

INDAGO RESOURCES LIMITED

ABN 69 009 150 618



ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

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Corporate Directory

Directors	<p>Paul Hardie <i>Non-executive Chairman</i></p> <p>Tim Kestell <i>Executive Director</i></p> <p>Peter Pynes <i>Executive Director</i></p> <p>Matthew Fitzgerald <i>Non-Executive Director</i></p>	Share registry	<p>Security Transfer Registrars Pty Ltd</p> <p>770 Canning Highway APPLECROSS WA 6153</p> <p>Telephone: + 61 8 9315 2333 Facsimile: + 61 8 9315 2233</p>
Company secretaries	<p>Damien Kelly</p> <p>Amanda Burgess</p>		
Registered and principal office	<p>Level 1, 248 Hay Street SUBIACO WA 6008</p> <p>PO Box 8294 SUBIACO EAST WA 6008</p> <p>Telephone: + 61 8 6380 2066 Facsimile: + 61 8 6380 2088</p>		
Legal counsel	<p>Steinepreis Paganin Level 4, The Read Building 16 Milligan Street PERTH WA 6000</p>	Website	<p>www.indagoresources.com.au</p>
Auditors	<p>BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008</p>		

Directors' Report

The directors of Indago Resources Limited ("Directors") present their report on the consolidated entity (referred to hereafter as "the Group") consisting of Indago Resources Limited ("Company or "Indago") and the entities it controlled at the end of, or during the year ended 30 June 2011 and the independent audit report thereon.

Directors

The following persons were Directors of Indago Resources Limited during the financial year and up to the date of this report:

Current Directors

- Paul Hardie (appointed 15 October 2009)
- Matthew Fitzgerald (appointed 7 August 2009)
- Tim Kestell (appointed 25 August 2009)
- Peter Pynes (appointed 25 August 2009)

Principal Activities

Indago Resources Limited is an Australian company which was listed on the Australian Securities Exchange ("ASX") (ASX code IDG) as at 30 June 2011. The company subsequently delisted from the Australian Securities Exchange on 29th August 2011.

During the financial year ended 30 June 2011 the Company's activities have been that of an alternative investment company.

DIRECTORS' REPORT (continued)

Review of Operations & Changes in State of Affairs

The profit of the Group after income tax was \$12,445,000 (2010: Profit of \$24,935,000).

During the year to 30 June 2011 Indago advised the market of the following significant developments:

Crescent Gold Loan Facility

On 1st July 2010 the board announced the completion of a \$15,000,000 Secured Loan facility agreement with Crescent Gold Limited ("Crescent") (ASX:CRE). Indago received interest at the rate of 10% per annum, paid quarterly, as well as gold payments totalling 75,000 ounces at a fixed payment of \$24 per ounce. In addition Crescent paid a commitment fee and a make whole payment obligation on the final repayment date of 30 June 2011.

On 25th November 2010 as a result of difficulty in completing conditions subsequent by Crescent, Indago renegotiated the loan default and covenant conditions. In return for waiving all conditions subsequent, Indago received a \$5,000,000 repayment of its Loan to Crescent from the Crescent Rights issue, and a 2% mineral royalty on Crescent tenements upon the expiry of the existing 75,000 ounce gold royalty-like payment, on 13th January 2011.

The Loan was repaid in full on 9th March 2011.

Reinstatement to quotation

Following the release of an updated Information Memorandum by the Company on 8 July 2010 and Indago's recompliance with Listing Rule 11.1.3 and chapters 1 and 2 of the Listing Rules, Indago's securities were reinstated to official quotation on ASX with effect from 16 July 2010.

On-market share buy-back

Following approval by shareholders at a general meeting held on 25 June 2010 for a proposal of an on-market buy-back of up to 2,983,486 (29,834,860 pre consolidation) ordinary fully paid shares, Indago announced the implementation of a buy-back. On 26th November 2010 approval was given by shareholders at the AGM for a further buy back of up to 5,983,486 shares. On 19th May 2011 the board agreed to continue the buy back in accordance with the 10% limit in 12 months permitted under the Corporations Act if the existing buy back is completed. As at the date of this report, Indago completed the on-market buy back at 6.415 million shares at an average price of approximately \$5.52 per share (\$0.55 Pre consolidation).

Share Consolidation

Following approval by shareholders at a general meeting held on 26 November 2010 of a proposal for share consolidation of Shares and Options on issue on a one (1) for ten (10) basis, share capital was consolidated to 7,604,030 and options to 1,864,765.

DIRECTORS' REPORT (continued)

Delisting from ASX

The Company requested approval from the ASX on 10 June 2011 for the removal from official list and subsequently received shareholder approval on 26 July 2011 for the delisting from ASX.

Indago Resources Ltd was suspended from trading on 22nd August 2011 and removed from official list on 29th August 2011.

During the financial year, there was no other significant change in the state of affairs of the Consolidated Entity other than as referred to above and in the financial statements or notes thereto.

Dividends

No dividends were declared or paid at the time of this report.

Rounding of Amounts

The Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order, amounts in the Directors' Report, Financial Statements and notes are rounded of the nearest thousand dollars, unless otherwise indicated.

Shares Under Option

The Company has the following classes of options on issue as at report date:

	Type	No.	Exercise Price	Expiry Date
UNLISTED	IDGOA	1,201,777	\$3.50	31/10/2014
UNLISTED	1	1,950,000	\$4.00	31/10/2014
	2	2,250,000	\$6.00	25/6/2015
	4	5,000	\$26.00	30/6/2012
Total		5,406,777		

Shares Issued Upon Exercise of Options

715,681 Shares were issued during the year ended 30 June 2011 as a result of the exercise of options and a further 123,938 shares were issued subsequent to the end of the financial year but prior to the date of this report.

Likely Developments

The Directors believe that disclosure of further information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in this report.

DIRECTORS' REPORT (continued)

Environmental Regulation

The Group was subject to and compliant with all aspects of environmental regulations of its exploration activities. The Directors are not aware of any environmental law not being complied with.

Directors' And Officers' Qualifications And Experience

Mr Paul Hardie - Non-Executive Chairman

Mr Hardie is a solicitor who specialises in providing corporate and general commercial advice to a number of public and private clients on a wide range of matters including mergers and acquisitions, initial public offerings and other capital raisings, property law and a variety of Corporations Act and Listing Rules compliance matters.

Prior to establishing his own law practice, Mr Hardie gained extensive experience in areas of business management, commercial litigation and property law and was part of the mergers and acquisitions team of a large national law firm.

