



ABN 69 125 345 502

ANNUAL REPORT

30 JUNE 2010

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CORPORATE DIRECTORY

DIRECTORS

Robert Collins (Non-Executive Chairman)
Michael Scivolo (Non-Executive Director)
Sol Majteles (Non-Executive Director)

SECRETARY

David Zukerman

REGISTERED OFFICE

Level 1
8 Parliament Place
West Perth WA 6005

PO Box 1618
West Perth WA 6872

PRINCIPAL OFFICE

Level 1
8 Parliament Place
West Perth WA 6005
Telephone: (08) 9481 7833
Facsimile: (08) 9481 7835

SHARE REGISTRY

Advanced Share Registry Limited
150 Stirling Highway
Nedlands WA 6009
Telephone: (08) 9389 8033
Facsimile: (08) 9389 7871

AUDITORS

HLB Mann Judd
Level 4
130 Stirling Street
Perth WA 6000

AUSTRALIAN SECURITIES EXCHANGE

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

DIRECTORS' REPORT

Your Directors present their report on the Consolidated Entity and its controlled entities for the year ended 30 June 2010.

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 Hyde (Resigned 20 October 2009)	Executive Chairman	N/A
Cecil Lee (Resigned 20 October 2009)	Non-Executive Director	N/A
Warren Dunne (Resigned 20 October 2009)	Non-Executive Director	N/A
Robert Collins (Appointed 20 October 2009)	Non-Executive Chairman	-
Michael Scivolo (Appointed 20 October 2009)	Non-Executive Director	-
Sol Majteles (Appointed 20 October 2009)	Non-Executive Director	-

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:

Robert Collins Chairman (Non-Executive) – Appointed 20 October 2009

Robert Collins has served on a number of ASX listed industrial and mining company boards and owned a large West Perth accounting practice serving the corporate sector. He is currently the Non-Executive Chairman of Prime Minerals Limited and Blaze International Limited and was appointed on 20 October 2009. During the past year he was not a member of any Board Committees. He has no interest in any shares or options of the Company at the date of this Report.

Michael Scivolo Director (Non-Executive) – Appointed 20 October 2009

Michael Scivolo is a Certified Practising Accountant with 35 years experience in accounting and taxation. He is a partner of Perth accounting firm Alessandrino Scivolo. He is currently a Director of Sabre Resources Limited (since 3 October 2006), Victory West Moly Limited (since 5 February 2007), Blaze International Limited and Prime Minerals Limited since 20 October 2009. During the past year he was not a member of any Board Committees. He has no interest in any shares or options of the Company at the date of this Report.

Sol Majteles Director (Non-executive) – Appointed 20 October 2009

Sol Majteles is a partner at leading Perth law firm Lavan Legal and has more than 35 years experience in financing, securities and commercial law. He has extensive experience in listed companies and currently serves on the board of Blaze International Limited and Prime Minerals Limited (since 20 October 2009) as well as being Chairman of Metals Australia Limited (a Director since 1987). He was also a Director of Equatorial Coal Limited from 24 December 2001 to 5 November 2009. During the past year he was not a member of any Board Committees. He has no interest in any shares or options of the Company at the date of this Report.

DIRECTORS' REPORT Continued

COMPANY SECRETARY

David Zukerman

Company Secretary – Appointed 20 October 2009

David Zukerman has an accounting and finance background. He has held a number of public company directorships in Australia and Asia during the past twenty five years. During the past seven years (since August 2003) he has served, and continues as a Director of Golden Deeps Limited, Metals Australia Limited and Sabre Resources Limited. He is also currently Company Secretary of Prime Minerals Limited and Blaze International Limited.

PRINCIPAL ACTIVITIES

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

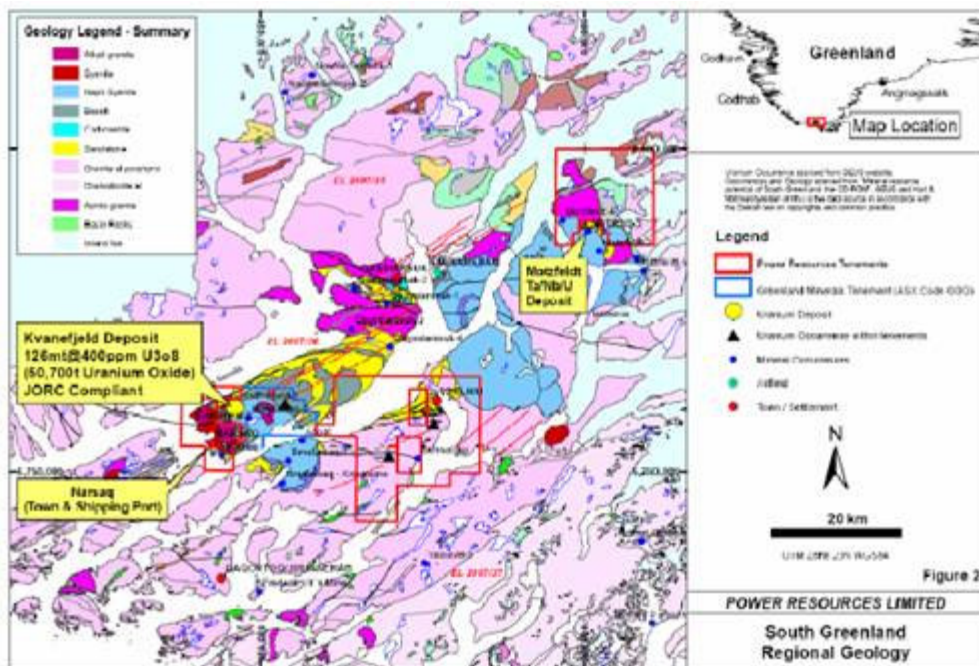
No significant change in the nature of these activities occurred during the financial year.

