AustralianZircon NL ABN 60 063 389 079

2010 Full Financial Report

Contents

DIRECTORS' REPORT

The Directors of Australian Zircon NL submit their report for the year ended 30 June 2010.

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

DIRECTORS

Jeremy D Shervington
B.Juris.LLB - (Appointed 16 February 1998, Chairman from 23 December 2008)

Mr Shervington was appointed a Director of Australian Zircon on 16 February 1998. He is a solicitor specializing in laws regulating companies and the securities industry in Australia. Currently Mr Shervington is the Chairman of the Board. He is also a Director of various ASX and unlisted public and private companies.

Other current Directorships: Emerald Oil & Gas - Non executive Chairman from 23 January 2006, Non executive director Horseshoe Metals Limited from 14 December 2006, and Ridge Resources Limited since 11 November 2010

Former Directorships in the last 3 years: Papillon Resources Appointed 11 May 2006 , Resigned 27 May 2011, North Manganese Limited Appointed 11 May 2006 , Resigned 22 March 2010, Prairie Downs Limited Appointed 11 October 2002, Resigned 25 August 2011, Stirling Resources Limited Appointed 13 July 2009, Resigned 18 June 2010, Cokal Limited Appointed 8 August 2006 Resigned 24 December 2010, Industrial Minerals Corporation Limited Appointed 17 January 2004,Resigned 10 March 2011

Age: 54

Johannes van Zyl
MSc. MBL - (Managing Director appointed 7 May 2009, Resigned 30 October 2009)

Mr van Zyl is a qualified Mining and Metallurgical Engineer with 30 years experience in the resource industries in South Africa and Australia. After various technical positions in metallurgy and mining in coal, Mr van Zyl held management positions in coal and manganese and commercial and marketing management responsibilities in manganese.

Other current Directorships: Nil

Former Directorships in the last 3 years: Nil

Age: 56

David B Clarke
BSc - (Non-Executive Director appointed 2 March 2001, Resigned 9 October 2009)

Mr Clarke is a graduate of the University of Adelaide in geology and physics and he has acted as principal sponsor and financier of several industrial and resource developments in Australia. He is also a Director of Stuart Petroleum Limited.

Other current Directorships: Non-executive Director of Stuart Petroleum Limited (Director since 12 December 2001).

Former Directorships in the last 3 years: Nil

Age: 63

Johann C Jooste-Jacobs
FCA. MBL. FAICD - (Non-Executive Director appointed 15 February 2005 Resigned 15 October 2009)

Mr Jacobs is a Chartered Accountant and a mining professional with experience in project development, project expansions and operational start-ups. Mr Jacobs filled senior positions in acquisition, expansion of and development of mining operations in New South Wales, South Africa and Indonesia.

Other current Directorships: IMX Resources NL from 12 August 2007, Sphere Resources Inc. from August 2007.

Former Directorships in the last 3 years: Nil

Age: 57

Michael LJ Kiernan
B Bus. FAICD - (Non-executive Director Appointed 4 February 2009, Resigned 12 March 2010)
Mr Kiernan has more than 35 years experience in transport, mining, contracting and resources industries, including the development and operation of mining projects in iron ore, manganese, chromite, nickel, copper, coal, gold and mineral sands. He has a track record in management and leadership of resources based projects having held executive positions with Australia's major mining and transport contractors.

Other current Directorships: Stirling Resources Limited - December 2008 to current (Managing Director), Monarch Gold Mining Company Limited - 2002 to current (Chairman of Directors), Redbank Copper Limited - December 2008 to current (Director), Matilda Zircon Limited - July 2009 to current (Non-executive Director), Crawley Investments Pty Limited - from 2002 to current (Chairman).

Former Directorships in the last 3 years: Mineral Resources Limited - July 2006 to 12 May 2008 (Non-executive Chairman), Windimurra Vanadium Limited - from August 2006 to February 2008 (Non-executive Chairman), India Resources Limited - from August 2006 to June 2008 (Deputy Chairman), Matilda Minerals Limited - from December 2006 to June 2008 (Non-executive Chairman), Territory Resources Limited - from February 2007 to June 2008 (Executive Chairman), Peel Exploration Limited - from March 2007 to February 2008 (Non-executive Chairman), Australian Zircon NL - from May 2006 to April 2007 (Director), Consolidated Minerals Limited - from April 1998 to June 2006 (Director), Uran Limited - from May 2006 to June 2007 (Chairman).

Age: 62

Giga Bedineishvili
B.Phys, MBA - (Non-executive Director appointed 18 May 2009, Resigned 4 January 2012)

Mr Bedineishvili is Director of Business Development for global commodity trader, and Australian Zircon major shareholder, DCM DECOmetal. He has strong business and global finance background, having previously worked with US bank Salomon Brothers, Salford Capital Partners and as Chief Economic Advisor to the President of Georgia.

Other current Directorships: Stirling Resources Limited from 19 February 2009

Former Directorships in the last 3 years: Nil

Age: 49

Steve McEwen
B A (Accounting), CA
Director: Appointed 10 August 2010, Resigned 5 December 2011

Mr McEwen has been in the financial services sector and a Chartered Accountant for over 20 years. He has held the position of Finance Director, Chief Financial Officer and Company Secretary in the mining, manufacturing and financial services industries. He is principally experienced in areas of finance, system policies and control, financial reporting, risk management and compliance.

Age: 50

Other current Directorships: Nil

Former Directorships in the last 3 years: Nil

Martin Adams
B Eng, MBA - Executive Director appointed 24 June 2011

Mr Adams has thirty years' experience in the Australasian mining industry having held a range of operational senior management positions in open pit and underground mining operations and has extensive experience in gold. Copper, iron ore, lead/zinc and mineral sands projects.
Other current Directorships: Nil

Former Directorships in the last 3 years: Stirling Resources (July 2010 to 31 December 2010), Redbank Copper (22 July 2007 to 14 September 2010), Matilda Zircon (20 July 2010 to 31 December 2010), Swan Gold Mining (22 July 2010 to 11 September 2010).
Age: 56

Thomas Styblo
Executive Master of Laws (LL.M.), Masters Degree in Economic and Social Sciences
Director: Appointed 22 February 2012
Mr Styblo is an executive of Australian Zircon's largest shareholder, DCM DECOmetal GmbH and is responsible for the legal and commercial aspects of DCM's mining investments as well as the management of DCM's Australian mining operations.
Prior to joining DCM, Mr Styblo was Managing Director and CFO of Schweighofer & Styblo GmbH and was responsible for finance, legal and accounting, tax optimisation, human resources and strategic planning for that company.
Other current Directorships: Murray Zircon Pty Ltd
Former Directorships in the last 3 years: Nil
Age: 44

Laurie Shervington - Alternate Director appointed 31 March 2011, Resigned 22 March 2012
LLB, SF Fin, MAICD (Lawyer)

Mr Shervington is a Special Counsel in Minter Ellison's Perth corporate advisory group. He has over 35 years specialist commercial and corporate law experience.
Other current Directorships: Cooper Energy Limited Appointed 1 October 2003
Former Directorships in the last 3 years: Nil
Age: 68

EXECUTIVES

Johannes van Zyl
MSc. MBL - (Managing Director from 15 April 2009 to 30 October 2009)
Mr van Zyl is a qualified Mining and Metallurgical Engineer with 30 years experience in the resource industries in South Africa and Australia. After various technical positions in metallurgy and mining in coal, Mr van Zyl held management positions in coal and manganese and commercial and marketing management responsibilities in manganese. Mr van Zyl was named professional manager of the year for Queensland in 2006 by the Australian Institute of Management.
Age: 56

Richard Fagan
MDip UJ, MDP Durban-W, NDip UJ – (General Manager Operations from 18 May 2009 to 28 February 2010)

Mr Fagan is a metallurgist with 32 years in mineral processing and 20 years in mineral sands. Most of the operational mineral sands experience was with Richard's Bay Mineral - the world's largest mineral sands producer. This was followed by a variety of challenges with Downer EDI Mining Mineral Technologies, one of which was the commissioning of a mineral sands pilot plant in Kenya. More recently, Richard was the Process Commissioning Manager for the Iluka Douglas wet plant.
Age: 56

Gerard L Bosch
BSc(Hons). FAusIMM - (Manager Geology from 1 June 2006 to 23 October 2009)
Mr Bosch is a Geologist with 27 years experience in Australian mineral exploration and discovery. He has particular experience in the pre-development phase of mining operations, including statutory approvals and land access.
Age: 53

Steve McEwen
B A (Accounting), CA – (Chief Financial Officer from 15 October 2008 to 31 January 2012)
Steve McEwen has been in the financial services sector and a Chartered Accountant for over 20 years. He has held the position of Finance Director, Chief Financial Officer and Company Secretary in the mining, manufacturing and financial services industries. He is principally experienced in areas of finance, system policies and control, financial reporting, risk management and compliance.
Age: 50

Ilona Schultz
BMus, Grad Dip (Ed) – (Company Secretary from 1 June 2009 to 16 October 2009)
Ms Schultz has served the Company since 2002 and has worked closely with members of the Board for several years. Prior to joining Australian Zircon Ms Schultz worked in the arts, education, banking and natural resources in Queensland. Ms Schultz holds degrees from the University of Adelaide and the University of Queensland and is presently completing a Bachelor of Laws degree from the University of Adelaide and a Graduate Diploma of Applied Corporate Governance from Chartered Secretaries Australia.
Age: 45

Martin Adams
B Eng, MBA - (Chief Executive Officer from 21 January 2010)
Mr Adams has thirty years' experience in the Australasian mining industry having held a range of operational senior management positions in open pit and underground mining operations and has extensive experience in gold. Copper, iron ore, lead/zinc and mineral sands projects.
Age: 56

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

Particulars of current Directors' interests in the shares of Australian Zircon NL as at the date of this report are as follows:

	Fully paid shares held	Partly paid shares held	Options held
JD Shervington	1,216,230	900,000	-

No other current Directors hold shares in Australian Zircon NL as at the date of this report other than those stated above.

