



**DWYKA RESOURCES
LIMITED**

A.B.N. 98 060 938 552

**ANNUAL REPORT
30 JUNE 2009**

DWYKA RESOURCES LIMITED

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COMPANY PARTICULARS

Registered office

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Board of directors

Melissa Sturgess
Evan Kirby
Michael Langoulant
Terry McConnachie

Company secretary

Michael Langoulant

Auditor

PricewaterhouseCoopers

Share registrar

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
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Stock exchange listings

Dwyka Resources Limited is listed on the Australian Stock Exchange (Shares: DWY) and on the AIM Market of the London Stock Exchange (Shares: DWY).

Solicitors

Clayton Utz (Australia)
Memery Chrystal (UK)

DWYKA RESOURCES LIMITED

CHAIRMAN'S STATEMENT

The past 12 month period has thrown up immense challenges for all junior mining companies. Indeed, for companies in general. However, through a focus on progressing core assets, close controls on expenditure, reviewing and managing the commitments associated with our licences, and most recently through the successful acquisition of Minerva Resources Plc, your Company is now well positioned.

During the period under review Dwyka evaluated over 40 gold and base metal projects before proceeding with the acquisition of Minerva Resources. This acquisition provides a number of gold and platinum assets, most notably the Tulu Kapi-Ankore gold prospect where sufficient work has been completed to establish a significant gold resource. Exploration data has been delivered to consultants, who are working on a JORC compliant resource statement. Once the resource has been defined, Dwyka intends to commence a formal feasibility study to determine a mineable ore reserve and enable us to quickly progress and fund this project into production. Preliminary exploration work at another two of Minerva's Ethiopian gold prospects has delivered extremely promising results. These projects could form the basis of a longer term regional development plan.

During the year, Dwyka secured 100% ownership of the Muremera Nickel Project in Burundi from BHP Billiton. Muremera is adjacent to, and in the same geological sequence as, Xstrata's giant Kabanga nickel deposit in Tanzania. Kabanga is recognised as the world's largest undeveloped nickel sulphide deposit and exploration results have confirmed that Muremera is highly prospective for similar mineralisation. BHP had onerous minimum expenditure agreements and had invested over US\$7.3million in exploration work. Subsequent to securing full ownership Dwyka reviewed its licensing agreement with the Burundi Government and agreed on a reduced budget. The revised programme is more suited to the current economic climate but will still allow us to significantly progress exploration over the next two years. Dwyka can use this time to consider alternatives to add significant value to the project over the longer term.

The Company will continue to evaluate options with regards to its interest in the SwaziGold Venture but Dwyka's current strategy is focused on progressing an Ethiopian gold project to production and identifying a nickel orebody in Burundi.

Dwyka's assets are all in Africa, where its management team has significant operational experience. The Company is well funded with a cash balance at balance sheet date of approximately £6.5million.

To reflect the new direction and focus of the post-takeover merged entity the Company shareholders have recently resolved to change the Company's name to Nyota Minerals Limited. Nyota means star or good fortune/prosperity in Swahili. The change in Company name will take affect in the before the end of September.

Despite the ongoing uncertainty in global markets I am excited by Dwyka's opportunities going forward.



Melissa Sturgess

London 10 September 2009

DWYKA RESOURCES LIMITED

OPERATIONS AND FINANCIAL REVIEW

Summary

During the 2009 financial year Dwyka maintained exploration momentum whilst ensuring that exploration budgets were tailored to meet market conditions and preserve available cash. The Company also actively sought new opportunities for acquisition and undertook both technical and financial reviews on over 40 gold and base metal projects in its search for undervalued assets for acquisition.

The Company is delighted to have secured from BHP Billiton (“BHPB”) 100% ownership of its Muremera Nickel Project based in Burundi. Exploration work undertaken continues to generate promising results. Dwyka recently completed a drilling programme targeting anomalies generated by BHPB which has provided sufficient information to move ahead with the second phase of exploration.

Most recently Dwyka secured a majority stake and management control of three gold projects and one platinum project in Ethiopia which were previously owned and operated by Minerva Resources Plc (“Minerva”). Sufficient work has been completed at the Tulu Kapi-Ankore gold project to allow Dwyka to commence a JORC compliant resource estimate. The remaining exploration licences have been subject to sufficient exploration to generate a host of promising targets warranting detailed follow up and drilling.

Muremera Nickel Project – 100%

The Muremera Nickel Project is located a short distance away along strike from Xstrata’s Kabanga Nickel Project, the single largest undeveloped nickel sulphide deposit in the world. Until this year Dwyka had been working alongside BHPB to define the mineralogy of the project. Exploration to date includes in excess of US\$7.3million spent by BHPB for both regional and detailed downhole geophysical surveys and diamond drilling over a number of targets. This exploration work has provided clear evidence of sulphide mineralisation suggesting there are many geological similarities between the Muremera and Kabanga projects.

During the early part of the year, the Company drilled the first six holes of a programme targeting 24 drill targets. Two massive sulphide intersections identified during the programme returned an average composite nickel equivalent grade of approximately 1 per cent Ni.

Because of the nature of mineralisation, reliance has been placed on VTEM geophysical surveys. An independent consultant was engaged to reconcile the VTEM anomalies with the drilling results to date. Based on the review, the independent consultant has stated that *“the technical case for continued exploration at Muremera is clear-cut. The licence area is adjacent to, and covers the same structure and stratigraphy as the Kabanga deposits of Tanzania. Even small discoveries at Muremera would be able to ride on the back of infrastructure developments at Kabanga and at Musongati.”*

In March 2009 the Company was able to secure 100% ownership of this project from BHPB at no cost to the Company. Subsequently Dwyka approached the Council of Ministers in Burundi to amend the previously agreed exploration programme and budget to reflect the worldwide financial situation. The previous BHPB budget and work programme required an expenditure of approximately US\$14m over a two year period. As part of the exploration licence renewal process Dwyka has recently renegotiated the exploration expenditure commitment to a more reasonable US\$2.14 million over the next two years. Whilst the reduction in budget is substantial, it leaves ample scope for completion of a meaningful exploration programme. As a result of revising the budget, Dwyka has the flexibility either to fund the prescribed work programme over the next 24 months from its existing cash reserves or to consider the involvement of an appropriate major mining house partner to assist in the long-term development of the project.

The recommended exploration programme for the next 24 months takes into account the current state of world markets and the fact that a substantial amount of data has been accumulated already during the past two years.

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OPERATIONS AND FINANCIAL REVIEW

SwaziGold – 45%

The SwaziGold project in Swaziland is managed by Swazi Gold Ventures (Pty) Ltd (“SGV”), a company which holds a 90% shareholding in the ultimate project company which holds the relevant exploration licence. Dwyka, via its wholly-owned subsidiary Karrinyup Holdings Limited, owns 50% of SGV, the remaining 50% being held by the original project vendors.

Historical exploration has identified a total of five primary prospective targets. The Dwyka Board has requested that the primary targets be reviewed prior to any further detailed exploration drilling. The objective of this review is to assess the potential upper level of gold resource that may be delineated in order to decide on the appropriate basis for further exploration.

Ethiopian Gold Projects –Post balance date takeover of Minerva Resources Plc

As at the date of this report Dwyka owns 91.01% of Minerva Resources Plc and has commenced proceedings to compulsorily acquire the balance to move to 100% ownership. Minerva Resources owns Ethiopian gold and platinum projects.

The Ethiopian gold projects potentially represent a new gold province with numerous untapped opportunities.

Over the coming 12 months the Company will concentrate on developing the Tulu Kapi prospect and the other identified primary targets. The Company is well placed to consider any possible strategically appropriate partnerships that may be forthcoming in the region.

Tulu Kapi – Ankore exploration licence

The Licence is located in western Ethiopia, in Oromia Regional state, 510km from Addis Ababa. The licence covers an area of approximately 11.5km².

Significant exploration has already been undertaken on the Tulu Kapi–Ankore licence, including a 34 diamond drill hole programme. Dwyka has reviewed the geology in the immediate vicinity of the main Tulu Kapi project and has identified a number of clear targets for further exploration to extend the current known mineralisation. Drill intercept grades at Tulu Kapi have been encouraging and the assays and subsequent geological interpretation indicate both continuous and pod-like zones of gold mineralisation associated with quartz veins and minor sulphides hosted by albite alteration in shallow dipping structures. Significant gold intersections include the following:

DWYKA RESOURCES LIMITED

OPERATIONS AND FINANCIAL REVIEW

Hole Number	Hole dip	From (m)	To (m)	Length (m)	Au (g/t)	Hole Number	Hole dip	From (m)	To (m)	Length (m)	Au (g/t)
TKBH 01	-60	10.8	19.8	9	2.3	TKBH 16	-50	103.5	104.5	1	3.1
TKBH 02	-60	13.4	13.8	0.4	14.2	TKBH 17	-50	4	6.2	2.2	3.9
		137.8	143.5	5.7	2.9			137	140	3	4.9
		152.4	153.4	1	9.6	TKBH 18	-50	39	45	6	3.9
TKBH 03	-60	66.8	67.6	0.8	3.6	TKBH 19	-50	89.6	90.9	1.3	9.8
		71.8	72.3	0.5	3.1	TKBH 20	-50	52	55	3	2.6
		82.8	83.1	0.3	3.8			58.3	65	6.7	3.3
TKBH 04	-50	46.9	83.8	36.9	4.7			94.1	101.9	7.7	1.8
		134.7	135.7	1	14.2			201	205	4	11.1
TKBH 05	-50	36.7	41.9	5.2	2.7			245	247	2	5
		71.8	75.7	3.9	2.9	TKBH 21	-50	16	31.3	15.3	7.3
TKBH 06	-50	150.1	154.6	4.5	7.1	TKBH 22	-50	2	6	4	1.6
TKBH 07	-50	59.2	62.3	3.1	4.2	TKBH 25	-50	105	108	3	4.4
		112.2	117.1	5	2.9			110	119	9	2.1
		157	157.6	0.6	13.8			188.4	191.3	2.9	15.23
TKBH 08	-50	64.9	80.6	15.7	2.5	TKBH 26	-50	4.9	11.3	6.4	1.5
		87.8	98.8	11	1.9			57.7	62.9	5.2	1.5
		107.8	110	2.2	10.5			105.6	108	2.4	4.5
		221.5	227	5.5	4.9			161	167.6	6.6	4.9
TKBH 09	-70	118.5	119.9	1.4	6.2			172	173	1	14.4
TKBH 10	-51	31	48.7	17.7	5.2			194.7	197.4	2.7	4.3
		63.8	75.2	11.4	1.9			212	222.1	10.1	4.1
		202	203.8	1.8	12.2			226	231.7	5.7	10
TKBH 11	-50	16	32	16	1.6	TKBH 29	-50	9.7	14	4.3	20
		55	56.1	1.1	17.5			32.1	35.5	3.4	3.7
TKBH 12	-50	0.5	19	18.5	4.4			51.4	55.9	4.5	3.1
		56.6	68.4	11.8	4.6	TKBH 31	-50	8	19.9	11.9	1.3
TKBH 13	-50	53.6	57.7	4.1	2.2			179	182.2	3.2	6.9
TKBH 14	-47	59	63	4	10.2	TKBH 33	-50	52.3	55.4	3.2	2.9
		94.8	98.2	3.4	3.5			192.7	196.1	3.4	3.9
		161.9	164.6	2.7	7.4			207	209.6	2.6	21.2

Table 1 - Tulu Kapi – Significant Down Hole Intersections

Dwyka has engaged the services of Hellman & Schofield, an independent consultant, to complete a resource estimation from the drilling programme completed to date and to establish an initial JORC-compliant Inferred Resource. Dwyka has also enlisted Venmyn Rand, a South African-based consultancy with a wealth of gold mining and exploration experience, to produce a technical review of the Tulu Kapi prospect and surrounding area to complement the Company's proposed exploration strategy.

Dwyka is also presently implementing appropriate management and financial controls over the various Ethiopian subsidiaries and expanding the exploration capacity of the operation by engaging additional local exploration staff.

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Yubdo exploration licence

The five priority targets for the Yubdo exploration licence, which covers an area of 301.83 sq km near Tulu Kapi–Ankore are Guji, Gudeya Guji, Dina, Chago and South Chago.

Guji Prospect

A drill programme at the Guji prospect has identified encouraging gold assays; borehole GBH04 with 2.95g/t Au over 10.6m from surface to 10.6m and 2.96g/t Au over 4.32m from 26.83m to 31.15m. Further work in April 2009 work including trenching and IP surveys indicated the potential for this gold mineralised zone to extend up to 1km along strike. Guji will be treated as a priority target by Dwyka during the current exploration season particularly as this prospect is located only 3km from Tulu Kapi. Subject to follow up drilling it is anticipated that Guji has the potential to act as a satellite deposit to the main Tulu Kapi project.

Gudeya Guji Prospect

Gudeya Guji is located North of the Guji prospect. Scout drilling was undertaken in early 2008 which failed to intersect any economic grades but did provide an insight into the geology of the target. During 2009, further trenching confirmed gold mineralisation with peak intersections achieved of 2.8g/t Au over 6.0m. The samples collected from this new trench programme have recently been submitted for geochemical analysis by Dwyka. If encouraging assay results are returned, then Dwyka will determine if a drill programme is warranted to drill test the strike and depth extents of the mineralisation.

Dina Prospect

The Dina prospect is located in the northern part of the Yubdo exploration licence. Work to date provides an insight into the prospect's mineralisation though considerable work is required to bring this project to an advanced stage. Dwyka's focus during the next exploration season will be to further test the down dip and strike extensions of the mineralised ore bodies. Promising results were obtained from borehole DBH02 which returned intersections of 30.26g/t Au over 7.10m from 69.6 to 76.70m and 2.40g/t Au over 3.77m from 136.23 to 140m.

Chago Prospect

The Chago prospect is located in the northern part of the Yubdo licence approximately 3 km along strike from the Dina prospect. Samples from work undertaken to excavate and sample a series of trenches have recently been submitted for analysis by Dwyka and any future exploration programme will be determined by the results of this assay data.

South Chago Prospect

Reconnaissance work to date has returned low gold in soil results. The next phase of exploration will depend on the outcome of the pending assays as well as an on-going review of prospectivity of the target area.

Bila Gulliso exploration licence

The Bila Gulliso exploration licence covers an area of 274 sq km, and is situated immediately north of the Yubdo exploration licence. It has the potential to add further resources to Dwyka should the Yubdo prospect mineralisation extend further north. A minimal amount of exploration has been undertaken to date and Dwyka plans to commence a regional programme to identify and focus on potential targets.

Ethiopian platinum mining licence

As a result of its acquisition of Minerva, Dwyka has also acquired a 51% shareholding in Yubdo Platinum and Gold Development Plc ("YPGD"), an Ethiopian company operating a small-scale platinum mining project located at Yubdo in Western Ethiopia. The remaining shareholding in YPGD is split between an Ethiopian businessman, Ato Benti Tasissa Negewo (47%) and geologist Dr Kebede Hailu Belete (2%).

At present a small-scale pilot plant is operating on site, processing platinum group metals. Recoveries are low, reflecting the complex metallurgy of the mineralisation. Further test-work on the large but metallurgically challenging resource will be undertaken.

Under the guidance of Dwyka, a reassessment of operations was conducted in time for YPGD to submit a new work programme proposal to the Ethiopian authorities in conjunction with an application for licence renewal. The Ministry of Mines has proposed the establishment of two separate licences, a mining licence covering a small area close to the pilot plant and a larger exploration licence.

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OPERATIONS AND FINANCIAL REVIEW

In Dwyka's opinion, there are three possible sources of platinum within the licence area, namely laterite bearing platinum, alluvial platinum and platinum group metals that may exist in hard rock beneath the estimated 20 to 40m thick lateritic cover. The on-going exploration programme proposed by Dwyka will investigate all three opportunities with a particular emphasis on hard rock potential.

Philippine Coal Project – 8%

In July 2008 the Company exercised an option to acquire all the issued capital of Asian Coal Resources Limited ("ACRL"). In turn, ACRL and its local Philippine partner, MANA Resources Development Corporation ("MRDC"), concurrently exercised their options permitting those companies to acquire an initial collective interest of 30% by 18 January 2009 in each of Daguma Agro-Minerals, Inc. ("DAMI") and Bonanza Energy Resources, Inc ("BERI"). DAMI and BERI are the holders of the Daguma and Bonanza coal deposits which constitute the Daguma Coal Project ("Coal Project").

Dwyka held the view that the Coal Project had the potential to be brought into production in the near term and it commenced an aggressive JORC compliant drill program that aimed to confirm a existence of between 125 million to 150 million tonnes of coal with a calorific value of between 5,300 and 5,500 kilocalories per kilogram. This program was intended to provide sufficient data to enable JORC compliant resource evaluations.

In October 2008 despite encouraging initial drill results the Company, in response to the Global Financial Crisis, formed the view that it would be unable to raise the necessary equity to fund the additional short-term vendor cash payments plus the necessary exploration costs required to achieve the exploration objectives as well as moving to a 30% interest in the Coal Project. Accordingly Dwyka then withdrew from further funding of the Coal Project and retains an 8% interest in the Coal Project. As a result of withdrawing from further funding of the Coal Project the Company has in this financial year booked an impairment charge of \$11.4 million against this asset.

The current operators of the Coal Project are seeking new partners to advance this project through to production.

Carlton Resources Plc (formerly KimCor Diamonds Plc) (28.68%)

During the 2008 financial year the Company reclassified its shareholding in Carlton as a non-current held for sale asset as it expected the investment to be recovered principally through a sale transaction rather than through the long term receipt of dividend income. As at 30 June 2009 the Company held 28.68% (2008: 48.2%) of Carlton and had impaired the value of this asset to reflect the fair value, less estimated disposal costs, of the shareholding in Carlton. The impairment charge booked against this asset in this financial year was \$10.7 million.

Corporate

Since year end and as mentioned above, the Company has successfully launched a 1 for 5 scrip takeover bid for Minerva Resources Plc. At the date of this report the Company has secured management control and owns 91.01% of Minerva and has commenced the process to compulsorily acquire the remaining outstanding shares to move to 100% ownership of Minerva.

The Company's cash balance of GBP6.5 million (AUD13.0) leaves it well placed to advance its existing project portfolio.

The technical exploration and mining information contained in this Report has been reviewed and approved by Mr RN Chapman. Mr Chapman has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and as a qualified person under the AIM Guidance Note for Mining, Oil and Gas Companies. Mr Chapman is an employee of Mineral Exploration Management Limited, an independent geological consultancy established in 2005 and is a member of the Australasian Institute of Mining and metallurgy (Aus.I.M.M).

Mr Chapman consents to the inclusion in this Report of such information in the form and context in which it appears.

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DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to hereafter as the “Group”) consisting of Dwyka Resources Limited (referred to hereafter as the “Company” or “parent entity”) and the entities it controlled at the end of, or during, the year ended 30 June 2009.

Directors

The following persons were directors of the Company during the whole of the financial year and up to the date of this report:

M Sturgess, M Langoulant, E Kirby and T McConnachie

Mr E Nealon was a director at the beginning of the financial year until his resignation as a director on 20 February 2009.

Corporate structure

The Company is a company limited by shares that is incorporated and domiciled in Australia. Details of the entities that the Company controlled during the financial year are disclosed in note 27 to the accounts.

Principal activities

The principal continuing activities of the Group during the course of the financial year were mineral exploration and evaluation. The exploration, evaluation and mining of diamonds became a discontinued activity during the 2008 financial year.

