for the financial period was \$166,123.

DIRECTORS REPORT CONTINUED

Financial Position

At 30 June 2008, the Consolidated Entity had cash reserves of \$1,820,022.

Dividends

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Consolidated Entity during the financial period 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 period under review not otherwise disclosed in this report or in the financial report.

EVENTS SUBSEQUENT TO BALANCE DATE

There are no matters or circumstances that have arisen since 30 June 2008 that have or may significantly affect the operations, results, or state of affairs of the Consolidated Entity in future financial years, other than:

On 25 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.

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.

MEETINGS OF DIRECTORS

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

	Board of Directors	
	Held	Attended
V Hyde	1	1
C Lee	1	1
W Dunne	1	1

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 period ended 30 June 2008

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 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 period.

Refer to Note 16 for details of other compensation paid to Directors.

C. Employment contracts of directors and senior executives

The employment arrangements of the directors are not formalised in a contract of employment.

DIRECTORS AND AUDITORS INDEMNIFICATION

The Consolidated Entity has not, during or since the financial period, 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:

- 3,000,000 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 period 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.

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.

HLB Mann Judd received the following amounts for the provision of non-audit services:
Preparation of Investigating Accountant's Report - \$8,325.

AUDITOR'S DECLARATION OF INDEPENDENCE

The auditor's independence declaration for the period ended 30 June 2008 has been received and is included within the financial report.

Signed in accordance with a resolution of directors.



Vincent Hyde
Executive Chairman
Perth, 30 September 2008

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.

The Company acknowledges the requirement to report against the Revised Principles released 2 August 2007 in the annual report for the financial year ended 30 June 2009 and has elected not to make an early transition to the Revised Principles for the 2008 annual report

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

- Principle 1.** Lay solid foundations for management and oversight
- Principle 2.** Structure the board to add value
- Principle 3.** Promote ethical and responsible decision making
- Principle 4.** Safeguard integrity in financial reporting
- Principle 5.** Make timely and balanced disclosure
- Principle 6.** Respect the rights of shareholders
- Principle 7.** Recognise and manage risk
- Principle 8.** Encourage enhanced performance
- Principle 9.** Remunerate fairly and responsibly
- Principle 10.** Recognise the legitimate interests of stakeholders

The Board considers that the Consolidated Entity 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 Consolidated Entity'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 Consolidated Entity's size and resources it has available. As the Consolidated Entity'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.

During the financial period the Consolidated Entity has complied with each of the 10 Essential Corporate Governance Principles and the corresponding Best Practice Recommendations, other than in relation to the matters specified below:

Principle 2 Recommendation 2.4

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.

Principle 4 Recommendation 4.2, 4.3 and 4.4

There is no audit committee.

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

Principle 8 Recommendation 8.1

During the reporting period there was no performance evaluation of the Board, its committees and individual directors.

CORPORATE GOVERNANCE STATEMENT CONTINUED

The current Board has only been in place since May 2007 and did not conduct a performance evaluation during the reporting period. It is proposed to conduct a review during the current financial year.

Principle 9 Recommendation 9.2

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 key 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.

Structure of the Board

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.

In the context of director independence, 'materiality' is considered from both the Consolidate Entity 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 Consolidated Entity'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

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 Consolidated Entity's expense.

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

Appointments to Other Boards

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

Ethical Standards

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 Consolidated Entity.

Conflict of Interest

In accordance with the Corporations Act 2001 and the Consolidated Entity's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Consolidated Entity. 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.

Directors Dealings in Company Securities

The Constitution permits Directors to acquire securities in the Consolidated Entity. Company policy prohibits Directors from dealing in Consolidated Entity securities whilst in possession of price sensitive information. Directors must notify the Company Secretary once they have bought or sold shares in the Consolidated Entity or exercised options over ordinary shares. In accordance with the provisions of the Corporations Act 2001 and the Listing Rules of the Australian Stock Exchange, the Consolidated Entity on behalf of the Directors must advise the Australian Stock Exchange of any transactions conducted by them in shares and/or options in the Consolidated Entity.