Mr Matthew Fitzgerald (B.Comm, CA) - Non-Executive Director

Mr Fitzgerald is a chartered accountant with extensive experience in the resources industry. He began his career in the Assurance & Advisory division of KPMG, before joining ASX listed Kimberley Diamond Company NL in 2003, where he held the position of Chief Financial Officer and director until July 2008. He also held the position of director for Blina Diamonds NL from 2007 to 2008.

Mr Tim Kestell (B.Comm) - Executive Director

Mr Kestell has over 14 years experience in capital markets including working for Australian stockbrokers Euroz Securities Limited and Patersons where he advised high net worth clients.

In the past seven years, Mr Kestell has played a key role in forming and/or re capitalising publicly listed companies and finding new ventures for them, helping raise up to \$90m in the process.

Mr Peter Pynes (FAICD, SA FIN) – Executive Director

Mr Pynes has in excess of 20 years experience in Australia and overseas capital markets. He previously worked at Deutsche Bank as a director, global markets where he gained extensive knowledge of global structured debt products as well as capital raising and syndication. In this role Mr Pynes established relationships with leading Australian investment institutions, which included his involvement in \$350m of ASX listed Structured Debt transactions and in excess of \$3.8 billion of ASX listed Hybrid and Convertible investments. Mr Pynes is a director of MPC Funding Limited, a specialist financing company providing in excess of \$450m of loan funds for the development of the Melbourne Convention Centre.

Directors' interests in Shares and Options

	Shares	Options
P Hardie	-	350,000
M Fitzgerald	-	250,000
T Kestell	1,294,103	2,340,112
P Pynes	210,000	1,850,000

DIRECTORS' REPORT (continued)

Joint Company Secretaries

Damien Kelly

Mr Kelly is a fellow of the Financial Services Institute of Australia (Finsia) and a fully qualified member of CPA Australia. He has a Bachelor of Commerce, a Graduate Diploma in Applied Finance and Investment, an MBA and graduated as an army officer from the Royal Military College in Canberra. Damien has in excess of 10 years, providing professional services to ASX and AIM listed companies predominantly in the mining and energy sector.

Amanda Burgess

Ms Burgess is a Certified Practising Accountant (CPA) with in excess of 15 years experience in professional services and commerce, including various secretary and chief financial officer roles for companies across a variety of sectors.

Directors' Meetings

The number of meetings of the Company's Board of Directors and the number of meetings attended by each Director (excluding matters decided by circulating resolution) were as follows:

	<i>Board Meetings</i>	
	A	B
P Hardie <i>(appointed 15 October 2009)</i>	4	4
M Fitzgerald <i>(appointed 7 August 2009)</i>	4	4
T Kestell <i>(appointed 25 August 2009)</i>	4	4
P Pynes <i>(appointed 25 August 2009)</i>	4	4

A = Number of meetings attended

B = Number of meetings held during the time the director held office

Note – Audit & Remuneration Committee matters were decided at meetings of the Board where necessary.

DIRECTORS' REPORT

Events Subsequent to Balance Date

On-market share buy-back

As stated above the on market buy back was completed on 18th August 2011 with 6.41million shares at an average price of approximately \$5.52.

Crescent Gold Limited 2% Royalty

Crescent Gold Limited served notice that it intends to dispute the Royalty deed executed between the two parties as part of the Debt Renegotiation announced by the companies on 23rd November 2010.

Crescent contends that its agreement to the Royalty Deed was procured by duress and unconscionable conduct. Indago will seek to enforce all obligations of Crescent under the Royalty Deed and will pursue any claims it has for both costs and damages against Crescent.

Indemnification and Insurance of Officers

During the financial year the Group maintained appropriate insurance arrangements in respect of Directors and officers liability insurance. The insurance policy precludes us from disclosing the amount of the coverage. These insurance premiums relate to insurance of Directors and officers of the Company and its controlled entities named in this report and former Directors and executive officers of the Company and its controlled entities. The policy does not specify the premium for individual Directors and executive officers.

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

No liability has arisen under this indemnity as at the date of this report.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Group, nor was the Group party to any such proceedings during the year.

Non-Audit Services

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

- All non-audit services are reviewed and approved by the Directors prior to commencement to ensure they do not impact the impartiality and objectivity of the auditor; and

DIRECTORS' REPORT

- The nature of the services provided do not compromise the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*.

The following fees for non-audit services were paid to related entities of the external auditors during the year ended 30 June 2011:

	Consolidated	
	2011	2010
Other Services:	\$	\$
BDO Corporate Finance (WA) Pty Ltd (for corporate advice)	-	11,494
Total remuneration for non-audit services	-	11,494

Auditor's Independence Declaration

The lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* can be found on page 9 of the Director's Report.

Auditor

BDO Audit (WA) Pty Limited continues in office in accordance with Section 327 of the *Corporations Act 2001*.

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



Peter Pynes
Director



Tim Kestell
Director

Perth, 21 September 2011

21 September 2011

The Directors
Indago Resources Ltd
PO Box 8294
SUBIACO EAST WA 6008

Dear Sirs,

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF
INDAGO RESOURCES LTD

As lead auditor of Indago Resources Ltd for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

This declaration is in respect of Indago Resources Ltd and the entities it controlled during the period.



Glyn O'Brien
Director



BDO Audit (WA) Pty Ltd
Perth, Western Australia

Consolidated Statement of Comprehensive Income

For the year ending 30 June 2011	Note	2011 \$'000	2010 \$'000
<i>REVENUE FROM CONTINUING OPERATIONS</i>	(2)		
Investment Income			
Interest Income		5,304	1,024
Net gains on financial instruments held at fair value through Profit or Loss		17,767	105
Other Income		3,595	15
		<u>26,666</u>	<u>1,144</u>
<i>EXPENSES</i>	(3)		
Compliance fees		(443)	(426)
Consultancy fees		(172)	(488)
Depreciation	(10)	(15)	(60)
Impairment of fixed assets		-	(638)
Share-based payments		-	(9,595)
Employee benefits expense		(8,583)	(3,586)
Legal fees		(105)	(218)
Rent expense		(26)	(524)
Travel expense		(9)	(27)
Administrative expenses		(98)	(340)
Total expenses		<u>(9,451)</u>	<u>(15,902)</u>
Profit/(Loss) before income tax expense		17,215	(14,758)
Income tax expense from continuing operations	(4)	<u>(4,787)</u>	-
<i>PROFIT/(LOSS) FROM CONTINUING OPERATIONS</i>		12,428	(14,758)
Profit from discontinued operations, net of tax	(5)	17	39,693
<i>NET PROFIT</i>		<u>12,445</u>	<u>24,935</u>
<i>OTHER COMPREHENSIVE INCOME</i>		-	-
Changes in the fair value of available-for-sale financial assets		-	-
<i>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF INDAGO RESOURCES LIMITED</i>		<u>12,445</u>	<u>24,935</u>