PRINCIPAL ACTIVITIES

The principal activity of Australian Zircon NL and its consolidated entities (the "Group") at the beginning of the year was the ramp up of its Mindarie Zircon mine in the South Australian sector of the Murray Basin and continued exploration for zircon and titanium minerals on its tenements in South Australia. However due to ongoing trading difficulties the Directors placed the company into voluntary administration on 9 October 2009.

RESULTS AND DIVIDENDS

The Group made a loss after tax of $20,103,123 (2009: $139,505,543), primarily due to continued losses from mining operations until the Group was placed into voluntary administration on 9 October 2009, and ongoing maintenance costs. No dividends were paid and the Directors have not recommended the payment of a dividend.

CORPORATE PERFORMANCE

The performance of the Consolidated Entity over the last five years is:

Year	Net loss for the year	Loss per share – cents	Shareholders' Equity	Share price at the beginning of the year – cents	Share price at the end of the year - cents
2006	1,959,010	1.1	22,973,933	15	18
2007	2,609,448	1.09	34,868,113	18	33.5
2008	15,827,064	5.5	19,444,643	33.5	12
2009	139.505,543	18.2	(64,987,502)	12	5
2010	20,103,123	1.4	(85,090,625)	5	N/A

No dividends were paid in any of the above years, nor were there any capital reductions or share cancellations.

REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS

The company was placed in voluntary administration on 9 October 2009. The administrator continued to process material from the tailings dam until placing the mine on care and maintenance in February 2010. Principal financier and largest shareholder DCM DECOmetal GmbH entered into a Deed of Company Arrangement (DOCA) with creditors for a total amount of $8 million. The DOCA was fully effectuated on 30 July 2010. The company was then handed back to the Directors who reviewed future operations and sold the Mindarie Mine to a joint venture entity, with the Group retaining a 35% interest. The Group is continuing to focus on developing the WIM150 project by undertaking a Bankable Feasibility Study.

STATE OF AFFAIRS

During the year the Group issued no fully paid ordinary shares.

ENVIRONMENTAL REGULATION

The Group is subject to environmental regulation in respect of the mining tenements granted to it and the mining legislation of the states in which the mining tenements are held. The Directors are satisfied that no breaches of the environmental conditions of these licences have occurred as they are continually monitoring the Group's operations. No notices of any such breaches have been received from any authority.

OPTIONS

Particulars regarding options of Australian Zircon NL (all options are unlisted and currently exercisable) as at the date of this report:

Category	Expiry date	Exercise price	Exercised during the year	Outstanding
Non-related party - Crescent Gold	19-Sep-13	9.47 cents each	-	39,000,000

Between the end of the year and the date of this report no options have been exercised.

None of the above options entitle the holders to participate, by virtue of the options, in any share issue of any other corporation.

DIRECTORS' REPORT – *(continued)*

SIGNIFICANT EVENTS AFTER BALANCE DATE

Except as mentioned below, in the opinion of the Directors there has not arisen in the interval between the end of the financial year and the date of this report any matter or circumstance that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

On 30 July 2010, the Deeds of Company Arrangement's (DOCA's) were finalised and approved by the creditors, under which all of the Group's Administration liabilities and unsecured creditors were settled for $8 million. Subsequently the Creditor's Trust was executed and the DOCA's were effectuated on the same day.

On 10 November 2010 the Group entered into arrangements with Orient Zirconic Resources Australia Pty Ltd ("OZC") a subsidiary of Orient Zirconic Guangdong, which listed on the Shenzen Stock Exchange in the Peoples Republic of China. Under the arrangements, within 6 months OZC could require the Group to assign to a corporate joint venture company ("the Joint Venture Company") (to be owned 65% by OZC and 35% by the Company) either all the assets of the Group, or all the assets of the Group other than its WIM 150 assets. If OZC were to elect to assign all assets, the consideration payable would to be $40,000,000 (plus a 35% interest in the Joint Venture Company). If OZC were to elect to assign all the assets except WIM 150, consideration would be $16,250,000 (plus a 35% interest in the Joint Venture Company), with the transaction occurring in two stages, being $15,535,000 for all the assets excluding the WIM 150 project and Pine Valley tenements, and then $715,000 for the Pine Valley tenements. The conditions for any assignment to the Joint Venture Company pursuant to the arrangements included all regulatory and FIRB approvals, shareholder approvals and all third party consents required.

In advance of any assignment occurring, on 10 November 2010 OZC advanced $20 million to the Group which was utilized by the Group to reduce it's debt to its controlling shareholder, DCM. OZC took a first ranking security over the Group's assets to secure the repayment of the loan. The balance of funds owing to DCM has been secured by second ranking securities over the Group's assets.

On 31 January 2011, the Group was advised by OZC it had been notified by the Foreign Investment Review Board that any assignment to the Joint Venture Company which would be owned 65% by OZC and 35% by the Group of the assets of Group in the terms contemplated by the 10 November arrangements would be unobjectionable.

On 29 June 2011, all of the Group's assets except the WIM 150 assets and Pine Valley tenements were transferred to a Joint Venture Company, Murray Zircon Pty Limited ("MZL") for the consideration outlined above. MZL is to undertake feasibility study into recommissioning the Mindarie mine.

The Group has a Farm-In Agreement with Austpac Resources NL ('Austpac') in which the Group has the right to earn an 80% interest in the WIM 150 project by completing a bankable feasibility study. On 30 March 2010 Austpac announced that it had agreed to sell the related exploration licence to Astron Limited. The Group subsequently launched Court proceedings against this sale. On 4 August 2011, the Supreme Court of Western Australia ruled that the Farm-in agreement between the Group and Austpac was not assignable, and therefore the Sale Agreement between Austpac and Astron Limited was ended. This decision was appealed by Astron Limited on the same day. However, in October 2011 Astron advised that it had discontinued its appeal.

Under the November 2010 arrangements with OZC outlined above, if the Group gives notice to OZC that the above litigation has been resolved to its satisfaction, OZC has 3 months within which to elect whether it wishes the Group to assign the WIM 150 assets to the Joint Venture Company. If OZC elects to do so, consideration payable will be $23,750,000 to the group and the Group will maintain its 35% holding in MZ.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors support and have adhered to the principles of good corporate governance. The Group's corporate governance statement is contained in the section titled "Corporate Governance Statement".

REMUNERATION REPORT (audited)

This report outlines the remuneration arrangements in place for Directors and Executives of Australian Zircon NL and its subsidiaries. The corporate performance summary is disclosed elsewhere in the Directors' Report.
The information provided in this remuneration report has been audited as required by section 308 (3C) of the *Corporations Act 2001*

Remuneration philosophy

The performance of the Group depends on the quality of its Directors and Executives. To prosper, the Group must attract, motivate and retain highly skilled staff, Directors and Executives.

To this end, the Group embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives
- Link executive rewards to shareholder value
- Establish appropriate, demanding performance hurdles in relation to variable executive remuneration

The key management personnel of Australian Zircon NL include the directors as previously identified and the following executives.

Executives of the entity during the year to 30 June 2010:

MP Adams - Chief Executive Officer
JS van Zyl - Managing Director
SW McEwen – Chief Financial Officer
MIA Schultz – Company Secretary
GL Bosch – Exploration Manager
RG Fagan – General Manager Operations

All executives are employed under a rolling service contract. The appointment and resignation dates, where applicable, are set out above in the Directors Report. The major provisions relating to remuneration are set out below:

Name	Commencement date of Agreement	Base Salary plus superannuation guarantee contributions, reviewed annually	Salary payable on termination in lieu of notice (months)
JS van Zyl	15-Apr-09	436,000	6
SW McEwen	15-Oct-08	163,500	1
MIA Schultz	01-Jun-09	54,936	1
GL Bosch	01-Jun-06	190,750	1
MP Adams	30-Oct-09	0	0
RG Fagan	18-May-09	247,975	3

Remuneration committee

Due to the relatively small size of the Group the Board have decided not to form a separate Remuneration Committee, and instead the Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors, Chief Executive Officer (CEO) and the senior management team.

The Board of Directors assesses the appropriateness of the nature and amount of remuneration of Directors and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. Share options may form part of a remuneration package and number and terms of such options will be determined in accordance with the above objectives.

REMUNERATION REPORT (audited) - *(continued)*

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive Director and senior manager remuneration is separate and distinct.

Non-executive Director remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain Directors of the highest calibre and with the experience and qualifications appropriate to the development of the Group, whilst incurring a cost which is acceptable to shareholders.

Structure

The constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive Directors shall be determined from time to time by shareholders in general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at the Annual General Meeting held in 2006 when shareholders approved an aggregate remuneration of $400,000 per year.

The Board considers fees paid to non-executive Directors of comparable companies when undertaking the annual review process.

Of the non-executive Directors the Chairman and Mr Clarke received Directors fees. Mr Shervington received Directors fees and contract payments for services rendered at commercial rates. Mr Jooste-Jacobs received contract payments for services rendered at commercial rates and no additional Directors fees were paid.

Non-executive Directors' fees are not linked to the performance of the Group. However, Directors are issued options to provide the necessary incentive to work and grow long-term shareholder value. Issues of options to Directors require approval by shareholders in general meeting.