Nomination Committee

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.

Audit Committee

The Consolidated Entity does not have an 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).

Performance Evaluation of the Board and its Members

During the financial period an evaluation of the Board and its members was not formally carried out. To date, there has been no formal process in place for performance evaluation. During the reporting period an evaluation of the Board was informally carried out by the Chairman.

Consolidated Entity's Remuneration Policies

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 and qualifications. 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 Consolidated Entity'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.

Existence and Terms of any Schemes for Retirement Benefits for Non-Executive Directors

There are no retirement benefits for non-executive directors.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Project	Tenement Number	Tenement Status	Holder	Power Resources Percentage Interest
Uaroo	EL-08/1635	Granted	Finelooop	100%
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%
Greenland	A0484	Application	Power Minerals Pty Ltd	100%

INCOME STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2008

	Note	Consolidated 2008 \$	Parent Entity 2008 \$
Revenue	2	82,197	82,197
Directors' fees and benefits expense		61,832	61,832
Share-based payments		77,308	77,308
Other expenses	2	<u>109,180</u>	<u>109,180</u>
Loss before income tax benefit		(166,123)	(166,123)
Income tax benefit	3	<u>-</u>	<u>-</u>
Net Loss attributable to members of the Power Resources Limited		<u>(166,123)</u>	<u>(166,123)</u>
Basic loss per share (cents)	4	(0.88)	

The accompanying notes form part of these financial statements.

BALANCE SHEET

AS AT 30 JUNE 2008

	Note	Consolidated 2008	Parent Entity 2008
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	5	1,820,022	1,820,022
Trade and other receivables	6	42,304	42,304
Total Current Assets		<u>1,862,326</u>	<u>1,862,326</u>
Non-Current Assets			
Trade and other receivables	6	-	198,071
Other financial assets	7	-	2,060,000
Exploration and evaluation expenditure	8	2,586,441	308,370
Total Non-Current Assets		<u>2,586,441</u>	<u>2,566,441</u>
Total Assets		<u>4,448,767</u>	<u>4,428,767</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	9	193,362	173,362
Total Current Liabilities		<u>193,362</u>	<u>173,362</u>
Total Liabilities		<u>193,362</u>	<u>173,362</u>
Net Assets		<u>4,255,405</u>	<u>4,255,405</u>
EQUITY			
Issued capital	10	4,344,220	4,344,220
Reserves	11	77,308	77,308
Accumulated losses		(166,123)	(166,123)
Total Equity		<u>4,255,405</u>	<u>4,255,405</u>

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2008

Consolidated	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total \$
Balance at beginning of period	-	-	-	-
Securities issued during the period	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

Parent	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total \$
Balance at beginning of period	-	-	-	-
Securities issued during the period	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

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2008

	Note	Consolidated 2008 \$ Inflows/ (Outflows)	Parent Entity 2008 \$ Inflows/ (Outflows)
Cash flows from operating activities			
Payments to suppliers and employees		(196,812)	(179,412)
Interest received		72,075	72,075
Interest paid		(1,245)	(1,245)
Net cash (used in) operating activities	5(i)	<u>(125,982)</u>	<u>(108,582)</u>
Cash flows from investing activities			
Payment for acquisition of subsidiaries		(60,000)	(60,000)
Exploration & evaluation expenditure		(338,216)	(157,545)
Net cash (used in) investing activities		<u>(398,216)</u>	<u>(217,545)</u>
Cash flows from financing activities			
Proceeds from issue of shares		2,580,001	2,580,001
Payment of share issue costs		(235,781)	(235,781)
Loans to controlled entities		-	(198,071)
Net cash provided by financing activities		<u>2,344,220</u>	<u>2,146,149</u>
Net increase (decrease) in cash held		1,820,022	1,820,022
Cash at beginning of the financial period		-	-
Cash and cash equivalents at period end	5	<u><u>1,820,022</u></u>	<u><u>1,820,022</u></u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2008

1. *Summary of Significant Accounting Policies*

(a) **Basis of Preparation**

The financial report is a general purpose financial report which has been prepared in accordance with the 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.