Dividends

No amounts were paid by way of dividend since the end of the previous financial year (2008: Nil). The directors do not recommend the payment of a dividend.

Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the operations and financial review section of this annual report.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year were:

- In July 2008 the Company exercised an option to acquire all the issued capital of Asian Coal Resources Limited (“ACRL”). In turn, ACRL and its local Philippines partner, MANA Resources Development Corporation (“MRDC”), concurrently exercised their options permitting those companies to acquire an initial collective interest of 30% by 18 January 2009 in each of Daguma Agro-Minerals, Inc. (“DAMI”) and Bonanza Energy Resources, Inc (“BERI”). DAMI and BERI are the holders of the Daguma and Bonanza coal deposits which constitute the Daguma Coal Project (“Coal Project”).

As a result of the exercise of the ACRL Option, Dwyka paid US\$1.25 million to Tomori Enterprises Limited (“Tomori”) and issued a total of 17,494,071 new ordinary shares to Tomori at an issue price of \$0.40 per ordinary share, by way of option payments and as consideration for the ongoing provision by Tomori of certain Coal Project-related services pursuant a services agreement with Tomori.

In October 2008 the Company, in response to the Global Financial Crisis withdrew from further funding of the Coal Project after having earned an 8% interest in the Coal Project.

- In May 2009 the Company issued 2,158,477 ordinary shares to Allerton Horizon Ltd as final payment of the deferred consideration due in relation to the acquisition of the Burundi nickel project. As part of this issue Dwyka has been released from outstanding commitments and ongoing obligations related to the purchase;

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DIRECTORS' REPORT

There were no other significant changes in the state of affairs of the Group that occurred in the financial year not otherwise disclosed in this report.

Matters subsequent to the end of the financial year

On 15 July 2009 the Company declared its offer for all the issued capital of Minerva Resources Plc unconditional. During July and August 2009 the Company issued 28,085,781 ordinary Dwyka shares to the accepting Minerva shareholders taking Dwyka's ownership in Minerva to 91.01%. Dwyka has commenced the process to compulsorily acquire the remaining outstanding shares to move to 100% ownership of Minerva. The Group is yet to finalise the fair value accounting on the acquisition of Minerva Resources Plc. This transaction was completed after the end of the financial year. Transaction costs in relation to this takeover that were incurred during the 2009 financial year have been expensed in the 2009 financial year.

Having received shareholder approval on 3 September 2009, the Company on 4 September 2009 issued 5,000,000 ordinary shares at \$0.11 to directors/employees and consultants under the Company's Employee Share Plan. In addition the Company also issued 5,800,000 employee Options exercisable at \$0.11 on or before 30 September 2012 to a director/employees and consultants under the Company's Employee Option Plan. The vesting of both the Employee Shares and Employee Options are subject to certain ongoing employment obligations in accordance with the Share and Option Plan conditions.

Other than the above, there has not been any other circumstance that has arisen after the balance sheet date 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 periods.

Likely developments and expected results

Comments on expected results of certain aspects of the operations of the Group are included in the operations and financial review section of this report. Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

The Group's operations are subject to significant environmental regulations under legislation in relation to mining, exploration and evaluation activities. The Group's operations are also subject to environmental management programme statements outlining environmental and rehabilitation principles to be adhered to in work programmes. There have been no significant known breaches of these regulations and principles.

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DIRECTORS' REPORT

Information on directors

M J Sturgess BSc, MBA. *Executive Chairman and Chief Executive Officer.* Aged 43

Experience and expertise

Appointed in April 2001, Ms Sturgess' early career was with British Airways and lawyers Mallesons Stephen Jacques. She has worked in the corporate development and promotion of a range of public companies, including Aquarius Platinum Limited where she was primarily responsible for attracting institutional shareholders.

Other current directorships

Non-executive director of Washington Resources Limited.

Former directorships in last 3 years

Sylvania Resources Limited, Carlton Resources Plc and Churchill Mining Plc

Special responsibilities

Chairman, Chief Executive Officer and member of audit committee.

Interests in shares and options

3,319,855 ordinary shares (2008 – 2,069,855)

T M McConnachie. *Non-executive director.* Aged 53

Experience and expertise

Appointed as a director in April 2007. Mr McConnachie has over 25 years of experience in mining, beneficiation of ferroalloys and precious metals. He was the founder of Merefe Resources Limited (formerly South African Chrome & Alloys Ltd), a successful JSE listed black empowered chrome mining company. He is well known for identifying mining opportunities and has started many new green-field operations in mining and minerals processing. He has been CEO of a number of mining, mining services and smelting companies in South Africa.

Other current directorships

CEO of Sylvania Resources Limited and non-executive director of Ruukki Group Oyj

Former directorships in the last 3 years

None.

Special responsibilities

None

Interests in shares and options

750,000 September 30, 2012 Options (2008 – Nil)

E Kirby BSc (Hons) Metallurgy, PhD Metallurgy, MAusIMM, MSthAfrIMM. *Non-executive director.* Aged 58

Experience and expertise

Appointed in November 2002, Dr Kirby has worked for major companies such as Impala Platinum, Rand Mines, Rustenburg Platinum Mines, Minproc Engineers and Bechtel before starting his own consulting business in 2002. He has broad experience with the development of a wide range of mining and minerals processing projects particularly in Africa and Australia.

Other current directorships

Non-executive director of Bezant Resources Plc, China Goldmines Plc and Great Australian Resources Limited.

Former directorships in last 3 years

Sylvania Resources Limited and Wedgetail Exploration NL

Special responsibilities

None

Interests in shares and options

1,766,129 ordinary shares (2008 - 1,016,129)

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DIRECTORS' REPORT

M J Langoulant B Com, CA. *Finance director and Company Secretary.* Aged 52

Experience and expertise

Appointed in April 2005, Mr Langoulant is a Chartered Accountant with over 20 years experience in public company corporate administration and fundraising. After 10 years with large international accounting firms he has acted as CFO, company secretary and non-executive director with a number of publicly listed companies. He started his own consultancy firm in 1994.

Other current directorships

Managing director of White Cliff Nickel Limited

Former directorships in last 3 years

None.

Special responsibilities

Finance director, company secretary and member of audit committee

Interests in shares and options

1,766,129 ordinary shares (2008 - 1,016,129)

Company secretary

The company secretary since July 2004 has been M Langoulant.

Meetings of directors

During the financial year there were fifteen formal directors' meetings. All other matters that required formal board resolutions were dealt with via circulating written rotary resolutions. In addition the directors met on an informal basis at regular intervals during the year to discuss the Company's affairs. Other than an audit sub-committee there are no sub-committees of the Board of directors. The number of meetings of the company's Board of directors attended by each director was:

	<i>Directors' meetings held whilst in office</i>	<i>Directors' meetings attended</i>	<i>Audit Committee meetings held</i>	<i>Audit Committee meetings attended</i>
M Sturgess*	15	15	2	2
M Langoulant*	15	15	2	2
E Kirby	15	14	-	-
T McConnachie	15	11	-	-
E Nealon	8	8	-	-

* Audit Committee member.

DWYKA RESOURCES LIMITED

DIRECTORS' REPORT

Remuneration report

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation
- E Additional information

The information in this remuneration report has been audited as required by section 308 (3C) of the *Corporations Act 2001*.

A Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aims to align executive reward with the creation of value for shareholders. The key criteria for good reward governance practices adopted by the Board are:

- competitiveness and reasonableness
- acceptability to shareholders
- performance incentives
- transparency
- capital management

The framework provides a mix of fixed fee, consultancy agreement based remuneration and share based incentives.

The remuneration policy for determining the nature and amount of emoluments of board members and senior executives of the company is determined by the full Board in accordance with a written Remuneration Committee Charter. The Board's aim is to ensure the remuneration packages properly reflect directors' and executives' duties and responsibilities. The Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention and motivation of a high quality Board and executive team.

At this stage of the company's development the remuneration policy is that no element of any director/executive package should be directly related to the company's financial performance. Indeed there are no elements of any director or executive remuneration that is dependent upon the satisfaction of any specific condition. The overall remuneration policy framework however is structured in an endeavour to advance/create shareholder wealth. This policy has been consistent over the past several financial years.

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board and are intended to be in line with the market.

Executive directors

All executive directors are either employees or perform some executive or consultancy services. However, each executive director receives a separate fixed fee for their services as directors, as the Board considers it important to distinguish between the executive/consulting and non-executive roles held by those individuals.

DWYKA RESOURCES LIMITED

DIRECTORS' REPORT

Remuneration report (*continued*)

A *Principles used to determine the nature and amount of remuneration (continued)*

Retirement allowances for directors

Apart from superannuation payments paid on salaries and base director fees there are no retirement allowances for directors.

Executive pay

The executive pay and reward framework has two components:

- base pay and benefits such as superannuation; and
- long-term incentives through participation in Employee Share/Option Plans.

Base pay

All executive directors who are not employees currently receive a fixed monthly retainer as agreed with the Company. All salaries and monthly retainers are reviewed on at least an annual basis.

Benefits

Apart from statutory superannuation paid on salaries and base director fees there are no additional benefits paid to directors and executives.

Employee share/option plan

Information on the existing employee share and option plans is set out in note 33.

B *Details of remuneration*

Amounts of remuneration

Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 *Related Party Disclosures*) of Dwyka Resources Limited and the Group are set out in the following tables. There are no elements of remuneration that are directly related to the Group's performance.

The key management personnel of the Group are the directors of Dwyka Resources Limited (see pages 11 and 12 above) and those executives that report directly to the Chief Executive officer being:

- M Churchouse - Manager Technical Operations (since December 2008)
- M Burchnall – Manager, Strategic Development
- R Jarvis – Group Chief Financial Officer

The named directors and executives of the Group and parent are also the five highest paid executives of the Group and parent.