Executives and senior management remuneration

Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and so as to:

- Reward executives for Group and individual performance;
- Align the interests of executives with those of shareholders;
- Link reward with the strategic goals and performance of the group; and
- Ensure total remuneration is competitive by market standards.

Structure

It is Board policy that employment contracts are entered into with the Chief Executive Officer and other senior executives.

Remuneration consists of the following key elements:

- Fixed remuneration
- Variable remuneration

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) is established by the Board of Directors.

Fixed Remuneration

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed in accordance with contract terms by the Board of Directors and the process consists of a review of companywide and individual performance, relevant comparative remuneration in the market and internal and, where appropriate, external advice on policies and practices.

Variable remuneration

Objective

The level of variable remuneration is not connected to performance parameters, it is at the discretion of the Board. The Board in exercising its discretion will undertake a process which consists of a review of companywide and individual performance, relevant comparative remuneration in the market and internal and, where appropriate, external advice on policies and practices.

Employment contracts

Employees are employed under terms which include annual reviews as to their personal performances and assessment as to general employment market conditions. Employment agreements are not period specific and can generally be terminated on periods ranging from four weeks' to three months' notice. Termination benefits have not been included in contracts.

REMUNERATION REPORT (audited) - *(continued)*

Compensation of Directors' and Key Management Personnel

30 June 2010	Short term		Post employment		Total	Total performance related
	Salary and fees	Contract payments and professional fees	Superannuation	Termination		
	$	$	$	$	$	%
Directors						
JD Shervington	26,835	-	-	-	26,835	-
JS van Zyl	124,700	-	11,223	1,500	137,423	-
JC Jooste-Jacobs	-	13,846	-	-	13,846	-
DB Clarke	13,846	-	-	-	13,846	-
M Kiernan	13,846	-	-	-	13,846	-
G Bedineishvili	-	-	-	-	-	-
	179,227	13,846	11,223	1,500	205,796	-
Executives						
MP Adams	-	173,647	-	-	173,647	
GL Bosch	40,953	-	3,686	32,900	77,539	-
S McEwen	150,000	-	13,500	-	163,500	-
R Fagan	166,265	-	14,964	113,750	294,979	-
I Schultz	12,459	-	6,801	34,734	53,994	-
	369,677	173,647	38,951	181,384	763,659	-

30 June 2009	Short term		Post employment		Total	Total performance related
	Salary and fees	Contract payments and professional fees	Superannuation	Super Salary Sacrifice		
	$	$	$	$	$	%
Directors						
JD Shervington	76,085	30,000	6,848	-	112,933	-
JS van Zyl	46,667	-	4,200	36,666	87,533	-
JC Jooste-Jacobs	54,500	-	-	-	54,500	-
DB Clarke	50,000	125,000	4,500	-	179,500	-
DR Mutton	40,014	-	3,601	20,000	63,615	-
M Kiernan	20,448	-	1,840	-	22,288	-
M McGarvie	9,863	57,031	888	-	67,782	-
B Xue	-	-	-	-	-	-
G Bedineishvili	-	-	-	-	-	-
	297,577	212,031	21,877	56,666	588,151	-
Executives						
K Donaldson	252,584	-	18,012	-	270,596	-
AN White	61,197	-	5,508	-	66,705	-
JR Wilton	177,611	-	15,985	-	193,596	-
GL Bosch	120,175	-	10,816	53,992	184,983	-
S McEwen	102,329	-	9,210	-	111,539	-
R Fagan	28,273	-	2,545	-	30,818	-
I Schultz	4,200	-	378	-	4,578	-
	746,369	-	62,454	53,992	862,815	-

During the 2009 financial year share based payment expense in relation to executives totalled $52,602 pertaining to JR Wilton $47,966 and AN White $4,636 (2008: total $156,854 - JR Wilton $127,970, AN White $28,884) respectively.

END OF AUDITED SECTION

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held and numbers of meetings attended by each of the Directors' of the Group during the financial year were:

	Directors' meetings		Audit meetings	
	Number of meetings held while in office	Number of meetings attended	Number of meetings held while in office	Number of meetings attended
JD Shervington	5	5	1	1
JC Jooste-Jacobs	5	4	1	1
DB Clarke	4	4	-	-
MLJ Kiernan	5	5	1	1
JS van Zyl	5	5	-	-
G Bedineishvili	5	4	-	-

Committee membership

As at the date of this report, the Group had an audit committee of the Board of Directors. Members acting on the audit committee of the Board during the year to 30 June 2010 were:

- JC Jooste-Jacobs (Chairman)
- JD Shervington
- MLJ Kiernan

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained the independence declaration from our auditors SomesCooke, a copy of which is on page 9 of this report.

NON-AUDIT SERVICES

SomesCooke have not provided any services other than for the audit for the year ended 30 June 2010.

INDEMNIFICATION AND INSURANCE OF OFFICERS

During the previous financial year the Group entered into agreements to indemnify all Directors of the Group, Australian Zircon NL, against all liabilities (subject to certain limited exclusions) to persons (other than the Company or a related body corporate) which arise out of the performance of their normal duties as a Director or executive officer unless the liability relates to conduct involving a lack of good faith. The Group has agreed to indemnify the Directors and executive officers against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments. During the financial year the Group paid insurance premiums in respect of Directors' liability insurance. Disclosure of the nature of the liability and the extent of the premium is prohibited by the confidentiality clause of the contract of insurance.

The Directors' and officers' liability insurance provides cover against all costs and expenses involved in defending legal actions and any resulting payments arising from a liability to persons (other than Australian Zircon NL or a related body corporate) incurred in their position as Director unless the conduct involves a wilful breach of duty or an improper use of inside information or position to gain advantage.

Signed in accordance with a resolution of the Directors.

J D Shervington
Chairman
Perth, 3 April 2012

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Business Consultants
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AUDITOR'S INDEPENDENCE DECLARATION

To those charged with governance of Australian Zircon NL

As auditor for the audit of Australian Zircon NL for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been:

a) No contraventions of the 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.

Somes Cooke

Somes Cooke

K Somes

Kevin Somes
Perth
3 April 2012

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
Sales Revenue		**9,336,739**	25,096,375
Other income	3	**1,022,974**	257,934
Employee benefits expense	4	**(5,329,463)**	(9,816,740)
Finance costs	4	**(4,071,401)**	(8,459,998)
Other expenses	4	**(32,907)**	(9,764,051)
Mine costs		**(18,909,519)**	(31,853,384)
Exploration and evaluation expenditure written off		**-**	(281,861)
Depreciation and amortisation of non-current assets		**(744,858)**	(9,997,681)
Corporate expenses	4	**(1,374,688)**	(3,746,636)
Impairment expenses	5	**-**	(80,727,503)
LOSS BEFORE INCOME TAX		**(20,103,123)**	(129,293,545)
Income tax benefit / (expense)	6	**-**	(10,211,998)
NET LOSS FOR THE YEAR		**(20,103,123)**	(139,505,543)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF THE PARENT		**(20,103,123)**	(139,505,543)
Basic (loss) per share (cents)	21	**(1.4)**	(18.2)
Diluted (loss) per share (cents)	21	**(1.4)**	(18.2)

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	**2,536,118**	3,838,864
Trade and other receivables	8	**1,050,388**	1,077,461
Inventories	9	**29,705**	2,564,226
Non-Current assets classified as held for sale		**-**	2,513,896
Derivative financial instruments		**-**	321,291
Prepayments		**-**	300,404
TOTAL CURRENT ASSETS		**3,616,211**	10,616,142
NON-CURRENT ASSETS			
Property, plant and equipment	10	**1,927,060**	1,752,492
Development	11	**-**	-
Exploration and evaluation	12	**4,444,854**	3,238,849
TOTAL NON-CURRENT ASSETS		**6,371,914**	4,991,341
TOTAL ASSETS		**9,988,125**	15,607,483
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	**15,468,814**	20,505,102
Interest bearing loans and borrowings	14	**76,070,781**	45,770,101
Provisions	15	**39,073**	1,980,482
TOTAL CURRENT LIABILITIES		**91,578,668**	68,255,685
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	14	**-**	10,375,624
Provisions	15	**3,500,082**	1,963,676
TOTAL NON-CURRENT LIABILITIES		**3,500,082**	12,339,300
TOTAL LIABILITIES		**95,078,750**	80,594,985
NET (LIABILITIES)		**(85,090,625)**	(64,987,502)
EQUITY			
Contributed equity	16	**110,816,025**	110,816,025
Reserves	17	**899,095**	899,095
Accumulated Losses		**(196,805,745)**	(176,702,622)
TOTAL EQUITY		**(85,090,625)**	(64,987,502)

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

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2010

Consolidated

	Contributed equity	Accumulated losses	Share based payments reserve	Total
At 1 July 2008	55,805,229	(37,197,079)	836,493	19,444,643
Loss for the year	-	(139,505,543)	-	(139,505,543)
Equity Transactions				
Share issues	53,939,810	-	-	53,939,810
Share issue expenses	(683,734)			(683,734)
Tax adjustments to equity	1,754,720	-	-	1,754,720
Options expense	-	-	62,602	62,602
At 30 June 2009	110,816,025	(176,702,622)	899,095	(64,987,502)
At 1 July 2009	**110,816,025**	**(176,702,622)**	**899,095**	**(64,987,502)**
Loss for the year	**-**	**(20,103,123)**	**-**	**(20,103,123)**
At 30 June 2010	**110,816,025**	**(196,805,745)**	**899,095**	**(85,090,625)**

