MLS

METALS AUSTRALIA LTD

ACN: 008 982 474

ANNUAL REPORT

2011

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METALS AUSTRALIA LTD

CORPORATE DIRECTORY

DIRECTORS

Hersh Solomon Majteles (Chairman)
Alexander Clemen
David Zukerman

COMPANY SECRETARY

Norman Grafton

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AUDITORS

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BANKERS

Westpac Banking Corporation
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SHARE REGISTRY

Advanced Share Registry Limited
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Telephone: (08) 9389 8033
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SECURITIES EXCHANGE LISTING

The Company is listed on the Australian Securities Exchange

Home Exchange: Perth, Western Australia

ASX code for shares: MLS

ANNUAL ACTIVITIES REPORT

URANIUM PROJECTS, NAMIBIA

The Mile 72 & Engo Valley uranium projects (Figure 1) have the potential to host near-surface, pedogenic and syngenetic uranium deposits. Prior to Metals' involvement, the projects had little or no exploration undertaken on them in the past twenty years. Metals has focused on systematically exploring the Mile 72 uranium project.

Following legal action over the past 2 years, the Supreme Court of Namibia unanimously ruled that Metals is the true holder of prospecting rights for uranium on EPLs 3306 and 3308. Metals received the official renewal documents from the Namibian Ministry of Mines and Energy for each licence on 29 July 2011. The Engo Valley Licence (EPL 3306) was renewed for 2 years from 28 July 2011 and the Mile 72 Licence (EPL 3308) was renewed for 2 years from 18 May 2011.

Figure 1 – Location of the Mile 72 uranium project.

MILE 72

The Mile 72 uranium project (Figure 2) comprises a series of uranium occurrences. High-grade uranium mineralisation was discovered in 2007. Shallow excavations reveal gypcrete-hosted uranium mineralisation in the immediate subsurface, along a strike length of 11 km.

Mile 72 is located on the central coast of Namibia, approximately 115 km north of the town of Swakopmund and approximately 150 km north of the major port of Walvis Bay. The tenement (EPL 3308) is held in the name of Metals Namibia (Pty) Ltd, a wholly owned subsidiary of Metals Australia Ltd. The project is situated within the Central Damara Uranium Province, host to many of the well-known uranium deposits of Namibia. Direct geological similarities are drawn between Mile 72 and the major alaskite-hosted deposits (e.g. Rössing (Rio Tinto), Husab (Extract Resources), Valencia (Forsys Metals)) and the carnotitic calcrete-hosted deposits (e.g. Langer Heinrich (Paladin Resources), Trekkopje (Areva)) of this prolific region.

High-grade uranium mineralisation occurs at Mile 72, with sampling regularly producing results in excess of 1,000 ppm U_3O_8. Two styles of uranium mineralisation have been identified:

- very high-grade gypcrete-hosted oxide mineralisation at surface, with up to **23,113 ppm (2.31%) U_3O_8**, and
- underlying primary mineralisation, with **up to 2,000 ppm (0.20%) U_3O_8** hosted by alaskite and uraniferous schist.

The initial trenching programme in 2008 allowed a comprehensive programme of mapping and sampling to be undertaken with 'spot' sampling in the trenches returning outstanding results, as listed in Table1.

Table 1 – Outstanding high-grade results from spot sampling of trenches (from 2008)

Sample No.	*Trench No.*	*U_3O_8 ppm*	*U_3O_8 %*	*Th ppm*
G1616	2A	**2,348**	**0.235**	13
G1623	2A	**2,425**	**0.242**	15
G1624	2A	**5,251**	**0.525**	24
G1249	3A	**2,326**	**0.233**	18
G1239	3A	**3,351**	**0.335**	24
F1698	3	**3,796**	**0.379**	21
G1275	5	**2,406**	**0.241**	13
G1284	5	**2,636**	**0.264**	14
G1292	5	**2,765**	**0.276**	18
G1545	6	**2,690**	**0.269**	19
G1536	6	**5,119**	**0.512**	29
G1540	6	**5,413**	**0.541**	27
G1554	7	**3,341**	**0.334**	19
G1576	7	**3,920**	**0.392**	17
G1586	7	**4,438**	**0.444**	22

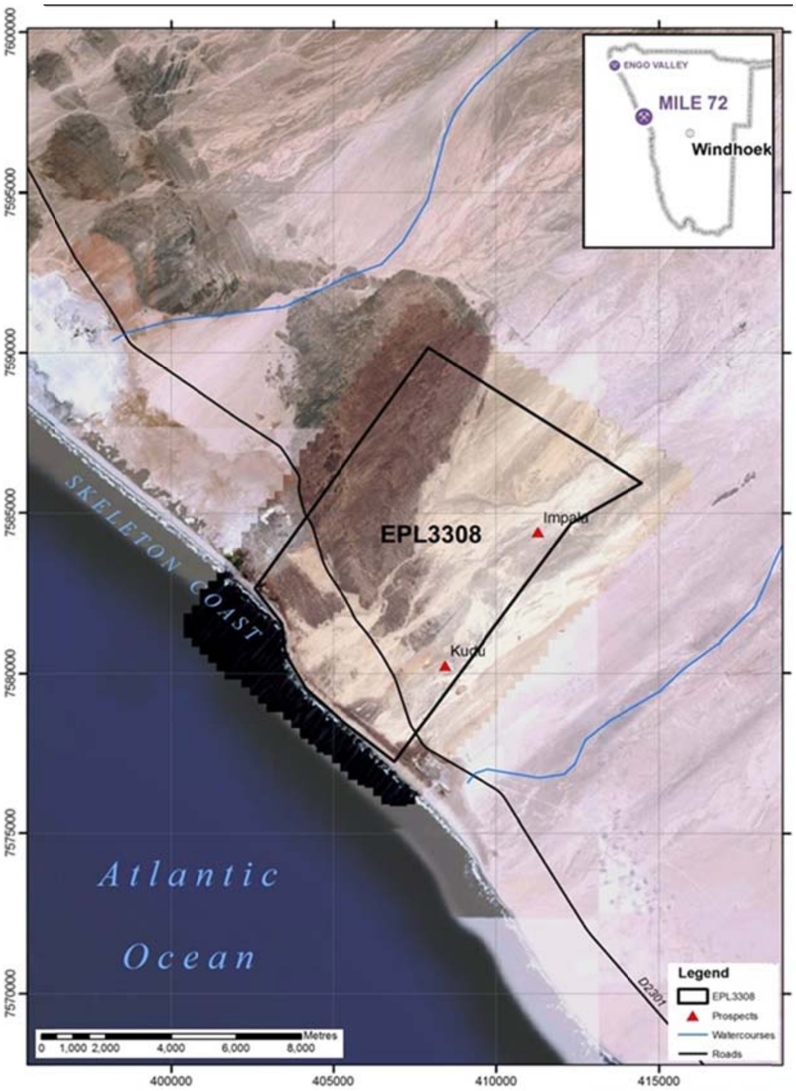

Figure 2 – The Mile 72 (EPL3308) licence area and surrounds.

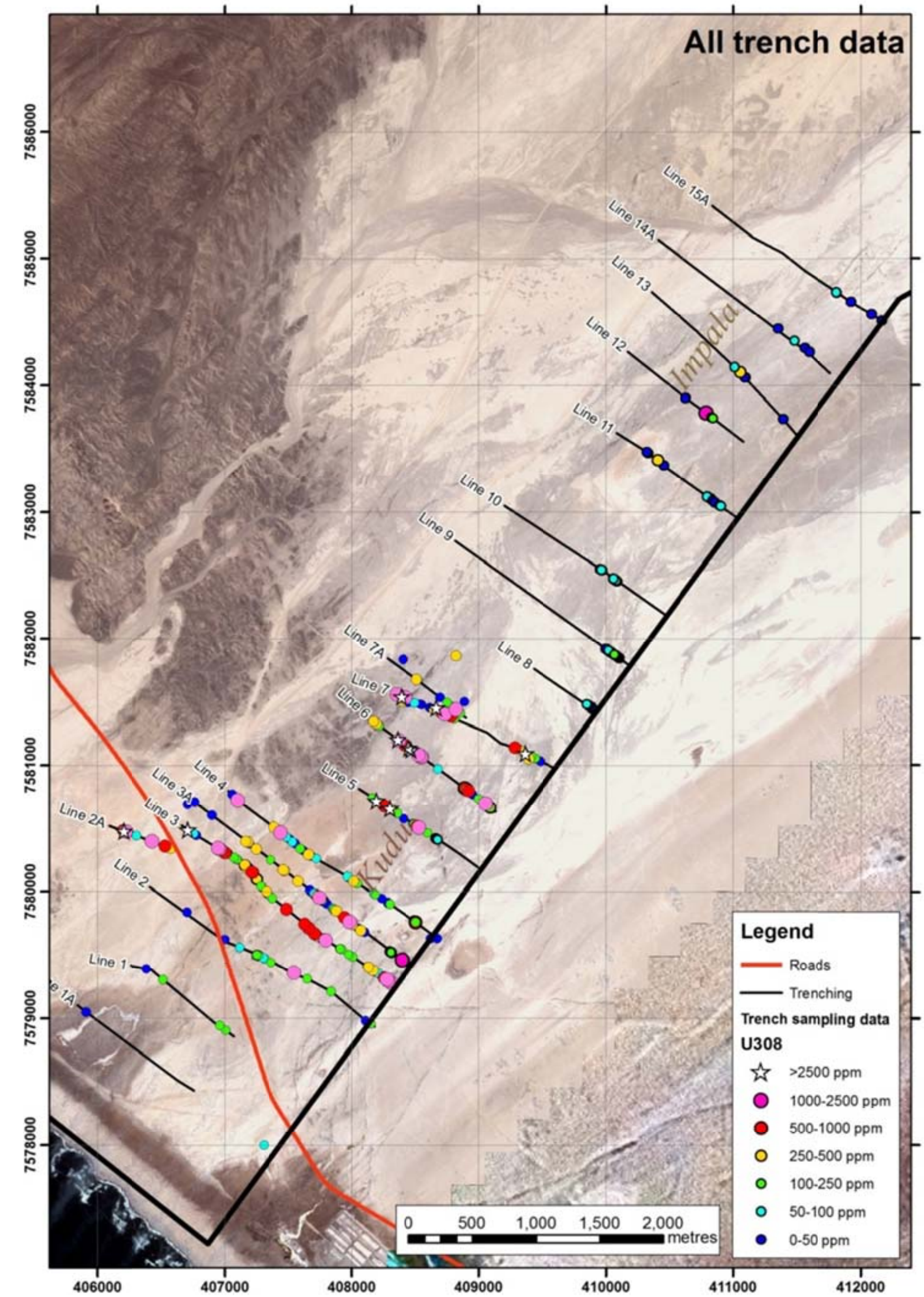

Figure 3 – All assay results for channel sampling at Mile 72.

New channel sampling results

Over 360 samples had been collected from the trenches at Mile 72 prior to the legal action and deferral of the renewal of the tenement. Sampling was halted with only a small portion of the trenches sampled. All samples that had been collected were placed in storage pending the outcome of the legal action. These samples have since been assayed.

Uranium mineralisation beneath the high-grade gypcrete cap has been confirmed by these recently received channel sampling results. Individual samples assayed up to 1,158ppm U_3O_8 over a 2 metre interval, while continuous sampling returned intervals of up to 26m with values of 104ppm U_3O_8. This programme has only sampled a very small part of the excavated trenching (Figure 3).