OPERATING AND FINANCIAL REVIEW

Review of Operations

Ketilidian Project , South West Greenland

The South West Greenland Project is about 20 km southeast and northeast of Narsaq Township in southern Greenland. Power Resources Limited has one tenement, 2008/02, in the south western tip of Greenland. The project is in close proximity to the Kvanefjeld multi element (Rare Earth Elements and Uranium) deposit held by Greenland Minerals and Energy Limited.



Power Resources Limited previously conducted field surveys and seismic evaluations on the project area and a review shows strong potential for similar styles of mineralisation to those found at Kvanefjeld.

DIRECTORS' REPORT Continued

Project Generation

The Company has initiated a programme of project generation examining various projects in Australia and overseas and looks forward to updating shareholders as the programme advances.

Competent Persons Declaration

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Timothy Putt of Exploration and Mining Information Systems, who is a member of The Australasian Institute of Geoscientists and the Society of Economic Geologists. Mr. Putt has sufficient experience that is relevant to the various styles of mineralisation and types of deposit under consideration, and to the activity that they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Timothy Putt consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Power Resources Limited's planned exploration programme and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential," "should," and similar expressions are forward-looking statements. Although Power Resources Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

Operating Results

Consolidated loss after income tax for the financial year was \$2,758,950 (2009: \$1,262,569).

Financial Position

At 30 June 2010, the Consolidated Entity had cash reserves of \$437,150 (2009: \$1,185,991).

During the financial year exploration expenditure written off totalled \$ 2,014,835. This was primarily due to the Oobagooma project (\$1,954,465) which the Company relinquished during the December 2009 quarter.

Dividends

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant changes in the Consolidated Entity's state of affairs occurred during the financial year, other than the following:

On 20 October 2009, the Board of Directors, Officers and Management of the Company changed and the registered principal office was relocated to West Perth, Western Australia.

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

There were no events subsequent to balance date requiring disclosure in this report.

DIRECTORS' REPORT Continued

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Consolidated Entity will continue to pursue its principal activity of exploration and evaluation. The Consolidated Entity will also continue to pursue other potential investment opportunities to enhance shareholder value.

CORPORATE ACTIVITIES

On 20 October 2009, all Directors on the Board were replaced with those Directors listed on page 2.

MEETINGS OF DIRECTORS

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

	Board of Directors	
	Held	Attended
Vincent Hyde	5	5
Cecil Lee	5	5
Warren Dunne	5	5
Robert Collins	7	7
Michael Scivolo	7	7
Sol Majteles	7	6

REMUNERATION REPORT

Currently the Company does not have any officers or senior executives other than the Directors.

Directors receive a fixed fee (plus statutory superannuation where appropriate) with Directors being remunerated for any professional service conducted for the Company. Directors did not receive any benefits in the form of share-based payments during the year under review.

There are no retirement schemes for any Directors or any loans or any other type of compensation.

Board policy on the remuneration for this exploration Company is influenced by comparing fees paid to directors in other companies within the exploration industry, and then set at a level to attract qualified people, to accept the responsibilities of directorship. No Director, executive or employee has an employment contract.

Being an exploration company, with no earnings, a relationship is yet to be established between an emolument policy and the Company's performance.

Remuneration Committee

During the year ended 30 June 2010, the Consolidated Entity did not have a separately established nomination or remuneration committee. Considering the size of the Consolidated Entity, the number of directors and the Consolidated Entity's early stages of its development, the Board is of the view that these functions could be efficiently performed with full Board participation.

DIRECTORS' REPORT Continued

Directors' Remuneration

The non-executive Directors are entitled to receive directors' fees of amounts as determined by the shareholders of the Company in general meeting. Pursuant to the Company's Constitution, the non-executive Directors of the Company are entitled to receive directors' fees in such amounts (as determined by the Directors) in aggregate not to exceed \$250,000, to be divided among non-executive Directors as the Directors may agree and in the absence of agreement then equally, until otherwise determined by shareholders in General Meeting. Non-executive Directors may also be remunerated for additional specialised services performed at the request of the Board and reimbursed for reasonable expenses incurred on Company business.

