



## **Gunson Resources Limited**

**ABN 32 090 603 642**

**Financial report for the half-year ended  
31 December 2009**

# Corporate Directory

## Board of Directors

William H Cunningham	Chairman
David N Harley	Managing Director
Peter C Harley	Director

## Company Secretary

Ian E Gregory

## Registered and Principal Office

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West Perth, Western Australia 6005

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Fax: +61 8 9226 3136  
Email: [enquiries@gunson.com.au](mailto:enquiries@gunson.com.au)

## Postal Address

PO Box 1217  
West Perth, Western Australia 6872

## Website

Website: [www.gunson.com.au](http://www.gunson.com.au)

## Auditors

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco, Western Australia 6008

## Share Registry

Computershare Investor Services Pty Limited  
Level 2, Reserve Bank Building  
45 St George's terrace  
Perth, Western Australia 6000

Tel: +61 8 9323 2000  
Fax: +61 8 9323 2033

## Stock Exchange

Australian Securities Exchange Limited  
Level 2, Exchange Plaza  
2 The Esplanade  
Perth, Western Australia 6000  
ASX Code: GUN

# Financial report for the half-year ended 31 December 2009

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## Directors' report

The directors of Gunson Resources Limited ("the Company") submit herewith the financial report for the half-year ended 31 December 2009. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

### Names of directors

The names of the directors of the Company who have held office during and since the end of the half-year and up until the date of this report are:

William H Cunningham  
David N Harley  
Peter C Harley

The above named directors held office for the entire period unless otherwise noted.

### Review of operations

Highlights of the Company's activities in the second half of 2009 were as follows:

- **Coburn Zircon Development Project - Western Australia**

The Design Definition Study by engineering company Sedgman Metals, a subsidiary of ASX listed Sedgman Limited, was completed in December 2009, allowing finalisation of the Definitive Feasibility Study (DFS) at the end of 2009. Highlights of the DFS, which assumed that final mineral products would be produced at the Coburn mine and trucked to the port of Geraldton for export, are:

- The capital cost of the proposed mine development is estimated to be \$168.8 million at P90 level, meaning that there is a 90% probability of the capital cost coming in at or below the estimate.
- Total revenue over the 23.5 year mine life is estimated to be \$2.2 billion, with a cash surplus of \$879 million. The annual cash surplus is \$37 million.
- The Net Present Value (NPV) is \$163 million and the Internal Rate of Return (IRR) is 16.8% at an 8% real discount rate. These figures are pre - tax and financing, using the average exchange rate of 72 US cents to one Australian dollar since the dollar was floated in December 1983.
- Prices used in the DFS financial model were provided by internationally recognised marketing group TZMI, with zircon providing 67% of the revenue estimate.

In view of the historically very low number of proposed new mineral sand mine developments and TZMI's forecast of an up to 47% real increase in the zircon price by 2015, the Company is optimistic of attaining finance for the mine development. Focus continues to be on attracting a strategic investor as a minority equity partner in the mine and now that the DFS has been completed, interest in the Project from potential strategic investors has increased. Dialogue with the two potential strategic investors from the Middle East and China respectively, which had been in progress prior to completion of the DFS, has continued.

- **Mount Gunson Copper Project - South Australia**

Following the execution in June 2009 of a Variation Agreement with Noranda Pacific Pty Limited (Noranda), granting Noranda an additional year to the 15th June 2010 to complete its initial earn-in expenditure requirement in exchange for excision of the shallow MG 14 and Windabout copper deposits from the original agreement, activity on the Project has been formally divided into the Noranda funded deep exploration for large, relatively deep copper deposits in basement rocks and the Gunson funded feasibility study on the shallow MG 14 and Windabout deposits in the cover rocks.

## Review of operations (Cont'd)

Noranda funded two deep diamond drill holes in the Emmie Bluff Prospect area, to an average depth of 1,144 metres (m), both to test separate gravity geophysical anomalies for iron oxide associated copper-gold deposits. The first of these holes, MGD 55, intersected two narrow zones of relatively high grade copper mineralisation averaging between 2.2% and 4.6% respectively, which encouraged subsequent down hole and surface TEM geophysical surveys to define potentially thicker zones of this mineralisation. These surveys defined a 1200m by 800m apparent conductivity anomaly centred about 1.8 km north east of MGD 55 and drilling of this anomaly commenced in February 2010.