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

Consolidated Statement of Financial Position

As at 30 June 2011

	Note	2011 \$'000	2010 \$'000
CURRENT ASSETS			
Cash and cash equivalents	(6)	33,915	57,974
Financial assets at fair value through profit or loss			
Trading securities	(7)	14,352	5,171
Other financial assets	(8)	34	-
Trade and other receivables		886	327
TOTAL CURRENT ASSETS		49,187	63,472
NON-CURRENT ASSETS			
Other financial assets	(9)	10,000	10,000
Property, plant and equipment	(10)	26	41
Exploration assets	(11)	-	-
TOTAL NON-CURRENT ASSETS		10,026	10,041
TOTAL ASSETS		59,213	73,513
CURRENT LIABILITIES			
Trade and other payables	(12)	(5,723)	(2,757)
Current tax liability	(4)	(3,537)	(4,825)
Deferred Tax Liability		(1,651)	-
TOTAL CURRENT LIABILITIES		(10,911)	(7,582)
TOTAL LIABILITIES		(10,911)	(7,582)
NET ASSETS		48,302	65,931
EQUITY			
Issued capital	(13)	18,930	48,852
Reserves	(17)	14,989	15,057
Retained earnings	(17)	14,383	2,022
TOTAL EQUITY		48,302	65,931

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ending 30 June 2011

	<i>Issued capital</i> \$'000	<i>Option premium reserve</i> \$'000	<i>Share based payment reserve</i> \$'000	<i>Foreign currency translation reserve</i> \$'000	<i>Other reserve</i> \$'000	<i>Retained Earnings</i> \$'000	<i>Attributable to owners of the parent</i> \$'000	<i>Non-controlling interests</i> \$'000	<i>Total Equity</i> \$'000
Balance at 30 June 2009	39,701	-	5,276	159	-	(22,913)	22,224	-	22,224
Creation of non-controlling interest and difference arising on the issue of shares in Tusker Gold Limited	-	-	-	-	1,499	-	1,499	4,474	5,973
Share-based payment expense	-	-	10,829	-	-	-	10,829	-	10,829
Profit for the year	-	-	-	-	-	24,935	24,935	-	24,935
Realised through income statement on disposal of subsidiaries	-	-	(1,234)	(159)	(1,499)	-	(2,892)	(4,474)	(7,366)
Total comprehensive income	-	-	9,595	(159)	-	24,935	34,370	-	34,371
Transactions with owners in their capacity as owners									
Share and option issues (net of cost)	9,151	186	-	-	-	-	9,337	-	9,337
Balance at 30 June 2010	48,852	186	14,871	-	-	2,022	65,931	-	65,931
Profit for the year	-	-	-	-	-	12,445	12,445	-	12,445
Realised through income statement on disposal of subsidiaries	-	-	-	-	-	(84)	(84)	-	(84)
Total comprehensive income	-	-	-	-	-	12,361	12,361	-	12,361
Transactions with owners in their capacity as owners									
Share and option issues (net of cost)	2,411	(66)	(2)	-	-	-	2,343	-	2,343
Company Share Buy Back	(32,333)	-	-	-	-	-	(32,333)	-	(32,333)
Balance at 30 June 2011	18,930	120	14,869	-	-	14,383	48,302	-	48,302

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

Consolidated Statement of Cash Flows

For the year ending 30 June 2011

	Notes	2011 \$'000	2010 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(6,761)	(4,443)
Interest received		5,304	1,039
Income tax Payments		(505)	-
Receipts from customers		3,595	-
Net cash provided by (used in) operating activities	(6)	<u>1,633</u>	<u>(3,404)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-	(105)
Proceeds from sale of property, plant and equipment		-	135
Proceeds from sale of subsidiaries (net of cash disposed)		-	47,984
Payments for capitalised exploration expenditure		-	(2,649)
Deposits (purchased) / refunded		-	(9,760)
Payments for listed Investments		(9,454)	(5,066)
Proceeds from the sale of listed Investments		13,701	-
Net cash provided by (used in) investing activities		<u>4,247</u>	<u>30,539</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options	(13)	2,412	9,509
Capital-raising expenses		-	(172)
Shares issued in subsidiary (net of investment)		-	6,204
Share Buy Backs		(32,331)	-
Net cash provided by (used in) financing activities		<u>(29,919)</u>	<u>15,541</u>
Net increase (decrease) in cash and cash equivalents held		<u>(24,039)</u>	<u>42,676</u>
Cash and cash equivalents at the beginning of the financial year		57,954	15,278
Effects of exchange rate changes on cash and cash equivalents		-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	(6)	<u>33,915</u>	<u>57,954</u>

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

Notes To and Forming Part of the Consolidated Financial Statements

1. Statement of Significant Accounting Policies

The financial statements cover the economic entity comprised by Indago Resources Limited and its controlled entities ("Group"). Indago Resources Limited was a listed public company as at 30 June 2011 but has subsequently delisted from the ASX on 29th August 2011. It is incorporated and domiciled in Australia.

Basis of Preparation

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

Compliance with IFRS

The financial report of Indago Resources Limited also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets for which the fair value basis of accounting has been applied.

New accounting standards and interpretations

The Group has chosen not to early-adopt any accounting standards that have been issued, but are not yet effective.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

- (i) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard is not expected to impact on the Group's accounting for financial assets as it does not have any available for sale assets. There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The Group has decided not to early adopt AASB 9.

- (ii) Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party. The Group will apply the amended standard from 1 July 2011. When the amendments are applied, the Group will need to

Notes To and Forming Part of the Consolidated Financial Statements

disclose any transactions between its subsidiaries and its associates. However, there will be no impact on any of the amounts recognised in the financial statements.

(iii) AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective from 1 July 2013)

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements.

Accounting Policies

a) Principles of consolidation

Subsidiaries

A controlled entity (or "subsidiary") is any entity Indago Resources Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of subsidiaries is contained in Note 20 to the financial statements.

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where subsidiaries have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

b) 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 reporting date.

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

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

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

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

Notes To and Forming Part of the Consolidated Financial Statements

available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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

Unrecognised deferred income tax assets are reassessed at each reporting 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 reporting 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.

Tax consolidation legislation

Indago Resources Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Indago Resources Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone tax payer in its own right.