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

STATEMENT OF CASHFLOWS

for the Year Ended 30 June 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments from forward contract		**-**	(474,719)
Receipts from customers		**9,363,812**	19,631,836
Payments to suppliers and employees		**(14,192,634)**	(48,328,744)
Borrowing costs paid		**-**	(8,459,998)
Interest received		**25,107**	91,121
Income other		**-**	177,417
Net cash outflow from operating activities	7	**(4,803,715)**	(37,363,087)
CASH FLOWS FROM INVESTING ACTIVITIES			
Development costs paid		**-**	(1,243,512)
Exploration costs paid		**(1,206,005)**	(962,541)
Payments for acquisition of property, plant and equipment		**(973,357)**	(6,111,200)
Proceeds from sale of plant and equipment, and 'assets held for sale'		**2,678,931**	-
Net cash inflow/(outflow) from investing activities		**499,569**	(8,317,253)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from equity raising		**-**	55,010,796
Proceeds from loan facilities		**-**	7,057,075
Proceeds from trade advances		**13,369,546**	18,521,990
Repayments of loan facilities		**(10,260,267)**	(27,313,045)
Finance lease principal repayments		**(107,879)**	(8,611)
Net cash inflow from financing activities		**3,001,400**	53,268,205
Net (decrease) / increase in cash and cash equivalents held		**(1,302,746)**	7,587,865
Cash and cash equivalents at the beginning of the reporting period	7	**3,838,864**	(3,749,001)
Cash and cash equivalents at the end of the reporting period	7	**2,536,118**	3,838,864

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

1. CORPORATE INFORMATION

These consolidated financial statements of Australian Zircon NL ('the Company') and controlled entities ('the Group') for the year ended 30 June 2010 were authorised for issue in accordance with a resolution of the directors on the date of the Directors Report.

Australian Zircon NL, is a public no liability company. Under the Corporations Act 2001, public no liability companies are required to include specific provisions in their Constitution which state that:

The sole object of the company must be mining; and the company must have no right under its constitution to recover calls made on its shares from shareholders who fail to pay them. Australian Zircon's shares are listed on the Australian Stock Exchange. Australian Zircon NL is the parent of the consolidated group (the "Group").

The registered office of the Group is located at Suite 2, Level 2, 52 Hindley Street, Adelaide SA 5000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards, Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting standards Board (AASB).

The financial report is presented in Australian dollars.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial liabilities and financial assets.

(b) Going concern

The financial statements have been prepared on the basis that the Group and the Company will continue to meet their commitments and can therefore continue normal business activities and realise assets and settle liabilities in the ordinary course of business.

Note 20 'Events Subsequent to Balance Date' outlines significant matters and circumstances that have effected the Group subsequent to year end, including:
• The Group exited administration on 30 July 2010 upon execution of the Deed of Company Arrangement; and
• In June 2011, the Group completed the sale of all of its assets, except its interest in the WIM 150 project and its Pine Valley tenements, to Murray Zircon Pty Ltd, a joint venture entity owned and jointly controlled by the Group and Orient Zirconic Resources (Australia) Pty Limited.

At the date of signing the financial report the Group is dependent upon continuing financial support from it's controlling shareholder, DCM, to pays its debts as and when they fall due. As at 30 June 2011, the Group had net liabilities of $56,130,240 and $64,833,088 was owing to DCM. As at 31 December 2011, the Group had net liabilities of $62,484,404 and $70,381,331 was owing to DCM. DCM have approved an internal resolution to finance the Group's Bankable feasibility Study relating to it's WIM 150 project, amounting to $5.5 million.

At the date of signing the financial report, the directors are confident that DCM will continue to financially support the Group to enable it to pay its debts as and when they fall due for the next 12 months, and as such believe the going concern basis is appropriate. Should the financial support of DCM be discontinued, there is significant uncertainty whether the Company and Group will be able to continue as a going concern. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, or the amounts or classification of liabilities, which might be necessary should the Company and Group not be able to continue as a going concern.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Australian Zircon NL and subsidiaries it controlled at the end of the reporting period ('the Group'). A controlled entity is an entity over which Australian Zircon NL has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities. The financial statements of 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.

(d) Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on judgements, estimates and assumptions of future events. The key judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are the going concern assumption (outlined at Note 2b) and:

Reserves

The determination of reserves impacts the accounting for asset carrying values, depreciation and amortisation rates, deferred stripping costs and provisions for decommissioning and restoration. Australian Zircon estimates its mineral resources and ore reserves in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 (the 'JORC code'). The information on mineral resources and ore reserves were prepared by or under the supervision of Competent Persons as defined in the JORC code. The amounts presented are based on the mineral resources and ore reserves determined under the JORC code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated.

Impairment of non-financial assets other than goodwill

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These conditions include estimates of the quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction, future production levels, future commodity prices and future cash costs of production and capital expenditure. If an impairment trigger exists the recoverable amount of the asset is determined. This involves value in use calculations, which incorporate a number of key estimates and assumptions.

Restoration liabilities

Decommissioning and restoration costs are a normal consequence of mining, and the majority of this expenditure is incurred at the end of a mine's life. In determining an appropriate level of provision, consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the mine), and the estimated future level of inflation.
The ultimate cost of decommissioning and restoration is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in reserves or to production rates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the 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 from the sale of goods is recognized when there is persuasive evidence, usually when the significant risks and rewards of ownership have been transferred to the buyer, no further work or processing is required, the quantity and quality of the goods has been determined, the price is fixed and generally title has passed (for shipped goods this is the bill of lading date).

Interest income
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).

(f) Borrowing costs

Borrowing costs are recognised as an expense when incurred, except to the extent that they relate to the acquisition of qualifying assets in which case they are capitalised.

(g) Property, plant and equipment

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

Depreciation is calculated on a diminishing value basis over the estimated useful life of the asset as follows:
Plant and equipment 3 - 5 years

An item of 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 income statement in the period the item is derecognised.

(h) Exploration and evaluation

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the balance sheet where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

(i) Development

Development expenditure in relation to the Mindarie zircon project includes exploration and evaluation expenditure on tenement areas which are proceeding to mining together with intangible expenditure on areas to be mined prior to commencement of mining. Development expenditure carried forward as an asset in the balance sheet is expected to be recovered by the successful mining of the project area. When mining commences, development expenditure previously incurred will be amortised over the mining period on a units of production basis. Development expenditure carried forward is assessed for impairment on a continuing basis.

(j) Impairment

At each reporting date, the Group assesses whether there is any indication that an 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 pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

(k) Cash and cash equivalents

Cash and cash equivalents in the balance sheet 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 Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(l) Trade and other receivables

Trade and other receivables are generally receivable within 30-90 day terms, are recognised and carried at original amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of raw material and consumables inventories is based on the average cost basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Cost includes variable costs and where applicable direct fixed costs of production including an appropriate share of overheads based on normal operating activity.

(n) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(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 income statement 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.

Restoration

Provisions for future environmental restoration are recognised where there is a present obligation as a result of exploration, production, transportation or storage activities having been undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation. The estimated future obligations include the costs of removing facilities, abandoning mined strands and restoring the affected areas.

The provision of future restoration costs is the best estimate of the present value of the future expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at the balance sheet date, with a corresponding change in the cost of the associated asset.

The amount of the provision for the future restoration costs are capitalised and depleted as a component of the cost of those activities. The unwinding of the effect of discounting on the provision is recognised as a finance cost.

(p) Employee leave benefits

(i) Wages, salaries and annual leave
Liabilities for wages and salaries, including non-monetary benefits expected to be settled within 12 months of the reporting date are recognised in other payables and annual leave in respect of employees' services up to reporting date are recognized in provisions. They are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures, and periods of service.

Expected future payments are discounted using market yields at the reporting date on notional government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

(q) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement over the lease term.

(r) Trade and other payables

These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are recognized at amortised cost.

(s) Derivative financial instruments

The Group enters into forward exchange contracts whereby it agrees to buy or sell specified amounts of foreign currencies in the future at predetermined exchange rates. The objective is to match the contract with expected future cash flows from sales and purchases in foreign currencies to protect the Group against the possibility of loss from future foreign exchange rate fluctuations. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss for the year.

The fair values of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

(t) Contributed equity

Ordinary share capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of share proceeds received.

(u) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

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

Deferred income tax liabilities are recognised for all taxable temporary differences except;

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

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

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

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

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

(v) Earnings per share

Basic earnings per share is calculated as net profit / (loss) attributable to members of the Group , adjusted to exclude any costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares on issue, adjusted for any bonus element.
Diluted earnings per share is calculated as net profit (loss) to members of the Group, adjusted for:

- Costs of servicing equity (other than dividends);

- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;

- 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) 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 balance sheet.

Cash flows are included in the Cash Flow Statement 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.

(x) Foreign currency translation

Both the functional and presentation currency of Australian Zircon NL and its subsidiaries is Australian dollars ($). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

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

(y) Share-based payments

From time to time, the Group provides benefits to Senior Executives of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes method.

The cost of equity-settled transactions is recognised, together with the corresponding increase in equity, over the period in which the performance and / or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the income statement is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period; and (iii) the expired portion of the vesting period.

The charge to the income statement for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity. Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

(z) Adoption of new and revised accounting standards

During the current year the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of the Group.

AASB 8: Operating Segments

In February 2007, the Australian Accounting Standards Board issued AASB 8 which replaced AASB 114: Segment Reporting. As the Group operates in one segment, being mineral sands exploration and mining in Australia, the adoption of AASB 8 has not resulted in any changes to the Groups financial statements.

AASB 101: Presentation of Financial Statements

In September 2007, the Australian Accounting Standards Board revised AASB 101, and as a result there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Group's financial statements.

Disclosure impact

Terminology changes – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity – The revised AASB 101 requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement on changes in equity.

Statement of comprehensive income – The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Group's financial statements now contain a statement of comprehensive income.