A Preliminary Feasibility Study (PFS) on the MG 14 deposit was completed in mid October 2009, with positive results. This study, reviewed by engineering group Sedgman Metals, showed that mining of the 1.1 million tonne MG 14 deposit at 25m depth over a 2 year period would pay back the capital investment prior to the cessation of mining, leaving a fully amortised treatment plant available to process ore from the 65m deep Windabout deposit some 5 km to the north. The PFS assumed a copper price of \$US2.70 per pound, considerably lower than the current price and a Bankable Feasibility Study (BFS) commenced in late 2009 to examine the sequential development of the MG 14 and Windabout deposits. Estimated completion time of the BFS is the end of the first quarter of 2011.

- **Tennant Creek Gold-Copper Project - Northern Territory**

Aboriginal heritage clearance for a drilling program designed to test a promising gravity geophysical target was received in September, 2009. Drilling planned for late 2009 was initially delayed by the unavailability of a suitable drill rig and later by heavy intermittent rain. Drilling is now scheduled for the second quarter of 2010.

- **Fowlers Bay Nickel Project - South Australia**

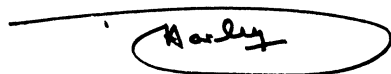
Diamond drilling of an attractive TEM geophysical anomaly interpreted to represent massive nickel sulphides at about 100m depth, has been held up by processing of the Company's application to enter the conservation reserve in which it is located. Approval of this application is expected in the second quarter of 2010.

## Auditor's independence declaration

The auditor's independence declaration as required under s307C of the *Corporations Act 2001* is included on page 3 and forms part of the Directors' report for the half- year ended 31 December 2009.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read "Harley", is enclosed within a hand-drawn oval.

**D N Harley**  
**Managing Director**  
16 March 2010  
Perth, Western Australia

16 March 2010

The Board of Directors  
Gunson Resources limited  
Level 2, 33 Richardson Street  
WEST PERTH WA 6005

Dear Sirs

**DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF GUNSON RESOURCES LIMITED**

As lead auditor of Gunson Resources Limited for the half-year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- No contraventions of any applicable code of professional conduct in relation to the review.



**Chris Burton**  
Director



**BDO Audit (WA) Pty Ltd**  
Perth, Western Australia

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF GUNSON RESOURCES LIMITED

### Matters Relating to the Electronic Presentation of the Half-Year Financial Report

This auditor's report relates to the half-year financial report of Gunson Resources Limited for the period ended 31 December 2009 included on Gunson Resources Limited's web site. The disclosing entity's directors are responsible for the integrity of Gunson Resources Limited's web site. We have not been engaged to report on the integrity of Gunson Resources Limited's web site. The auditor's review report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this half-year report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information included in the reviewed half-year financial report presented on this web site.

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Gunson Resources Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Company.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Gunson Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's review report was made.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Gunson Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.


## Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our review conclusion, we draw attention to the matters discussed in Note 1, the company will have to seek additional funding to continue its exploration program and to enter into the operational stage of production. If the company is unable to obtain this additional funding it may cast significant doubt about the company's ability to continue as a going concern and whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the values stated in the financial report.

## Material Uncertainty Regarding Recoverability of Deferred Exploration, Evaluation and Development Expenditure

Without qualifying our review conclusion, we draw attention to the matter disclosed in Note 1. There is uncertainty as to the recoverability of the deferred exploration, evaluation and development expenditure assets of Gunson Resources Limited. The recoverability of the deferred exploration, evaluation and deferred expenditure assets is dependant upon the successful development and commercialisation of the underlying areas of interest or their sale. This material uncertainty may cast doubt about the company's ability to realise the asset at the values stated in the statement of financial position.

**BDO Audit (WA) Pty Ltd**

BDO Audit  


**Chris Burton**  
Director

Signed in Perth, Western Australia  
Dated this 16<sup>th</sup> day of March 2010.