Table 2 – Intercepts from beneath the high-grade gypcrete cap

Trench	*U_3O_8 intercept*	*From*		*To*	
		Easting	*Northing*	*Easting*	*Northing*
3	**26 m @ 104 ppm**	407157	7580207	407178	7580189
	including **6 m @ 294 ppm**	407157	7580207	407162	7580203
3A	**24 m @ 190 ppm**	408410	7579456	408389	7579470
	including **2 m @ 1158 ppm**	408400	7579462	408398	7579463
	and **14 m @ 305 ppm**	408410	7579456	408396	7579465
4	**2 m @ 587 ppm**	408507	7579761	408508	7579760
6	**6 m @ 355 ppm**	408889	7580818	408886	7580821

It is important to note that each of the samples analysed was taken from either below or away from the high-grade gypcrete cap that has previously yielded very high grade results at Mile 72. Samples include a number of rock types, including uraniferous schist and alaskite that must now be tested at depth. Outstanding results from the programme are listed in Table 2.

A series of rock samples were largely from the Impala prospect area in the north. These samples were also taken from below the high-grade gypcrete cap and returned a number of highly anomalous and potentially economic uranium-bearing intervals. Individual samples assayed up to 1,686ppm U_3O_8. Highlights are listed in Table 3.

Despite the extensive sampling, only a small proportion of the trenches has been analysed. Further sampling will aim to fully define the distribution of uranium in the immediate subsurface.

Table 3 – Spot samples from the Impala prospect

Trench	*U_3O_8 (ppm)*	*Location*	
		Easting	*Northing*
11	**210**	410891	7583052
	371	410407	7583410
12	**1,686**	410788	7583782
	213	410841	7583741
	361	411055	7584102

Exploration programme

An active and aggressive exploration programme at Mile 72 will comprise:

- Further trenching and channel sampling of gypcrete and sub-gypcrete mineralisation.
- A licence-spanning radon cup survey to detect buried mineralisation at low expense.
- Geophysical techniques to image the subsurface and map its potential for mineralisation.
- Definition of a series of targets for drilling.

Metals considers the Mile 72 uranium project to be an exciting opportunity for the Company and now looks forward to receiving the results of this active and successful ongoing exploration programme.

ENGO VALLEY

The Engo Valley project (Figure 4) comprises a series of uranium anomalies exposed in and adjacent to Karoo sedimentary rocks. The project is located around 600 km north of Swakopmund, on the Skeleton Coast of northern Namibia.

Being located with the Skeleton Coast National Park, access to site has been restricted. However, the Ministry of Works and Transport is proposing location of a new deep water port facility at Angra Fria, immediately adjacent to the licence area. This port will service northern Namibia as well as the mining areas of the DRC and Zambia. The feasibility study is expected to be completed in March 2013. At present, the proposal is for excavation of the Brakpan salt lake in order to create an inland harbour, with access to the ocean at Angra Fria (Figure 4). The study will also assess requirements for additional infrastructure such as railway, roadways, power and water supply, as well as location of population centres to operate the port.

The location of a major port immediately adjacent to the Engo Valley licence area is likely to facilitate access to the area and, should a deposit be defined, be greatly advantageous for exploitation.

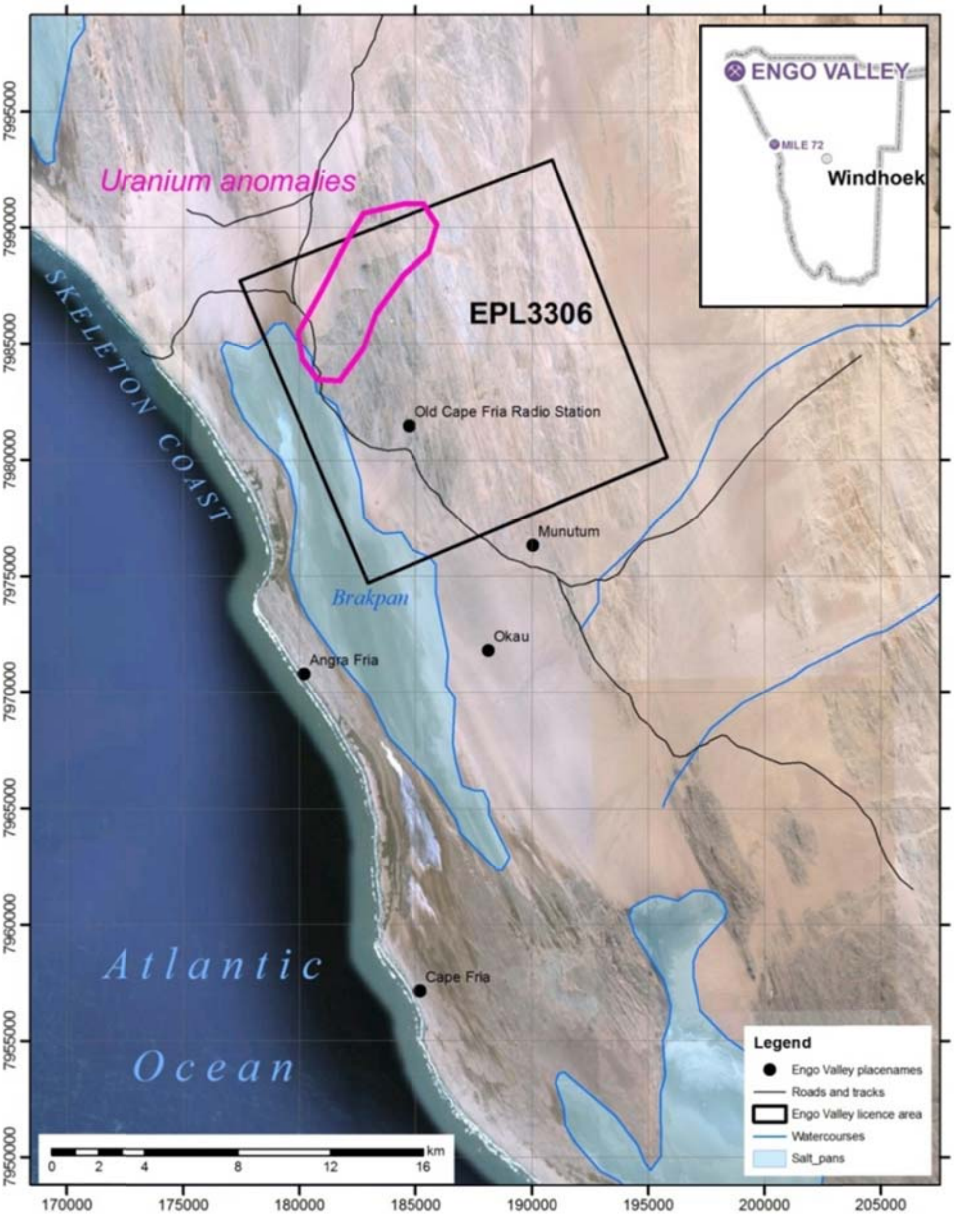

Figure 4 – The Engo Valley (EPL3306) licence area and surrounds.

BASE METAL PROJECTS, WESTERN AUSTRALIA

Metals currently holds an interest in two base metals projects in Western Australia (Figure 5).

The Manindi zinc project is located around 500 km northeast of Perth and is being explored by Metals with a view to expanding the existing resources and examining the project's copper potential.

The Sherlock Bay base metal joint venture project is located in the Pilbara region and is being managed and explored by Australasian Resources Ltd (ARH). The project surrounds ARH's Sherlock Bay nickel deposit.

Figure 5 – Location of the Western Australian base metals projects.

MANINDI ZINC PROJECT

The Manindi zinc project is a significant resource located in the Murchison District of Western Australia, 20 km southwest of the defunct Youanmi gold mine.

The deposit is a volcanogenic massive sulphide zinc deposit, comprising a series of lenses of mineralisation that have been folded, sheared, faulted, and possibly intruded by later dolerites and gabbros. The geological environment shows similarities to those of other base metal sulphide deposits in the Yilgarn Craton of Western Australia. These include the Golden Grove deposits located to the west of Manindi at Yalgoo, and the Teutonic Bore-Jaguar deposits in the Eastern Goldfields.

Metals has previously delineated a JORC resource of:

1.354 million tonnes @ 6.04% Zinc, 0.25% Copper, 3.4 g/t Silver & 0.25 g/t Gold

The resource is divided into the following categories (at a 1% Zinc cut-off):

Measured	**497,000 tonnes @ 7.32% Zinc**
Indicated	**438,000 tonnes @ 6.38% Zinc**
Inferred	**419,000 tonnes @ 4.14% Zinc**

As a result of recent reviews, Metals is of the opinion that only a small portion of the deposit has been recognised to date. Drilling has been relatively shallow, and a number of geological indicators suggest that the known mineralisation may be part of a much larger zoned copper-lead-zinc(-silver-gold) system. With this outlook, the Company is investigating the potential for extensions or outliers of mineralisation that will significantly increase the resource at Manindi.

Hyperspectral analysis of the project area identified several targets prospective for mineralisation. These targets show the same hyperspectral mineralogical signatures as the outcropping mineralised zones. The newly defined target areas coincide with similar targets identified through geochemical means.

The Company is thoroughly revisiting all data collected previously at Manindi. High-quality historical geophysical data is being completely reprocessed to assist with definition of targets, both at surface and at depth. New geophysical surveys may be employed to augment this data. Three-dimensional modelling of the deposit in conjunction with the reprocessed geophysics is showing several undrilled anomalies that appear to be extensions to mineralisation.

SHERLOCK BAY EXTENDED BASE METAL PROJECT

The Sherlock Bay Extended project is composed of two Exploration Licences (E47/1769 and E47/1770), which surround the main Sherlock Bay nickel deposit (wholly owned by Australasian Resources Ltd - 'ARH'). The project is prospective for nickel, copper, silver and gold mineralisation.

The project is a joint venture between ARH (70% interest) and Metals (30% interest). ARH are the managers of the project, with Metals being 'free-carried' through to the completion of a bankable feasibility study and the decision to commence commercial mining.

A regional biogeochemical survey was undertaken to identify mineralisation obscured in the subsurface in areas of little exposure. The survey utilises samples of vegetation to define subtle geochemical anomalies that may represent mineralisation at depth. Results of the programme are expected shortly.

GOLD PROJECTS, VICTORIA

Metals holds four low impact exploration licences in western Victoria (Figure 6). The South Arnaud (EL5242), Wedderburn (EL5243), Scarsdale (EL5244) and Moyston (EL5245) projects each contain significant historic workings that have received little modern and systematic exploration.

Figure 6 – Location of the Victoria gold projects.

The western Victorian gold fields were discovered in the gold rushes of the mid-1800s, with all significant gold mining activity ceasing in these areas by 1930. Government records show that over 450 gold prospects, mines and occurrences are documented within the four licence areas. Combined production from predominantly shallow working within reef and vein gold deposits was over 59,000 ounces, at average grades in excess of 16 g/t gold. A similar amount of gold was also recovered from alluvial deposits in the licence areas.

Ongoing assessment of the gold projects of western Victoria has involved detailed examination of many historical workings. Geological mapping and assessment of drill core has been undertaken, and a series of analyses using remote sensing have been used to define targets. Soil sampling and rock chipping programmes have been used in specific areas to provide additional detail. This data is being integrated with regional geology and structural models in order to fully ascertain the potential of each project.

In particular, a series of deep leads have been traced on South Arnaud. These are being modeled for follow-up exploration and possible drilling. On Wedderburn, many historical workings have been assessed, and extensive soil sampling in the northern part of the licence has been used to assess areas beneath soil cover. At Moyston and Scarsdale, work has concentrated on the main centres of historic mining.