In addition to its own current and deferred tax amounts, Indago Resources Limited also recognised the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details about the tax funding agreement are disclosed in note 4.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Notes To and Forming Part of the Consolidated Financial Statements

c) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss for the period during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	5% - 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss for the period.

d) Exploration and evaluation expenditure

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

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

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

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

e) Investments and other financial assets

Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of all of its investments at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and other receivables are included in trade and other receivables.

Available-for-sale financial assets

Available-for-sale financial assets, comprise principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the profit or loss as gains and losses from investment securities.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method.

Available-for-sale financial assets are subsequently carried at fair value. Changes in fair value are recognized in other comprehensive income.

Details on how the fair value of financial instruments is determined are disclosed in note 23.

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or Group if financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any

Notes To and Forming Part of the Consolidated Financial Statements

impairment loss on that asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss for the period. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through the profit or loss for the period.

f) Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

g) Foreign currency transaction and balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed.

Fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

Notes To and Forming Part of the Consolidated Financial Statements

h) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

j) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

k) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured and it is probably that future economic benefits will flow to the entity.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Notes To and Forming Part of the Consolidated Financial Statements

m) Share based payments

Share options

The company has taken the issue of options to account by using the valuation determined by the Black-Scholes option pricing model as the basis for charging the expense to profit or loss and the corresponding entry to the Share based payments reserve.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excluded the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employees benefit expense recognised each period takes into account the most recent estimate.

Shares

Where shares are issued as consideration for services received the valuation is determined by the difference between any price payable for the shares and their closing value market price on the day the recipient becomes entitled. The expense is charged to profit or loss and the transaction reflected as an increase in Contributed Equity.

n) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

o) Critical accounting estimates and judgements

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

i Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

ii Exploration and evaluation expenditure

In order to comply with the Group's accounting policy on Exploration and Evaluation expenditure, the Directors are required to exercise judgement on future events and the likelihood of defining an economic reserve. Assumptions made are altered as exploration continues and more information becomes available. Where it is evident that the value of exploration expenditure cannot be recovered the capitalised amount will be written of through profit or loss for the period. The Group is no longer subject to this risk as all exploration and evaluation have been disposed.

Notes To and Forming Part of the Consolidated Financial Statements

p) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

q) Business combinations

i Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or business under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value recognised in profit or loss.

r) Segment reporting

A business is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when operations are conducted within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

Notes To and Forming Part of the Consolidated Financial Statements

s) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

t) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts which are specifically exempt from this requirement.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition (of the asset or disposal group).

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of comprehensive income.

Notes To and Forming Part of the Consolidated Financial Statements

2. Revenue

Profit (loss) for the year includes the following specific revenues:

	Consolidated	
	2011	2010
	\$'000	\$'000
<i>Continuing operations</i>		
Interest – other persons	5,304	1,024
Rent received	-	15
Dividends Received	65	-
Gold Royalty	2,480	-
Commitment Fees	946	-
Underwriting Fees	104	-
Profit on sale of Investments	12,930	-
Unrealised gain on investments	4,837	105
	<u>26,666</u>	<u>1,144</u>
<i>Discontinued operations</i>		
Profit before tax on sale of subsidiaries	17	47,441
	<u>17</u>	<u>47,441</u>

3. Expenses

Profit (loss) for the year includes the following specific expenses:

	Consolidated	
	2011	2010
	\$'000	\$'000
<i>Continuing operations</i>		
Depreciation	(15)	(60)
Share based payments	-	(9,595)
Foreign exchange loss	-	-
Impairment of fixed assets	-	(638)
Loss on disposal of available for sale assets	-	-
Total	<u>(15)</u>	<u>(10,293)</u>
<i>Discontinued operations</i>		
Depreciation	-	(8)
Share based payments	-	(1,234)
Foreign exchange loss	-	(775)
Impairment of exploration assets	-	(408)
Total	<u>-</u>	<u>(2,425)</u>

Notes To and Forming Part of the Consolidated Financial Statements

4. Income Tax Expense

	Consolidated	
	2011	2010
	\$'000	\$'000
a) Income tax expense		
<i>Continuing operations</i>		
Current tax	3,537	-
Deferred tax	1,651	-
Over provision in respect of prior years	(401)	-
Income tax expense	<u>4,787</u>	<u>-</u>
<i>Discontinued operations</i>		
Current tax	-	4,825
Deferred tax	-	-
Over provision in respect of prior years	-	-
Income tax expense	<u>-</u>	<u>4,825</u>
b) Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable		
Prima facie tax payable on profit before income tax at 30% (2010: 30%)	5,166	8,928
Increase in tax expense due to:		
- non-deductible expenses	58	3,877
Deferred tax liability	1,651	-
Decrease in tax expense due to:		
- income non-assessable for tax purposes	(1,687)	(4,722)
Under/(over) provision for prior year's tax	(401)	-
Deferred tax assets not previously recognised, now brought to account	-	(3,258)
Income tax expense/(benefit)	<u>4,787</u>	<u>4,825</u>
c) Recognised deferred tax assets and liabilities		
i Deferred tax liabilities		
- Exploration and evaluation expenditure	-	-
- Other	1,651	-
Gross deferred tax liabilities	-	-
Set-off of deferred tax assets	-	-
Net deferred tax liabilities	<u>1,651</u>	<u>-</u>
ii Deferred tax assets		
Tax losses	-	-
Gross deferred tax assets	-	-
Set-off of deferred tax liabilities	-	-
Net deferred tax assets	<u>-</u>	<u>-</u>

Notes To and Forming Part of the Consolidated Financial Statements

d) Tax consolidation legislation

Indago Resources Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation on 26 February 2009.

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Indago Resources Limited.

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate Indago Resources Limited for any current tax payable assumed and are compensated by Indago Resources Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Indago Resources Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

5. Discontinued Operations

Following the sale of assets in the last reporting period to 30 June 2010 a further foreign exchange gain was received this reporting period from the final payment being received.

Financial information relating to the discontinued operations for the period to the date of disposal is set out below.