Power Resources Limited was incorporated on 18 May 2007 and as such there is no comparative information.

The financial report is 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 report.

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

In the period ended 30 June 2008, the Consolidated Entity has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2007. It has been determined by the Consolidated Entity 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 Consolidated Entity accounting policies.

(c) **Statement of Compliance**

The financial report complies 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 period 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 period 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.

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 period 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.

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 period in which they arise.

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 period 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:

- (i) the rights to tenure of the area of interest are current; and
- (ii) 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 period 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).

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 periods 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 period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE PERIOD ENDED 30 JUNE 2008

1. Summary of Significant Accounting Policies (Continued)

(r) Significant Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE PERIOD ENDED 30 JUNE 2008

	Consolidated	Parent
	2008	Entity
	\$	2008
		\$
2. Revenue and Expenses		
(a) Revenue		
Interest received – other corporations	82,197	82,197
Other	-	-
	<u>82,197</u>	<u>82,197</u>
(b) Expenses		
Stock exchange and registry fees	4,563	4,563
Legal fees	846	846
Audit fees	15,000	15,000
Other	227,911	227,911
	<u>248,320</u>	<u>248,320</u>
3. Income Tax		
(a) Income Tax Benefit		
The prima facie income tax expense on pre-tax accounting resulting from operations reconciles to the income benefit in the financial statements as follows:		
Accounting loss before tax from continuing operations	(166,123)	(166,123)
Income tax benefit calculated at 30%	(49,837)	(49,837)
Non-deductible expenses	23,446	23,446
Unused tax losses and tax offset not recognised as deferred tax assets	810,909	127,487
Other deferred tax assets and tax liabilities not recognised	(784,518)	(101,096)
Income tax benefit reported in the income statement	<u>-</u>	<u>-</u>
(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	810,909	127,487
Depreciation timing differences	1,061	1,061
Share issue expenses	56,587	56,587
Accrued expenses and liabilities	4,500	4,500
	<u>873,057</u>	<u>189,635</u>
Deferred tax liabilities comprise:		
Exploration expenditure capitalised	775,932	92,511
	<u>775,932</u>	<u>92,511</u>
(c) Income tax benefit not recognised directly in equity		
Deferred tax:		
Share issue costs	70,734	70,734
	<u>70,734</u>	<u>70,734</u>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE PERIOD ENDED 30 JUNE 2008

	Consolidated	Parent
	2008	Entity
	\$	2008
		\$
4. Loss per Share (EPS)		
Basic loss per share (cents)	<u>(0.88)</u>	
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 period	<u>(166,123)</u>	
	Number	
Weighted average number of ordinary shares used in the calculation of basic EPS	<u>18,872,604</u>	
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.		
5. Cash and Cash Equivalents		
Cash at bank	<u>1,820,022</u>	<u>1,820,022</u>
Cash at bank earns interest at floating rates based on daily bank deposit rates.		
(i) Reconciliation of loss for the period to net cash flows used in operating activities:		
Loss for the period	(166,123)	(166,123)
Non cash items		
Share-based payments	77,308	77,308
Changes in assets and liabilities		
Receivables	(42,304)	(42,304)
Payables	5,137	22,537
Net cash flows (used in) operating activities	<u>(125,982)</u>	<u>(108,582)</u>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE PERIOD ENDED 30 JUNE 2008

5. Cash and Cash Equivalents (Continued)

(ii) Acquisition of Subsidiaries

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

	2007
	\$
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>

The assets and liabilities arising from these acquisitions are recognised at fair value which are equal to their carrying value at acquisition date.