Over the coming months, each licence will be assessed to determine whether to convert each to a full exploration licence or to relinquish.

PROJECT GENERATION

Metals is constantly reviewing opportunities for new projects. In particular, opportunities in Namibia are being assessed, and the areas surrounding our projects in Victoria and Western Australia are constantly monitored. The Company will continue to seek out and evaluate 'low-cost' exploration opportunities to add to the Company's project portfolio.

Competent Persons Declaration

The information in this release relating to the geology and exploration results of the projects owned by Metals Australia Ltd is based on information compiled by Mr Kieron Munro, Exploration Manager for Metals Australia and a full time consultant to Metals Australia. Mr Munro is a member of The Australian Institute of Geoscientists, a Recognised Professional Organisation by the Australasian Joint Ore Reserves Committee, who has sufficient experience relevant to the style of mineralisation and types of deposits under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Munro consents to the inclusion in this 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 Metals Australia Ltd’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 Metals Australia Ltd 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.

The Directors present their report on the consolidated entity consisting of Metals Australia Ltd and its controlled entities for the year ended 30 June 2011.

DIRECTORS

The following were Directors of Metals Australia Ltd during the financial year and up to the date of this report:

Hersh Solomon Majteles (Chairman)
David Zukerman
Alexander Clemen

PRINCIPAL ACTIVITIES

The principal continuing activities of the consolidated entity are the exploration of mineral deposits and investment.

RESULTS

The Group profit/ (loss) for the financial year after providing for income tax amounted to $747,778 (2010: $1,430,631 loss).

DIVIDENDS

Since the end of the previous financial year, no dividend has been declared or paid by the Company.

FINANCIAL POSITION

The net assets of the group have increased by $834,391 from $5,552,999 at 30 June 2010 to $6,387,390 at 30 June 2011.

SIGNIFICANT CHANGES

There have not been any significant changes in the state of affairs of the Group during the financial year, other than as noted in this financial report.

LIKELY DEVELOPMENTS

The Group will continue to focus on its exploration and investment activities.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

(a) Qualifications, experience and special responsibilities of Directors:-

(i) Hersh Solomon Majteles LLB

Mr Majteles is a commercial lawyer and has been in private practice in Western Australia since 1972. He has been a board member of a number of publicly listed companies involved in the mining, resources, energy and biotech sectors for over twenty five years. Mr Majteles is also a Director of Blaze International Ltd, Prime Minerals Ltd, Power Resources Ltd and Chairman of Promesa Limited. During the past three years, he was also a Director of Equatorial Coal (formerly Eqitx) Limited until 5 November 2009.

(ii) Alexander Clemen B.Sc (Hons), FAusIMM

Mr Clemen is a qualified geologist with over thirty years experience practising in this field. He has worked for several large international mining companies in various parts of the world and has gained experience in exploring for gold, base metals, industrial minerals and diamonds. During the past three years he has served as a Director of Golden Deeps Ltd and Sabre Resources Ltd.

(ii) David Zukerman

Mr 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 three years he has served as a Director of Golden Deeps Ltd and Sabre Resources.

(b) Qualifications, experience and special responsibilities of Company Secretary:-

Norman Grafton FCIS

Mr Grafton has extensive experience in both Australian and international commerce, having previously been based in Singapore, Papua New Guinea and Jamaica. Prior to returning to Australia, he was Director of Finance and Company Secretary of the largest agro-industrial operation in Jamaica, on secondment from a major UK firm of corporate managers.

(c) Relevant interests of Directors in shares and options of the Company at the date of this report:-

Name	Ordinary Shares	Options
H S Majteles	2,950,000	-
A Clemen	450,010	-
D Zukerman	-	-

(d) Directors' interest in contracts:-

No Director has an interest, whether directly or indirectly, in a contract or proposed contract with the Company.

REMUNERATION REPORT (AUDITED)

2011

Key Management Personnel	Short-term Benefits		Superannuation	Share-based Payment	
	Directors Fees	Consulting Fees		Options	Total
	$	$		$	$
H S Majteles	25,000	-	2,250	-	27,250
A Clemen	12,000	54,589	-	-	66,589
D Zukerman	-	6,860	8,000	-	14,860
N Grafton	-	21,846	8,154	-	30,000
TOTAL	**37,000**	**83,295**	**18,404**	**-**	**138,699**

2010

Key Management Personnel	Short-term Benefits		Superannuation	Share-based Payment	
	Directors Fees	Consulting Fees		Options	Total
	$	$		$	$
H S Majteles	25,000	-	2,250	-	27,250
A Clemen	12,000	62,400	-	-	74,400
D Zukerman	-	16,486	-	-	16,486
N Grafton	-	38,193	16,307	-	54,500
TOTAL	**37,000**	**117,079**	**18,557**	**-**	**172,636**

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

Directors receive a fixed fee (plus statutory superannuation where appropriate), with executive 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.

ANALYSIS OF MOVEMENT IN OPTIONS

The movement during the reporting period, of options over ordinary shares in the Company held by each Company Director is detailed below.

Name	Held at 1 July 2010	Granted During Year	Value of Options			Held at 30 June 2011
			Exercised In Year	Expired In Year	Sold In Year	
	$	$	$	$	$	$
H S Majteles	116,200	-	-	116,200	-	-
A Clemen	116,200	-	-	116,200	-	-
D Zukerman	116,200	-	-	116,200	-	-
	348,600	**-**	**-**	**348,600**	**-**	**-**

No options were granted to Directors during the year under review.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2011 and the number of meetings attended by each Director.

Name	Eligible to attend	Attended
H S Majteles	5	5
A Clemen	5	5
D Zukerman	5	5

The Company does not have a formally appointed audit committee as all Directors are involved in all activities of the Company and the size and scope of operations does not warrant its formation.

RETIREMENT, ELECTION AND CONTINUATION IN OFFICE OF DIRECTORS

H S Majteles retired by rotation as a Director at the Annual General Meeting on 30 November 2010 and was re-elected.

At the forthcoming Annual General Meeting, Alexander Clemen retires by rotation as a Director and offers himself for re-election.

ENVIRONMENTAL ISSUES

The Company's objective is to ensure that a high standard of environmental care is achieved and maintained on all properties. There are no known environmental issues outstanding.

EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years

INDEMNIFYING OFFICER OR AUDITORS

No indemnities have been given, or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the entity.

OPTIONS

As at the date of this report, the unissued ordinary shares of Metals Australia Limited under options are as follows:

Grant Date	Date of expiry	Exercise Price	Number under option
15 September 2011	30 September 2013	$0.002	163,665,000

Option holders do not have any rights to participate in any issues of shares or other interests in the company or any other entity,

There have been no unissued shares or interest under option of any controlled entity within the group during or since the reporting date.

For details of options issued to directors and executives as remuneration, refer to Remuneration Report.

PROCEEDINGS ON BEHALF OF THE 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.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the independent auditor's declaration as required by section 307c of the *Corporations Act 2001* is set out on page 48.

DIRECTORS' BENEFITS

Except as detailed in note 6, no Director of the Company has received or become entitled to receive during or since the end of the previous financial year, any benefit (other than a benefit included in the aggregate amounts of emoluments received or due and receivable by Directors shown in the accounts or the fixed salary of a full time employee of the Company or of a related corporation) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

AUDIT COMMITTEE

No Audit Committee has been formed as the Directors believe that the Company is not of a size to justify having a separate Audit Committee. Given the small size of the Board, the Directors believe an Audit Committee structure to be inefficient.

NON AUDIT SERVICES

The Board of Directors, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons;

- All non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

During the year under review, Grant Thornton also provided services in relation to taxation matters. Details of the amounts paid and payable to the auditor of the company, Grant Thornton (WA) Partnership for audit and non-audit services provided during the year are set out in Note 5 to the Financial Statements.

This report is made in accordance with a resolution of the Directors.

D N Zukerman
DIRECTOR

Dated this twenty eighth day of September 2011
Perth, Western Australia

METALS AUSTRALIA LTD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Consolidated 2011 $	Consolidated 2010 $
Revenue			
Interest earned		125,878	146,554
Re-instatement of Tenement	11	1,265,080	-
Other income		35,178	-
Change in fair value of investments		86,325	74,868
		1,512,461	**221,422**
Expenditure			
Loss on disposal of assets		40,592	-
Impairment of exploration costs		13,726	725,363
Management fees		238,154	232,530
Directors' fees and services		77,284	101,056
Stock exchange fees		23,956	27,040
Administration costs		176,131	170,756
Other operating costs		166,584	356,481
Depreciation expense		28,256	38,827
		764,683	**1,652,053**
Profit/(loss) before income tax		**747,778**	**(1,430,631)**
Income tax	4	-	-
Profit/(loss) after income tax		**747,778**	**(1,430,631)**
Attributable to:			
Minority interest		-	-
Members of the parent entity	15	747,778	(1,430,631)
Other comprehensive Income:			
Exchange differences on translating foreign controlled entities		(44,540)	447,556
Total Comprehensive Profit/(loss) for the year		**703,238**	**(983,075)**
Total Comprehensive income attributable to:			
Minority interest	16	-	-
Members of the parent entity		703,238	(983,075)
Total Comprehensive Income		**703,238**	**(983,075)**

Earnings per share		**2011 Cents**	**2010 Cents**
Basic and diluted profit/(loss) per share	17	0.11	(0.21)

The statement above should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	Consolidated 2011 $	Consolidated 2010 $
CURRENT ASSETS			
Cash and cash equivalents	7	1,659,752	2,737,856
Trade and other receivables	8	57,740	35,302
TOTAL CURRENT ASSETS		1,717,492	2,773,158
NON-CURRENT ASSETS			
Plant and equipment	9	55,461	29,467
Other financial assets	10	548,076	375,084
Exploration and evaluation expenditure	11	4,197,560	2,504,909
TOTAL NON-CURRENT ASSETS		4,801,097	2,909,460
TOTAL ASSETS		**6,518,589**	**5,682,618**
CURRENT LIABILITIES			
Trade and other payables	12	131,199	129,619
TOTAL CURRENT LIABILITIES		131,199	129,619
TOTAL LIABILITIES		131,199	129,619
NET ASSETS		**6,387,390**	**5,552,999**
EQUITY			
Issued capital	13	22,126,676	22,010,523
Share option reserve	14	2,280,406	2,265,406
Foreign currency translation reserve		374,419	418,959
Accumulated losses	15	(18,394,111)	(19,141,889)
PARENT EQUITY INTEREST		6,387,390	5,552,999
Minority interest	16	-	-
TOTAL EQUITY		**6,387,390**	**5,552,999**

The statement above should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

CONSOLIDATED ENTITY	Issued Capital	Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	$	$	$	$	$
Balance as at 1 July 2009	**22,010,523**	**2,265,406**	**(28,597)**	**(17,711,258)**	**6,536,074**
Total other comprehensive income for the year	-	-	447,556	-	447,556
Loss attributable to members of parent entity	-	-	-	(1,430,631)	(1,430,631)
Balance as at 30 June 2010	**22,010,523**	**2,265,406**	**418,959**	**(19,141,889)**	**5,552,999**
Total other comprehensive income for the year	-	-	(44,540)	-	(44,540)
Shares/options issued	116,153	15,000	-	-	131,153
Profit/(loss) attributable to members of parent entity	-	-	-	747,778	747,778
Balance as at 30 June 2011	**22,126,676**	**2,280,406**	**374,419**	**(18,394,111)**	**6,387,390**

The statement above should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

		Consolidated	
	Note	**2011**	**2010**
		$	**$**
Cash flow from operating activities			
Payments to suppliers		(677,045)	(956,867)
Sundry Income		35,178	-
Interest received		99,959	168,890
Net cash inflow/(outflow) from operating activities	18(a)	(541,908)	(787,977)
Cash flow from investing activities			
Exploration and evaluation expenditure		(488,366)	(822,595)
Proceeds from the sale of Property, plant and equipment		-	982
Purchase of Property, plant and Equipment		(94,843)	-
Purchase of shares		(86,667)	-
Net cash (outflow) from investing activities		(669,876)	(821,613)
Cash flow from financing activities			
Proceeds from issue of shares		116,153	-
Proceeds from issue of options		15,000	-
Net cash inflow from financing activities		131,153	-
Net increase (decrease) in cash and cash equivalents held		(1,080,631)	(1,609,590)
Cash and cash equivalents at the beginning of the financial year		2,737,856	3,899,442
Effect of exchange rates on cash holdings in foreign currencies		2,527	448,005
Cash and cash equivalents at the end of the financial year	7	1,659,752	2,737,856

The statement above should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

The financial report of Metals Australia Ltd (the Company) for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the Directors on 23 September 2011.