Details of Remuneration

Directors	Year	Primary		Post employment	Share-based	Other	Total
		Salary and fees \$	Cash bonus \$	Superannuation \$	options \$		
Vincent Hyde	2010	159,027	-	-	-	-	159,027
Cecil Lee	2010	7,500	-	-	-	-	7,500
Warren Dunne	2010	7,500	-	-	-	-	7,500
Robert Collins	2010	20,918	-	-	-	-	20,918
Michael Scivolo	2010	14,899	-	1,569	-	-	16,468
Sol Majteles	2010	14,899	-	1,569	-	-	16,468

Directors	Year	Primary		Post employment	Share-based	Other	Total
		Salary and fees \$	Cash bonus \$	Superannuation \$	options \$		
Vincent Hyde	2009	80,000	-	-	-	-	80,000
Cecil Lee	2009	22,500	-	-	-	-	22,500
Warren Dunne	2009	22,500	-	-	-	-	22,500

Option holdings of key management personnel

	Opening balance	Granted as remuneration	Options exercised	Net change other	Closing balance
2010					
Directors					
Vincent Hyde	1,000,000	-	-	(1,000,000)*	-
Cecil Lee	250,000	-	-	(250,000)*	-
Warren Dunne	300,000	-	-	(300,000)*	-
Robert Collins	-	-	-	-	-
Michael Scivolo	-	-	-	-	-
Sol Majteles	-	-	-	-	-
2009					
Directors					
Vincent Hyde	1,000,000	-	-	-	1,000,000
Cecil Lee	250,000	-	-	-	250,000
Warren Dunne	250,000	-	-	50,000	300,000

* - balance on resignation

DIRECTORS' REPORT Continued

DIRECTORS AND AUDITORS INDEMNIFICATION

During the financial year the Company paid premiums to insure the Directors against certain liabilities arising out of their conduct while acting as an officer of the Company. The Company paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. Under the terms and conditions of the insurance contract the premium paid cannot be disclosed. This insurance cover expired on 30 April 2010 and was not renewed.

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.

The Directors do not hold any interests in shares and/or options of the Company as at the date of this report. No options have been issued to Directors or shares issued as a result of exercise of an option up to the date of this report.

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.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

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	\$6,108
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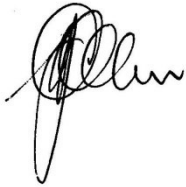
The Directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the integrity and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence 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 2010 is attached and forms part of this Directors' report.

Signed in accordance with a resolution of directors.

A handwritten signature in black ink, appearing to read 'R Collins', with a large loop at the end.

Robert Collins
Non-Executive Chairman
Perth, 29 September 2010

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 Corporate Governance Principles and Recommendations 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
Robert Collins	Non-Executive Chairman
Michael Scivolo	Non-Executive Director
Sol Majteles	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
Robert Collins	Since 20 October 2009
Michael Scivolo	Since 20 October 2009
Sol Majteles	Since 20 October 2009

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).

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 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. 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. 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 There is no difference in remuneration structure.

There are no retirement benefits for Non-Executive Directors.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Consolidated 2010	Consolidated 2009
		\$	\$
Revenue	2	23,818	69,766
Accounting and audit fees		(50,594)	(45,754)
Directors' fees and benefits expense		(230,278)	(113,000)
Exploration expenditure write off	9	(2,014,835)	(955,717)
Legal fees		(70,833)	(2,589)
Management fee		(215,224)	(65,387)
Occupancy costs		(105,181)	(34,660)
Promotions		(36,047)	(5,137)
Other expenses	2	(59,776)	(110,091)
Loss before income tax benefit		(2,758,950)	(1,262,569)
Income tax benefit	3	-	-
Net loss for the year		(2,758,950)	(1,262,569)
Other comprehensive income		-	-
Total comprehensive loss for the year		(2,758,950)	(1,262,569)
Basic loss per share (cents)	4	(9.27)	(4.24)

Diluted loss per share has not been disclosed as the entity does not have on issue any shares which are potentially dilutive.

The accompanying notes form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010**

	Note	Consolidated 2010	Consolidated 2009
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	5	437,150	1,185,991
Trade and other receivables	6	19,017	31,428
Total Current Assets		456,167	1,217,419
Non-Current Assets			
Other financial assets	7	15,074	33,162
Property, plant and equipment	8	2,385	3,901
Exploration and evaluation expenditure	9	5,465	1,971,120
Total Non-Current Assets		22,924	2,008,183
Total Assets		479,091	3,225,602
LIABILITIES			
Current Liabilities			
Trade and other payables	10	96,755	66,228
Total Current Liabilities		96,755	66,228
Total Liabilities		96,755	66,228
Net Assets		382,336	3,159,374
EQUITY			
Issued capital	11	4,344,220	4,344,220
Reserves	12	225,758	243,846
Accumulated losses		(4,187,642)	(1,428,692)
Total Equity		382,336	3,159,374