DWYKA RESOURCES LIMITED

DIRECTORS' REPORT

Remuneration report (continued)

Remuneration of key management personnel of Dwyka Resources Limited and the Group

All the key management of the Group are key management of the parent entity with the exception of C Bredenkamp who was an employee of a subsidiary company until September 2007.

Name	Short-term benefits		Post-employment Superannuation	Share and option based payments	Total
	Base fees	Salary and consultancy			
	\$	\$	\$	\$	\$
2009					
<i>Executive directors</i>					
M Sturgess	35,000	253,000	3,150	8,683	299,833
M Langoulant	35,000	54,000	3,150	8,719	100,869
<i>Non-executive directors</i>					
E Nealon	22,186	-	1,997	8,683	32,866
E Kirby	35,000	26,668	3,150	6,530	71,348
T McConnachie	35,000	-	-	-	35,000
<i>Other key management personnel</i>					
M Churhouse	-	130,694	-	-	130,694
M Burchnall	-	106,111	9,550	27,258	142,919
R Jarvis	-	77,500	-	27,258	104,758
Total	162,186	647,973	20,997	87,131	918,287
2008					
Name	Short-term benefits		Post-employment Superannuation	Share and option based payments	Total
	Base fees	Salary and consultancy			
	\$	\$	\$	\$	\$
<i>Executive directors</i>					
M Sturgess	35,000	251,083	3,150	31,127	320,360
M Langoulant	35,000	54,000	3,150	31,258	123,408
<i>Non-executive directors</i>					
E Nealon	35,000	-	3,150	31,127	69,277
E Kirby	35,000	50,004	3,150	23,411	111,565
A Griffin	11,699	22,801	2,111	52,261	88,872
T McConnachie	35,000	-	-	-	35,000
<i>Other key management personnel</i>					
M Burchnall	-	51,605	4,129	23,812	79,546
C Bredenkamp	-	32,790	-	33,441	66,231
Total	186,699	462,283	18,840	226,437	894,259

DWYKA RESOURCES LIMITED

DIRECTORS' REPORT

Remuneration report (*continued*)

C Service agreements

The CEO and Finance director have formal service agreements as follows:

CEO – M Sturgess

- Term of Agreement - 4 year term from 1 July 2008
- Remuneration – Base annual fee of \$253,000 plus participation in any bonus plan or share/option plans as determined by the Board
- Termination - Payment of a termination benefit on termination by the Company, other than for gross misconduct, equal to 36 months consultancy fee.

Finance director – M Langoulant

- Term of Agreement - 4 year term from 1 July 2008
- Remuneration – Maximum annual fee of \$120,000 plus participation in any bonus plan or share/option plans as determined by the Board
- Termination - Payment of a termination benefit on termination by the Company, other than for gross misconduct, equal to 36 months consultancy fee.

The non-executive directors and other key management personnel are retained on monthly retainers which are reviewed at least annually and can be terminated upon three months notice.

D Share-based compensation

Employee share and option plans

Shares and options are granted under the employee incentive share plan and the employee incentive option plan, which was approved by shareholders at a January 2007 general meeting.

The Board considers length of service, seniority, responsibilities, potential contribution and any other relevant matters in determining eligibility of participants.

A participant who is invited to subscribe for shares under the share plan may also be invited to apply for a loan up to the amount payable in respect of the shares accepted by the participant. These loans are to be made on the following terms:

- Interest free;
- Applied directly against the issue price of the shares to be acquired under the plan;
- For a term to be determined by the Board;
- Repayable to the extent of the lesser of the issue price of the relevant shares issued, less any cash dividends applied against the outstanding principal; and the last market sale price of the shares on the date of repayment of the loan;
- The loan must be repaid in full prior to expiry of the loan;
- The Company will have a lien over the shares in respect of which a loan is outstanding;
- Shares issued under the plan are not transferable while a loan amount in respect of those shares remains payable; and
- Shares issued under the share plan will not be quoted on a publicly traded stock market while a loan amount in respect of those shares remains payable.

The Board has sole responsibility to determine the number of options and terms and conditions of options granted to any participant under the option plan.

The options issued under the option plan will be granted free of charge. The exercise price for the options is to be not less than the weighted average share price for the last five trading days immediately preceding the options being offered to the participant.

DWYKA RESOURCES LIMITED

DIRECTORS' REPORT

Remuneration report (*continued*)

The expiry date of the options will be determined by the Board and will also lapse within one month of the participant ceasing to be a director, employee or consultant of the company or a controlled entity (subject to certain exceptions). The Board at its discretion may apply certain vesting conditions upon any options issued under the option plan.

The options are not transferable without prior written approval from the Board. The options will not be quoted on a publicly traded stock market; however application will be made for ASX/AIM quotation of the shares issued upon the exercise of the options.

The aim of the employee incentive share and option plans is to provide long term incentives to directors and executives to create and enhance shareholder wealth and to provide a mechanism to assist the company in its endeavours to retain key executives and employees.

For the purposes of this remuneration report and the annual report shares issued under the share plan with an interest free loan has not been repaid are considered options.

The plan rules contain a restriction on removing the 'at risk' aspect of the instruments granted to executives. Plan participants may not enter into any transaction designed to remove the 'at risk' aspect of an instrument before it vests.

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

Grant date	Expiry date	Exercise price of options	Value of shares at grant date	Date vested/exercisable
19 March 2007	30 June 2010	\$0.52	\$0.375	fully vested
2 November 2007	30 June 2010	\$0.31	\$0.98	fully vested

Options granted under the plans carry no dividend or voting rights.

The terms and conditions of each grant of employee shares affecting remuneration in the previous, this or future reporting periods are as follows:

Grant date	Attaching loan expiry date	Issue price of shares	Value of shares at grant date	Date vested/exercisable
21 December 2005	21 December 2008	\$0.87	\$0.67	33% on each anniversary
21 December 2005	21 December 2008	\$0.87	\$0.67	33% on each anniversary
12 April 2006	12 April 2009	\$1.00	\$0.78	33% on each anniversary
1 December 2006	1 December 2009	\$1.00	\$0.60	33% on each anniversary
11 December 2007	11 December 2010	\$0.915	\$0.92	33% on each anniversary

Details of employee plan share and options provided as remuneration to each director of the Company and each of the key management personnel of the Group are set out below. When exercisable, each option is convertible into one ordinary share of Dwyka Resources Limited.

DWYKA RESOURCES LIMITED

DIRECTORS' REPORT

Remuneration report (continued)

Further information on the employee share and option plans are set out in note 35 to the financial statements.

	Number of options or shares granted during the year		Number of options or shares vested during the year	
	2009	2008	2009	2008
<i>Directors of Dwyka Resources Limited</i>				
M J Sturgess	-	-	-	-
E F G Nealon	-	-	-	-
E Kirby	-	-	-	333,333
M J Langoulant	-	-	-	333,333
A Griffin	-	-	-	333,333
T McConnachie	-	-	-	-
<i>Other key management personnel</i>				
M Churchouse	-	-	-	-
M Burchnall	-	250,000	125,000	-
R Jarvis	-	250,000	125,000	-

There were no employee plan options forfeited or cancelled during the financial year.

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the equity to be paid or exercise price, the term of the option, the impact of dilution, 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.

Shares provided on exercise of remuneration options

During the year ended 30 June 2008 1,825,000 ordinary shares in the Company were provided as a result of the exercise of remuneration options.

E Additional information

The remuneration of key management personnel does not take into account the performance of the Group but is based on current market rates for personnel with similar skills and experience.

No options have been granted since the end of the financial year. Further details relating to share based compensation are set out below.

Name	A Remuneration consisting of options	B Value at Grant date	C Value at exercise date	D Value at lapse date	E Total of columns B-D
E Nealon	26.4%	-	-	-	-
M Sturgess	2.9%	-	-	-	-
E Kirby	9.2%	-	-	-	-
M Langoulant	8.6%	-	-	-	-
T McConnachie	0%	-	-	-	-
M Churchouse	0%	-	-	-	-
M Burchnall	19.1%	-	-	-	-
R Jarvis	26.0%	-	-	-	-

DWYKA RESOURCES LIMITED

DIRECTORS' REPORT

Remuneration report (continued)

A = The percentage of the value of remuneration consisting of employee shares and options, based on the value of employee shares and options expensed during the current year.

B = The value at grant date calculated in accordance with AASB 2 *Share-based Payment* of shares and options granted during the year as part of remuneration.

C = The value at exercise date of shares and options that were granted as part of remuneration and were exercised during the year.

D = The value at lapse date of shares and options that were granted as part of remuneration and that lapsed during the year.

For each grant of shares and options included in the above tables the percentage of the available grant that was paid, or that vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. The shares and options vest after two or three years, provided the vesting conditions are met. No shares or options will vest if the conditions are not satisfied, hence the minimum value of the option yet to vest is nil. The maximum value of the options yet to vest has been determined as the amount of the grant date fair value of the options that is yet to be expensed.

Name	Year granted	Vested %	Forfeited %	Financial years in which options may vest	Minimum value of grant yet to vest	Maximum value of grant yet to vest
E Nealon	2005	100%	0%	-	-	-
M Sturgess	2005	100%	0%	-	-	-
E Kirby	2005	100%	0%	-	-	-
M Langoulant	2005	100%	0%	-	-	-
M Burchnall	2007	50%	0%	2009	-	6,430
R Jarvis	2007	50%	0%	2009	-	6,430

Shares under option

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
19 March 2007	30 June 2010	\$0.52	125,000
2 November 2007	30 June 2010	\$0.31	<u>500,000</u>

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Loans to directors and executives

Information on loans to directors and executives, including amounts, interest rates and repayment terms are set out in note 23 to the financial statements.

Shares issued on the exercise of options

During the year ended 30 June 2008, 1,825,000 ordinary shares were issued following the exercise of 1,000,000 options at \$1.00 and 825,000 options at \$0.52. No shares were issued on the exercise of options during the year ended 30 June 2009.