Other comprehensive income – The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expense that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

3. OTHER INCOME

	Consolidated 2010	Consolidated 2009
	$	$
Finance revenue – interest	25,107	115,649
Finance revenue gain on realisation of forward currency contract	590,445	-
Gain on forgiveness of debt	-	-
Other	407,422	142,285
	1,022,974	257,934

4. PROFIT BEFORE TAX FOR THE YEAR INCLUDES THE FOLLOWING SPECIFIC EXPENSES:

	Consolidated 2010	Consolidated 2009
Employee benefit expenses		
Wages and salaries	5,003,710	8,938,981
Defined contribution superannuation expense	325,753	815,157
Share-based payments expense	-	62,602
	5,329,463	9,816,740
Finance costs		
Finance costs	4,071,401	8,459,998
Other expenses		
Finance loss on realisation of forward currency contract	32,907	474,718
Fair value adjustment to forward currency contracts	-	9,289,332
	32,907	9,764,051
Corporate expenses		
Corporate administration costs	1,374,688	3,746,636
	1,374,688	3,746,636

5. IMPAIRMENT EXPENSES

	Consolidated 2010	Consolidated 2009
	$	$
Impairment - Mine and equipment	-	70,838,333
Impairment - Development	-	9,889,170
	-	80,727,503

In the year to 30 June 2009, impairment losses in respect of the mine and equipment were brought to account following an appraisal of the Mindarie mine's economic life by Snowden Consultants which effectively reduced mine life to 3 years and 6 months. The net revenue generated from the adjusted life of mine was not sufficient to produce a value which supported the carrying amount under a value in use methodology. Accordingly, management determined fair value less cost to sell as the most appropriate basis to assess the recoverable amount. The Directors believed this to be a conservative view at the time. The mine has been sold subsequent to year end (Note 20)

6. INCOME TAX EXPENSE

Recognised in the Income Statement	Consolidated 2010	Consolidated 2009
	$	$
Current tax expense		
Current year	-	(11,641,904)
	-	(11,641,904)
Deferred tax expense		
Origination and reversal of temporary differences	-	(6,519,248)
Write back deferred tax losses previously recorded	-	28,373,150
	-	21,853,902
Total income tax expense (benefit) in Income Statement	-	10,211,998

Numerical reconciliation between tax expense and pre-tax net loss

	Consolidated 2010	Consolidated 2009
Loss before tax	(20,103,123)	(129,293,545)
Income tax (benefit)/expense at 30%	(6,030,937)	(38,788,063)
Non-deductible expenses	-	805,351
Losses not recognised	6,030,937	26,973,518
Deferred tax asset temporary difference written off	-	21,433,560
Under/(over) provided in prior years	-	(212,368)
Income tax (benefit)/expense on pre-tax net loss	-	10,211,998

Deferred tax assets have not been recognised in respect of the following items:

	Consolidated 2010	Consolidated 2009
	$	$
Tax losses	32,792,116	26,761,179
Capital losses	30,000	30,000
	32,822,116	28,403,150

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the consolidated entity can utilise such benefits.

7. CASH AND CASH EQUIVALENTS

	Consolidated 2010 $	Consolidated 2009 $
Cash at bank and in hand	2,536,118	3,838,864

Cash at bank earns interest at floating rates based on daily bank deposit rates.

The Group holds, in a dedicated account, a total of $1,806,000 (2009: $1,806,000) as collateral for Bank guarantees.

Reconciliation to the Cash Flow Statement

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 30 June:

Cash at bank and in hand	2,536,118	3,838,864

Reconciliation of loss after tax to net cash flows from operations

	Consolidated 2010 $	Consolidated 2009 $
Operating (loss) after income tax	(20,103,123)	(139,505,543)
Adjustment for non-cash items:		
Depreciation - Property, plant & equipment	744,858	5,460,392
Fair value adjustment of forward contracts	-	9,289,332
Exploration expenditure written off	-	281,861
Profit on sale of assets	(111,104)	-
Foreign exchange gain	(296,318)	-
Borrowing costs accrued but unpaid	4,071,401	-
Amortisation of capitalised borrowing costs	-	3,258,934
Amortisation of development capitalised	-	1,534,798
Impairment losses	-	80,727,503
Amortisation of restoration costs	-	21,616
Accretion of restoration obligations	-	47,294
Provision for restoration	-	1,153,080
Provision for employee entitlements	-	171,748
Provision for arbitration	-	750,000
Provision for royalty payment	-	187,770
Share based payments expense	-	62,602
Tax expense	-	(10,211,998)
Changes in operating assets and liabilities		
Decrease/(Increase) in receivables	27,073	(329,568)
Decrease /(Increase) in inventories	2,534,521	(968,998)
Decrease/(Increase) in other financial assets	321,291	5,983,227
Decrease/(Increase) in other current assets	300,404	(2,676,579)
Decrease/(Increase) in deferred tax assets	-	17,821,341
(Decrease)/Increase in trade creditors and accruals	8,112,285	(5,122,449)
(Decrease)/Increase in deferred tax liabilities	-	(7,609,343)
(Decrease)/Increase in provisions	(405,003)	2,309,892
Net cash (outflow) from operating activities	(4,803,715)	(37,363,087)

8. TRADE AND OTHER RECEIVABLES

Bonds, deposits and other receivables	1,050,388	1,077,461
	1,050,388	1,077,461

No receivables are interest bearing, and with the exception of bonds and deposits, are receivable within 90 days. No amounts outstanding are past due or impaired. Bonds and deposits are held with large reputable financial institutions. Amounts owing by subsidiary companies are interest free and payable on demand.

9. INVENTORIES

	Consolidated 2010 $	Consolidated 2009 $
Consumables at cost	29,705	646,058
Work-in-progress at net realisable value	-	1,392,071
Finished goods at net realisable value	-	526,097
Carrying value of inventories	29,705	2,564,226

10. PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2010 $	Consolidated 2009 $
Freehold land, at cost	**19,903**	73,834
Plant and equipment		
At cost	**84,138,112**	83,236,546
Impairment	**(70,838,333)**	(70,838,333)
Accumulated depreciation	**(11,392,622)**	(10,719,555)
Closing net book amount	**1,907,157**	1,678,658
Net book amount at beginning of year	**1,678,658**	74,380,079
Additions	**973,357**	6,111,200
Impairment (iii)	**-**	(70,838,333)
Depreciation / amortisation charge	**(744,858)**	(5,460,392)
Equipment transferred to 'held for resale' (ii)	**-**	(2,513,896)
Net book amount at end of year	**1,907,157**	1,678,658
Total property, plant and equipment	**1,927,060**	1,752,492

(i) The Commonwealth Bank of Australia had a deed of charge over the assets of the Group in respect of borrowings advanced under the term debt facility until May 2010, when the debt was undertaken by the Group's controlling entity, DCM (Note 14)

(ii) Plant and Equipment that has been classified as "Non current asset held for resale" was disposed of on 18 August 2009 for $2,887,500 (GST inclusive).

(iii) Impairment of plant and equipment - As a result of a review of the life of the Mindarie mine, the carrying value of the associated plant and equipment was fully impaired in the year to 30 June 2009 because the fair value from net operating revenues was determined to be nil (Note 5)

11. DEVELOPMENT

	Consolidated $
Balance 30 June 2008	10,202,072
Development expenditure	1,243,512
Less - Amortisation of development costs	(1,534,798)
Less - Amortisation of restoration costs	(21,616)
Less - Impairment (i)	(9,889,170)
Balance at 30 June 2009	-
Balance at 30 June 2010	**-**

(i) Impairment of Development - as a result of a review of the life of the Mindarie mine, the carrying value of the related development expenses was fully impaired in the year to 30 June 2009 because the fair value from net operating revenues was determined to be nil (Note 5)

12. EXPLORATION AND EVALUATION

	Consolidated $
Balance 30 June 2008	2,558,169
Expenditure for the year ended 30 June 2009	962,541
Less – expenditure written off	(281,861)
Balance at 30 June 2009	3,238,849
Expenditure for the year ended 30 June 2010	1,206,005
Less – expenditure written off	-
Balance at 30 June 2010	**4,444,854**

13. TRADE AND OTHER PAYABLES

		Consolidated 2010 $	Consolidated 2009 $
Current			
	Trade payables (i)	**15,468,814**	6,490,704
	Accrued expenses	**-**	788,636
	Trade advances (ii)	**-**	13,148,573
	Interest payable	**-**	77,189
	Total current trade and other payables	**15,468,814**	20,505,102

(i) On 1 September 2009, the Company was suspended from quotation on the ASX at the request of the Company. On 9 October 2009, the Group appointed Pitcher Partners as Administrator pursuant to section 436A of the Corporations Act 2001. Upon recommendation of the Administrator and DCM, the Group's controlling entity, on 18 February 2010 the Group's creditors resolved that the Company execute Deeds of Company Arrangements ('DOCA's'). Subsequent to year end, on 30 July 2010, the DOCA's were finalised and approved by the creditors, under which all of the Group's Administration liabilities and unsecured creditors were settled for $8 million. Subsequently the Creditor's Trust was executed and the DOCA's were effectuated on the same day.

(ii) Trade advances owing to the Group's controlling entity, DCM, incurred interest at 5% pa. After the Group's Mindarie mine was put under care and maintenance in February 2010, these amounts owing to DCM took upon the substance of a loan arrangement, and thus trade advances owing have been transferred to Note 14 (Interest Bearing Loans and Borrowings) as at 30 June 2010.