	Consolidated	Parent
	2008	Entity
	\$	2008
		\$
6. Trade and other receivables		
Current		
Prepayments	13,426	13,426
GST Receivable	18,756	18,756
Accrued Interest	10,122	10,122
	<u>42,304</u>	<u>42,304</u>
Non-Current		
Unsecured loans to controlled entities		
Power Minerals Pty Ltd	-	198,071
		<u>198,071</u>

Loans to controlled entities are unsecured and interest free. Refer Note 18(d).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE PERIOD ENDED 30 JUNE 2008

	Consolidated	Parent
	2008	Entity
	\$	2008
		\$
7. Other financial assets		
Non-Current		
Shares in controlled entities – at cost	-	2,060,000
	<u>-</u>	<u>2,060,000</u>
Reconciliation – Non Current		
At 26 October 2007, at fair value	-	2,060,000
Additions	-	-
Transfers	-	-
Disposals	-	-
	<u>-</u>	<u>-</u>
At 30 June 2008, at fair value	-	2,060,000
	<u>-</u>	<u>2,060,000</u>

For details on controlled entities refer Note 15.

	Consolidated	Parent
	2008	Entity
	\$	2008
		\$
8. 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 period	-	-
Exploration and evaluation expenditure in respect of areas of interest acquired upon acquisition of controlled entities	2,080,000	-
Expenditure incurred during period	506,441	308,370
	<u>2,586,441</u>	<u>308,370</u>
Balance at end of period	2,586,441	308,370

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.

9. Trade and Other Payables

Current		
Trade payables and accruals		
Other corporations	193,362	173,362
Director related entities	-	-
	<u>193,362</u>	<u>173,362</u>

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE PERIOD ENDED 30 JUNE 2008

	Consolidated		Parent	
	2008		Entity	
	\$		2008	
	\$		\$	
10. Issued Capital				
(a) Issued and paid up capital				
Ordinary shares fully paid			4,344,220	4,344,220
			<u>4,344,220</u>	<u>4,344,220</u>
	Consolidated		Parent Entity	
	2008	2008	2008	2008
	Number	\$	Number	\$
(b) Movement in ordinary shares on issue				
Balance at beginning of period				
Issued for cash on 18 May 2007	1	1	1	1
Issued for cash on 13 July 2007	5,000,000	5,000	5,000,000	5,000
Issued for cash on 13 August 2007	3,000,000	300,000	3,000,000	300,000
Issued pursuant to business combination with Power Minerals Pty Ltd on 26 October 2007	10,000,000	2,000,000	10,000,000	2,000,000
Issued for cash on 1 November 2007	750,000	75,000	750,000	75,000
Issued for cash on 15 February 2008	11,000,000	2,200,000	11,000,000	2,200,000
Transaction costs relating to share issues	-	(235,781)	-	(235,781)
	<u>29,750,001</u>	<u>4,344,220</u>	<u>29,750,001</u>	<u>4,344,220</u>
Balance at end of period	29,750,001	4,344,220	29,750,001	4,344,220

(c) Share Options

At the end of the period, 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.

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 Consolidated Entity, 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 Consolidated Entity.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE PERIOD ENDED 30 JUNE 2008

	Consolidated	Parent
	2008	Entity
	\$	2008
		\$
11. Reserves		
Share-based payments reserve – Note 11(a)	77,308	77,308
	<u>77,308</u>	<u>77,308</u>

(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 period	-	-
Share-based payments	77,308	77,308
	<u>77,308</u>	<u>77,308</u>
Balance at end of period	77,308	77,308

Consolidated	Parent
2008	Entity
\$	2008
	\$

12. 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 accounts. 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	250,000	250,000
	<u>250,000</u>	<u>250,000</u>

13. 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE PERIOD ENDED 30 JUNE 2008

14. Auditors' Remuneration

Amounts, received or due and receivable by auditors for:

- an audit or review services	15,000	15,000
- other services	8,325	8,325
	<u>23,325</u>	<u>23,325</u>

15. Investment in Controlled Entities

(a) Controlled Entities

Ordinary Shares Percentage Owned 2008
%
100

Power Minerals Pty Ltd

(b) Acquisition of Controlled Entities

Details on the acquisition of controlled entities is included in Note 5 (ii).