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010**

Consolidated	Issued Capital	Accumulated Losses	Reserves	Total
	\$	\$	\$	\$
Balance at beginning of year	4,344,220	(166,123)	77,308	4,255,405
Loyalty options issued	-	-	148,751	148,751
Asset revaluation	-	-	17,787	17,787
Total comprehensive result for the period	-	(1,262,569)	-	(1,262,569)
Balance at 30 June 2009	4,344,220	(1,428,692)	243,846	3,159,374
Asset revaluation	-	-	(18,088)	(18,088)
Total comprehensive result for the period	-	(2,758,950)	-	(2,758,950)
Balance at 30 June 2010	4,344,220	(4,187,642)	225,758	382,336

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Consolidated	Consolidated
		2010	2009
		\$	\$
		Inflows/ (Outflows)	Inflows/ (Outflows)
Cash flows from operating activities			
Payments to suppliers and employees		(708,697)	(363,650)
Interest received		27,231	75,917
		<hr/>	<hr/>
Net cash (used in) operating activities	5(i)	(681,466)	(287,733)
Cash flows from investing activities			
Payment for investments		-	(15,375)
Payment for property, plant and equipment		-	(4,717)
Exploration & evaluation expenditure		(67,372)	(474,957)
		<hr/>	<hr/>
Net cash (used in) investing activities		(67,372)	(495,049)
Cash flows from financing activities			
Proceeds from issue of loyalty options		-	148,751
		<hr/>	<hr/>
Net cash provided by/(used in) financing activities		-	148,751
Net (decrease)/ increase in cash held		(748,841)	(634,031)
Cash at beginning of the financial year		1,185,991	1,820,022
		<hr/>	<hr/>
Cash and cash equivalents at year end	5	437,150	1,185,991
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

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 requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law. The financial report has also been prepared on a historical cost basis.

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

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

Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2010, 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 the current annual reporting period.

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. During the year, certain accounting policies have changed as a result of new or revised accounting standards which became operative for the annual reporting period commencing on 1 July 2009.

The affected policies and standards are:

- Principles of consolidation – revised AASB 127 *Consolidated and Separate Financial Statements and changes made by AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity and Associate*
- Segment reporting – new AASB 8 *Operating Segments*
- Financial Instruments – revised AASB 7 *Financial Instruments: Disclosures*

The Consolidated Entity has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2010. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Consolidated Entity accounting policies.

(c) **Statement of compliance**

The financial report was authorised for issue on 29 September 2010.

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.

NOTES TO THE FINANCIAL STATEMENTS Continued FOR THE YEAR ENDED 30 JUNE 2010

1. Summary of significant accounting policies (Continued)

(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 statement of comprehensive income and within equity in the consolidated statement of financial position.

(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 Statement of Cash Flows, 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 date.

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

NOTES TO THE FINANCIAL STATEMENTS *Continued* FOR THE YEAR ENDED 30 JUNE 2010

1. *Summary of significant accounting policies (Continued)*

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 probable 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 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 date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Cash flows are included in the statement of cash flows 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.

NOTES TO THE FINANCIAL STATEMENTS *Continued* FOR THE YEAR ENDED 30 JUNE 2010

1. *Summary of significant accounting policies (Continued)*

(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**

Financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Consolidated Entity determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Consolidated Entity commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

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

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS *Continued*

FOR THE YEAR ENDED 30 JUNE 2010

1. *Summary of significant accounting policies (Continued)*

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Consolidated Entity has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables

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

(iv) Available-for-sale investments

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

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Consolidated Entity of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Consolidated Entity retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Consolidated Entity retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Consolidated Entity has transferred its rights to receive cash flows from the asset and either:
 - a) has transferred substantially all the risks and rewards of the asset, or
 - b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO THE FINANCIAL STATEMENTS *Continued* FOR THE YEAR ENDED 30 JUNE 2010

1. *Summary of significant accounting policies (Continued)*

When the Consolidated Entity has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Consolidated Entity's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Consolidated Entity could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Consolidated Entity's continuing involvement is the amount of the transferred asset that the Consolidated Entity may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Consolidated Entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Consolidated Entity assesses at each balance date whether a financial asset or Consolidated Entity of financial assets is impaired.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Consolidated Entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a Consolidated Entity of financial assets with similar credit risk characteristics and that Consolidated Entity of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

NOTES TO THE FINANCIAL STATEMENTS Continued

FOR THE YEAR ENDED 30 JUNE 2010

1. Summary of significant accounting policies (Continued)

(iii) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(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 statement of financial position 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 2010

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 2010

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.

(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 statement of comprehensive income in the period the item is derecognised.

(t) **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Power Resources Limited.

Change in accounting policy

The Group has adopted AASB 8 *Operating Segments* from 1 July 2009. AASB 8 replaces AASB 114 *Segment Reporting*. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has not resulted in a change in the number of reportable segments presented by the Group as operating segments are reported in a manner that is consistent with internal reporting provided to the chief operating decision maker.