14. INTEREST BEARING LOANS AND BORROWINGS

	Consolidated 2010 $	Consolidated 2009 $
Current		
Amounts owing to DCM (i) (ii)	**76,040,651**	-
Obligations under finance leases and hire purchase contracts	**30,130**	22,602
Bank loans – secured (ii)	-	45,747,499
	76,070,781	45,770,101
Non-current		
Obligations under finance leases and hire purchase contracts	**-**	115,357
Convertible notes (iii)	**-**	5,000,000
Loans – unsecured (iii)	**-**	5,260,267
	-	10,375,624

(i) Amounts owing to the Group's controlling entity, DCM, are secured by a fixed and floating charge over the assets of the Group. Interest is charged on amounts owing at 5% pa. The amount owing at 30 June 2010 comprises US$23,952,529 and AUS$48,025,997.

(ii) During the year to 30 June 2010, the Group's controlling entity, DCM, advised they had entered into a Deed of Assignment of Debt with the Commonwealth Bank of Australia ("CBA") to purchase the CBA's secured debt owing from the Group. Pursuant to the Deed of Assignment of Debt, DCM was required to make payment of the agreed consideration to CBA in a number of instalments. The final instalment was paid to the CBA on 28 May 2010.
At a meeting of creditors of the Company held on Friday 30 July 2010 creditors approved a variation of terms of the DOCA requested by DCM and a payment of $8 million was paid by DCM to the Group to meet the requirements of all of the Administration trading liabilities and the payment of a dividend to all admitted unsecured creditors. Subsequently, the DOCA was effectuated on the same day and the Group was placed back in the control of the Director's.

(iii) Amounts owing were repaid by the Group during the financial year.

15. PROVISIONS

	Consolidated 2010 $	Consolidated 2009 $
Current		
Stamp duty provision	**-**	400,502
Provision for RJR Robbins Arbitration	**-**	750,000
Provision for Royalty payment	**-**	187,770
Annual leave payable	**39,073**	642,210
Total Current	**39,073**	1,980,482
Non-current		
Restoration	**3,500,082**	1,963,676
At beginning of the year	**1,963,676**	763,302
Provision made during the year	**1,536,406**	1,153,080
Amount accreted during the year	**-**	47,294
At the end of the year	**3,500,082**	1,963,676
Total Non-current	**3,500,082**	1,963,676

Restoration

Provisions for future removal and restoration costs are recognised where there is a present obligation as a result of exploration, production, transportation or storage activities having been undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation. The future obligations include the costs of removing facilities, abandoning mined strands and restoring the affected areas.

16. CONTRIBUTED EQUITY

	Consolidated 2010 $	Consolidated 2009 $
(a) Share capital		
Fully paid ordinary shares	**110,779,210**	110,779,210
Partly paid ordinary shares paid to 0.5 cents each	**36,815**	36,815
	110,816,025	110,816,025

Movements in share capital during the year	Number	$
Fully paid ordinary shares		
Balance at 30 June 2008	287,844,119	55,768,414
Placement of shares at 12 cents per share	100,000,000	12,000,000
Share Purchase Plan at 12 cents per share	2,746,120	329,534
Issued on Recapitalisation at 4 cents per share	1,040,256,892	41,610,276
Rights Issue at 4 cents per share	43,867,990	1,754,720
Less share issue expenses	-	(683,734)
Balance at 30 June 2009	1,474,715,121	110,779,210
Balance at 30 June 2010	1,474,715,121	110,779,210
Partly paid ordinary shares		
Balance at beginning and end of each year	7,363,026	36,815

Effective 1 July 1998, the Corporations legislation abolished concepts of authorised capital and par value shares. Accordingly the Company does not have authorised capital nor par value in respect of its issued capital.

Fully paid and partly paid ordinary shares have the right to receive dividends as declared in proportion to the number of shares held.

Fully paid and partly paid ordinary shares have the right, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held. However, partly paid shareholders may only participate in a distribution on winding up if there are no calls outstanding.

Fully paid and partly paid ordinary shares entitle their holders to vote, either in person or by proxy, at a meeting of the Company. On a poll each fully paid ordinary share is entitled to one vote, and each partly paid share is entitled to the fraction of a vote that the paid up amount of the share bears to the total amount which would be payable on each share to make the share fully paid.

Franking Account

The Group has not been in a tax paying position since inception and therefore has unrecognised carried forward tax losses as outlined in Note 6. For this reason the franking account has a nil balance at 30 June 2010 (2009: $nil). There has been no movement through the franking account during the financial year.

(b) Options

The following options granted to Directors, senior staff and consultants were outstanding as at 30 June 2010:

Outstanding options 1 July 2009	Options lapsed / cancelled	Options exercised	Options granted	Outstanding options 30 June 2010	Expiry Date	Exercise Price
2,000,000	(2,000,000)	-	-	-		
1,000,000	(1,000,000)	-	-	-		
500,000	(500,000)	-	-	-		
500,000	(500,000)	-	-	-		
2,000,000	(2,000,000)	-	-	-		
39,000,000	-	-	-	39,000,000	19-Sep-13	9.47 cents
45,000,000	**(6,000,000)**	**-**	**-**	**39,000,000**		

17. RESERVES

	Consolidated 2010 $	Consolidated 2009 $
Share-based payments reserve		
Balance at beginning of the year	**899,095**	836,493
Option expense	**-**	62,602
Balance at the end of the year	**899,095**	899,095

Nature and purpose of the reserve:
The employee share option and share plan reserve is used to record the value of share-based payments provided to employees, including management personnel, as part of their remuneration.

18. AUDITORS' REMUNERATION

Audit and review of financial reports *(EY)*	**-**	65,000
Audit and review of financial reports *(SC)*	**45,000**	30,000
Other services - taxation services	**-**	7500
	45,000	102,500

19. COMMITMENTS AND CONTINGENCIES

Commitments regarding exploration licences

The Group's exploration related tenements are renewable on an annual basis at various renewal dates throughout the year and the amount of each expenditure covenant is set by the Minister at the time of each renewal grant. On the basis of the current level of such expenditure required for each tenement the total expenditure required to maintain tenure of all of the exploration licences over the next twelve months is $1,908,000 (2009: $1,918,000).

Capital commitments

As at 30 June 2010, the Group had no commitments for expenditure that have not been recognised as liabilities (2009: $292,000).

20. EVENTS SUBSEQUENT TO BALANCE DATE

Except as mentioned below, in the opinion of the Directors there has not arisen in the interval between the end of the financial year and the date of this report any matter or circumstance that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

On 30 July 2010, the Deeds of Company Arrangement's (DOCA's) were finalised and approved by the creditors, under which all of the Group's Administration liabilities and unsecured creditors were settled for $8 million. Subsequently the Creditor's Trust was executed and the DOCA's were effectuated on the same day.

On 10 November 2010 the Group entered into arrangements with Orient Zirconic Resources Australia Pty Ltd ("OZC") a subsidiary of Orient Zirconic Guangdong, which listed on the Shenzhen Stock Exchange in the Peoples Republic of China. Under the arrangements, within 6 months OZC could require the Group to assign to a corporate joint venture company ("the Joint Venture Company") (to be owned 65% by OZC and 35% by the Company) either all the assets of the Group, or all the assets of the Group other than its WIM 150 assets. If OZC were to elect to assign all assets, the consideration payable would to be $40,000,000 (plus a 35% interest in the Joint Venture Company). If OZC were to elect to assign all the assets except WIM 150, consideration would be $16,250,000 (plus a 35% interest in the Joint Venture Company), with the transaction occurring in two stages, being $15,535,000 for all the assets excluding the WIM 150 project and Pine Valley tenements, and then $715,000 for the Pine Valley tenements. The conditions for any assignment to the Joint Venture Company pursuant to the arrangements included all regulatory and FIRB approvals, shareholder approvals and all third party consents required.

In advance of any assignment occurring, on 10 November 2010 OZC advanced $20 million to the Group which was utilized by the Group to reduce it's debt to its controlling shareholder, DCM. OZC took a first ranking security over the Group's assets to secure the repayment of the loan. The balance of funds owing to DCM has been secured by second ranking securities over the Group's assets.

On 31 January 2011, the Group was advised by OZC it had been notified by the Foreign Investment Review Board that any assignment to the Joint Venture Company which would be owned 65% by OZC and 35% by the Group of the assets of Group in the terms contemplated by the 10 November arrangements would be unobjectionable.

On 29 June 2011, all of the Group's assets except the WIM 150 assets and Pine Valley tenements were transferred to a Joint Venture Company, Murray Zircon Pty Limited ("MZL") for the consideration outlined above. MZL is to undertake feasibility study into recommissioning the Mindarie mine.

The Group has a Farm-In Agreement with Austpac Resources NL ('Austpac') in which the Group has the right to earn an 80% interest in the WIM 150 project by completing a bankable feasibility study. On 30 March 2010 Austpac announced that it had agreed to sell the related exploration licence to Astron Limited. The Group subsequently launched Court proceedings against this sale. On 4 August 2011, the Supreme Court of Western Australia ruled that the Farm-in agreement between the Group and Austpac was not assignable, and therefore the Sale Agreement between Austpac and Astron Limited was ended. This decision was appealed by Astron Limited on the same day. However, in October 2011 Astron advised that it had discontinued its appeal.

Under the November 2010 arrangements with OZC outlined above, if the Group gives notice to OZC that the above litigation has been resolved to its satisfaction, OZC has 3 months within which to elect whether it wishes the Group to assign the WIM 150 assets to the Joint Venture Company. If OZC elects to do so, consideration payable will be $23,750,000 to the group and the Group will maintain its 35% holding in MZ.