16. Director and Executive Disclosures

(a) **Details of Key Management Personnel**

Directors in office during the financial period 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	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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE PERIOD ENDED 30 JUNE 2008

16. Director and Executive Disclosures (Continued)

(iii) *Compensation by category: Key Management Personnel*

	Consolidated	Parent
	2008	Entity
	\$	2008
		\$
Short-Term	61,832	61,832
Share-based Payment	77,308	77,308
	<hr/>	<hr/>
	139,140	139,140
	<hr/>	<hr/>

(c) Option holdings of Key Management Personnel

	Granted as	Options	Net Change	Balance
	Remuneration	Exercised	Other	30/06/08
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

	Seed Capital	Options	Net Change	Balance
		Exercised	Other	30/06/08
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 period.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE PERIOD ENDED 30 JUNE 2008

17. Share Based Payments

The following share-based payment arrangements existed at 30 June 2008:

- 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 Consolidated Entity 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 2008 was \$0.20.

The weighted average remaining contractual life of share based payment options that were outstanding as at 30 June 2008 was 3.33 years.

The weighted average fair value of share based payment options granted during the period was \$0.026.

18. 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 15.

(c) Key management personnel

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE PERIOD ENDED 30 JUNE 2008

18. Related Party Transactions (Continued)

(d) Loans to related parties

	Parent Entity 2008 \$
<i>Loans to subsidiary</i>	
Balance at beginning of period	-
Loans advanced	198,071
Loan repayments received	-
	<hr/>
Balance at beginning of period	<u>198,071</u>

Power Resources Limited has provided unsecured, interest free loans to its wholly owned subsidiary. 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 Consolidated Entity recognises an allowance for the impairment loss.

(e) Other transactions

During the period, accounting fees of \$12,500 were paid to Kimberlee Abonnel, daughter of Vincent Hyde, on normal commercial terms and conditions.

19. Financial Reporting by Segments

During the financial period, the Consolidated Entity operated principally in one business segment (for primary reporting) being mineral exploration, and three geographical segments (for secondary reporting) being Australia, Greenland and Africa.

	Segment Revenues	Segment Assets	Acquisitions of Non-Current Segment Assets
	2008 \$	2008 \$	2008 \$
Australia	82,197	4,147,275	2,284,949
Greenland	-	179,085	179,085
Africa	-	122,407	122,407
	<hr/>		<hr/>
	82,197		2,586,441
		<hr/>	
Total assets		<u>4,448,767</u>	

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE PERIOD ENDED 30 JUNE 2008

20. 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 receivables from customers and 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	Parent
	2008	Entity
	\$	2008
		\$
Financial assets at fair value through loss		
Cash	1,820,022	1,820,022
Receivables – other	42,304	42,304

20. 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 period. 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 profit would increase by \$4,479 and decrease by \$4,479. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.
- Other equity reserves would increase by \$4,479 and decrease by \$4,479 mainly as a result of the changes in the fair value of available-for-sale fixed rate instruments.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE PERIOD ENDED 30 JUNE 2008

20. Financial Risk Management (Continued)

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

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	8%
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.

	Consolidated 2008 \$	Parent Entity 2008 \$
Equity attributable to shareholders of the Company	4,255,405	4,255,405
Total assets	4,448,767	4,428,767
Equity ratio in %	96%	96%
Average equity		
Net loss	(166,123)	(166,123)
Return on equity in %	(4%)	(4%)

21. Events Subsequent to Period End

There are no matters or circumstances that have arisen since 30 June 2008 that have or may significantly affect the operations, results, or state of affairs of the Consolidated Entity in future financial years, other than:

On 25 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.

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 2008 and of their performance for the period 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 period ended 30 June 2008.

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



Vincent Hyde
Executive Chairman

Perth, 30 September 2008

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 2008, 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 12 to 35. 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 2008 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 page 6 of the directors' report for the year ended 30 June 2008. 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 2008 complies with section 300A of the Corporations Act 2001.