Metals Australia Ltd is a company incorporated in Australia, limited by shares which are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are mineral exploration and investment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards and complies with other requirements of the law. The financial report has also been prepared on an accruals basis and on a historical cost basis, except for financial assets and liabilities, which have been measured at fair value.

The financial report is presented in Australian Dollars.

The financial statements of the Company and Group have been prepared on a going concern basis which anticipates the ability of the Company and Group to meet its obligations in the normal course of the business. It is considered that the Company should obtain sufficient funds from capital raising to enable it to meet its obligations. If the Company is unable to continue as a going concern then it may be required to realise its assets and extinguish its liabilities, other than in the normal course of business and amounts different from those stated in the financial statements.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

(c) *Changes in accounting policies on initial application of Accounting Standards*
The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2010:

- AASB 2009-5 Further *Amendments to Australian Accounting Standards arising from the Annual Improvements Project;*
- AASB 2009-8 *Amendments to Australian Accounting Standards – Group cash-settled Share-based Payment Transactions;*
- AASB 2009-10 *Amendments to Australian Accounting Standards – Classification of Rights Issues;*
- AASB Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments;*
- AASB 2009-13 *Amendments to Australian Accounting Standards arising from Interpretation 19*; and
- AASB 2010-3 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project.*

The adoption of these standards did not have any impact on the amounts for the current period or prior periods.

(d) New Accounting standards and interpretation

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

The Group does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Group's financial Statements.

New/revised pronouncement	Superseded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Example disclosure of impact of new standard on the financial report (if standard is not adopted early)	Related pronouncement which must be early adopted if this standard is early adopted	Likely impact
AASB 9 Financial Instruments AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9	AASB 139 Financial Instruments: Recognition and Measurement (part)	AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. AASB 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in AASB 139 and removes the impairment requirement for financial assets held at fair value. In addition, the majority of requirements from AASB 139 for the classification and measurement of financial liabilities has been carried forward unchanged, except in relation to own credit risk where an entity takes the option to measure financial liabilities at fair value. AASB 9 requires the amount of the change in fair value due to changes in the entity's own credit risk to be presented in other comprehensive income (OCI), unless there is an accounting mismatch in the profit or loss, in which case all gains or losses are to be presented in the profit or loss. The requirements from AASB 139 related to the derecognition of financial assets and liabilities have been incorporated unchanged into AASB 9.	31 December 2013	AASB 9 amends the classification and measurement of financial assets; the effect on the entity will be that more assets are held at fair value and the need for impairment testing has been limited to assets held at amortised cost only. Minimal changes have been made in relation to the classification and measurement of financial liabilities, except 'own credit risk' instruments. The effect on the entity will be that the volatility in the profit or loss will be moved to the OCI, unless there is an accounting mismatch.	AASB 2009-11 AASB 2010-7	Depending on assets held, there may be significant movement of assets between fair value and cost categories and ceasing of impairment testing on available for sale assets. If the entity holds any 'own credit risk' financial liabilities, the fair value gain or loss will be incorporated in the OCI, rather than profit or loss, unless accounting mismatch.
AASB 124 Related Party Disclosures AASB 2009-12 Amendments to Australian Accounting Standards arising from AASB 124.	AASB 124 Related Party Disclosures	This revision amends the disclosure requirements for government related entities and the definition of a related party.	31 December 2011	Since the entity is not a government related entity; there is not expected to be any changes arising from this standard.	AASB 2009-12	Unlikely to have significant impact in Australia.
AASB 2009-14 Prepayments of a Minimum Funding Requirement	Interpretation 14	This amendment to Interpretation 14 addresses the unintended consequences that can arise from the previous requirements when an entity prepays future contributions into a defined	31 December 2011	As the entity does not have a defined benefit pension plan this amendment to Interpretation 14 is not expected to have any impact on the entity's	None	Possibly significant if the entity has a defined benefit pension plan.

Interpretation 14)				financial report.		
AASB 2010-2 Amendments to Australian Accounting Standards arising from reduced disclosure requirements	None	This Standard gives effect to Australian Accounting Standards - Reduced Disclosure Requirements. AASB 1053 provides further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general purpose financial statements.	30 June 2014	AASB 2010-2 sets out the relevant disclosures that will not be required to be made if it is a Tier 2 entity that nominates to comply.	AASB 1053	Reduced note disclosures in the following main areas: AASB 7 Financial Instruments; Disclosures AASB 101 Presentation of Financial Statements AASB 108 Accounting Policies AASB 123 Borrowing Costs AASB 124 Related Party Disclosures AASB 128 Accounting for Associates
AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]	None	Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions. Clarify that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken in account.	31 December 2011	Given the number of standards amended by AASB 2010-4, an example disclosure is not included. Entities assess the impact of each of the amendments on their organisation.	None	Varies depending on relevance, however impact is unlikely to be significant.
AASB 1053 Application of Tiers of Australian Accounting Standards	None	This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements: a) Tier 1: Australian Accounting Standards; and b) Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements. Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures	30 June 2014	This depends on the classification of the entity as a Tier 1 or 2. For Tier 1 entities or Tier 2 that prepare special purpose financial reports, there will be no impact on the financial statements as the reduced disclosure will not be available to apply. Tier 2 entities that prepare general purpose financial reports will be able to apply the reduced disclosures within the	AASB 1053	Reduced disclosures. Refer to comments in AASB 2010-2 above.

		corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: a) for-profit entities in the private sector that have public accountability (as defined in this Standard); and b) the Australian Government and State, Territory and Local Governments. The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: a) for-profit private sector entities that do not have public accountability; b) all not-for-profit private sector entities; and c) public sector entities other than the Australian Government and State, Territory and Local Governments.		financial instruments, related parties, accounting policies, borrowing costs, and financial statement disclosures		
AASB 1054 Australian Additional Disclosures	None	This standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB. This standard relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas: (a) Compliance with Australian Accounting Standards (b) The statutory basis or reporting framework for financial statements (c) Whether the financial statements are general purpose or special purpose (d) Audit fees (e) Imputation credits (f) reconciliation of net operating cash flow to profit (loss).	30 June 2012	This Standard sets out the Australian-specific disclosures for entities that have adopted Australian Accounting Standards. This Standard contains disclosure requirements that are additional to IFRSs.	AASB 2011-01	Not expected to have significant impact, as only relocating Australian specific disclosures from existing standards to this new standard.
AASB 2010-05 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118,	None	The Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board.	31 December 2011	These amendments have no major impact on the requirements of the amended pronouncements	AASB 2010-5	No major impact

119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]						
AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (AASB 1 & AASB 7)	None	The Standard amends the disclosures required, to help users of financial statements evaluate the risk exposures relating to more complex transfers of financial assets (eg. securitisations) and the effect of those risks on an entity's financial position.	30 June 2012	The Amendments will introduce more extensive and onerous quantitative and qualitative disclosure requirements for de-recognition of financial assets.	AASB 7	More extensive and onerous quantitative and qualitative disclosure requirements for de-recognition of financial assets.
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and interpretations 2, 5, 10, 12, 19 & 127]	None	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.	31 December 2013	This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.	AASB 9 AASB 2009-11	Unlikely to have significant impact in Australia.
AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	None	These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.	31 December 2012	The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property. Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose	None	Unlikely to have significant impact in Australia

				objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.		
AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132, AASB 134, Interpretation 2, Interpretation 112, Interpretation 113]	None	This Standard amendments many Australian Accounting Standards, removing the disclosures which have been relocated to AASB 1054.	30 June 2012	This Standard makes amendments to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to IFRSs and harmonisation between Australian and New Zealand Standards.	AASB 1054	Refer to comments above under AASN 1054
AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project – Reduced disclosure regime [AASB 101, AASB 1054]	None	This Standard makes amendments to the application of the revised disclosures to Tier 2 entities, that are applying AASB 1053.	30 June 2014	This Standard makes amendments to the following Australian Accounting Standards: 1. AASB 101 Presentation of Financial Statements 2. AASB 1054 Australian Additional Disclosures, to establish reduced disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements in relation to the Australian additional disclosures arising from the Trans-Tasman Convergence Project.	AASB 1053 AASB 1054 AASB 2011-1	Not expected to have significant impact, as only relocating Australian specific disclosures from existing standards to this new standard
Consolidated Financial Statements[i]	IAS 27	IFRS 10 establishes a new control model that applies to all entities. It replaces parts of IAS 27 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and SIC-12 *Consolidation – Special Purpose Entities.* The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may	31 December 2013	It introduces a new, principle-based definition of control which will apply to all investees to determine the scope of consolidation. Traditional control assessments based on majority ownership of voting rights will very rarely be affected. However, 'borderline' consolidation decisions will need to be reviewed and some will need to be changed taking into	IFRS 11 IFRS 12 IAS 27 IAS 28 IAS 31	Entities most likely to be impacted are those that: - have significant, but not a majority equity interests in other entities; - hold potential voting rights over investments, such as options or convertible debt.

		give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. This is likely to lead to more entities being consolidated into the group.		consideration potential voting rights and substantive rights.		
Disclosure of Interests in Other Entities[1]	IAS 27 IAS 28 IAS 31	IFRS 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	31 December 2013	IFRS 12 combines the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities within a comprehensive disclosure standard. It aims to provide more transparency on 'borderline' consolidation decisions and enhance disclosures about unconsolidated structured entities in which an investor or sponsor has involvement.	None	There are some additional enhanced disclosures centred around significant judgements and assumptions made around determining control, joint control and significant influence.
Fair Value Measurement[1]	None	IFRS 13 establishes a single source of guidance under IFRS for determining the fair value of assets and liabilities. IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under IFRS when fair value is required or permitted by IFRS. Application of this definition may result in different fair values being determined for the relevant assets. IFRS 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.	31 December 2013	IFRS 13 has been created to: ▪ establish a single source of guidance for all fair value measurements; ▪ clarifyi the definition of fair value and related guidance; and ▪ enhance disclosures about fair value measurements (new disclosures increase transparency about fair value measurements, including the valuation techniques and inputs used to measure fair value).	None	For financial assets, IFRS 13's guidance is broadly consistent with existing practice. It will however also apply to the measurement of fair value for non-financial assets and will make a significant change to existing guidance in the applicable standards.

The Group does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Group's financial Statements.

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of Metals Australia Ltd and its subsidiaries ('the Group').

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

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Metals Australia Ltd has control.

Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately for the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

(f) Interest in joint venture operation

The Group's interest in any joint venture operation is accounted for by recognising the Group's assets and liabilities from the joint venture, as well as expenses incurred by the Group and the Group's share of income earned from the joint venture, in the consolidated financial statements.