21. EARNINGS PER SHARE

	Consolidated 2010 $	Consolidated 2009 $
Earnings used to calculate basic and diluted earnings per share	**(20,103,123)**	(139,505,543)
Basic earnings (loss) per share (cents)	**(1.4)**	(18.2)
Diluted earnings (loss) per share (cents)	**(1.4)**	(18.2)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	1,474,715,121	766,778,462
Weighted potential ordinary shares on issue	17,263,026	17,263,026

The calculation of diluted earnings per share does not include weighted potential ordinary shares on issue as to do so would have the effect of reducing the amount of the loss per share.

22. FINANCIAL INSTRUMENTS and FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liability is amounts owing to it controlling entity, DCM (Note 14). The finance is necessary to enable to Group to settle its debts, manage short term cash flow, and finance the Group's planned expenditure.

It is, and has been throughout the year ended 30 June 2010 and 2009, the Group's policy that no speculative trading in derivatives shall be undertaken.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial liability and equity instrument are disclosed in Note 2 to the financial statements.

The main risks that could adversely affect the Group's financial assets, liabilities or future cash flows are cash flow interest rate risk, foreign currency risk, and liquidity risk. The management reviews and agrees policies for managing each of these risks which are summarised below.

The following discussion also includes a sensitivity analysis that is intended to illustrate the sensitivity to changes in market variables on the Group's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable.

The sensitivity has been prepared for period ended 30 June 2010 using the amounts of debt and other financial assets and liabilities held as at the balance sheet date.

Foreign currency risk

The Group has amounts owing to DCM that are denominated in US dollars (Note 14). The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rate, with all other variables held constant, of the Group's profit before tax due to changes in the carrying value of monetary assets and liabilities.

Increase / decrease in foreign exchange rate - effect on profit before tax	**Consolidated 2010**	Consolidated 2009
	$	$
Increase 10%	(2,548,904)	(4,489,000)
Decrease 10%	2,548,904	4,489,000

Fair values

The fair values and carrying amounts of all of the financial assets of the Group as at 2009 and 2010 balance dates are the same.

Interest rate risk

The Group's debts are subject to fixed interest rates (Note 14).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group is currently reliant on the continual financial support of its controlling entity, DCM, to pay its debts as and when they fall due.

Capital Management

In order to maintain a solid capital base it is the Board's policy to maintain market, creditor, and investor confidence and meet growth demands of the Group. Currently the strategy is to reinvest in the Group as the Board is of the opinion this will lead to maximise return for shareholders over the medium to long term. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

Given the loss making position of the Group, no dividends were issued to shareholders in the current financial year.

23. INVESTMENT IN CONTROLLED ENTITIES

Name of Entity	Country of incorporation	Class of shares	Equity interest	Investment
				$
Steiner Holdings Pty Ltd				
2010	Australia	Ordinary	100%	-
2009	Australia	Ordinary	100%	-
Mallee Mineral Separations Pty Ltd				
2010	Australia	Ordinary	100%	-
2009	Australia	Ordinary	100%	-

24. SHARE-BASED PAYMENTS

The fair value of equity settled options granted is measured at the date of the grant using the Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. Where parties other than employees are issued share based payments, Australian Zircon in accordance with Australian Accounting Standards has valued these options with reference to the fair value of the good or service received where this can be reliably estimated.

24 SHARE-BASED PAYMENTS - *(continued)*

Share-based payment options movements during the year:

Outstanding options 1 July 2009	Options lapsed / cancelled	Options exercised	Options granted	Outstanding options 30 June 2010	Expiry Date	Exercise Price
-	-	-	-	-		
-	-	-	-	-		
-	-	-	-	-		
2,000,000	(2,000,000)	-	-	-		
1,000,000	(1,000,000)	-	-	-		
500,000	(500,000)	-	-	-		
500,000	(500,000)	-	-	-		
2,000,000	(2,000,000)	-	-	-		
39,000,000	-			39,000,000	19-Sep-13	9.47 cents
45,000,000	**(6,000,000)**	-	-	**39,000,000**		

Share options are granted to senior executives and key management personnel on a discretionary basis in accordance with approval by the Board of Directors. Options may also be issued in exchange for a good or service to counter parties that are not employees. Options issued vary in terms and conditions with some vesting immediately on grant date and others over longer periods (usually two years from grant date). The options are designed to align participants' interests with those of shareholders by increasing the value of the Company's shares. The exercise prices of options are set at market prices prevailing at the time of granting the options. When an employee ceases employment prior to vesting their options, the share options are forfeited to the extent stipulated in their employment contract.

25 KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

Directors during the year to 30 June 2010

DR Mutton	Chairman
JD Shervington	Chairman
JS van Zyl	Managing Director
JC Jooste-Jacobs	Director (non-executive)
MJL Kiernan	Director (non-executive)
DB Clarke	Director (non-executive)
G Bedineishvili	Director (non-executive)

Executives during the year to 30 June 2010

GL Bosch	Manager Geology
R Fagan	General Manager Operations
S McEwen	Chief Financial Officer
MP Adams	Chief Executive Officer
I Shultz	Company Secretary

The appointment and resignation dates, where applicable, of the above directors and executives are set out in the Directors Report.

Compensation by category: Key Management Personnel	Consolidated 2010 $	Consolidated 2009 $
Short term	**736,397**	1,255,977
Post employment	**233,058**	194,989
Share based payment	**-**	52,602
	969,455	1,503,568

Compensation options

There were no compensation options granted during the year.
No shares were issued on exercise of compensation options during the year.

(b) Option holdings of Key Management Personnel

30 June 2010 **Directors**	Balance at beginning of period	Number of options Granted as remuneration	Number of options lapsed/cancelled	Balance at end of period
JC Jooste-Jacobs	3,000,000	-	(3,000,000)	N/A
Executives				
GL Bosch	800,000	-	(800,000)	N/A
	3,800,000	-	(3,800,000)	-

No Key Management Personnel held options in the Company during the year other than those listed above.

30 June 2009 **Directors**	Balance at beginning of period	Number of options Granted as remuneration	Number of options lapsed/cancelled	Balance at end of period	First exercise date	Last exercise date
JD Shervington	1,000,000	-	(1,000,000)	-		
JC Jooste-Jacobs	3,000,000	-	-	3,000,000	09-Feb-06	20-Feb-11
		-				
Executives						
JR Wilton (resigned 19 December 2008)	2,000,000	-	(2,000,000)	N/A		
GL Bosch	800,000	-	-	800,000	28-Aug-08	28-Aug-11
AN White (resigned 15 October 2008)	500,000	-	(500,000)	N/A		
	7,300,000	-	(3,500,000)	3,800,000		

No Key Management Personnel held options in the Company during the year other than those listed above.

25. KEY MANAGEMENT PERSONNEL - *(continued)*

(c) Ordinary Fully Paid Share holdings of Key Management Personnel

30 June 2010 Directors	Balance at beginning of period	Received during the year on the exercise of options	Other changes during the year	Balance at end of period
JD Shervington	1,216,230	-	-	1,216,230
DB Clarke	47,976,451	-	-	N/A
M Kiernan	2,000,000	-	-	N/A

No Key Management Personnel held shares in the Company during the year other than those listed above.

30 June 2009 Directors	Balance at beginning of period	Received during the year on the exercise of options	Other changes during the year	Balance at end of period
JD Shervington	1,216,230	-	-	1,216,230
DB Clarke	47,976,451	-	-	47,976,451
M Kiernan	-	-	2,000,000	2,000,000
Executives				
JR Wilton (resigned 19 Dec 2008)	219,230	-	-	N/A

In addition, Mr JD Shervington held 900,000 partly paid shares throughout 2009 and 2010.
No shares were granted in either 2009 or 2010 as compensation.
During the financial year there were no loans or other transactions between the consolidated group and key management personnel.
No Key Management Personnel held shares in the Company during the year other than those listed above.

26. SEGMENT INFORMATION

The Group operates in the mineral sands exploration and mining industry in Australia. The Group operates predominantly in one geographical area. On this basis, the entire operations are considered to be those of only one segment for financial reporting purposes as all sales are to international customers.

27. CONTINGENCIES

No contingent assets or liabilities exist as at 30 June 2010.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Australian Zircon NL, I state that:

1. In the opinion of the Directors:

(a) The financial statements, notes and the additional disclosures included in the Directors' report designated as audited are in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Company's and Group's financial position as at 30 June 2010 and of their performance for the year ended on that date;

(ii) Complying with Accounting Standards and *Corporations Regulations 2001,* which as stated in Note 2 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards

(b) There are reasonable grounds to believe that the Company and the Group will be able to pay its debts as and when they become due and payable. At the date of the signing of the financial statements, the Directors are confident that the financial support of its major shareholder will continue.

2. This declaration has been made after receiving the declarations required to be made by the Directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2010.

On behalf of the Board.

J D Shervington
Chairman
Perth, 3 April 2012

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Independent Auditor's Report
To the members of Australian Zircon NL

Report on the Financial Report

We have audited the accompanying financial report of Australian Zircon NL, which comprises the consolidated statement of financial position as at 30 June 2010, the consolidated statement of comprehensive income, the 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 in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Australian Zircon NL, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Australian Zircon NL is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

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

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Emphasis of matter - Inherent uncertainty regarding continuation as a going concern

Without modifying our opinion, we draw attention to Note 20 'Events Subsequent to Balance Date', which outlines significant matters and circumstances that have effected the group subsequent to year end, including:

- The group exited administration on 30 July 2010, when the Deeds of Company Arrangement's (DOCA's) were finalized and approved by the group's creditors, the Creditor's Trust was executed, and the DOCA's were effectuated.
- In June 2011, the group completed the sale of all of its assets, except its interest in the WIM 150 project and its Pine Valley tenements, to Murray Zircon Pty Ltd, a joint venture entity owned and jointly controlled by the group and Orient Zirconic Resources (Australia) Pty Limited.