NOTES TO THE FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated	Consolidated
	2010	2009
	\$	\$
2. Revenue and expenses		
(a) Revenue		
Interest received – other corporations	23,818	69,766
	<u>23,818</u>	<u>69,766</u>
(b) Other expenses		
ASX fees	14,741	31,613
Insurance	14,907	16,022
Printing and stationery	6,937	10,845
Share registry fees	17,476	6,691
Travel and accommodation	1,700	13,762
Other	4,015	31,158
	<u>59,776</u>	<u>110,091</u>
3. Income tax		
(a) Income tax benefit		
The prima facie income tax benefit on the pre-tax accounting result from operations reconciles to the income tax benefit in the financial statements as follows:		
Accounting loss before tax from continuing operations	(2,758,950)	(1,262,569)
Income tax benefit calculated at 30%	(827,685)	(378,771)
Non-deductible expenses	10,625	1,262
Unused tax losses and tax offset not recognised as deferred tax assets	224,531	207,987
Other deferred tax assets and tax liabilities not recognised	593,667	169,573
Under provision for income tax benefit	(1,138)	(51)
Income tax benefit reported in the statement of comprehensive income	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated	Consolidated
	2010	2009
	\$	\$
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	1,243,427	1,018,896
Depreciation timing differences	24	1,141
Business related costs	379	-
Share issue expenses	28,395	42,390
Accrued expenses and liabilities	22,967	4,785
	<u>1,295,192</u>	<u>1,067,212</u>
Deferred tax liabilities:		
Exploration expenditure capitalised	1,640	591,336
Accrued interest	290	1,191
Prepayments	378	-
	<u>2,308</u>	<u>592,527</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>
4. Loss per share (EPS)		
Basic loss per share (cents)	<u>(9.27)</u>	<u>(4.24)</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 year	<u>(2,758,950)</u>	<u>(1,262,569)</u>
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic EPS	<u>29,750,001</u>	<u>29,750,001</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.		

NOTES TO THE FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated	Consolidated
	2010	2009
	\$	\$
5. Cash and cash equivalents		
Cash at bank	<u>437,150</u>	<u>1,185,991</u>
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	(2,758,950)	(1,262,569)
Non cash items		
Depreciation	1,516	816
Exploration expenditure write off	2,014,835	955,717
Changes in assets and liabilities		
(Increase)/decrease in receivables	12,411	10,877
Increase/(decrease) in payables	48,722	7,426
Net cash flows (used in) operating activities	<u>(681,466)</u>	<u>(287,733)</u>
There were no non-cash financing or investing activities during the year.		
6. Trade and other receivables		
Current		
Prepayments	1,260	14,907
GST Receivable	16,789	12,550
Accrued Interest	968	3,971
	<u>19,017</u>	<u>31,428</u>
7. Other financial assets		
Non-Current		
Shares in listed entities – at fair value	<u>15,074</u>	<u>33,162</u>
	<u>15,074</u>	<u>33,162</u>
Reconciliation – non-current		
At 1 July	33,162	-
Additions	-	15,375
Revaluation	(18,088)	17,787
Impairment	-	-
At 30 June	<u>15,074</u>	<u>33,162</u>

NOTES TO THE FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated	Consolidated
	2010	2009
	\$	\$
8. Property, plant and equipment		
Plant and equipment – at cost	4,717	4,717
Accumulated depreciation	(2,332)	(816)
	<u>2,385</u>	<u>3,901</u>
Reconciliation		
At 1 July, net of accumulated depreciation	3,901	-
Additions	-	4,717
Depreciation charge for year	(1,516)	(816)
	<u>2,385</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	1,971,120	2,586,441
Expenditure incurred during year	49,180	340,396
Expenditure written off during the year	(2,014,835)	(955,717)
	<u>5,465</u>	<u>1,971,120</u>

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
United States of America	-	15,112
South East Asia	-	1,667
	<u>-</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.

10. Trade and other payables

Current

Trade payables and accruals		
Other corporations	96,755	66,228
	<u>96,755</u>	<u>66,228</u>

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

NOTES TO THE FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2010

			Consolidated	Consolidated
			2010	2009
			\$	\$
11. Issued capital				
(a) Issued and paid up capital				
Ordinary shares fully paid			<u>4,344,220</u>	<u>4,344,220</u>
	2010		2009	
	Number	\$	Number	\$
(b) Movement in ordinary shares on issue				
Balance at beginning of year	29,750,001	4,344,220	29,750,001	4,344,220
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:

- 17,875,001 options expiring 31 October 2011 at an exercise price of \$0.20 each.

(d) Terms and conditions of contributed equity

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

			Consolidated	Consolidated
			2010	2009
			\$	\$
12. Reserves				
Share-based payments reserve – Note 12(a)			77,308	77,308
Loyalty options reserve – Note 12(b)			148,751	148,751
Asset revaluation reserve – Note 12(c)			(301)	17,787
			<u>225,758</u>	<u>243,846</u>

(a) Share-based payments reserve

(i) Nature and purpose of reserve

The share-based payments reserve is used to recognise movement in 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	-	-
Balance at end of year	<u>77,308</u>	<u>77,308</u>

NOTES TO THE FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated	Consolidated
	2010	2009
	\$	\$

12. Reserves (Continued)

(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	148,751	-
Loyalty options issued	-	148,751
	<u>148,751</u>	<u>148,751</u>
Balance at end of year	<u>148,751</u>	<u>148,751</u>

(c) Asset revaluation reserve

(i) Nature and purpose of reserve

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

(ii) Movements in reserve

Balance at beginning of year	17,787	-
Revaluation of investments	(18,088)	17,787
	<u>(301)</u>	<u>17,787</u>
Balance at end of year	<u>(301)</u>	<u>17,787</u>

13. Commitments

The Company has an agreement with a management service company for the provision of services at \$230,000 pa plus CPI. Charges are at commercial terms in accordance with the agreement entered into on 17 November 2009 for a 5 year term.