Consolidated Loss for the year from discontinued operations:

	2011 \$'000	2010 \$'000
Income (foreign exchange gain)	17	553
Expenses	-	(3,476)
Profit/(Loss) from discontinued operations before income tax	17	(2,923)
Income tax benefit	-	-
Loss after income tax of discontinued operations	-	-
Accounting gain on sale of discontinued operations before income tax	-	47,441
Income tax (expense) / benefit	-	(4,825)
Accounting gain on sale of discontinued operations after income tax	-	42,616
Profit / (loss) from discontinued operations	17	39,693
Profit attributable to owners of the parent entity relates to:		
Profit from continuing operations	12,428	(14,758)
Profit from discontinued operations	17	39,693
	12,445	24,935

Notes To and Forming Part of the Consolidated Financial Statements

Consolidated Cash Flows for the year from discontinued operations:

	2011 \$'000	2010 \$'000
Net cash from / (used in) operating activities	17	(718)
Net cash generated (applied to) by investing activities <i>(2010 includes inflows of \$56,700,000 from the sale of discontinued operations and cash disposed with subsidiaries of \$8,731,000)</i>	-	45,671
Net cash from financing activities	-	6,204
Net cash inflow / (outflow) from discontinued operations	<u>17</u>	<u>51,157</u>

6. Cash and Cash Equivalents

	Consolidated	
	2011 \$'000	2010 \$'000
Cash at bank and on hand	8,915	42,974
Short term deposits	25,000	15,000
	<u>33,915</u>	<u>57,974</u>

Cash at bank and short term deposits earn interest at floating rates based on daily bank deposit rates (weighted average rate at year end: 5.9%).

(i) Reconciliation to Statement of Cash Flows:

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

Cash and cash equivalents	<u>33,915</u>	<u>57,974</u>
	<u>33,915</u>	<u>57,974</u>

Notes To and Forming Part of the Consolidated Financial Statements

Profit / (loss) after income tax reconciles to net cash inflow / (outflow) from operating activities as follows:

	Consolidated	
	2011 \$'000	2010 \$'000
Profit / (loss) after income tax	12,445	24,935
Add (less) non-cash items:		
Depreciation and amortisation	15	60
Share based payments	-	9,595
Foreign exchange	-	511
Impairment of exploration expenditure	-	408
Profit on disposal of shares in subsidiary	-	(47,440)
Income Tax Expense	4,787	-
Profit on disposal of shares	(12,930)	-
Unrealised gain on investments	(4,837)	(105)
Impairment of fixed assets	-	638
	<u>(520)</u>	<u>(11,397)</u>
Changes in assets and liabilities		
(Increase)/decrease in trade and other debtors	2,824	629
Increase/(decrease) in trade and other creditors	(671)	7,365
	<u>1,633</u>	<u>(3,404)</u>
Net cash (outflow) inflow from operating activities	<u>1,633</u>	<u>(3,404)</u>

Notes To and Forming Part of the Consolidated Financial Statements

7. Trading Securities

	2011 \$'000	2010 \$'000
Shares in Australian publicly-listed companies (at fair value)	14,352	5,171
	<u>14,352</u>	<u>5,171</u>

8. Other financial assets (current)

	2011 \$'000	2010 \$'000
Other financial assets	34	-
	<u>34</u>	<u>-</u>

The above deposits bear interest at a weighted average interest rate of 5.9%.

9. Other financial assets (non-current)

	2011 \$'000	2010 \$'000
Term Deposits maturing within 12 and 24 months of reporting date	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

The above deposits bear interest at a weighted average interest rate of 6.1%.

Notes To and Forming Part of the Consolidated Financial Statements

10. Property, plant and equipment

	2011 \$'000	2010 \$'000
At cost	64	64
Accumulated depreciation	(38)	(23)
Total property, plant and equipment	<u>26</u>	<u>41</u>

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and prior financial years for the consolidated entity are set out below.

\$'000

Plant and Equipment

Carrying amount at 30 June 2009	901
Additions	105
Disposed with subsidiaries	(124)
Other disposals	(143)
Depreciation	(60)
Impairment	(638)
Carrying value at 30 June 2010	<u>41</u>
Additions	-
Disposed with subsidiaries	-
Other disposals	-
Depreciation	(15)
Impairment	-
Carrying value at 30 June 2011	<u>26</u>

Notes To and Forming Part of the Consolidated Financial Statements

11. Exploration Assets

	2011 \$'000	2010 \$'000
Opening balance	-	6,835
Current year's additions	-	2,649
Additions through business combinations	-	-
Impairments recognised	-	(408)
Disposed with subsidiaries	-	(9,076)
Closing balance	-	-

Exploration and evaluation assets represents the accumulated cost of acquisition and subsequent cost of exploration and evaluation of the properties. Where, in the opinion of the Directors the value of the properties is less than that at which they are carried in the financial report an impairment is recognised.

12. Trade and other payables

	2011 \$'000	2010 \$'000
Trade creditors	3,980	718
Employee Bonus Accrual	1,487	1,798
Employee Leave provisions	142	93
Other creditors	114	148
	<u>5,723</u>	<u>2,757</u>

Notes To and Forming Part of the Consolidated Financial Statements

13. Contributed Equity

The Company had 4,797,059 fully paid ordinary shares on issue as at 30 June 2011 (2010: 99,449,536).

a) Share Capital

Movements in share capital during the current and prior periods were as follows:

Share Capital

		Number	\$'000
Ordinary Shares			
As at 1 July 2009		62,155,721	39,701
Entitlements & shortfall issues	(i)	37,293,432	9,323
Options converted		383	-
Transaction costs		-	(172)
As at 30 June 2010		99,449,536	48,852
Options converted pre consolidation		50,656	13
Share Buy Back pre consolidation		(21,122,869)	(11,052)
Consolidation of capital	(ii)	(68,426,307)	-
Options converted post consolidation		665,025	2,399
Share Buy Back post consolidation	(iii)	(5,818,982)	(21,282)
Transaction costs		-	-
As at 30 June 2011		4,797,059	18,930

- (i) During the previous year to 30 June 2010 Indago completed a partially-underwritten entitlements issue, on the basis of 3 new fully paid ordinary shares for every 5 shares held at record date at an issue price of \$0.25 per Share. Shareholders were also entitled to subscribe for 3 new options (exercisable at \$0.35 per share on or before 31 October 2014) for every 10 shares held at the record date. The entitlement issue shortfall was partially underwritten up to a maximum of \$2,040,000 by Desertfox Pty Ltd, an entity controlled by Mr Tim Kestell, a director of the Company. Shortfall in excess of the amount underwritten was then placed at the discretion of the directors of the Company.
- (ii) During the current year, pursuant to a resolution passed by shareholders, Indago's share capital was consolidated on a 1 for 10 basis.
- (iii) During the current year the company undertook an on market share buy back which was approved by shareholders on 25 June 2010. A total number of 5.82million shares were bought back in the current year at an average cost of 5.52.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of and amounts paid on the shares held.

On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote and upon a poll each share is entitled to one vote.

Notes To and Forming Part of the Consolidated Financial Statements

14. Capital risk management

The Group's and the parent entity's objective when managing capital are to safeguard their ability to continue as a going concern, maximise shareholder value and maintain the optimal capital structure so as to reduce the cost of capital.