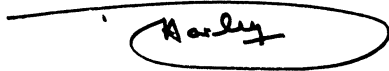


## Directors' declaration

In the opinion of the directors of Gunson Resources Limited ('the Company'):

1. The attached financial statements and notes thereto are in accordance with the *Corporations Act 2001* including:
  - (a) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (b) giving a true and fair view of the Company's financial position as at 31 December 2009 and of its performance for the half-year then ended.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to read "Harley", is enclosed within a hand-drawn oval. A horizontal line extends to the left from the top of the oval.

**D N Harley**  
**Managing Director**  
16 March 2010  
Perth, Western Australia

## Statement of Comprehensive Income for the half-year ended 31 December 2009

	Note	31 Dec 2009 \$	31 Dec 2008 \$
Other income	2	111,755	19,833
Administration expenses		(170,568)	(309,487)
Depreciation expense		(2,249)	(3,861)
Exploration expenditure written off		(403,425)	-
Other expenses		(66,516)	(91,148)
<b>Results from operating activities</b>		<b>(531,003)</b>	<b>(384,663)</b>
Finance income		9,970	18,820
Income tax benefit	3	145,847	312,910
<b>Loss for the period attributable to shareholders of the Company</b>		<b>(375,186)</b>	<b>(52,933)</b>
<b>Other comprehensive income</b>			
Other comprehensive income net of tax		-	-
<b>Total comprehensive income for the period attributable to shareholders of the Company</b>		<b>(375,186)</b>	<b>(52,933)</b>
<b>Loss per share:</b>			
Basic (cents per share)		(0.26)	(0.04)
Diluted (cents per share)		n/a	n/a

The accompanying notes form part of these financial statements.

## Statement of Financial Position as at 31 December 2009

	Note	31 Dec 2009 \$	30 June 2009 \$
<b>Current assets</b>			
Cash and cash equivalents		735,704	468,164
Trade and other receivables		85,191	129,166
Current tax receivables	3	145,847	-
<b>Total current assets</b>		<b>966,742</b>	<b>597,330</b>
<b>Non-current assets</b>			
Property, plant and equipment		11,989	11,629
Exploration, evaluation and development	4	22,847,808	21,780,730
Other assets		484,676	484,676
<b>Total non-current assets</b>		<b>23,344,473</b>	<b>22,277,035</b>
<b>Total assets</b>		<b>24,311,215</b>	<b>22,874,365</b>
<b>Current liabilities</b>			
Trade and other payables		749,437	666,925
Provisions		47,133	40,344
<b>Total liabilities</b>		<b>796,570</b>	<b>707,269</b>
<b>Net assets</b>		<b>23,514,645</b>	<b>22,167,096</b>
<b>Equity</b>			
Contributed capital	5	28,084,532	26,361,797
Reserves		850,078	850,078
Accumulated losses		(5,419,965)	(5,044,779)
<b>Total equity</b>		<b>23,514,645</b>	<b>22,167,096</b>

The accompanying notes form part of these financial statements.

## Statement of changes in equity for the half-year ended 31 December 2009

	Fully paid ordinary shares (Contributed capital) \$	Share-based payments reserve \$	Accumulated losses \$	Total \$
<b>Balance at 1 July 2009</b>	<b>26,361,797</b>	<b>850,078</b>	<b>(5,044,779)</b>	<b>22,167,096</b>
Loss for the period	-	-	(375,186)	(375,186)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the half-year</b>	<b>-</b>	<b>-</b>	<b>(375,186)</b>	<b>(375,186)</b>
Issue of shares	1,794,502	-	-	1,794,502
Share issue costs	(71,767)	-	-	(71,767)
<b>Balance at 31 December 2009</b>	<b>28,084,532</b>	<b>850,078</b>	<b>(5,419,965)</b>	<b>23,514,645</b>
<b>Balance at 1 July 2008</b>	<b>25,423,173</b>	<b>833,857</b>	<b>(4,338,822)</b>	<b>21,918,208</b>
Loss for the period	-	-	(52,933)	(52,933)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the half-year</b>	<b>-</b>	<b>-</b>	<b>(52,933)</b>	<b>(52,933)</b>
Recognition of share-based payments	-	16,260	-	16,260
<b>Balance at 31 December 2008</b>	<b>25,423,173</b>	<b>850,117</b>	<b>(4,391,755)</b>	<b>21,881,535</b>

The accompanying notes form part of these financial statements.