We also draw attention to Note 2, which outlines that the group is dependent upon continuing financial support from it's controlling shareholder, DCM, to pays its debts as and when they fall due. As at 31 December 2011, the Group had net liabilities of $62,484,404 and $70,381,331 was owing to DCM. DCM have approved an internal resolution to finance the group's Bankable feasibility Study to earn 80% of the WIM 150 mineral sands project, amounting to $5.5 million, but have not confirmed that they will provide any other financial support to the group.

As a result there is material uncertainty related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 7 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Australian Zircon NL for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

Somes Cooke

Somes Cooke

K Somes

Kevin Somes
3 April 2012
Perth

CORPORATE GOVERNANCE STATEMENT

Australian Zircon is committed to a high level of corporate governance in accordance with the Corporations Act and the ASX Listing Rules. The Group's principles and practices are detailed in the Corporate Governance Statement posted on the Company's web-site (www.australianzircon.com.au).

The Managing Director and Chief Financial Officer have assured the Board that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Management has also reported to the Board that the Group's management of material business risks is effective.

Australian Zircon has adopted the revised Corporate Governance Principles and Recommendations as issued by the ASX Corporate Governance Council in August 2007. The Group's compliance with those Principles and Recommendations for the year ending 30 June 2010 is detailed in the Corporate Governance Scorecard which follows.

The Group has not adopted all of the recommendations of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. These recommendations and the reasons for non-adoption are also detailed below at the foot of the Scorecard.

Corporate Governance Scorecard

Principle 1	Lay solid foundations for management and oversight	
1.1	Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	√
1.2	Companies should disclose the process for evaluating the performance of senior executives.	√
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	√
Principle 2	Structure the board to add value	
2.1	A majority of the Board should be independent directors.	√
2.2	The chair should be an independent Director.	√
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	√
2.4	The Board should establish a nomination committee.	X
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	√
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	√
Principle 3	Promote ethical and responsible decision-making	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to:	
	• the practices necessary to maintain confidence in the Company's integrity	√
	• the practices necessary to take into account their legal obligations and the reasonable expectations of their shareholders	√
	• the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	√
3.2	Companies should establish a policy concerning trading in Company securities by Directors, senior executives and employees and disclose the policy or a summary of that policy.	√
3.3	Companies should provide the information indicated in the Guide to reporting on Principle 3.	√
Principle 4	Safeguard integrity in financial reporting	
4.1	The Board should establish an audit committee.	√
4.2	The audit committee should be structured so that it:	
	• consists only of non-executive Directors	√
	• consists of a majority of independent Directors	√
	• is chaired by an independent chair, who is not chair of the board	√
	• has at least three members	√
4.3	The audit committee should have a formal charter.	√
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	√
Principle 5	Make timely and balanced disclosure	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior level for that compliance and disclose those policies or a summary of those policies.	√
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	√
Principle 6	Make timely and balanced disclosure	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	√
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	√
Principle 7	Recognise and manage risk	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	√
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	√
7.3	The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	√
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	√

Corporate Governance Scorecard - *(continued)*

Principle 8	Remunerate fairly and responsibly	
8.1	The Board should establish a remuneration committee.	*X*
8.2	Companies should clearly distinguish the structure of non-executive Directors' remuneration from that of executive Directors and senior executives.	√
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8.	√

Reasons for non-adoption of Corporate Governance Principles

Principle 2.4

The Group does not have a Nomination Committee. The Board considers the size and level of operations of the Company is not sufficient to warrant a separate Committee. In the event a new or a replacement Director was considered necessary, the full Board of Directors would be canvassed for their views and recommendations. The Company considers that its current size does not warrant the establishment of a nomination committee.

In the absence of a Nomination Committee, the full Board conducts the functions and considers the issues that would otherwise be considered by a Nomination Committee.

If the Board determines that there is a need to appoint another Director for any reason, they will:
• determine the skills, experience, qualifications appropriate, having regard to those of the existing Directors
• agree the process to seek such a person
• set a timetable to appoint, having regard to the timing of the AGM and requirements of the Constitution
• prepare a short list and meet the candidates.

Principle 8.1

The Board has not established a remuneration committee as it is considered its current size does not warrant the establishment of a remuneration committee. Matters that might be considered by a remuneration committee are reviewed by the full board.

The full Board reviews recommendations from management in respect of the Company's remuneration, recruitment, retention and termination policies and procedures for all staff, including long and short term incentives and superannuation arrangements. Appropriate external advice is sought where necessary.

Subject to the above exceptions, the Group believes it has complied with the ASX Corporate Governance Principles and Recommendations for the year ending 30 June 2009.

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

Name	**Status**	**Term in Office**
JD Shervington	Independent	12.5 years
MP Adams	Independent	0.8 years
T Styblo	Independent	0.1 years

Audit committee

All members of the audit committee are non-executive Directors. Members of the audit committee during the year ended 30 June 2010 were:

- JC Jooste-Jacobs (Chairman)
- JD Shervington
- M Kiernan

For details of the number of meetings of the audit committee held during the year and the attendees at those meetings, together with the qualifications and experience of the audit committee members, refer the Directors' Report.

SHAREHOLDERS' INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 28 March 2012.

1. Distribution of equity securities

	Number of Holders Fully paid shares	Number of Holders partly paid shares	Number of Holders Unlisted options
0 - 1,000	262	168	-
1,001 - 5,000	489	63	-
5,001 - 10,000	387	5	-
10,001 - 100,000	1,559	33	-
100,001 - 999,999,999	436	16	11
1,000,000,000 - 9,999,999,999	1	0	
	3,134	285	11

Shareholders holding less than a marketable parcel

Fully Paid Shares	Partly paid Shares	Unlisted Options
2,904	269	N/A

The percentage held by the 20 largest shareholders

Fully Paid Shares	Partly paid shares	Unlisted Options
88.02%	82.59%	100%

2. Substantial Shareholders

Ordinary fully paid shareholders	Number	%
DCM DECOmetal International Trading GmbH	1,068,240,297	72.44

3. Statement of quoted securities

All of the 1,474,715,121 ordinary fully paid shares and 7,363,026 shares partly paid to 0.5 cents each (40 cents to pay) are listed on the Australian Stock Exchange Limited. Application for quotation of fully paid ordinary shares will be made to Australian Stock Exchange Limited when unlisted options are exercised or when partly paid shares have become fully paid.

4. Twenty largest holders of quoted equity securities

Rank	Ordinary fully paid shareholders	Fully paid Number	%
1	DCM DECOmetal International Trading GmbH	1,067,479,114	72.39
2	HSBC Custody Nominees (Australia) Limited	82,442,819	5.59
3	National Nominees Limited	33,399,649	2.26
4	HSBC Custody Nominees (Australia) Limited – A/C 3	23,587,895	1.60
5	Goddard Development Pty Limited	22,012,566	1.49
6	Perpetual Custodians Limited	13,063,885	0.89
7	Barossa Vintage Pty Limited (Milton Park A/C)	12,500,000	0.85
8	JP Morgan Nominees Australia Limited	11,124,118	0.75
9	Citicorp Nominees Pty Limited (Cwlth Bank Off Super)	4,440,665	0.30
10	Taycol Nominees Pty Limited (211 A/C)	4,413,770	0.30
11	HSBC Custody Nominees (Australia) Limited – A/C 2	4,166,667	0.28
12	ANZ Nominees Limited (Cash Income A/C)	3,301,620	0.22
13	Mr. Robert Hastings Smythe (Super Fund A/C)	2,380,000	0.16
14	Leet Investments Pty Limited	2,300,000	0.16
15	Professor Alan Jonathan Berrick	2,000,000	0.14
16	Crawley Investments Pty Limited (Crawley A/C)	2,000,000	0.14
17	Taycol Nominees Pty Limited	1,997,399	0.14
18	Loquela Pty Limited	1,840,000	0.12
19	E & P Services Pty Limited (Ikin King Super Fund A/C)	1,816,986	0.12
20	Vanez Holdings Pty Limited	1,783,524	0.12

5. Twenty largest holders of partly paid shares

Rank	Ordinary partly paid shareholders	Partly paid Number	%
1	Panga Pty Limited	900,000	12.22
2	Mr. Ronald Stanley Punch and Mrs. Beverley Punch (Westralia Trading A/C)	775,000	10.53
3	Mr. Murray James McGill and Mrs. Suzanne Appel McGill (Saint Moritz A/C)	592,041	8.04
4	Grange Consulting Group Pty Limited	575,000	7.81
5	Mr. David John Newman	500,091	6.79
6	Wilhaja Pty Limited (Riekie Family A/C)	287,500	3.90
7	Bayonet Investments Pty Limited (South Point A/C)	274,821	3.73
8	Miss. Kathleen Mary Eddington (Kathie Eddington No 2 S/F A/C)	252,000	3.42
9	Bayonet Investments Pty Limited (South Point A/C)	250,000	3.40
10	Surfboard Pty Limited (ARW Super Fund No 1 A/C)	250,000	3.40
11	Mr. Greg Hancock	200,000	2.72
12	Mr. William Irvin	200,000	2.72
13	Mr. Brian Thomas Ryan	196,830	2.67
14	Hadley Park Pty Limited	163,320	2.22
15	Mrs. Beverley Ruth Deamer	153,371	2.08
16	Vern Investments Pty Limited	134,324	1.82
17	Dawngold Investments Pty Limited	100,000	1.36
18	Jalina Nominees Pty Limited	98,415	1.34
19	Mrs. Kay Irvin	90,000	1.22
20	Cornerstone Capital Pty Limited (Investment A/C)	88,760	1.21