(g) Foreign currency translation

Both the functional and presentation currency of Metals Australia Ltd and its Australian subsidiary is the Australian Dollar (A$). The functional currency of the Namibian subsidiary is the Namibian Dollar (N$).

Cash remittances from the parent entity to the Namibian subsidiary are converted by the remitting bank into Rand and then converted to Namibian dollars using the same rate of exchange. That is, once the A$ is translated to Rand by the bank, which then converts it to the same balance in Namibian dollars. As such, foreign currency transactions are initially recorded in the functional currency at the date of the transaction using the Rand. Monetary assets and liabilities denominated in the foreign currencies are retranslated at the rate of exchange at the reporting date.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

All differences in the consolidated financial report are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of any overseas subsidiaries would be translated into the presentation currency of Metals Australia Ltd at the rate of exchange ruling at the reporting date and the statement of comprehensive income are translated at the weighted average exchange rates for the period.

The exchange differences arising on the retranslation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the statement of comprehensive income.

(h) 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 3 to 5 years

Impairment

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

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. 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.

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

(i) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.
Goodwill is not amortised.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(j) Impairment of non-financial assets

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

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(k) Investments and other 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 financial assets. 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 Group 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. that date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or conversion in the market place.

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

(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 Group 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 payment 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 economic component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

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

Fair value

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

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

(l) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development, or sale, of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on a discounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(m) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.
An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(n) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

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

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

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

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(p) Share-based payment transactions

(i) Equity settled transactions:
The Group provides benefits to Directors and consultants of the Group in the form of share-based payments whereby personnel render services in exchange for shares.

The cost of these equity-settled transactions was measured by reference to the fair value of the equity instruments at the date on which they were granted. The fair value was determined using the Black Scholes formula.

In valuing equity-settled transactions, no account was taken of any performance conditions, other than conditions linked to the price of the shares of Metals Australia Ltd (market conditions). The cost of equity-settled transactions was recognised, together with the corresponding increase in equity, on the date of grant of the options.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(ii) Cash settled transactions:
The Group does not provide benefits to employees in the form of cash-settled share based payments.
Any cash-settled transactions would be measured initially at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date with changes in fair value recognised in profit or loss.

(q) Revenue

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

Sale of goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have

passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest
Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividends
Revenue is recognised when the shareholders' right to receive the payment is established.

(r) Income tax

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

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and,

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

(s) Other taxes

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

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.
Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(t) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(u) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(v) Earnings per share

Basic earnings per share is calculated as net profit/(loss) attributable to members of the parent, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

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

- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(w) Comparatives

Comparatives are reclassified where necessary to be consistent with the current year's disclosures.

3. Significant Accounting Judgments, Estimates and Assumptions

In applying the Group's accounting policies, management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(i) Significant accounting judgments include:

(a) Classification of and value of investments
The Group has decided to classify investments in listed securities as "held for trading" investments and movements in fair value are recognised directly in the statement of comprehensive income. The fair value of listed shares has been determined by reference to published price quotations in an active market.

(b) Provision in and loans to subsidiaries

Investments in and loans to subsidiaries are fully provided for until such time as subsidiaries are in a position to repay loans.

(c) Exploration expenditure
The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at $4,197,560.

(ii) Significant accounting estimates and assumptions include:

(a) Share-based payment transactions

The Group measures the cost of equity-settled transactions with Directors, employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black Scholes formula, with the assumptions detailed in note 6. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

The Group measure the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted.

(b) Provision for rehabilitation

Where applicable, the Group makes provision for material restoration obligations. The amount recognised includes the cost of reclamation and site rehabilitation after taking into account any restoration works which are carried out during exploration. The provision for rehabilitation costs is determined from an estimate of future costs which may be incurred in rehabilitating exploration sites.

(c) Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment) and turnover policies (for motor vehicles). In addition, the condition of assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary.

4. Income Tax

	Consolidated	
	2011	**2011**
	$	**$**
The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax on profit/(loss) from ordinary activities before income tax at 30% (2010: 30%) follows:		
Consolidated	224,333	(429,189)
Add:		
Tax effect of:		
Other non-allowable items	14,730	135,282
Other assessable items	(246,160)	-
Provisions		
Deferred tax asset not brought to account	-	337,580
Recoupment of prior years losses not previously brought to account	(7,177)	-
Less:		
Tax effect of:		
Effect of overseas tax rate	14,274	(43,673)
Income tax attributable to entity	-	-
Unrecognised Deferred Tax Assets		
- Tax losses: operating losses	2,910,153	2,706,458
- Temporary differences	3,150	65,068
- Temporary differences equity	-	383
	2,913,303	2,771,909
Unrecognised Deferred Tax Liabilities	(818,093)	(754,996)

The benefits will only be obtained if: -

(i) The companies derive future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the losses to be realised;

(ii) The companies continue to comply with the conditions for deductibility purposes imposed by the Law; and

(iii) No changes in tax legislation adversely affect the companies in realising the benefits from the deductions for the losses.

5. Auditor's Remuneration

	Consolidated	
	2011	**2010**
	$	**$**
Remuneration of the auditor of the parent entity, Grant Thornton (WA) Partnership		
- auditing or reviewing the financial report	21,959	19,900
- taxation services provided by a related practice of the auditor	5,200	11,164
Remuneration of other auditors of subsidiaries for:		
- auditing or reviewing the financial reports of subsidiaries	11,070	10,601
	38,229	41,665

6. Interests of Key Management Personnel (KMP)

Refer to the Remuneration Report contained in the Directors' Report for Details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2011.

The totals of remuneration paid to KMP during the year are as follows:

	2011 $	2010 $
Short-term employee benefits	120,295	154,079
Superannuation	18,404	18,557
Termination benefits	-	-
Share-based payments	-	-
	138,699	**172,636**

KMP Options and Rights Holdings

The number of options over ordinary shares held by each KMP during the financial year is as follows:

30 June 2011	Balance 1 July 2010	Granted as Compensation	Options Exercised	Options Expired	Other changes during the year	Balance 30 June 2011
H S Majteles	1,400,000	-	-	(1,400,000)		-
A Clemen	1,400,000	-	-	(1,400,000)		-
D Zukerman	1,400,000	-	-	(1,400,000)		-
N Grafton	1,400,000	-	-	(1,400,000)	350,000	350,000
Total	**5,600,000**	**-**	**-**	**(5,600,000)**	**350,000**	**350,000**

30 June 2010	Balance 1 July 2009	Granted as Compensation	Options Exercised	Options Expired	Other changes during the year	Balance 30 June 2010
H S Majteles	2,400,000	-	-	(1,000,000)		1,400,000
A Clemen	2,400,000	-	-	(1,000,000)		1,400,000
D Zukerman	2,400,000	-	-	(1,000,000)		1,400,000
N Grafton	2,100,000	-	-	(700,000)	-	1,400,000
Total	**9,300,000**	**-**	**-**	**(3,700,000)**	**-**	**5,600,000**

KMP Shareholdings

The number of ordinary shares in Metals Australia Ltd held by each KMP during the financial year is as follows:

30 June 2011	Balance 1 July 2010	Granted as Compensation	Issued on exercise of options during the year	Other changes during the year	Balance 30 June 2011
H S Majteles	2,950,000	-	-	-	2,950,000
A Clemen	450,010	-	-	-	450,010
D Zukerman	-	-	-	-	-
N Grafton	-	-	-	350,000	350,000
Total	**3,400,010**	**-**	**-**	**350,000**	**3,750,010**

30 June 2010	Balance 1 July 2009	Granted as Compensation	Issued on exercise of options during the year	Other changes during the year	Balance 30 June 2010
H S Majteles	2,950,000	-	-	-	2,950,000
A Clemen	450,010	-	-	-	450,010
D Zukerman	-	-	-	-	-
N Grafton	-	-	-	-	-
Total	**3,400,010**	**-**	**-**	**-**	**3,400,010**

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

Directors' fees are paid on a quarterly basis. Consulting fees for professional services are paid as events occur.

7. Cash and Cash Equivalents

	Consolidated 2011 $	2010 $
Represented by		
Cash at bank	159,752	237,856
Bank term deposits	1,500,000	2,500,000
	1,659,752	2,737,856

8. Trade and Other Receivables

Current		
Other debtors	57,740	35,302

9. Plant and Equipment

Plant and Equipment, at cost	180,692	109,234
Less: accumulated depreciation	(125,231)	(79,767)
	55,461	29,467
Movement:		
Opening written down value	29,467	70,599
Additions	92,097	1,610
Disposals	(37,847)	(3,915)
Depreciation	(28,256)	(38,827)
Closing written down value	55,461	29,467

10. Other financial assets

Financial assets at fair value through profit or loss	548,076	375,084

11. Exploration and Evaluation Expenditure

Opening balance	2,504,909	3,673,206
Reversal/(Provision) for Impairment	1,265,080	(1,265,080)
Expenditure for the year	441,297	822,146
Impairment of exploration expenditure	(13,726)	(725,363)
	4,197,560	2,504,909

The company has regained title to its Namibian tenements, and has reversed the provision for impairment. The company's Australian exploration properties may be subject to claim(s) under native title, or contain sacred sites or sites of significance to Aboriginal people. As a result exploration properties or areas within the tenement may be subject to exploration and/or mining restrictions or incur a liability for compensation. It is not possible to quantify these restrictions and liabilities at this time.

12. Trade and other Payables

Current		
Payables	131,199	129,619

13. Issued Capital

The following movement in ordinary share capital of the Company occurred during the last two years.

Date	Details	Number of Shares	Issue Price (cents)	Amount $
1 July 2009	**Balance**	**669,608,765**		**22,010,523**
30 June 2010	**Balance**	**669,608,765**		**22,010,523**
15 September 2010	Shares issued	13,665,000	0.85	116,153
30 June 2011	**Balance**	**683,273,765**		**22,126,676**

The Company’s capital consists of Ordinary Shares. The Company does not have a limited amount of authorised share capital. The Shares have no par value and are entitled to participate in dividends and the proceeds on any winding up of the Company in proportion to the number of Shares held. At shareholders’ meetings each fully paid ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

14. Share Option Reserve

Date	Details	Number of Options	Unit Price (cents)	Amount $
1 July 2009	**Balance**	**134,550,000**		**2,265,406**
30 September 2009	Options expired	(106,150,000)		-
30 June 2010	**Balance**	**28,400,000**		**2,265,406**
15 September 2010	Options granted	150,000,000	0.01	15,000
15 September 2010	Options granted	13,665,000	0.00	-
31 December 2010	Options expired	(28,400,000)		-
30 June 2011	**Balance**	**163,665,000**		**2,280,406**

The weighted average remaining contractual life of options outstanding at year end was 2.25 years. The exercise price of outstanding options at the end of the reporting period was 2 cents.

Capital Management

Management controls the capital of the group in order to maintain a good debt to equity ratio, and to ensure that the group can fund its operations and continue as a going concern. The group's debt and capital includes ordinary share capital, supported by financial assets. There are no externally imposed capital requirements. Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year.

15. Accumulated Losses

	Consolidated 2011 $	Consolidated 2010 $
Accumulated losses at the beginning of the year	(19,141,889)	(17,711,258)
Profit/(loss) for year	747,778	(1,430,631)
Accumulated losses at the end of the financial year	(18,394,111)	(19,141,889)

16. Minority Interest

	2011	2010
Comprises:		
Share capital	2	2
Accumulated losses	(2)	(2)
	-	-

The parent company has taken over the losses of its subsidiaries as there is no firm commitment from the minority shareholders to provide additional funding to the subsidiary.