DWYKA RESOURCES LIMITED

DIRECTORS' REPORT

Insurance of officers

During the year the Company has paid premiums in respect of a contract insuring all directors and officers of the Company and its controlled entities against liabilities incurred as directors or officers to the extent permitted by the *Corporations Act 2001*. Due to confidentiality clause in the contract the amount of the premium has not been disclosed.

Proceedings on behalf of Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the parent entity auditor (PricewaterhouseCoopers), its related practices and non-related audit firms for audit and non-audit services provided during the year are set out below.

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Audit services				
Auditor of the parent entity				
- Australian firm	72,000	162,674	72,000	162,674
- Other firms	4,496	7,178	-	-
	76,496	169,852	72,000	162,674
Remuneration for other services:				
Services received from related practices of the Australian firm in relation to the audit of a subsidiary and other services in relation to the sale of that subsidiary	-	102,000	-	102,000

The Audit Committee has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The auditor's independence was not compromised.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 22.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

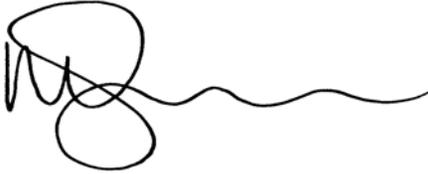
DWYKA RESOURCES LIMITED

DIRECTORS' REPORT

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, consisting of a large, stylized initial 'M' followed by a series of loops and a long, wavy horizontal line extending to the right.

M. J Sturgess
Chief Executive Officer
London Date: 10 September 2009

Auditor's Independence Declaration

As lead auditor for the audit of Dwyka Resources Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Dwyka Resources Limited and the entities it controlled during the period.



Pierre Dreyer
Partner
PricewaterhouseCoopers

Perth
10 September 2009

DWYKA RESOURCES LIMITED

CORPORATE GOVERNANCE STATEMENT

Introduction

Dwyka Resources Limited ("**Company**") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("**Principles & Recommendations**"), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

Summary Statement

	ASX P & R ¹	If not, why not ²		ASX P & R ¹	If not, why not ²
Recommendation 1.1	✓		Recommendation 4.3	✓	
Recommendation 1.2	✓		Recommendation 4.4 ³	n/a	n/a
Recommendation 1.3 ³	n/a	n/a	Recommendation 5.1	✓	
Recommendation 2.1		✓	Recommendation 5.2 ³	n/a	n/a
Recommendation 2.2		✓	Recommendation 6.1	✓	
Recommendation 2.3		✓	Recommendation 6.2 ³	n/a	n/a
Recommendation 2.4		✓	Recommendation 7.1	✓	
Recommendation 2.5	✓		Recommendation 7.2	✓	
Recommendation 2.6 ³	n/a	n/a	Recommendation 7.3	✓	
Recommendation 3.1	✓		Recommendation 7.4 ³	n/a	n/a
Recommendation 3.2	✓		Recommendation 8.1		✓
Recommendation 3.3 ³	n/a	n/a	Recommendation 8.2	✓	
Recommendation 4.1	✓		Recommendation 8.3 ³	n/a	n/a
Recommendation 4.2		✓			

1 Indicates where the Company has followed the Principles & Recommendations

2 Indicates where the Company has provided "if not, why not" disclosure.

3 Indicates an information based recommendation. Information based recommendations are not adopted or reported against using "if not, why not" disclosure – information required is either provided or it is not.

Website Disclosures

Further information about the Company's charters, policies and procedures may be found at the Company's website at www.dwyresources.com, under the section marked Corporate Governance. A list of the charters, policies and procedures which are referred to in this Corporate Governance Statement, together with the Recommendations to which they relate, are set out below.

DWYKA RESOURCES LIMITED
CORPORATE GOVERNANCE STATEMENT

Charters	Recommendation(s)
Board	1.3
Audit Committee	4.4
Nomination Committee	2.5
Remuneration Committee	8.3
Policies and Procedures	
Policy and Procedure for Selection and Reappointment of Directors	2.6
Process for Performance Evaluation	1.2, 2.5
Policy on Assessing the Independence of Directors	2.6
Policy for Trading in Company Securities (summary)	3.2, 3.3
Code of Conduct (summary)	3.1, 3.3
Policy on Continuous Disclosure (summary)	5.1, 5.2
Procedure for Selection, Appointment and Rotation of External Auditor	4.4
Shareholder Communication Policy	6.1, 6.2
Risk Management Policy (summary)	7.1, 7.4

Disclosure – Principles & Recommendations

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2008/2009 financial year ("**Reporting Period**").

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1:

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

Disclosure:

The Company has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Company has established the functions delegated to senior executives and has set out these functions in its Board Charter. Senior executives are responsible for supporting and assisting the Chief Executive Officer in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Chief Executive Officer or, if the matter concerns the Chief Executive Officer, then directly to the Chair or the lead independent director, as appropriate.

Recommendation 1.2:

Companies should disclose the process for evaluating the performance of senior executives.

DWYKA RESOURCES LIMITED

CORPORATE GOVERNANCE STATEMENT

Disclosure:

The Chair, in consultation with the other Board members, is responsible for evaluating the senior executives. The performance evaluation of senior executives is undertaken by the Chair in the form of interviews.

Recommendation 1.3:

Companies should provide the information indicated in the *Guide to reporting on Principle 1*.

Disclosure:

During the Reporting Period a performance evaluation of senior executives did occur in accordance with the above disclosed process at Recommendation 1.2.

Principle 2 – Structure the board to add value

Recommendation 2.1:

A majority of the Board should be independent directors.

Disclosure:

The independent directors of the Board during the Reporting Period were Mr Edward Nealon (until his departure following his resignation on 20 February 2009), Evan Kirby and Terry McConnachie. The non-independent directors of the Board during the Reporting Period were Melissa Sturgess and Michael Langoulant.

Notification of Departure:

For a portion of the Reporting Period, the Board did not comprise a majority of independent directors.

Explanation for Departure:

Since the departure of Mr Edward Nealon following his resignation on 20 February 2009 the Company has not complied with this Recommendation. The Board now has two non-independent directors and two independent directors. In June 2009, the Board, in its capacity as the Nomination Committee, identified the need to appoint a new chair and/or additional director with technical expertise to the Board given the Company's recent review of its future project direction and the Company's takeover bid for Minerva Resources Plc. The Board mandated the Managing Director, Melissa Sturgess, to make enquiries to find suitable candidates to take up these roles and to report back to the Board if and when suitable candidates arise.

Recommendations 2.2 & 2.3:

The Chair should be an independent director and the roles of the Chair and Chief Executive Officer should not be exercised by the same individual.

Notification of Departure:

The Chair is not independent. Further, the roles of Chair and Managing Director are carried out by the same person.

DWYKA RESOURCES LIMITED

CORPORATE GOVERNANCE STATEMENT

Explanation for Departure:

The appointment of Melissa Sturgess as Chair, in addition to her role as Managing Director/Chief Executive Officer reflects the expectations of some of the Company's major shareholders, following the resignation of Mr Nealon on 20 February 2009. Given Ms Sturgess' executive position on the board Ms Sturgess is not an independent director. In June 2009, the Board, in its capacity as the Nomination Committee, identified the need to appoint a new chair and/or additional director with technical expertise to the Board given the Company's determination of its future direction and the Company's takeover bid for Minerva Resources Plc. The Board mandated the Managing Director, Melissa Sturgess, to make enquiries to find suitable candidates to take up these roles and to report back to the Board if and when suitable candidates arise.

Recommendation 2.4:

The Board should establish a Nomination Committee.

Notification of Departure:

The Company has not established a separate Nomination Committee.

Explanation for Departure:

The full Board considers those matters that would usually be the responsibility of a Nomination Committee. The composition of the Board does not make the establishment of a separate Nomination Committee practicable. Accordingly, the Board performs the role of Nomination Committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of Nomination Committee by ensuring the director with conflicting interests is not party to the relevant discussions.

Recommendation 2.5:

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

Disclosure:

The Chair is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors. The Nomination Committee is responsible for evaluating the Chief Executive Officer.

Evaluations are undertaken by way of round-table discussions and when appropriate by one to one interviews.

Recommendation 2.6:

Companies should provide the information indicated in the *Guide to Reporting on Principle 2*.

Disclosure:

Skills, Experience, Expertise and term of office of each Director

A profile of each director containing their skills, experience, expertise and term of office is set out in the Directors' Report.

DWYKA RESOURCES LIMITED

CORPORATE GOVERNANCE STATEMENT

Identification of Independent Directors

The independent directors of the Company during the Reporting Period were Edward Nealon (prior to his departure following his resignation on 20 February 2009), Evan Kirby and Terry McConnachie. These directors are independent (and, in the case of Edward Nealon, he was an independent director prior to his departure) as they are non-executive directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The materiality thresholds are set out below.

Company's Materiality Thresholds

The Board has agreed on the following guidelines for assessing the materiality of matters, as set out in the Company's Board Charter.

- Balance sheet items are material if they have a value of more than 10% of pro-forma net assets.
- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, they could affect the Company's rights to its assets, if accumulated they would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, they are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

Statement concerning availability of Independent Professional Advice

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chair, the Company will pay the reasonable expenses associated with obtaining such advice.

Nomination Matters

The full Board, in its capacity as the Nomination Committee, held one meeting during the Reporting Period. Each member of the Board attended the meeting.

To assist the Board to fulfil its function as the Nomination Committee, it has adopted a Nomination Committee Charter.

The explanation for departure set out under Recommendation 2.4 above explains how the functions of the Nomination Committee are performed.

DWYKA RESOURCES LIMITED

CORPORATE GOVERNANCE STATEMENT

Performance Evaluation

During the Reporting Period the performance evaluations for the Board and individual directors did occur in accordance with the disclosed process in Recommendation 2.5. The Board did not separately evaluate the performance of the Audit Committee.