HLB MANN JUDD

Chartered Accountants

**Perth, Western Australia
30 September 2008**

**W M CLARK
Partner**

Auditor's Independence Declaration

As lead auditor for the audit of the financial report of Power Resources Limited for the year ended 30 June 2008, 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 2008

W M CLARK
Partner, HLB Mann Judd

STOCK EXCHANGE INFORMATION

HOLDINGS AS AT 3 SEPTEMBER 2008

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	142
5,001 to 10,000	213	47
10,001 to 100,000	158	90
100,001 and over	41	24
Total Number of Holders	416	303
Number of holders of less than a marketable parcel	3	
Percentage of the 20 largest holders	61.92%	70.42

Substantial Shareholders

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

	Number
Colburn Nominees Pty Ltd	4,500,000
Sincere Liberty Finance	3,500,000
Number 7 Inv Pty Ltd	1,530,000

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 3 SEPTEMBER 2008 (Continued)

20 Largest Holders of Securities as at 3 September 2008:

Fully Paid Ordinary Shares

	No.	%
1. Colburn Nominees Pty Ltd	4,500,000	15.13
2. Sincerer Liberty Finance	3,500,000	11.76
3. Number 7 Inv Pty Ltd	1,530,000	5.14
4. Portobello Holdings Pty Ltd	1,000,000	3.36
5. Cangu Pty Ltd	950,000	3.19
6. Equit Nominees Pty Ltd	900,000	3.03
7. Johnstone Props Pty Ltd	800,000	2.69
8. UBS Wealth Management Australia Nominees	775,000	2.61
9. Enthroner Pty Ltd	600,000	2.02
10. De Nicola Anthony	500,000	1.68
11. FA & MA Ciccone Pty Ltd	420,000	1.41
12. Hyde Vincent	400,001	1.34
13. Brown Paul Gregory	400,000	1.34
14. Brown Jessica Oriwia	400,000	1.34
15. Brick Inv Pty Ltd	330,000	1.11
16. BJS Robb Pty Ltd	300,000	1.01
17. Zimbali Nominees Pty Ltd	300,000	1.01
18. De Nicola Tanya Louise	300,000	1.01
19. Landlife Pty Ltd	267,500	0.90
20. Western Res & Expl Pty Ltd	250,000	0.84
	18,422,501	61.92

Options 31 October 2011

	No.	%
1. Colburn Nominees Pty Ltd	2,250,000	15.13
2. Johnstone Props Pty Ltd	1,952,501	13.13
3. Berrima Nominees Pty Ltd	804,250	5.41
4. Number 7 Inv Pty Ltd	765,000	5.14
5. Portobello Holdings Pty Ltd	500,000	3.36
6. Cangu Pty Ltd	475,000	3.19
7. Equit Nominees Pty Ltd	450,000	3.03
8. Brick Inv Pty Ltd	415,000	2.79
9. UBS Wealth Management Australia Nominees	362,500	2.44
10. Maddison Pty Ltd	352,124	2.37
11. Enthroner Pty Ltd	300,000	2.02
12. Johnstone Props Pty Ltd	258,750	1.74
13. De Nicola Anthony	250,000	1.68
14. SMKI Pty Ltd	239,625	1.61
15. FA & MA Ciccone Pty Ltd	210,000	1.41
16. Hyde Vincent	200,001	1.34
17. Brown Paul Gregory	200,000	1.34
18. Brown Jessica Oriwia	200,000	1.34
19. De Nicola Tanya Louise	150,000	1.01
20. Premium Yields Pty Ltd	140,000	0.94
	10,474,751	70.42

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:

- 10,000,000 ordinary fully paid shares held in escrow until 8 December 2008;
- 375,000 ordinary fully paid shares held in escrow until 14 January 2009;
- 1,500,000 options exercisable at 20 cents each on or before 31 October 2011 held in escrow until 9 November 2008.
- 1,500,000 options exercisable at 20 cents each on or before 31 October 2011 held in escrow until 9 November 2009.

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