17. Earnings per Share

	2011 Number	2010 Number
Weighted average number of shares on issue during the financial year used in the calculation of basic earnings per share	680,428,450	669,608,765
Basic and diluted profit/(loss) per share – cents	0.11	(0.21)

18(a). Cashflow Information

Reconciliation to Statement of Cash Flows

	Consolidated 2011 $	2010 $
Operating Profit/(loss) after income tax	747,778	(1,430,631)
Non-cash flows in profit/(loss)		
Write back of exploration expenditure	(1,265,080)	-
Impairment of Exploration and evaluation expenditure	13,726	725,363
Unrealised gains on investments	(86,325)	(74,868)
Depreciation	28,256	38,827
Loss on disposal of property, plant and equipment	40,592	-
Changes in assets and liabilities		
Decrease/(increase) in trade and other receivables	(22,435)	28,066
Increase/(decrease) in trade and other payables	1,580	(74,734)
Net cash flows (used in) operating activities	(541,908)	(787,977)

18(b). Non cash share based payments

No non-cash share based payments were made during the year under review.

19. Financial Instruments

(a) Interest Rate Risk

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Floating Interest Rate		Non-Interest Bearing		Total	
	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $
	0.00% - 6.11%	0.00% - 5.77%				
Financial Assets						
Cash and cash equivalents	1,659,752	2,737,856	-	-	1,659,752	2,737,856
Loans and Receivables	-	-	57,740	35,302	57,740	35,302
Held for trading investments	-	-	548,076	375,084	548,076	375,084

Total Financial Assets	1,659,752	2,737,856	605,816	410,386	2,265,568	3,148,242
Financial Liabilities (at amortised cost)						
Trade and other payables	-	-	(131,199)	(129,619)	(131,199)	(129,619)
Net Financial Assets	1,659,752	2,737,856	474,617	280,767	2,134,369	3,018,623

Reconciliation of Financial Assets to Net Assets

	Consolidated	
	2011	**2010**
	$	**$**
Net financial assets	2,134,369	3,018,623
Exploration and evaluation expenditure	4,197,560	2,504,909
Plant & equipment	55,461	29,467
	6,387,390	5,552,999

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provision for doubtful debts, as disclosed in the statement of financial position and notes to the financial report.

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

(c) Net Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements represent their respective net fair values determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

(d) Financial Risk Management

The Group’s financial instruments consist mainly of deposits with recognised banks, investments in bank bills up to 90 days, accounts receivable and accounts payable, and loans to subsidiaries. Liquidity is managed, when sufficient funds are available, by holding sufficient funds in a current account to service current obligations and surplus funds invested in bank bills. The Directors analyse interest rate exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The main risks the Group is exposed to through its financial instruments are the depository banking institution itself, holding the funds, and interest rates. The Group’s credit risk is minimal, as being an exploration company, no goods are sold, or services provided, for which consideration is claimed.

(e) Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages the risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

(f) Sensitivity Analysis

Interest Rate Risk, Foreign Currency Risk and Price Risk

The group has performed sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk and price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2011, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated	
	2011 $000	**2010 $000**
Change in profit		
- Increase in interest rate by 2%	55	45
- Decrease in interest rate by 2%	(55)	(45)
Change in Equity		
- Increase in interest rate by 2%	55	45
- Decrease in interest rate by 2%	(55)	(45)

Foreign Currency Risk Sensitivity Analysis

There is minimal foreign currency risk as insignificant balances of foreign currency are held.

(f) Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages the risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Consolidated Group	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $
Financial Liabilities - Due for Payment								
Trade and other payables	131,199	129,619	-	-	-	-	131,199	129,619
Total expected outflows	131,199	129,619	-	-	-	-	131,199	129,619
Financial Assets - Cash Flows Realisable								
Cash and cash equivalents	159,752	237,856	-	-	-	-	159,752	237,856
Bank deposits over 3 months	1,500,000	2,500,000	-	-	-	-	1,500,000	2,500,000
Receivables	57,740	35,302	-	-	-	-	57,740	35,302
Held-for-trading investments	-	-	548,076	375,084	-	-	548,076	375,084
Total anticipated inflows	1,717,492	2,773,158	548,076	375,084	-	-	2,265,568	3,148,242
Net (outflow)/inflow on financial instruments	1,586,293	2,643,539	548,076	375,084	-	-	2,134,369	3,018,623

(g) Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors for commodities.

The Group is also exposed to securities price risk on investments held for trading or for medium to longer terms. Such risk is managed through diversification of investments across industries and geographical locations.

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1	Level 2	Level 3	Total
Consolidated Group	**$000**	**$000**	**$000**	**$000**
2011				
Financial assets				
Financial assets at fair value through profit or loss:				
- investments – held-for-trading	548	-	-	548
	548	-	-	548
2010				
Financial assets				
Financial assets at fair value through profit or loss:				
- investments – held-for-trading	375	-	-	375
	375	-	-	375

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets have been based on the closing quoted bid prices at reporting date, excluding transaction costs.

20. Investment in controlled entities

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding (%)		Book Value of Investment		Contribution to Consolidated Result	
			2011 %	2010 %	2011 $	2010 $	2011 $	2010 $
Karrilea Holdings Pty Ltd	Australia	Ordinary	80	80	-	-	-	-
Metals Namibia (Pty) Ltd	Namibia	Ordinary	100	100	-	-	356,833	(873,457)

21. Related Parties

Subsidiaries Karrilea Holdings Pty Ltd and Metals Namibia (Pty) Ltd have been loaned $2,956,444 (2010: $2,853,000) and $1,551,612 (2010: $1,150,856) respectively.

All transactions with Directors are disclosed in Note 6.

22. Operating Segments

Segment Information

Identification of reportable segments

The Group 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. As the Group is focused on mineral exploration, the Board monitors the Group based on actual versus budgeted exploration expenditure incurred by area of interest. The internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

The Company is managed on the basis of area of interest. Operating segments are therefore determined on the same basis.

Segments

The three reportable segments are as follows:
(i) Western Australian Base Metal Projects;
(ii) Victorian Gold Projects; and
(iii) Namibian Uranium Projects.

Basis of Accounting for purposes of reporting by operating segments

Accounting Policies Adopted
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 Group.

There are no inter-segment transactions. Segment assets are clearly identifiable on the basis of their nature. Segment liabilities include trade and other payables and the provision for rehabilitation.

Unallocated items
Corporate costs are not considered core operations of any segment.

Comparative information

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

Segment Performance

2011	**Western Australian Base Metals**	**Victorian Gold**	**Namibian Uranium**	**Total**
	$	**$**	**$**	**$**
Revenue from external sources				
Unallocated - Interest revenue				125,878
Unallocated - Gain on investments				86,325
Other income				35,178
Loss on sale of assets				(40,592)
Exploration expense written back			1,265,080	1,265,080
Total Group Revenue				1,471,869
Segment Profit/(loss)	-	-	356,833	356,833
Unallocated items - corporate charges				(1,104,611)
Total Group profit/(loss)				(747,778)
Segment Assets	2,576,860	51,804	1,568,896	4,197,560
Unallocated - cash, receivables, plant & equipment				2,300,952
Total Group Assets				6,498,512
Segment Liabilities				
Unallocated - corporate trade payables				131,199
Total Group Liabilities				131,199

2010	**Western Australian Base Metals**	**Victorian Gold**	**Namibian Uranium**	**Total**
	$	**$**	**$**	**$**
Revenue from external sources				
Unallocated – Interest revenue				146,554
Unallocated – Gain on investments				74,868
Total group Revenue				221,422
Segment (Loss)	-	-	(725,363)	(725,363)
Unallocated items- corporate charges				(705,268)
Total Group loss				(1,430,631)
Segment Assets	2,473,415	31,494	-	2,504,909
Unallocated - cash, receivables, plant & equipment				3,177,709
Total Group Assets				5,682,618
Segment Liabilities				
Unallocated - corporate trade payables				129,619
Total Group Liabilities				129,619

23. Commitments

(i) Mining Tenements

As part of ongoing activities, the consolidated entity is required to commit to minimum expenditures to retain its interest in its mining tenements. Over the next five years this amounts to $1,205,700, as follows:

Year Ending 30 June	Amount $
2012	283,200
2013	283,200
2014	323,300
2015	158,000
2016	158,000
	1,205,700

(ii) Management Agreement

The Company has an agreement with a management service company for the provision of services at $220,000 per annum plus CPI. Charges are at commercial terms in accordance with the agreement entered into on 14 November 2007 for a five year term.

24. Contingent Liabilities

No contingent liability exists for termination benefits under service agreements with directors or persons who take part in the management of the company. There were no contingent liabilities as at 30 June 2011.

25. Parent Entity Information

The following details information related to the parent entity, Metals Australia Ltd, at 30 June 2011. The information presented here has been prepared using consistent accounting policies as shown in Note 2.

	Parent Entity	
	2011	**2010**
	$	**$**
ASSETS		
Current assets	1,681,039	2,767,222
Non-current assets	1,502,653	410,110
TOTAL ASSETS	**3,183,692**	**3,177,332**
LIABILITIES		
Current liabilities	(111,996)	(123,534)
Non-current liabilities	-	-
TOTAL LIABILITIES	**(111,996)**	**(123,534)**
EQUITY		
Issued capital	22,126,676	22,010,523
Accumulated losses	(21,335,385)	(21,222,131)
TOTAL EQUITY	**791,291**	**788,392**
RESERVES		
Share option reserve	2,280,405	2,265,406
TOTAL RESERVES	**2,280,405**	**2,265,406**
FINANCIAL PERFORMANCE		
(Loss) for the year	(113,255)	(1,032,258)
Other comprehensive income	-	-
TOTAL COMPREHENSIVE (LOSS)	**(113,255)**	**(1,032,258)**

No guarantees have been entered into by the parent entity on behalf of its subsidiary.

No contingent liabilities exist.

No contractual commitments by the parent company exist, other than those for exploration commitments as set out below.

Year Ending 30 June	**Amount $**
2012	238,200
2013	283,200
2014	323,300
2015	158,000
2016	158,000
	1,205,700

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Metals Australia Limited (the "Company"):

(a) the financial statements and notes set out on pages 15 to 46, and the Remuneration disclosures that are contained in pages 11to 12 of the Remuneration Report in the Directors' Report, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(iii) complying with International Financial Reporting Standards as disclosed in Note 2.

(b) the remuneration disclosures that are contained in page 11 to 12 of the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2011.

Signed in accordance with a resolution of the Directors:

D N Zukerman
DIRECTOR

Dated this twenty eighth day of September 2011
Perth, Western Australia

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Independent Auditor's Report
To the Members of Metals Australia Limited

Report on the financial report

We have audited the accompanying financial report of Metals Australia Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to 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.

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

Independence

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

Auditor's opinion

In our opinion:

a the financial report of Metals Australia 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 2011 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 11 to 12 of the directors' report for the year ended 30 June 2011. 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 on the remuneration report

In our opinion, the remuneration report of Metals Australia Limited for the year ended 30 June 2011, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON (WA) PARTNERSHIP
Chartered Accountants

P W Warr
Partner

Perth, 28 September 2011

Grant Thornton

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Auditor's Independence Declaration
To the Directors of Metals Australia Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Metals Australia Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON (WA) PARTNERSHIP
Chartered Accountants

P. Warr.

P W Warr
Partner

Perth, 28 September 2011

CORPORATE GOVERNANCE STATEMENT

Metals Australia Ltd ACN 008 982 474 ("the Company") has adopted systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised below.