Selection and Reappointment of Directors

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed procedure whereby it considers the balance of independent directors on the Board as well as the skills and qualifications of potential candidates that will best enhance the Board's effectiveness.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Each director other than the managing director must retire from office no later than the longer of the third annual general meeting of the company or 3 years following that director's last election or appointment. At each annual general meeting a minimum of one director or a third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Reappointment of directors is not automatic.

Principle 3 – Promote ethical and responsible decision-making

Recommendation 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 stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Disclosure:

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Recommendation 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.

Disclosure:

The Company has established a policy concerning trading in the Company's securities by directors, senior executives and employees.

Recommendation 3.3:

Companies should provide the information indicated in the *Guide to reporting on Principle 3*.

Disclosure:

Please refer to the section above marked Website Disclosures.

DWYKA RESOURCES LIMITED
CORPORATE GOVERNANCE STATEMENT

Principle 4 – Safeguard integrity in financial reporting

Recommendation 4.1:

The Board should establish an Audit Committee.

Disclosure:

The Company has established an Audit Committee.

Recommendation 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.

Notification of Departure:

The Audit Committee consists of Melissa Sturgess, the Chief Executive Officer and Chair, and Michael Langoulant, the Finance Director.

Explanation for Departure:

The Company considers that the members of the Audit Committee are the most appropriate, given their experience and qualifications, for the Company's current needs. The Board has adopted an Audit Committee Charter, which the Audit Committee applies when convening. The Audit Committee Charter makes provision for the Audit Committee to meet with the external auditor, as and when required.

As indicated above, in June 2009, the Board, in its capacity as the Nomination Committee, identified the need to appoint a new chair and/or additional director with technical expertise to the Board given the Company's determination of its future direction and the Company's takeover bid for Minerva Resources Plc. The Board mandated the Managing Director, Melissa Sturgess, to make enquiries to find suitable candidates to take up these roles and to report back to the Board if and when suitable candidates arise. If a new director is appointed and the director is independent, the Board intends to appoint that director to the Audit Committee.

Recommendation 4.3:

The Audit Committee should have a formal charter.

Disclosure:

The Company has adopted an Audit Committee Charter.

DWYKA RESOURCES LIMITED

CORPORATE GOVERNANCE STATEMENT

Recommendation 4.4:

Companies should provide the information indicated in the *Guide to reporting on Principal 4*.

Disclosure:

The Audit Committee held two meetings during the Reporting Period, attended by both of its members, Melissa Sturgess and Michael Langoulant.

Details of each of the director's qualifications are set out in the Director's Report.

Both of the Audit Committee members consider themselves to be financially literate and have industry knowledge. Further, Mr Langoulant's qualifications and experience as a Chartered Accountant enable him to meet the test of financial expertise.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1:

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Disclosure:

The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

Recommendation 5.2:

Companies should provide the information indicated in the *Guide to reporting on Principle 5*.

Disclosure:

Please refer to the section above marked Website Disclosures.

DWYKA RESOURCES LIMITED

CORPORATE GOVERNANCE STATEMENT

Principle 6 – Respect the rights of shareholders

Recommendation 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.

Disclosure:

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

Recommendation 6.2:

Companies should provide the information indicated in the *Guide to reporting on Principle 6*.

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 7 – Recognise and manage risk

Recommendation 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Disclosure:

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the Policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the Policy, the Board delegates day-to-day management of risk to the Chief Executive Officer, who is responsible for identifying, assessing, monitoring and managing risks. The Chief Executive Officer is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Chief Executive Officer/Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

The Board has established a separate Audit Committee to monitor and review the integrity of financial reporting and the Company's internal financial control systems and risk management systems. The Audit Committee reports any issues regarding the management of material business risks that it feels should be brought to the Board's attention.

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In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management which, if exceeded, will require prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

The key categories of risk of the Company, as reported on by management, include:

- cash management;
- financial reporting;
- ASX/AIM reporting compliance;
- project ownership retention;
- foreign exchange risk;
- sovereign risk; and
- maintaining joint venture partnerships.

In June 2009, the Board resolved to review, formalise and document the management of its material business risks and expects to implement this system in the second quarter of the 2009/2010 financial year. This system is expected to include the preparation of a risk register by management to identify the Company's material business risks and risk management strategies for these risks. In addition, the process of management of material business risks will be allocated to members of senior management. The risk register will be reviewed quarterly and updated, as required.

Recommendation 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.

Disclosure:

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's materials business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. Further, the Board has received a report from management as to the effectiveness of the Company's management of its material business risks.

During the reporting period the Company had an informal risk management system in place, including the policies and systems referred to in the disclosure in relation to Recommendation 7.1. Although the system was not fully documented, management acting through the Chief Executive Officer, was able to form the view that management of its material business risks during the Reporting Period was effective. In June 2009, the Board requested management to formalise and document these systems. This process is expected to be completed during the second quarter of the 2009/2010 financial year.

Recommendation 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.

DWYKA RESOURCES LIMITED

CORPORATE GOVERNANCE STATEMENT

Disclosure:

The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration 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 risk.

Recommendation 7.4:

Companies should provide the information indicated in the *Guide to reporting on Principle 7*.

Disclosure:

The Board has received the report from management under Recommendation 7.2.

The Board has received the assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) under Recommendation 7.3.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1:

The Board should establish a Remuneration Committee.

Notification of Departure:

The Company has not established a separate Remuneration Committee.

Explanation for Departure:

The Board considers that no efficiencies or other benefits would be gained by establishing a separate Remuneration Committee. However, the Board has adopted a Remuneration Committee Charter, which it applies when convening as the Remuneration Committee. Time is set aside at one Board meeting each year specifically to address the matters usually considered by a Remuneration Committee in accordance with the Remuneration Committee Charter. Executive Directors absent themselves during discussion of their remuneration.

Recommendation 8.2:

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

DWYKA RESOURCES LIMITED

CORPORATE GOVERNANCE STATEMENT

Disclosure:

Non-executive directors are remunerated at market rates for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance. Given the Company's stage of development and the financial restrictions placed on it, the Company may consider it appropriate to issue unquoted options to non-executive directors, subject to obtaining the relevant approvals. This policy is subject to annual review. All of the directors' option holdings are fully disclosed.

Pay and rewards for executive directors and senior executives consists of a base pay and benefits (such as superannuation) as well as long term incentives through participation in employee share and option plans. Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.

Recommendation 8.3:

Companies should provide the information indicated in the *Guide to reporting on Principle 8*.

Disclosure:

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms a part of the Directors' Report.

The full Board, in its capacity as the Remuneration Committee, held one meeting during the Reporting Period. Each member of the Board attended the meeting. To assist the Board to fulfil its function as the Remuneration Committee, it has adopted a Remuneration Committee Charter. The explanation for departure set out under Recommendation 8.1 above explains how the functions of the Remuneration Committee are performed.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

DWYKA RESOURCES LIMITED

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This financial report covers both Dwyka Resources Limited as an individual entity and the consolidated entity consisting of Dwyka Resources Limited and its subsidiaries. The financial report is presented in the Australian currency.

Dwyka Resources Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office and principal place of business is:

Dwyka Resources Limited
Suite 2, 5 Ord Street
West Perth, Western Australia 6005

A description of the nature of the consolidated entity's operations and its principal activities is included in the operations and financial review section and in the Directors' report, both of which are not part of this financial report.

The financial report was authorised for issue by the directors on 10 September 2009. The directors have the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the Company. All press releases, financial reports and other information are available on our website: www.dwyresources.com

DWYKA RESOURCES LIMITED

INCOME STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Consolidated	2008	Parent entity	2008
		2009	\$000	2009	\$000
Revenue from continuing operations					
Other revenue	5	423	139	417	107
		423	139	417	107
Profit on sale of controlled entities		-	-	-	541
Loss on sale of investments		-	(5)	-	(5)
Loss on sale of associate		-	(63)	-	(84)
Share of loss of associate using equity method		-	(822)	-	-
Other expenses from continuing operations					
Administration	6	(2,857)	(3,635)	(2,824)	(3,520)
Uncompleted business combination transaction expenses		(561)	-	(561)	-
Impairment of assets	6	(21,992)	(7,181)	(22,158)	(8,122)
Loss before income tax		(24,987)	(11,567)	(25,126)	(11,083)
Income tax expense	7	-	-	-	-
Loss from continuing operations		(24,987)	(11,567)	(25,126)	(11,083)
Profit from discontinued operations	29	-	12,655	-	-
(Loss)/profit for the year		(24,987)	1,088	(25,126)	(11,083)
Net loss attributable to members of Dwyka Resources Limited	22	(24,987)	1,088	(25,126)	(11,083)
		Cents	Cents		
Basic earnings/(loss) per share	32	13.9	0.1		
Diluted earnings/(loss) per share	32	13.9	0.1		

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

DWYKA RESOURCES LIMITED

BALANCE SHEETS AS AT 30 JUNE 2009

	Notes	Consolidated 2009 \$000	2008 \$000	Parent entity 2009 \$000	2008 \$000
ASSETS					
Current assets					
Cash and cash equivalents	8	13,020	472	12,833	442
Trade and other receivables	9	484	20,876	410	20,809
Non-current asset classified as held for sale	10	678	11,417	678	11,417
Total current assets		14,182	32,765	13,921	32,668
Non-current assets					
Receivables	12	466	233	2,257	1,204
Other financial assets	13	77	84	10,208	10,266
Property, plant and equipment	14	33	66	19	37
Exploration, evaluation and mining properties	15	12,689	11,285	-	-
Total non-current assets		13,265	11,668	12,484	11,507
Total assets		27,447	44,433	26,405	44,175
LIABILITIES					
Current liabilities					
Trade and other payables	17	937	815	279	747
Total current liabilities		937	815	279	747
Non-current liabilities					
Borrowings	18	384	321	-	-
Total non-current liabilities		384	321	-	-
Total liabilities		1,321	1,136	279	747
Net assets		26,126	43,297	26,126	43,428
EQUITY					
Contributed equity	20	104,835	97,116	104,835	97,116
Reserves	21	2,219	2,122	2,129	2,024
Accumulated losses	22	(80,928)	(55,941)	(80,838)	(55,712)
Parent entity interest		26,126	43,297	26,126	43,428
Total equity		26,126	43,297	26,126	43,428