Exploration commitments

There are no exploration commitments at year end.

Within one year	-	12,000
	<u>-</u>	<u>12,000</u>

14. Contingent liabilities

There are no contingent liabilities at year end.

15. Auditors' remuneration

Amounts, received or due and receivable by auditors for:

- audit or review services	29,100	22,200
- other services	6,108	6,277
	<u>35,208</u>	<u>28,477</u>
	<u>35,208</u>	<u>28,477</u>

**NOTES TO THE FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2010**

16. Investment in controlled entities

(a) Controlled entities

	Ordinary Shares Percentage Owned	
	2010	2009
	%	%
Power Minerals Pty Ltd	100	100

(b) Acquisition of controlled entities

There were no acquisitions of controlled entities during the year.

17. Director and executive disclosures

(a) Details of key management personnel

Directors in office during the financial year were:

Executive Chairman

Vincent Hyde (Resigned 20 October 2009)

Non-Executive Chairman

Robert Collins (Appointed 20 October 2009)

Non-Executive Directors

Cecil Lee (Resigned 20 October 2009)

Warren Dunne (Resigned 20 October 2009)

Michael Scivolo (Appointed 20 October 2009)

Sol Majteles (Appointed 20 October 2009)

(b) Remuneration of key management personnel

(i) Remuneration 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 \$		
Vincent Hyde	2010	159,027	-	-	-	-	159,027
Cecil Lee	2010	7,500	-	-	-	-	7,500
Warren Dunne	2010	7,500	-	-	-	-	7,500
Robert Collins	2010	20,918	-	-	-	-	20,918
Michael Scivolo	2010	14,899	-	1,569	-	-	16,468
Sol Majteles	2010	14,899	-	1,569	-	-	16,468

NOTES TO THE FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2010

17. Director and executive disclosures (Continued)

Directors	Year	Primary		Post employment	Share-based	Other	Total
		Salary and fees	Cash bonus	Superannuation	options		
		\$	\$	\$	\$		\$
Vincent Hyde	2009	80,000	-	-	-	-	80,000
Cecil Lee	2009	22,500	-	-	-	-	22,500
Warren Dunne	2009	22,500	-	-	-	-	22,500

Consolidated Consolidated
2010 2009
\$ \$

(iii) Compensation by category: key management personnel

Short-Term	227,781	125,000
	227,781	125,000

(c) Option holdings of key management personnel

2010	Opening balance	Granted as remuneration	Options exercised	Net change other	Closing balance
Directors					
Vincent Hyde	1,000,000	-	-	(1,000,000)*	-
Cecil Lee	250,000	-	-	(250,000)*	-
Warren Dunne	300,000	-	-	(300,000)*	-
Robert Collins	-	-	-	-	-
Michael Scivolo	-	-	-	-	-
Sol Majteles	-	-	-	-	-

* - balance on resignation

2009	Opening balance	Granted as remuneration	Options exercised	Net change other	Closing balance
Directors					
Vincent Hyde	1,000,000	-	-	-	1,000,000
Cecil Lee	250,000	-	-	-	250,000
Warren Dunne	250,000	-	-	50,000	300,000

(d) Shareholdings of key management personnel

2010	Opening balance	Seed capital	Options exercised	Net change other	Closing balance
Vincent Hyde	400,000	-	-	(400,000)*	-
Cecil Lee	150,000	-	-	(150,000)*	-
Warren Dunne	200,000	-	-	(200,000)*	-
Robert Collins	-	-	-	-	-
Michael Scivolo	-	-	-	-	-
Sol Majteles	-	-	-	-	-

* - balance on resignation

NOTES TO THE FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2010

17. Director and executive disclosures (Continued)

2009	Opening balance	Seed capital	Options exercised	Net change other	Closing balance
Vincent Hyde	400,000	-	-	-	400,000
Cecil Lee	150,000	-	-	-	150,000
Warren 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.

18. Share based payments

The following share-based payment arrangements existed at 30 June 2010:

- 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.