## Statement of cash flows for the half-year ended 31 December 2009

	31 Dec 2009 \$	31 Dec 2008 \$
<b>Cash flows from operating activities</b>		
Payments for exploration and evaluation	(1,331,215)	(687,196)
Payments to suppliers and employees	(243,096)	(335,018)
Interest received	9,970	18,820
Other income received	111,755	19,833
Research and development tax refund received	-	312,910
Net cash used in operating activities	(1,452,586)	(670,651)
<b>Cash flows from investing activities</b>		
Payment for property, plant and equipment	(2,609)	-
Net cash used in investing activities	(2,609)	-
<b>Cash flows from financing activities</b>		
Proceeds from issues of equity securities	1,794,502	-
Payment for share issue costs	(71,767)	-
Net cash provided by financing activities	1,722,735	-
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>267,540</b>	<b>(670,651)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>468,164</b>	<b>1,007,340</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>735,704</b>	<b>336,689</b>

The accompanying notes form part of these financial statements.

## Notes to the financial statements for the half-year ended 31 December 2009

### 1. Statement of significant accounting policies

#### Statement of compliance

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

These half-yearly statements do not include full disclosures of the type normally included in annual financial statements. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial statements.

It is recommended that these financial statements be read in conjunction with the annual financial report for the year ended 30 June 2009 and any public announcements made by Gunson Resources Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

#### Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the half-yearly statements, the half-year has been treated as a discrete reporting period.

The accounting policies and methods of computation adopted in the preparation of the half-yearly financial statements are consistent with those adopted and disclosed in the Company's annual financial report for the financial year ended 30 June 2009 and the corresponding interim reporting period, except as set out below.

#### Adoption of new and revised Accounting Standards

In the half year ended 31 December 2009, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2009.

During the current reporting period, 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 January 2009.

The affected policies and standards are:

- AASB 8 *Operating Segments*; and
- AASB 101 *Presentation of financial statements* (Revised, September 2007) and AASB 2007-8 and 2007-10 *Amendments arising from the revisions to AASB 101*.

The adoption of these new and revised Standards and Interpretations have not affected the amounts reported for the current or prior period, but have changed certain disclosures made in the financial statements of the Company.

As a result, the Company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. This presentation has been applied in these half-year financial statements as of and for the half-year period ended 31 December 2009. Comparative information has also been re-presented so that it is in conformity with the revised standard. There is no impact on earnings per share for the current or the previous half-year period.

Refer to Note 6 for a discussion of segment information in applying the AASB 8 *Operating Segments*.

## 1. Statement of significant accounting policies (cont'd)

### Going concern

The Company has incurred a net loss after tax for the half year ended 31 December 2009 of \$375,186 (2008: \$52,933) and experienced net cash outflows from operating activities of \$1,452,586 (2008: \$670,651). As at 31 December 2009, the Company had net current assets of \$170,172, compared with 30 June 2009: (net current liabilities of \$109,939).

The Directors have prepared the financial statements on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The ability of the Company to continue as a going concern will be dependent on the ability to raise further funds as required to facilitate the ongoing exploration of its various tenement holdings.

Since the end of the half year, the Company has placed 7,500,000 ordinary shares at 10 cents each to raise \$750,000. The shares formed part of the shortfall from the Company's Share Purchase Plan which was completed on 15th December 2009. The capital will be used to fund the Company's Bankable Feasibility Study on the Mount Gunson Copper Project, along with funding first pass drilling programs at Tennant Creek (gold- copper) and Fowlers Bay (nickel).

The Directors believe that they will continue to be successful in securing additional funds through the issue of equity securities such as this.