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

DWYKA RESOURCES LIMITED

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Consolidated 2009 \$000	2008 \$000	Parent entity 2009 \$000	2008 \$000
Total equity at the beginning of the financial year		43,297	7,195	43,428	22,693
Exchange differences on translation of foreign operations	21	(8)	2,621	-	-
Changes in fair value of available-for-sale financial assets, net of tax	21	(47)	(145)	(47)	(145)
Net (loss)/profit recognised directly in equity		(55)	2,476	(47)	(145)
(Loss)/profit for the year		(24,987)	1,088	(25,126)	(11,083)
Total recognised income and expense for the year		(25,042)	3,564	(25,173)	(11,228)
Transactions with equity holders in their capacity as equity holders					
Contributions of equity, after tax and transaction costs	20	7,719	31,536	7,719	31,536
Share based compensation	21	152	427	152	427
Cost of increased equity in subsidiary	21	-	575	-	-
		7,871	32,538	7,871	31,963
Total equity at end of the financial year		26,126	43,297	26,126	43,428

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

DWYKA RESOURCES LIMITED

CASH FLOW STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Consolidated		Parent entity	
		2009	2008	2009	2008
		\$000	\$000	\$000	\$000
Cash flow from operating activities					
Receipts from customers (inclusive of goods and services tax)		160	2,382	160	1
Payments to suppliers and employees (inclusive of goods and services tax)		(2,815)	(6,264)	(2,721)	(2,907)
Interest received		383	107	377	107
Finance costs		-	(193)	-	(193)
Net cash flow used in operating activities	31	<u>(2,272)</u>	<u>(3,968)</u>	<u>(2,184)</u>	<u>(2,991)</u>
Cash flow from investing activities					
Uncompleted business combination transaction expenses		(561)	-	(561)	-
Payments for exploration, evaluation and development of mining properties		(4,513)	(1,003)	-	-
Proceeds from sale of associate		-	673	-	673
Proceeds from sale of plant and equipment		1	-	-	-
Payments for plant and equipment		(2)	(13)	(2)	(13)
Loans to controlled entities		-	-	(4,764)	(1,723)
Loans to other parties		(466)	(233)	(466)	(233)
Payment for acquisition of controlled entity, net of cash acquired		-	(207)	-	(207)
Cash disposed of on sale of discontinued operations	29	-	(229)	-	-
Net cash flow used in investing activities		<u>(5,541)</u>	<u>(1,012)</u>	<u>(5,793)</u>	<u>(1,503)</u>
Cash flow from financing activities					
Proceeds from issue of shares		20,890	1,446	20,890	1,446
Payments for equity issue costs		(252)	-	(252)	-
Net cash flow from financing activities		<u>20,638</u>	<u>1,446</u>	<u>20,638</u>	<u>1,446</u>
Net increase/(decrease) in cash held					
Cash at the beginning of the financial year		472	4,265	442	3,828
Effects of exchange rate changes on cash and cash equivalents		(277)	(258)	(270)	(338)
Cash and cash equivalents held at the end of the financial year	8	<u>13,020</u>	<u>472</u>	<u>12,833</u>	<u>442</u>
Non-cash financing and investing activities	31				

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

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Dwyka Resources Limited as an individual entity and the consolidated entity consisting of Dwyka Resources Limited and its subsidiaries.

(a) Basis of preparation of financial report

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial report of Dwyka Resources Limited complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Dwyka Resources Limited ("Company" or "parent entity") as at 30 June 2009 and the results of all subsidiaries for the year then ended. Dwyka Resources Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009

1 Summary of significant accounting policies (continued)

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of the Company.

(b) Principles of consolidation

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where the investment will be recovered principally through a sale transaction rather than through continuing use it will be accounted for as a non-current asset held for sale and measured at fair value at reporting dates. Any impairment of the investment will be recognised in the income statement (refer to note 1n).

(c) Segment reporting

A business segment is 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 engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Dwyka Resources Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

1 Summary of significant accounting policies (continued)

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the income statement as part of the gain or loss on sale, where applicable.

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

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns and trade allowances. Revenue is recognised for the major business activities when the following specific recognition criteria are met:

Sales

Risks and rewards of the goods have passed to the buyer, which occurs on delivery.

Interest income

Interest income is recognised on a time proportionate basis using the effective interest rate method.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit, or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009

1 Summary of significant accounting policies (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

The Australian tax consolidation regime does not apply to the company because there are no Australian incorporated subsidiaries.

(g) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange. Transaction costs arising on the issue of equity instruments are expensed. Transaction costs arising on business combinations completed after year end but incurred during the current financial year are expensed in the current year.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

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.

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

1 Summary of significant accounting policies (continued)

(h) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(i) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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 an insignificant risk of changes in value, and bank overdrafts.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

1 Summary of significant accounting policies (continued)

(I) Investments and other financial assets

Classification

The Group classifies its investments 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 its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) 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 arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

(ii) Available-for-sale financial assets

Available-for-sale financial assets, comprising 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 investment within 12 months of the balance sheet date.

Recognition and derecognition

Purchases and sales of investments 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 assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

Fair value

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

1 Summary of significant accounting policies (continued)

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is 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 impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(m) 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. They are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment of the investment will be recognised in the income statement. Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

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 coordinated 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 on the face of the income statement.

(n) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- Machinery	5-12 years
- Furniture, fittings and equipment	3-8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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 (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

1 Summary of significant accounting policies (continued)

(o) Exploration and evaluation expenditure

Exploration and evaluation costs include expenditure incurred in connection with the exploration for and the evaluation of economically recoverable mineral resources. These costs include costs of acquisition, exploration and appraisal costs and technical overheads directly associated with those projects.

The company's policy with respect to exploration and evaluation expenditure is to use the "area of interest" method. Under this method, exploration and evaluation costs are carried forward on the following basis:

- (i) Each area of interest is considered separately when deciding whether and to what extent to carry forward or write off exploration and evaluation costs;
- (ii) Exploration and evaluation costs related to an area of interest may be carried forward provided that rights to tenure of the area of interest are current and provided further that one of the following conditions are met:
 - such costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale; or
 - exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing.
- (iii) The carrying values of exploration and evaluation costs are reviewed by directors where results of exploration and/or evaluation of an area of interest are sufficiently advanced to permit a reasonable estimate of the costs expected to be recouped through successful development and exploitation of the area of interest or by its sale. Expenditure in excess of this estimate is written off to the profit and loss account in the year in which the review occurs;
- (iv) When development of an area of interest is complete and production commences, all exploration, evaluation and development costs carried forward as an asset (including the cost of extractive rights acquired) are transferred to mining properties. Development costs related to an area of interest are carried forward as an asset to the extent that they are expected to be recovered either through sale or successful exploitation; and
- (v) The carrying values of exploration, evaluation and development expenditure are transferred to mining properties and are carried forward and amortised over the expected useful life of each project.

(p) Mining properties

Mine properties represent the acquisition costs and/or accumulation of exploration, evaluation and development costs in respect of areas of interest in which mining has commenced.

When further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the mine property only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as part of the cost of production.

Amortisation is provided on a unit-of-production basis so as to write off the cost in proportion to the depletion of the proved and probable mineral resources.

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

1 Summary of significant accounting policies (continued)

(q) Trade and other payables

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

(r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

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.

(s) Provisions

Provisions are recognised when the consolidated entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Rehabilitation and restoration costs

The consolidated entity had obligations for site restoration related to its mining properties. The consolidated entity establishes restoration provisions for future mine closure costs when a legal or constructive obligation exists based on the present value of the future cash flows required to satisfy the obligations. Provisions expected to be utilised in the coming 12 months on areas with lives of less than one year are accounted for in the income statement of the consolidated entity. Provisions not expected to be utilised in the coming 12 months are added to the capital cost of the related mining assets in mine properties and amortised over the resource life. The provision is accreted to its future value over the resource life through a charge to borrowing costs.

Changes in the estimated cost of rehabilitation are applied on a prospective basis with an adjustment to capital cost.

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2009

1 Summary of significant accounting policies (continued)

(t) Employee benefits

(i) *Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) *Share-based payments*

Share-based compensation benefits are provided to employees via the Dwyka Resources Limited Share and Option Plan.

The fair value of shares and options granted under the Dwyka Resources Limited Employee Share and Option Plans is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the shares and/or options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the issue/exercise price, the term of the option, the impact of dilution, the non-tradeable nature of the share/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 shares and/or options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions regarding the employee loan recoverability and about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

The value of shares issued to employees financed by way of a non recourse loan under the employee share scheme is recognised with a corresponding increase in equity when the company receives funds from either the employees repaying the loan or upon the loan termination. All shares issued under the plan with non recourse loans are considered, for accounting purposes, to be options.

(u) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are included in the cost of the acquisition as part of the purchase consideration.

(v) Earnings per share

(i) *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year.

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

1 Summary of significant accounting policies (continued)

(ii) *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(w) **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(x) **Rounding of amounts**

The company is of a kind referred to in Class order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(y) **New Accounting Standards and Interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

(i) *AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8* (effective from 1 January 2009)

AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments.

(ii) *Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123* (effective from 1 January 2009)

The revised AASB 123 has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Group, as the Group already capitalises borrowing costs relating to qualifying assets.

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

1 Summary of significant accounting policies (continued)

(iii) Revised AASB 101 *Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101* (effective from 1 January 2009)

The September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group will apply the revised standard from 1 July 2009.

(iv) AASB 2008-1 *Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations* (effective from 1 January 2009)

AASB 2008-1 clarifies that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group will apply the revised standard from 1 July 2009, but it is not expected to affect the accounting for the Group's share-based payments.