The Group currently has no debt and is funded entirely by equity. As at 30 June 2011 the Group had a cash balance of \$33,915,000 (2010: \$57,974,000). The Group has no externally imposed capital requirements.

15. Options

The Company has the following classes of options on issue as at reporting date:

Type	2011 No.*	Exercise Price*	2010 No.	Exercise Price	Expiry Date
IDGOA	1,201,777	\$3.50	18,646,333	\$0.35	31/10/2014
IDGO	-		-	\$3.50	30/4/2010
1	1,950,000	\$4.00	19,500,000	\$0.40	31/10/2014
2	2,250,000	\$6.00	22,500,000	\$0.60	25/6/2015
3	-		1,800,000	\$0.50	30/4/2011
4	-		535,000	\$0.70	28/2/2013
5	-		377,500	\$2.00	30/6/2012
6	-		125,000	\$1.50	28/2/2013
7	5,000	\$2.60	50,000	\$0.26	30/6/2012
Total	5,406,777		63,533,833		

Options carry no dividend or voting rights. Upon exercise, each option is convertible into one ordinary share to rank pari passu in all respects with the Company's existing fully paid ordinary shares.

For information relating to share options issued to key management personnel during the financial year, refer to Note 16: Share-Based Payments, below.

715,681 Shares were issued during the year 30 June 2011 as a result of the exercise of options.

Notes To and Forming Part of the Consolidated Financial Statements

16. Share-Based Payments

No Share based payments were made during the current year.

Employee Share Option Plan and Company Incentive Option Scheme

The establishment of the Indago Resources Limited Employee Share Option Plan ("Plan") was approved by shareholders at the 2008 Annual General Meeting. The Company Incentive Option Scheme was approved by shareholders at the 2009 Annual General Meeting ("Scheme"). Both the Plan and the Scheme are designed to provide sufficient incentives to reward performance and encourage retention of key employees by giving employees, Directors and executive officers of the Group an opportunity, in the form of options to subscribe for shares in the Company.

The Board, may, at its absolute discretion invite persons who are full-time or part-time employees (including executive Directors) and non executive Directors of the Company or any subsidiary to apply for a specified number of options. Upon receipt of such an invite a participant may apply for all or part of the number of options specified in the invitation. Unless the Board determines otherwise, no payment is required for the grant of options.

All options granted are for ordinary shares in Indago Resources Limited, which confer a right of one ordinary share for every option held. All options issued are expensed as share based payments.

No options granted under the Plan or Scheme (or otherwise granted as share-based payments) were exercised during the year ended 30 June 2011 (2010: Nil).

The options outstanding at 30 June 2011 had a weighted average exercise price of \$5.10 (on consolidation 10:1) (2010: \$0.52) and exercise prices range from \$4.00 to \$26.00 (on consolidation 10:1) (2010: \$0.25 to \$2.60).

The weighted average fair value of the options granted during the year was \$nil (2010: \$0.26).

These prices were calculated by using a Black Scholes option pricing model.

The weighted average remaining contractual life of share options outstanding at the end of the period was 3.7 years (2010: 4.5 years)

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

No options were issued under the Plan / Scheme during the financial year. All shares allotted on exercise of options will rank equally with other ordinary shares of the Company.

Notes To and Forming Part of the Consolidated Financial Statements

Movements in Options granted under the Scheme or Plan during the Current and Prior financial are as follows:

	2011		2010	
	No. of Options	Weighted Average Exercise Price	No. of Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	44,887,500			
Granted	-	-	6,627,500	0.51
Forfeited	-	-	42,000,000	-
Exercised (pre consolidation)	(50,000)	-	-	-
Cancelled	(1,037,500)	1.19	(3,140,000)	1.39
Consolidation (10:1)	(39,420,000)	-	-	-
Lapsed	(173,000)	5.00	(600,000)	2.00
Exercised	(2,000)	-	-	-
Outstanding at year-end	4,205,000		44,887,500	
Vested and exercisable at year-end	4,205,000		44,887,500	

Notes To and Forming Part of the Consolidated Financial Statements

17. Reserves & retained earnings

	Consolidated	
	2011	2010
	\$'000	\$'000
Share based payment reserve	14,869	14,871
Option premium reserve	120	186
Available-for-sale investments revaluation reserve	-	-
Foreign currency translation reserve	-	-
	<u>14,989</u>	<u>15,057</u>
Retained earnings	14,383	2,022
	<u>14,383</u>	<u>2,022</u>
Share-based payment reserve		
Balance at 1 July	14,871	5,276
Option expense	-	9,595
Option Exercised	(2)	-
As at 30 June	<u>14,869</u>	<u>14,871</u>
Option premium reserve		
Balance at 1 July	186	-
Entitlements Issue	-	186
Options Exercised	(66)	-
As at 30 June	<u>120</u>	<u>186</u>
Balance at 01 July	-	159
Currency translation differences arising during the year	-	-
Derecognition on sale of subsidiaries	-	(159)
As at 30 June	<u>-</u>	<u>-</u>
Retained earnings		
Balance at 01 July	2,022	(22,913)
Disposal of Subsidiary	(84)	-
Profit / (loss) for the year	12,445	24,935
As at 30 June	<u>14,383</u>	<u>2,022</u>

Notes To and Forming Part of the Consolidated Financial Statements

a) Share-based payments reserve

The Share Based Payments Reserve records items recognised as expenses on valuation of Directors and employee share options. Any proceeds from the exercise of options are recorded as contributed equity at the time the options are exercised.

b) Available-for-sale investments revaluation reserve

Changes in the fair value and exchange differences arising on translation of investments, such as equities classified as available-for-sale financial assets, are taken to the available-for-sale revaluation reserve. Amounts are recognised in profit or loss when the associated assets are sold or impaired.

c) Option premium reserve

The option premium reserve is used to record proceeds from the grant of options.

d) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve as. The reserve is recognised in profit or loss when the net investment is disposed of.

18. Key Management Personnel (“KMP”) Compensation

	Consolidated	
	2011	2010
	\$'000	\$'000
Short -term employee benefits	8,052	3,476
Post-employment benefits	38	106
Share-based payments	-	11,771
	<u>8,090</u>	<u>15,353</u>

a) Compensation Options

Options Granted as Compensation – refer to Note 16.

Notes To and Forming Part of the Consolidated Financial Statements

b) Options and Rights Holdings

Number of options held by Directors and Key Management Personnel – refer also to Note 15.