The following additional information about the Company's corporate governance practices is set out on the Company's website at www.metalsaustralia.com.au :

Principle 1 – Lay solid foundations for management and oversight

Responsibilities of the Board

The Board is responsible for the following matters:

- ensuring the Company's conduct and activities are ethical and carried out for the benefit of all its stakeholders;
- development of corporate strategy, implementation of business plans and performance objectives;
- reviewing, ratifying and monitoring systems of risk management, codes of conduct, internal control system and legal and regulatory compliance;
- the appointment of the Company's Managing Director, Chief Executive Officer (or equivalent), Chief Financial Officer, Company Secretary and other senior executives;
- monitoring senior executives' performance and implementation of strategy;
- determining appropriate remuneration policies;
- allocating resources and ensuring appropriate resources are available to management;
- approving and monitoring the annual budget, progress of major capital expenditure, capital management, and acquisitions and divestitures; and
- approving and monitoring financial and other reporting.

Chairman

The Chairman is responsible for leadership of the Board and for the efficient organisation and conduct of the Board's business. The Chairman should facilitate the effective contribution of all directors and promote constructive and respectful relations between directors and between the Board and management of the Company. The Chairman is responsible for briefing directors on issues arising at Board meetings and ultimately is responsible for communications with shareholders and arranging Board performance evaluation.

Corporate Manager

The Managing Director or Chief Executive Officer is responsible for running the affairs of the Company under delegated authority from the Board. In carrying out his or her responsibilities the Managing Director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results.

Company Secretary

The Company Secretary is responsible for monitoring the extent that Board policy and procedures are followed, and coordinating the timely completion and despatch of Board agendas and briefing material. All Directors are to have access to the Company Secretary.

Performance Evaluation

The Chairman and/or the Corporate Manager are responsible for reviewing the performance of each executive at least once every calendar year with reference to the terms of their employment contract.

Reporting

The Company, will, in the corporate governance statement section of its Annual Report, include the recommended information set out in the ASX Corporate Governance Principles in relation to the Guide to reporting on Principle 1.

Principle 2 - Structure the Board to add value

Composition of the Board

The Company will ensure that the Board will be of a size and composition that is conducive to making appropriate decisions and be large enough to incorporate a variety of perspectives and skills, and to represent the best interests of the Company as a whole rather than of individual shareholders or interest groups. It will not, however, be so large that effective decision-making is hindered.

Independent Directors

The Company will regularly review whether each non-executive director is independent and each non-executive director should provide to the Board all information that may be relevant to this assessment. If a director's independence status changes this should be disclosed and explained to the market in a timely fashion.

The Company will endeavour to ensure that it has a majority of independent directors at all times, subject to the right of shareholders in general meeting to elect and remove directors.

Chairman

The Chairman should be a non-executive director who is independent. The Chairman should not be the Chief Executive Officer of the Company. The Chairman's other positions should not be such that they are likely to hinder the effective performance of their role of Chairman of the Company.

Independent decision- making

All Directors – whether independent or not - should bring an independent judgement to bear on Board decisions. Non-executive Directors are encouraged to confer regularly without management present. Their discussions are to be facilitated by the Chairman, if he is independent or the deputy Chairman. Non-executive Directors should inform the Chairman before accepting any new appointments as Directors.

Independent advice

To facilitate independent decision the consent of the Chairman, individual Directors may seek independent professional advice, at the expense of the Company, on any matter connected with the discharge of their responsibilities.

Procedure for selection of new Directors

The Company believes it is not of a size to justify having a Nomination Committee. If any vacancies arise on the Board, all directors are involved in the search and recruitment of a replacement. The Board believes corporate performance is enhanced when the Board has an appropriate mix of skills and experience.

Induction and education

The Board will implement an induction program to enable new directors to gain an understanding of:

the Company's financial, strategic, operational and risk management position;

the rights, duties and responsibilities of the directors;

the roles and responsibilities of senior executives; and

the role of any Board committees in operation.

Directors will have reasonable access to continuing education to update and enhance their skills and knowledge, including education concerning key developments in the Company and in the industries in which the Company's business is involved.

Access to information

The Board has the right to obtain all information from within the Company which it needs to effectively discharge its responsibilities.

Senior executives are required on request from the Board to supply the Board with information in a form and timeframe, and of a quality that enables the Board to discharge its duties effectively. Directors are entitled to request additional information where they consider such information necessary to make informed decisions.

Reporting

The Company, will, in the corporate governance statement section of its Annual Report, include the recommended information set out in the ASX Corporate Governance Principles in relation to the Guide to reporting on Principle 2.

Principle 3: Promote ethical and responsible decision-making

Code of conduct

The Board has adopted the Code of Conduct set out at Appendix A to promote ethical and responsible decision making by directors, management and employees. The Code embraces the values of honesty, integrity, enterprise, excellence, accountability, justice, independence and equality of stakeholder opportunity, making the Board and any committees it convenes from time to time may seek advice from independent experts whenever it is considered appropriate.

The Board is responsible for ensuring that training on the Code of Conduct is provided to staff and officers of the Company.

The Board is responsible for making advisers, consultants and contractors aware of the Company's expectations set out in the Code of Conduct.

Policy for trading in Company securities

The Board has adopted a policy on trading in the Company's securities by Directors, senior executives and employees set out in Appendix B.

The Board is responsible for ensuring that the policy is brought to the attention of all affected persons and for monitoring compliance with the policy.

Reporting

The Company, will, in the corporate governance statement section of its Annual Report, include the recommended information set out in the ASX Corporate Governance Principles in relation to the Guide to reporting on Principle 3.

Principle 4: Safeguard integrity in financial reporting

Audit and Risk Management The Company believes it is not of a size to justify having a separate Audit and Risk Management Committee. Ultimate responsibility for the integrity of the Company's financial reporting rests with the full Board. Given the small size of the Board, the Directors believe an Audit Committee structure to be inefficient. All Directors share responsibility for ensuring the integrity of the Company's financial reporting and appropriate Board processes must be implemented to perform the following audit and risk management functions:

(1) external audit function:

(a) review the overall conduct of the external audit process including the independence of all parties to the process;

(b) review the performance of the external auditors;

(c) consider the reappointment and proposed fees of the external auditor; and

(d) where appropriate seek tenders for the audit and where a change of external auditor is recommended arrange submission to shareholders for shareholder approval;

(2) reviewing the quality and accuracy of published financial reports;

(3) reviewing the accounting function and ongoing application of appropriate accounting and business policies and procedures;

(4) reviewing and imposing variations to the risk management and internal control policies designed and implemented by Company management; and

(5) any other matters relevant to audit and risk management processes.

Reporting

The Company, will, in the corporate governance statement section of its Annual Report, include the recommended information set out in the ASX Corporate Governance Principles in relation to the Guide to reporting on Principle 4.

Principle 5: Make timely and balanced disclosure

Disclosure Policy

The Board has adopted a Disclosure Policy for ensuring timely and accurate disclosure of price-sensitive information to shareholders through the ASX set out in Appendix C.

The Disclosure Policy ensures that:

all investors have equal and timely access to material information concerning the Company including its financial position, performance, ownership and governance; and

Company announcements are subjected to a vetting and authorisation process designed to ensure they:

(a) are released in a timely manner;

(b) are factual;

(c) do not omit material information; and

(d) are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

Reporting

The Company, will, in the corporate governance statement section of its Annual Report, include the recommended information set out in the ASX Corporate Governance Principles in relation to the Guide to reporting on Principle 5.

Principle 6: Respect the rights of shareholders

Communication with Shareholders

The Board is committed to open and accessible communication with holders of the Company's shares and other securities. Disclosure of information and other communication will be made as appropriate by mail or email.

The Company's website will also be used to provide additional relevant information to security holders. The Board considers the following to be appropriate features for the Company's website:

(a) placing the full text of notices of meeting and explanatory material on the website;

(b) providing information about the last two years' press releases or announcements plus at least three years of financial data on the website.

General Meetings

The Company is committed to improving shareholder participation in general meetings. In order to achieve that objective, the Company has adopted guidelines of the ASX Corporate Governance Council for improving shareholder participation through the design and content of notices and through the conduct of the meeting itself.

Reporting

The Company, will, in the corporate governance statement section of its Annual Report, include the recommended information set out in the ASX Corporate Governance Principles in relation to the Guide to reporting on Principle 6.

Principle 7: Recognise and manage risk

Creation and implementation of Company risk management policies

It is the responsibility of [insert appropriate person by job title] to create, maintain and implement risk management and internal control policies for the Company, subject to review by the Board.

The Corporate Manager must report to the Board annually regarding the design, implementation and progress of the risk management policies and internal control systems.

Audit and Risk Management

As referenced with respect to Principle 4, the Board has not established an Audit and Risk Management Committee for the reasons given above.

Review by the Board

The Board will review the effectiveness of implementation of the risk management system and internal control system at least annually.

When reviewing risk management policies and internal control system the Board should take into account the Company's legal obligations and should also consider the reasonable expectations of the Company's stakeholders, including security holders, employees, customers, suppliers, creditors, consumers and the community.

Corporate Manager

The Corporate Manager is required annually to state in writing to the Board that the Company has a sound system of risk management, that internal compliance and control systems are in place to ensure the implementation of Board policies, and that those systems are operating efficiently and effectively in all material respects.

Verification of financial reports

The Chief Executive Officer and Chief Financial Officer (or equivalent) are required by the Company to state the following in writing prior to the Board making a solvency declaration pursuant to section 295(4) of the Corporations Act:

(a) that the Company's financial reports contain a true and fair view, in all material respects, of the financial condition and operating performance of the Company and comply with relevant accounting standards; and

(b) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and that the system is operating effectively in all material respects in relation to financial reporting risks.

Reporting

The Company, will, in the corporate governance statement section of its Annual Report, include the recommended information set out in the ASX Corporate Governance Principles in relation to the Guide to reporting on Principle 7.

Principle 8: Remunerate fairly and responsibly

Director and senior executive remuneration policies

The Company's remuneration policy is structured for the purpose of:

(a) motivating senior executives to pursue the long-term growth and success of the Company; and

(b) demonstrating a clear relationship between senior executives' performance and remuneration.

The Board's responsibility is to set the level and structure of remuneration for officers (including but not limited to directors and secretaries) and executives, for the purpose of balancing the Company's competing interests of:

(a) attracting and retaining senior executives and Directors; and

(b) not paying excessive remuneration.

Executive Directors' remuneration should be structured to reflect short and long-term performance objectives appropriate to the Company's circumstances and goals.

Executive Directors' and senior executives' remuneration packages should involve a balance between fixed and incentive-based pay, reflecting short and long-term performance objectives appropriate to the Company's circumstances and goals.

Non-executive Directors' remuneration should be formulated with regard to the following guidelines:

(a) non-executive Directors should normally be remunerated by way of fees, in the form of cash, non-cash benefits, superannuation contributions or equity, usually without participating in schemes designed for the remuneration of executives;

(b) non-executive Directors should not be provided with retirement benefits other than superannuation.

No Director may be involved in setting their own remuneration or terms and conditions and in such a case relevant directors are required to be absent from the full Board discussion.

Remuneration Committee

The Company believes it is not of a size to justify having a Remuneration Committee and that it has Board processes in place which raise the issues which would otherwise be considered by a committee.

Reporting

The Company, will, in the corporate governance statement section of its Annual Report, include the recommended information set out in the ASX Corporate Governance Principles in relation to the Guide to reporting on Principle 8.

Appendix A – Code of Conduct

Introduction

1 This Code of Conduct sets out the standards which the Board, management and employees of the Company are encouraged to comply with when dealing with each other, the Company's shareholders and the broader community.