### Exploration and Evaluation Expenditure

There is uncertainty as to the recoverability of the deferred exploration and evaluation expenditure assets of Gunson Resources Limited. The recoverability of the deferred exploration expenditure assets is dependent upon the successful development and commercialisation of the underlying asset of interest or their sale. This material uncertainty may cast doubt about the Company's ability to realise the asset at the values stated in the Balance Sheet.

### Significant accounting judgements and key estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing these half-yearly statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2009.

## 2. Revenue from continuing operations

	31 December 2009	31 December 2008
	\$	\$
<u>Other income</u>		
Joint venture management fees	111,755	18,739
Rebates and other income	-	1,094
	111,755	19,833

## 3. Taxation Benefit

The tax benefit of \$145,847(2008:\$312,910) was the result of a research and development tax incentive claim as a number of activities associated with the Company's Coburn Zircon and Mount Gunson projects qualify under the Commonwealth Government Research and Development Tax Incentive Scheme.

#### 4. Deferred exploration and evaluation expenditure

	31 December 2009	30 June 2009
	\$	\$
Costs carried forward in respect of areas of interest in the following phases:		
<b>Exploration and evaluation phase – at cost</b>		
Balance at beginning of the half year	21,780,730	20,437,695
Expenditure capitalised during the period	1,470,503	1,729,239
Exploration expenditure written off during the half year	(403,425)	(386,204)
	<b>22,847,808</b>	<b>21,780,730</b>

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining tenements.

#### 5. Share Capital

	31 December 2009	
	No.	\$
<b>Fully paid ordinary shares</b>		
Balance at 1 July 2009	138,020,297	26,361,797
<b>Balance at 31 December 2009</b>	<b>155,965,312</b>	<b>28,084,532</b>
<b>Movements in ordinary shares on issue</b>		
<b>At 1 July 2009</b>	138,020,297	26,361,797
Share placement issued at 10 cents per share on 6 July 2009	11,300,000	1,130,000
Share Purchase Plan at 10 cents per share on 15 December 2009	6,645,015	664,502
Share issue costs	-	(71,767)
<b>31 December 2009</b>	<b>155,965,312</b>	<b>28,084,532</b>

#### 6. Segment Information

The Company has adopted AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 with effect from 1 January 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Company's operating segments have been determined with reference to the monthly management accounts used by the chief operating decision maker to make decisions regarding the Company's operations and allocation of working capital.

Due to the size and nature of the Company, the Board as a whole has been determined as the chief operating decision maker.

The Company operates in one business segment and one geographical segment, namely mineral exploration industry in Australia only. AASB 8 Operating Segments states that similar operating segments can be aggregated to form one reportable segment. Also, based on the quantitative thresholds included in



## **6. Segment Information (continued)**

AASB 8, there is only one reportable segment, namely mineral exploration industry. However, none of the other operating segments currently meet any of the prescribed quantitative thresholds, and as such do not have to be reported separately. Gunson Resources Limited has therefore decided to aggregate all their reporting segments into one reportable operating segment.

The revenues and results of this segment are those of the Company as a whole and are set out in the statement of comprehensive income. The segment assets and liabilities of this segment are those of the Company and are set out in the statement of financial position.

This does not represent any changes in disclosure from the predecessor Standard AASB 114 Segment.

## **7. Contingent liabilities**

There has been no change in contingent liabilities since the last annual reporting date and the matter with the Western Australian Department of Mines and Petroleum remains unresolved.

## **8. Related parties**

Arrangements with related parties continue to be in place. For details of these arrangements, please refer to the 30 June 2009 annual financial report.

Key management personnel continue to receive compensation in the form of short term employee benefits, post employment benefits and share based payments.

## **9. Events occurring after the balance sheet date**

There has not been any matter or circumstance, other than that referred to in the financial statements or below, that has arisen since the end of the half year, that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

- (i) On 8 February 2010 the Company placed 7,500,000 ordinary shares at 10 cents each to raise \$750,000. The shares formed part of the shortfall from the Company's Share Purchase Plan which was completed on 15th December 2009. The capital will be used to fund the Company's Bankable Feasibility Study on the Mount Gunson Copper Project, along with funding first pass drilling programs at Tennant Creek (gold- copper) and Fowlers Bay (nickel).