2011	Balance 1-Jul-10	Granted as Compen- sation	Options Exercised	Other Changes*	Balance 30 Jun 11	Total Vested 30-Jun-11	Total Exercisable 30 Jun 11	Not yet Exercisable 30 Jun 11
<i>Directors of Indago Resources Limited</i>								
P Pynes	18,000,000	-	-	(16,195,000)	1,850,000	1,850,000	1,850,000	-
T Kestell	22,000,000	-	-	(19,659,888)	2,340,112	2,340,112	2,340,112	-
P Hardie	3,500,000	-	-	(3,150,000)	350,000	350,000	350,000	-
M Fitzgerald	2,500,000	-	-	(2,250,000)	250,000	250,000	250,000	-
Total	42,000,000	-	-	(41,209,888)	4,790,112	4,790,112	4,790,112	-

*All options were consolidated on a 1:10 basis during this period.

2010	Balance 1-Jul-09	Granted as Compen- sation	Options Exercised	Other Changes	Balance 30 Jun 10	Total Vested 30-Jun-10	Total Exercisable 30 Jun 10	Not yet Exercisable 30 Jun 10
<i>Directors of Indago Resources Limited</i>								
P Pynes	-	18,000,000	-	-	18,000,000	18,000,000	18,000,000	-
T Kestell	-	18,000,000	-	4,000,000	22,000,000	22,000,000	22,000,000	-
P Hardie	-	3,500,000	-	-	3,500,000	3,500,000	3,500,000	-
M Fitzgerald	-	2,500,000	-	-	2,500,000	2,500,000	2,500,000	-
K Simich	-	-	-	-	-	-	-	-
M Kennedy	-	-	-	-	-	-	-	-
G Bauk	1,050,000	-	-	(1,050,000)	-	-	-	-
G Chapman	1,050,000	-	-	(1,050,000)	-	-	-	-
J Fitzgerald	200,000	-	-	(200,000)	-	-	-	-
<i>Other Key Management Personnel</i>								
Iain Scott	-	-	-	-	-	-	-	-
Andrew McIlwain	-	-	-	-	-	-	-	-
Morgan Ball	1,000,000	-	-	(450,000)	550,000	550,000	550,000	-
Glen Edwards	850,000	-	-	(450,000)	400,000	550,000	450,000	100,000
Total	4,150,000	42,000,000	-	800,000	46,950,000	47,100,000	47,000,000	100,000

Notes To and Forming Part of the Consolidated Financial Statements

c) Shareholdings

2011	Balance 1-Jul-10 *	Received as Compensation	Options Exercised	Net Change Other	Balance 30- Jun-11 **	Balance held nominally
<i>Directors of Indago Resources Limited</i>						
P Pynes	-	-	-	210,000	210,000	-
T Kestell	8,000,000	-	-	(6,705,897)	1,294,103	-
P Hardie	-	-	-	-	-	-
M Fitzgerald	-	-	-	-	-	-
Total	8,000,000	-	-	(6,705,897)	1,504,103	-
2010	Balance 1-Jul-09 *	Received as Compensation	Options Exercised	Net Change Other	Balance 30- Jun-10 **	Balance held nominally
<i>Directors of Indago Resources Limited</i>						
P Pynes	-	-	-	-	-	-
T Kestell	-	-	-	8,000,000	8,000,000	-
P Hardie	-	-	-	-	-	-
M Fitzgerald	-	-	-	-	-	-
K Simich	-	-	-	-	-	-
M Kennedy	-	-	-	-	-	-
G Bauk	906,175	-	-	-	906,175	-
G Chapman	774,675	-	-	-	774,675	-
J Fitzgerald	-	-	-	-	-	-
<i>Other Key Management Personnel</i>						
Iain Scott	-	-	-	-	-	-
Andrew McIlwain	-	-	-	-	-	-
Morgan Ball	35,236	-	-	-	35,236	-
Glen Edwards	-	-	-	-	-	-
Total	1,716,086	-	-	8,000,000	9,716,086	-

* or when appointed

** or when ceased to be a Director / KMP

Notes To and Forming Part of the Consolidated Financial Statements

d) Loans to KMP

There were no loans made to directors of the Company or other KMP of the Group (or their personally related entities) during the current or previous financial year.

19. Remuneration of Auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2011 \$'000	2010 \$'000
Australian firm – BDO Audit (WA) Pty Ltd (for audit or review of consolidated financial statements)	46,901	36,378
BDO Corporate Finance (WA) Pty Ltd (for advisory services)	-	11,494
Tanzanian Firm – Ernst and Young (for audit or review of subsidiary financial statements)	-	6,294
Tanzanian Firm – L&M Management Consultants (for accounting services)	-	8,508
	46,901	62,674

20. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(a):

	Country of Incorporation	Class of Shares	Equity Holding	
			2011 %	2010 %
WML Peru Pty Ltd ¹	Australia	Ordinary	-	100
WML Tanzania Pty Ltd ¹	Australia	Ordinary	-	100
WML Glade Pty Ltd ¹	Australia	Ordinary	-	100
WML Georgetown Pty Ltd ¹	Australia	Ordinary	-	100
WML Snowbird Pty Ltd	Australia	Ordinary	100	100
WML Mid-Continent Pty Ltd	Australia	Ordinary	100	100
IDG Investments Pty Ltd ¹	Australia	Ordinary	-	100
WML Mwanza Pty Ltd ¹	Australia	Ordinary	-	100
WML Ruvuma Pty Ltd ¹	Australia	Ordinary	-	100

1: De-registered during the year

Notes To and Forming Part of the Consolidated Financial Statements

21. Capital and Leasing Commitments

	Consolidated	
	2011 \$'000	2010 \$'000
a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial instruments		
Payable – minimum lease payments		
- not later than 12 months	-	33
- between 12 months and 5 years	-	-
	-	33

The Group vacated its leased premises in Railway Road, Subiaco during the 2010 year.

22. Events After the Reporting Date

Crescent Gold Limited 2% Royalty

Crescent Gold Limited served notice that it intends to dispute the Royalty deed executed between the two parties as part of the Debt Renegotiation announced by the companies on 23rd November 2010.

Crescent contends that its agreement to the Royalty Deed was procured by duress and unconscionable conduct. Indago will seek to enforce all obligations of Crescent under the Royalty Deed and will pursue any claims it has for both costs and damages against Crescent.

Delisting from ASX

The Company requested approval from the ASX on 10 June 2011 for the removal from official list and subsequently received shareholder approval on 26 July 2011 for the delisting from ASX.

Indago Resources: Ltd was suspended from trading on 22nd August 2011 and removed from official list on 26th August 2011.