19. Related party transactions

(a) Parent entity

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

(b) Subsidiaries

Details of 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 2010

	Parent Entity 2010 \$	Parent Entity 2009 \$
19. Related party transactions		
(d) Loans to related parties		
<i>Loans to subsidiary</i>		
Balance at beginning of year	517,152	198,071
Loans advanced	49,531	319,081
Impairment	(566,683)	-
	<hr/>	<hr/>
Balance at end of year	-	517,152
	<hr/>	<hr/>

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

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. During the year, the Consolidated Entity operated principally in one business segment (for primary reporting) being mineral exploration, and two geographical segments (for secondary reporting) being Australia and Greenland.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

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

Inter-segment transactions

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

Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the Consolidated Entity. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

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

NOTES TO THE FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2010

20. Financial reporting by segments (Continued)

Segment assets

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

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

Segment liabilities

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

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- impairment of assets and other non-recurring items of revenue or expense

Comparative information

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

	Consolidated	Consolidated
	2010	2009
	\$	\$
(a) Revenue by geographical region		
Revenue attributable to external customers is disclosed below, based on the location of the external customer:		
Australia	23,818	69,766
Greenland	-	-
	<hr/>	<hr/>
Total revenue	23,818	69,766
	<hr/>	<hr/>
(b) Assets by geographical region		
The location of the segment assets is disclosed below by geographical location of the assets:		
Australia	473,626	3,225,602
Greenland	5,465	-
	<hr/>	<hr/>
Total assets	479,091	3,225,602
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS Continued FOR THE YEAR ENDED 30 JUNE 2010

21. *Financial risk management*

Overview

The Consolidated Entity has 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 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.

	Consolidated	Consolidated
	2010	2009
	\$	\$

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:

Financial assets at fair value through loss

Cash	437,150	1,185,991
Receivables – other	19,017	31,428

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.

NOTES TO THE FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated	Consolidated
	2010	2009
	\$	\$
21. Financial risk management (Continued)		
Non-Interest bearing		
< 1 month	96,755	66,228
	<u>96,755</u>	<u>66,228</u>

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 \$2,186 (2009: \$5,930) and increase by \$2,186 (2009: \$5,930), respectively. Equity would increase by \$2,186 (2009: \$5,930) and reduce by \$2,186 (2009: \$5,930) respectively. This is attributable to the Group's exposure to interest rates on its cash and cash equivalents balances.

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

Consolidated 2010

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	133,808	303,342	-	-	-	437,150	2.9%
Receivables – other	-	-	-	-	19,017	19,017	N/A
Total financial assets	<u>133,808</u>	<u>303,342</u>	-	-	<u>19,017</u>	<u>456,167</u>	
Financial liabilities							
Trade payables and accruals	-	-	-	-	96,755	96,755	N/A
Total financial liabilities	<u>-</u>	<u>-</u>	-	-	<u>96,755</u>	<u>96,755</u>	

NOTES TO THE FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2010

21. Financial risk management (Continued)

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	N/A
Total financial assets	185,991	1,000,000	-	-	31,428	1,217,419	
Financial liabilities							
Trade payables and accruals	-	-	-	-	66,228	66,228	N/A
Total financial liabilities	-	-	-	-	66,228	66,228	

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 2010 \$	Consolidated 2009 \$
21. Financial risk management (Continued)		
Equity attributable to shareholders of the company	382,336	3,159,374
Total assets	479,091	3,225,602
Equity ratio in %	80%	98%
Average equity		
Net loss	(2,758,950)	(1,262,569)
Return on equity in %	(722%)	(40%)

22. Events subsequent to year end

There are no matters or circumstances that have arisen since 30 June 2010 that have or may significantly affect the operations, results, or state of affairs of the Consolidated Entity in future financial years.

NOTES TO THE FINANCIAL STATEMENTS Continued
FOR THE YEAR ENDED 30 JUNE 2010

	Company	Company
	2010	2009
	\$	\$
23. Parent entity disclosures		
(a) Financial position		
ASSETS		
Current Assets		
Cash and cash equivalents	437,150	1,185,991
Trade and other receivables	19,017	31,428
Total Current Assets	456,167	1,217,419
Non-Current Assets		
Trade and other receivables	-	517,152
Investment in subsidiary (i)	-	1,852,000
Property, plant and equipment	2,385	3,901
Exploration and evaluation expenditure	-	21,990
Total Non-Current Assets	2,385	2,395,043
Total Assets	458,552	3,612,462
LIABILITIES		
Current Liabilities		
Trade and other payables	76,755	46,228
Total Current Liabilities	76,755	46,228
Total Liabilities	76,755	46,228
Net Assets	381,797	3,566,234
EQUITY		
Issued capital	4,344,220	4,344,220
Reserves	226,059	226,059
Accumulated losses	(4,188,482)	(1,004,045)
Total Equity	381,797	3,566,234

(i) The recoverability of the investment is dependent upon successful development and commercial exploitation and/or sale of the relevant areas of interest by the subsidiary, at amounts at least equal to book value.

(a) Financial performance

Loss for the period	(3,184,437)	(837,922)
Other comprehensive income	-	-
Total comprehensive loss	(3,184,437)	(837,922)

DIRECTORS' DECLARATION

- 1) In the opinion of the Directors of Power Resources Limited (the "Company"):
 - a. The accompanying financial statements, notes and additional disclosures of the Consolidated Entity are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2010 and of its performance for the year then ended; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
- 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 2010.