Responsibilities to shareholders

2 The Company aims:

2.1 to increase shareholder value within an appropriate framework which safeguards the rights and interests of shareholders; and

2.2 to comply with systems of control and accountability which the Company has in place as part of its corporate governance with openness and integrity.

Responsibilities to clients, employees, suppliers, creditors, customers and consumers

3 The Company will comply with all legislative and common law requirements which affect its business.

Employment practices

4 The Company will employ the best available staff with skills required to carry out the role for which they are employed. The Company will ensure a safe workplace and maintain proper occupational health and safety practices.

Responsibility to the community

5 The Company will recognise, consider and respect environmental, native title and cultural heritage issues which arise in relation to the Company's activities and comply with all applicable legal requirements.

Responsibility to the individual

6 The Company recognises and respects the rights of individuals and will comply with the applicable laws regarding privacy and confidential information.

Obligations relative to fair trading and dealing

7 The Company will deal with others in a way that is fair and will not engage in deceptive practices.

Business courtesies, bribes, facilitation payments, inducements and commissions

8 Corrupt practices are unacceptable to the Company. It is prohibited for the Company or its directors, managers or employees to directly or indirectly offer, pay, solicit or accept bribes or any other corrupt arrangements.

Conflicts of interest

9 The Board, management and employees must report any situations where there is a real or apparent conflict of interest between them as individuals and the interest of the Company. Where a real or apparent conflict of interest arises, the matter must be brought to the attention of the Chairperson in the case of a Board member, the Managing Director or Chief Executive Officer (or equivalent) in the case of a member of management and a supervisor in the case of an employee, so that it may be considered and dealt with in an appropriate manner.

Compliance with the Code of Conduct

10 Any breach of compliance with this Code of Conduct is to be reported directly to the Chairperson.

Periodic review of Code

11 The Company will monitor compliance with this Code of Conduct periodically by liaising with the Board, management and staff. Suggestions for improvements or amendments to this Code of Conduct can be made at any time to the Chairperson.

Appendix B – Policy for trading in Company securities

Introduction

1. The Company recognises and enforces legal and ethical restrictions on trading in its securities by key management personnel within and external to the Company. The terms of this securities dealing policy apply to the Company's directors, secretaries, senior executives and such employees and consultants of the Company as are nominated by the Company Secretary from time to time (Key Management Personnel).

Communication

2. This policy will be communicated to all Key Management Personnel and will be placed on the Company's website.

Insider Trading Laws

3. Insider trading laws cover all directors, officers, employees and consultants of the Company. If a person has inside information which is not publicly known then that person shall not trade in the Company's shares or advise or procure another person to trade in the Company's shares or pass that information to someone else knowing (or where that person should reasonably have known) that the other person would, or would be likely to use that information to trade in, or procure someone else to trade in, the Company's shares.

Trading Restrictions

4. In addition to any prohibitions imposed under Insider Trading laws, trading by Key Management Personnel in the Company's securities is subject to the following limitations:
   - 4.1 No trading in the Company's securities shall take place during the closed period of two weeks preceding release of each quarterly report, half-yearly financial report, and annual report of the Company.
   - 4.2 No trading in the Company's securities shall take place, directly or indirectly, where it is known, or ought reasonably to have been known, by the person intending to trade, that information exists that has not been released to the ASX, and where that information is of a type that could reasonably be expected to encourage buying or selling, were that information known by others.
   - 4.3 The Chairman may declare other closed periods from time to time.

Hardship

5. During any of the periods specified in section 4, Key Management Personnel may not trade in the Company's securities, without obtaining the Chairman's prior written consent. Permission will only be granted to trade to the extent reasonably necessary to avoid or ameliorate documented hardship and suffering, or as required by other extenuating circumstances.

Directors' trading and disclosures

6. Within twenty four hours of a director being appointed to the Board, resigning or being removed from the Board, or trading in the Company's securities, full details of the Director's notifiable interests in the Company's securities and changes in such interest must be advised to the Company Secretary so that a record is kept within the Company and so that necessary ASX notifications will occur.

   All directors must notify the Company Secretary of any margin loan or similar funding arrangement entered into in relation to the Company's securities and any variations to such arrangements, including the number of securities involved, the circumstances in which the lender can make margin calls, and the right of the lender to dispose of the securities.

Excluded trades

7. The following trades are excluded from the operation of this policy:
   - dividend reinvestment plans;
   - share purchase plans;
   - rights issues;
   - accepting takeover offers;
   - pre-approved non-discretionary trading plans which are not entered into or subsequently amended during the periods described in the Trading Restrictions section of this policy; and
   - margin calls.

Appendix C - Disclosure Policy

Disclosure Requirements

1 The Company recognises its duties pursuant to the continuous disclosure rules of the ASX Listing Rules and Corporations Act to keep the market fully informed of information which may have a material affect on the price or value of the Company's securities.

2 Subject to certain exceptions (in ASX Listing Rule 3.1A), the Company is required to immediately release to the market information that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

Responsibilities of directors officers and employees

3 The Board as a whole is primarily responsible for ensuring that the Company complies with its disclosure obligations and for deciding what information will be disclosed. Subject to delegation, the Board is also responsible for authorising all ASX announcements and responses of the Company to ASX queries.

4 Every director, officer and employee of the Company is to be informed of the requirements of this policy and must advise the Managing Director, Chief Executive Officer (or equivalent), Chairperson or Company Secretary as soon as possible (and prior to disclosure to anyone else) of matters which they believe may be required to be disclosed.

Authorised Disclosure Officer

5 The Board has delegated its primary responsibilities to communicate with ASX to the following Authorised Disclosure Officer:

5.1 the Company Secretary or

5.2 in the absence of the Company Secretary, a designated Executive Director, who is authorised to act in that capacity by the Board.

Responsibilities of Authorised Disclosure Officer

6 Subject to Board intervention on a particular matter, the Authorised Disclosure Officer is responsible for the following:

6.1 monitoring information required to be disclosed to ASX and coordinating the Company's compliance with its disclosure obligations;

6.2 ASX communication on behalf of the Company, authorising Company announcements and lodging documents with ASX;

6.3 requesting a trading halt in order to prevent or correct a false market;

6.4 providing education on these disclosure policies to the Company's directors, officers and employees; and

6.5 ensuring there are vetting and authorisation processes designed to ensure that Company announcements:

6.5.1 are made in a timely manner;

6.5.2 are factual;

6.5.3 do not omit material information;

6.5.4 are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

7 An Authorised Disclosure Officer must be available to communicate with the ASX at all reasonable times, and are responsible for providing contact details and other information to ASX to ensure such availability.

Measures to avoid a false market

8 In the event that ASX requests information from the Company in order to correct or prevent a false market in the Company's securities, the Company will comply with that request. The extent of information to be provided by the Company will depend on the circumstances of the ASX request.

9 If the Company is unable to give sufficient information to the ASX to correct or prevent a false market, the Company will request a trading halt.

10 If the full Board is available to consider the decision of whether to call a trading halt, only they may authorise it, but otherwise, the Authorised Disclosure Officer may do so.

ASX Announcements

11 Company announcements of price sensitive information are subjected to the following vetting and authorisation process to ensure their clarity, timely release, factual accuracy and inclusion of all material information:

11.1 The Authorised Disclosure Officer must prepare ASX announcements when required to fulfil the Company's disclosure obligations.

11.2 Proposed announcements must be approved by the Chairman or in his absence, urgent announcements may be approved by the person expressly authorised by the Board.

11.3 Announcements must first be released to the ASX Announcements Platform before being disclosed to any other private or public party (such as the media). After release of the announcement, it must be displayed on the Company's website, following which the Company can then release such information to media and other information outlets.

11.4 Wherever practical, all announcements must be provided to the directors, Corporate Manager and Company Secretary prior to release to the market for approval and comment.

Confidentiality and unauthorised disclosure

12 The Company must safeguard the confidentiality of information which a reasonable person would expect to have a material effect on the price or value of the Company's securities. If such information is inadvertently disclosed, the Authorised Disclosure Officer must be informed of the same and must refer it to the Chairman and Corporate Manager as soon as possible.

External communications and Media Relations

13 The Chairman, Company Secretary and such other person approved by the Board are authorised to communicate on behalf of the Company with the media, government and regulatory authorities,

stock brokers, analysts and other interested parties or the public at large. No other person may do so unless specifically authorised by the Chairman, Company Secretary or such other approved person.

14 All requests for information from the Company must be referred to the Authorised Disclosure Officer for provision to the Chairperson and Managing Director or Chief Executive Officer (or equivalent).

Breach of Disclosure Policy

15 Serious breaches of this disclosure policy may be treated with disciplinary action, including dismissal, at the discretion of the Board.

16 Where the breach is alleged against a member of the Board, that director will be excluded from the Board's consideration of the breach and any disciplinary action for the Company to take.

Board Structure

Name of Director	Appointed	Executive	Non-Executive	Independent	Seeking re-election at 2011 AGM
H S Majteles - Chairman	1987	No	Yes	Yes	No
A Clemen	1987	No	Yes	Yes	Yes
D Zukerman	2005	Yes	No	No	No

Additional information included in accordance with listing requirements of the Australian Securities Exchange Limited.

1. SHAREHOLDING

(a) Distribution of Shareholders

(a) As at 26 September 2011 the distribution of members and their shareholdings were:-

Range of Holding		Holders	Shares Held	Percent
1	1,000	94	59,274	0.01
1,001	5,000	287	1,000,311	0.15
5,001	10,000	401	3,443,911	0.50
10,001	100,000	1,619	73,584,163	10.77
100,001	and over	755	605,186,106	88.57
		3,156	**683,273,765**	**100.00**

(b) There exist 1,288 shareholders with unmarketable parcels of shares.

(c) The twenty largest shareholders as at 26 September 2011 which represents 41.81% of the paid up capital were as follows:

Name of Holder	Number	%
JP Morgan Nominees Australia Ltd	81,041,688	11.86
Pan Pacific Mining Pty Ltd	35,000,000	5.12
Temmedo Pty Ltd	25,000,000	3.66
Doyle Family Superannuation Fund	22,036,406	3.23
I-CAN Limited	17,000,000	2.49
Pio Services Limited	15,057,000	2.20
Citicorp Nominees Pty Ltd	14,614,300	2.14
L C Asia Limited	12,720,000	1.86
Philip Hamlyn	10,350,000	1.52
HSBC Custody Nominees (Australia) Pty Ltd	8,334,058	1.20
Boulevade Investments Pty Ltd	6,000,000	0.88
Paul Arsenis	5,500,000	0.81
Evangelos Kalafatas	5,184,186	0.76
Miljenko, Iva & Frank Zuvela <Zuvela Super Fund A/c>	5,000,000	0.73
Giselle Doyle	4,109,844	0.60
Barry Sirgunas	4,100,000	0.60
W D & M N Christman	3,830,000	0.56
Alban H Hasslinger	3,645,000	0.53
Salvatore Danze	3,617,077	0.53
Bassam Haddad	3,600,000	0.53
	285,739,559	41.81

(d) **Substantial Shareholders**

The names of the substantial shareholders who have notified the Company in accordance with Section 671B of the *Corporation Act 2001* are:

Name	Number of Ordinary Shares	Percentage of Issued Capital
Pan Pacific Mining Pty Ltd together with group member Caconda Pty Ltd	36,500,000	5.45%

5. Distribution of Option holders

There is one class comprising 163,665,000 unlisted options, which has an exercise price of 2 cents each, and which expire on 30 September 2013, which were granted at a cost of 0.01 cents each.