On-market share buy-back

As stated above the on market buy back was completed on 18th August 2011 with 6.415million shares at an average price of approximately \$5.52.

Except for the matters discussed above or elsewhere in this financial report there have been no events that have arisen that would materially affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity not otherwise disclosed in the consolidated entity's financial statements.

Notes To and Forming Part of the Consolidated Financial Statements

23. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risks to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks.

Risk management is carried out by the Board of Directors.

The Group and the parent entity hold the following financial instruments:

	Consolidated	
	2011 \$'000	2010 \$'000
<i>Financial assets</i>		
Cash and cash equivalents	8,915	42,936
Term Deposits	35,000	25,020
Trade and other receivables	886	327
Financial assets at fair value through profit or loss	14,352	5,171
Other financial assets	34	18
	59,187	73,472
<i>Financial liabilities at amortised cost</i>		
Trade and other payables	(5,581)	(2,757)
	(5,581)	(2,757)

Notes To and Forming Part of the Consolidated Financial Statements

a) Market risk

Foreign exchange risk

The Group has operated internationally in prior years has been exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar.

Foreign exchange risks arise from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entities' functional currency and net investment in foreign operations. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group currently holds no foreign currency funds on deposit.

In prior years US and Canadian dollars in particular have been held on deposit for use as required. US dollar liabilities were settled using these funds, or where exchange rates are more favourable, US currency is purchased at the daily spot rate. The Group does not have long term contracts where foreign exchange fluctuations are likely to materially impact on future cash flows, hence does not have any foreign currency hedges in place at reporting date.

The Group's exposure to foreign currency risk at the reporting date was nil.

Sensitivity

No sensitivity analysis has been performed for the current year as the Group was not exposed to foreign currency risk as at reporting date.

Price risk

The Group is exposed to equity securities price risk at reporting date. The risk relates to investments held by the Group and classified on the statement of financial position as listed securities. The Group was not directly exposed to commodity price risk at balance date.

The carrying value of listed investments as at balance date was as follows:

	Consolidated	
	2011 \$'000	2010 \$'000
Australian listed investments	14,352	5,171

Sensitivity

Based on the Australian Listed Investments held at 30 June 2011, had the share prices across all equity investments held weakened/strengthened by 25% relative to reporting date prices with all other variables held constant, the Group's post-tax profit would have been \$3,588,000 higher/lower as a result (2010: \$1,293,000).

The Group has applied a rate of 25% for sensitivity analysis based on an expectation of typical future volatility on Australian securities exchanges.

Notes To and Forming Part of the Consolidated Financial Statements

Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from fixed term cash deposits. The risk arises from changes to future cash flows on variation of rates upon maturity hence deposits are made to allow adequate cash flow and maximise returns.

At reporting date, the Group had the following fixed rate term deposits:

	30 June 2011		30 June 2010	
	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
Cash at bank and short term bank deposits	n/a	-*	n/a	-*
Deposits maturing within 3 and 12 months of reporting date	6.1%	25,000	5.9%	15,020
Term Deposits maturing within 12 and 24 months of reporting date	6.4%	10,000	6.1%	10,000

**cash balances attract interest at floating rate.*

Group sensitivity

Group cash balances and the balance of deposits held are inherently variable. The below sensitivities have been based solely on year-end balances and are not necessarily reflective of the actual impact on the Group of hypothetical interest rate changes which may occur at any given point in time.

At 30 June 2011, based on the above terms deposits as held at year-end, if interest rates changed by +/- 100 basis points from year end rates with all other variables held constant, post tax profit for the year would have been \$350,000 higher / lower as a result of higher/lower interest income from fixed rate term deposits.

At 30 June 2010, if interest rates had changed by +/- 100 basis points from year end rates with all other variables held constant, post tax profit for the year would have been \$250,000 higher/lower, mainly as a result of higher/lower interest income from cash and cash equivalents.

Management believes that sensitivity analysis of 100 basis points is a reasonable reflection of the potential movement in rates given recent history and potential future movements in interest rates.

Notes To and Forming Part of the Consolidated Financial Statements

b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and institutions, independently rated parties with a minimum rating of Investment Grade (ie BBB- or equivalent) are preferred counterparties.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised above. Again this is inherently variable and should not necessarily be considered as indicative of exposure to credit risk at any given point in the future, which may be significantly affected by transactions which occur in the future.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings.

	Consolidated	
	2011	2010
	\$'000	\$'000
<i>Cash at bank and short term deposits</i>		
AA	8,915	42,936
Deposits maturing within 3 and 12 months of reporting date		
AA	25,000	15,020
Term Deposits maturing within 12 and 24 months of reporting date		
AA	10,000	10,000

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying business, management maintains flexibility in funding by maintaining cash position balanced between adequate cash flow and maximum return. All surplus funds are invested in high yield term deposits.

The Group has no debt financing arrangements.

All trade payables of the Group are non interest-bearing and are settled in less than six months.

Notes To and Forming Part of the Consolidated Financial Statements

d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AS of 1 July 2009, Indago has adopted the amendment to AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

The following tables present the Group's assets and liabilities measured and recognised at fair value at 30 June 2011. Comparative information has not been provided as permitted by the transitional provisions of the new rules.

30 June 2011	Level 1	Level 2	Level 3	Total
Assets	\$'000	\$'000	\$'000	\$'000
<i>Financial assets at fair value through profit or loss</i>				
Trading securities	14,352	-	-	14,352
Total	14,352	-	-	14,352

The fair value of financial instruments traded in active markets (such as trading securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

Other techniques such as estimated future cash flows, are used to determine the fair value of remaining financial instruments.

The carrying value less impairment provision of trade and other receivables and payables are assumed to approximate their fair values due to their short term nature.

24. Related Party Transactions

There have been no transactions with related parties during the period ended 30 June 2011 other than as disclosed elsewhere in the financial report.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Notes To and Forming Part of the Consolidated Financial Statements

Directors Declaration

The Directors of the Company declare that:

- (a) the financial statements and notes, as set out on pages 10 to 46 are in accordance with the *Corporations Act 2001* and:
 - (i) comply with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the Group's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) The Group has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards; and

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

Director:



Peter Pynes

Director:



Tim Kestell

Date:

21 September 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INDAGO RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Indago Resources Limited, which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal 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 opinions.

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* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.



Auditor's Opinion

In our opinion:

- (a) the financial report of Indago Resources Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Glyn O'Brien', with the letters 'BDO' written above it.

Glyn O'Brien
Director

Perth, Western Australia
Dated this 21st day of September 2011