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



Robert Collins
Non-Executive Chairman

Perth, 29 September 2010

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 statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors’ declaration of the consolidated entity comprising the company and the entities it controlled at the year’s end or from time to time during the financial year as set out on pages 14 to 42.

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 the consolidated financial statements comply 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 control relevant to the company’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 company’s internal control. 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 opinions.

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 consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1(c).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 6 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Power Resources Limited for the year ended 30 June 2010 complies with section 300A of the *Corporations Act 2001*.



HLB MANN JUDD
Chartered Accountants



W M CLARK
Partner

Perth, Western Australia
29 September 2010

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Power Resources Limited for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Power Resources Limited.



Perth, Western Australia
29 September 2010

W M CLARK
Partner, HLB Mann Judd

ASX ADDITIONAL INFORMATION

HOLDINGS AS AT 21 September 2010

Number of Securities Held	FULLY PAID SHARES	LISTED OPTIONS 31 October 2011
	No. of Holders	No. of Holders
1 to 1,000	3	-
1,001 to 5,000	4	139
5,001 to 10,000	168	32
10,001 to 100,000	137	88
100,001 and over	42	25
Total Number of Holders	<hr/> 354 <hr/>	<hr/> 284 <hr/>
Number of holders of less than a marketable parcel	7	265
Percentage of the 20 largest holders	64.860%	75.774

Substantial Shareholders

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

	Number
Prime Minerals Limited	5,000,000
Coniston Pty Ltd <The Coniston Trust>	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.

ASX ADDITIONAL INFORMATION (Continued)

HOLDINGS AS AT 21 September 2010 (Continued)

20 Largest Holders of Securities as at 21 September 2010:

Fully Paid Ordinary Shares

	No.	%
1. Prime Minerals Limited	5,000,000	16.807
2. Coniston Pty Ltd <The Coniston A/C>	3,000,000	10.084
3. Johnstone Properties Pty Ltd	1,010,001	3.395
4. Portobello Holdings Pty Ltd, KMS Business Advisors Pty Ltd	1,000,000	3.361
5. Mr Anthony De Nicola & Mrs Tanya Louise De Nicola <De Nicola Family S/F A/C>	980,000	3.294
6. Number 7 Investments Pty Ltd <Superannuation Fund A/C>	912,000	3.066
7. Willingvale Pty Ltd	900,000	3.025
8. Equit Nominees Pty Ltd	875,000	2.941
9. Number 7 Investments Pty Ltd	700,000	2.353
10. UBS Wealth Management Australia Nominees Pty Ltd	660,000	2.218
11. Cangu Pty Ltd <Cangu Family A/C>	550,000	1.849
12. Geba Pty Ltd <Geba Family A/C>	511,958	1.721
13. Sincere Liberty Finance Company Limited	500,000	1.681
14. Banskin Pty Ltd <De Nicola Family A/C>	500,000	1.681
15. FA & MA Ciccone Pty Ltd	499,500	1.679
16. Ms Jessica Oriwia Brown	400,000	1.345
17. Landlife Corporation Pty Ltd	397,500	1.336
18. BJS Robb Pty Ltd	300,000	1.008
19. Zimbali Nominees Pty Ltd	300,000	1.008
20. Mr Paul Gregory Brown & Mrs Jessica Oriwia Brown <Brown Super Fund A/C>	300,000	1.008
	<u>19,295,959</u>	<u>64.860</u>

Options 31 October 2011

	No.	%
1. Johnstone Properties Pty Ltd	2,705,500	15.136
2. Colburn Nominees Pty Ltd	2,250,000	12.587
3. Mr Vincent Hyde	1,200,001	6.713
4. Landlife Corporation Pty Ltd	1,000,000	5.594
5. Mr Anthony De Nicola & Mrs Tanya Louise De Nicola <De Nicola Family S/F A/C>	937,500	5.245
6. Berrima Nominees Pty Ltd	721,750	4.038
7. Portobello Holdings Pty Ltd, KMS Business Advisors Pty Ltd	500,000	2.797
8. Cangu Pty Ltd <Cangu Family A/C>	475,000	2.657
9. Equit Nominees Pty Ltd	450,000	2.517
10. Brick Inv Pty Ltd	415,000	2.322
11. UBS Wealth Management Australia Nominees Pty Ltd	415,000	2.322
12. Number 7 Investments Pty Ltd	412,500	2.308
13. Number 7 Investments Pty Ltd	352,500	1.972
14. Mr Cecil Lee	325,000	1.818
15. Mr Warren Dunne	300,000	1.678
16. Enthron Pty Ltd	300,000	1.678
17. FA & MA Ciccone Pty Ltd	235,000	1.315
18. Mr Paul Gregory Brown	200,000	1.119
19. Ms Jessica Oriwia Brown	200,000	1.119
20. Bond Street Custodians Limited <AND – V02542 A/C>	150,000	0.839
	<u>13,544,751</u>	<u>75,774</u>

ASX ADDITIONAL INFORMATION (Continued)

Unlisted Options

There were no unlisted options on issue.

Restricted Securities

The Consolidated Entity has no restricted securities on issue as at the date of this report.