(v) AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (effective 1 July 2009)

The amendments to AASB 5 *Discontinued Operations* and AASB 1 *First-Time Adoption of Australian-Equivalents to International Financial Reporting Standards* are part of the IASB's annual improvements project published in May 2008. They clarify that all of a subsidiary's assets and liabilities are classified as held-for-sale if a partial disposal sale plan results in loss of control. Relevant disclosures should be made for this subsidiary if the definition of a discontinued operation is met. The Group will apply the amendments prospectively to all partial disposals of subsidiaries from 1 July 2009.

(vi) AASB 2008-7 *Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* (effective 1 July 2009)

In July 2008, the AASB approved amendments to AASB 1 *First-time Adoption of International Financial Reporting Standards* and AASB 127 *Consolidated and Separate Financial Statements*. The Group will apply the revised rules prospectively from 1 July 2009. After that date, all dividends received from investments in subsidiaries, jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment. Under the entity's current policy, these dividends are deducted from the cost of the investment. Furthermore, when a new intermediate parent entity is created in internal reorganisations it will measure its investment in subsidiaries at the carrying amounts of the net assets of the subsidiary rather than the subsidiary's fair value.

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

1 Summary of significant accounting policies (continued)

(vii) Revised AASB 3 Business Combinations, AASB 127 *Consolidated and Separate Financial Statements* and AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127* (effective 1 July 2009)

The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs must be expensed. This is consistent to the Group's current policy which is set out in note 1(g) above.

The revised AASB 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses, see note 1(b)(i). The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. Under the Group's current accounting policy, the retained interest in the carrying amount of the former subsidiary's assets and liabilities becomes the cost of investment. If the investment is accounted for as an available-for-sale financial asset, it is subsequently revalued to fair value; however, any revaluation gain or loss is recognised in the available-for-sale investments revaluation reserve.

The Group will apply the revised standards prospectively to all business combinations and transactions with non-controlling interests from 1 July 2009.

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

2 Financial risk management

The Group's activities expose it predominantly to credit risk, interest rate risk and foreign exchange 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.

Risk management is carried out by the Board of Directors. The Board provides principles for overall risk management, and is in the process of formalising and documenting these policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks. No derivative financial instruments have been used in the management of risk.

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

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Financial assets				
Cash and cash equivalents	13,020	472	12,833	442
Trade and other receivables	950	21,109	2,667	22,013
Non-current asset held for sale	678	11,417	678	11,417
Other financial assets	77	84	10,208	10,266
	14,725	33,082	26,386	44,138
Financial liabilities				
Trade and other payables	937	815	279	747
Borrowings	384	321	-	-
	1,321	1,136	279	747

Credit risk exposures

The credit risk on financial assets of the Group which have been recognised on the balance sheet, other than investments in shares, is generally the carrying amount, net of any provision for doubtful debts.

The Group minimises credit risk in relation to cash and cash equivalent assets by only utilising the services of the Australian "Big 4" banks for Australian held cash assets and for international cash holdings recognised international financial institutions are used.

The Group does not have a significant credit risk in relation to trade receivables.

Market risk

(a) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures to British pounds and the US dollar.

Sensitivity

Based on the financial instruments held at 30 June 2009, had the Australian dollar weakened/strengthened by 10% against the GBP with all other variables held constant, the Group and parent entity's post-tax loss for the year would have been \$1,331,000 lower/\$1,088,000 higher (2008 profit - \$37,000 lower/\$44,000 higher), mainly as a result of foreign exchange gains/losses on translation of GBP denominated cash equivalents. Both the Group and parent equity would have been \$1,088,000 higher/\$1,331,000 lower (2008 - \$2,220,000 higher/\$2,005,000 lower) had the Australian dollar weakened/strengthened by 10% against the GBP. The June 2008 position was more sensitive largely arising from translation of the GBP denominated share placement completed on 30 June 2008. The Group's exposure to other foreign exchange movements is not material.

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

2 Financial risk management (continued)

Market risk

(b) Price risk

As at 30 June 2009 the Group and the parent entity are exposed to equity securities price risk. This arises from investments held by the Group in Carlton Resources plc. This asset was acquired as a result of the Group disposing of its diamond and industrial divisions during the 2008 financial year and it is classified on the balance sheet as non-current assets held for sale.

Neither the Group nor the parent entity are currently exposed to commodity price risk.

Sensitivity

Based on the financial instruments held at 30 June 2009, if the market value of the non-current held for sale assets was plus/minus 10% higher at 30 June 2009 then all other variables held constant, the Group and Parent entity's post-tax loss for the year would have been \$68,000 (2008 profit - \$1,142,000) higher/lower. Equity for both the Group and parent would have been \$75,000 (2008 - \$1,150,000) higher/lower.

(c) Interest rate risk

The Group and parent entity are exposed to fluctuations in interest rates. Interest rate risk is managed by maintaining a mix of floating rate deposits. As at 30 June 2009 neither the Group nor the parent entity had interest bearing borrowings.

The Group holds no interest rate derivative financial instruments.

Sensitivity

At 30 June 2009, if interest rates had changed by +/- 50 basis points and all other variables were held constant, the Group's after tax loss and net equity would have been \$576,000 (2008 - \$11,000) lower/higher as a result of higher/lower interest income on cash and cash equivalents.

(d) 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 and parent entity manage liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are only invested in "AAA" rated financial institutions

As at the reporting date the Group has no access to undrawn credit facilities.

Fair value estimation

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

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

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of non-current financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

3 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) *Income taxes*

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgment is required in determining the worldwide provision for income taxes. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

(ii) *Exploration, evaluation and mining properties*

The Group's main activity is exploration and evaluation for, and mining of minerals. The nature of mining and exploration activities are such that it requires interpretation of complex and difficult geological models in order to make an assessment of the size, shape, depth and quality of resources and their anticipated recoveries. The economic, geological and technical factors used to estimate mining viability may change from period to period. In addition exploration activities by their nature are inherently uncertain. Changes in all these factors can impact exploration and mining asset carrying values, provisions for rehabilitation and the recognition of deferred tax assets.

(b) Critical judgments

(i) *Recoverable amounts of investments and receivables*

The parent entity has funded its controlled entities' operations via the provision of loan funds. The recoverable amount of these loans is subject to the performance of those subsidiaries being able to generate sufficient profits and reserves to repay these advances.

In the year ended 30 June 2009 the Group and parent entity have made significant judgements in accordance with AASB 5 *Non-current assets held for sale and discontinued operations* and AASB 136 *Impairment of assets* about:

- For both the Group and parent the fair value and impairment of a non-current asset held for sale and of an investment in a controlled The fair value of this asset was determined using the market value of this asset at balance date; and
- For both the Group the fair value and impairment of an exploration property (being the Philippines coal project) and for the parent the fair value and impairment of investment in a controlled entity (being the investment in ARCL). The fair value of this asset was impaired to zero following the decision not to provide further funding to this project.

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

4 Segment information

During the year the Group operated primarily in three geographical segments being Africa, Australia and the Philippines.

Primary reporting segment – geographical segments

	Australia		Africa		Philippines		Discontinued operations		Inter-segment eliminations/unallocated		Consolidated	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
External sales	-	-	-	-	-	-	-	-	-	-	-	-
Total sales revenue	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	40	-	-	32	-	-	-	-	-	-	40	32
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total segment revenue	40	-	-	32	-	-	-	-	-	-	40	32
Unallocated revenue									383	107	383	107
Total revenue											423	139
Result												
Segment result	(13,813)	(3,376)	(65)	(905)	(11,254)	-	-	12,655	-	(213)	(25,132)	8,161
Unallocated revenue net of unallocated expenses											145	(7,073)
(Loss)/profit before tax											(24,987)	1,088
Income tax benefit											-	-
(Loss)/profit after tax											(24,987)	1,088
Assets												
Segment assets	14,484	32,757	12,963	12,560	-	-	-	-	-	(884)	27,447	44,433
Unallocated assets											-	-
Total assets											27,447	44,433

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

4 Segment information (continued)

	Australia		Africa		Philippines		Discontinued operations		Inter-segment eliminations/unallocated		Consolidated	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Liabilities												
Segment liabilities	279	747	1,042	1,854	-	-	-	-	-	(1,465)	1,321	1,136
Unallocated liabilities											-	-
Total liabilities											1,321	1,136
Acquisition of property plant and equipment and other non- current segment assets	2	13	1,406	7,062	11,253	-	-	-	-	-	12,661	7,075
Other non-cash expenses	-	-	-	-	-	-	-	-	152	427	152	427
Depreciation and amortisation expense	20	74	14	18	-	-	-	-	-	-	34	92
Impairment of assets												
- other financial assets	10,739	7,181	-	-	-	-	-	-	-	-	10,739	7,181
- exploration and evaluation and mining properties	-	-	-	-	11,253	-	-	-	-	-	11,253	-

Secondary reporting format – Business segments

	Segment revenues from sales to external customers		Segment assets		Acquisition of property plant and equipment and other non-current segment assets	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Mining, exploration and evaluation	-	-	12,963	22,730	12,661	7,075
Discontinued operations	-	2,495	-	-	-	-
	-	2,495	12,963	22,730	12,661	7,075
Unallocated assets			14,484	21,703		
Total assets			27,447	44,433		

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

5 Revenue

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Other revenue from continuing operations				
Interest received	383	107	377	107
Other revenue	40	32	40	-
	423	139	417	107

6 Expenses

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000

Loss before income tax expense includes the following specific expenses:

Other charges against assets:

Impairment of non-current asset held for sale	(10,739)	(7,181)	(10,739)	(7,983)
Impairment of related company loans	-	-	(4,371)	(139)
Impairment of investment in subsidiaries	-	-	(7,048)	-
Impairment of exploration and mining properties	(11,253)	-	-	-
	(21,992)	(7,181)	(22,158)	(8,122)

Administration includes the following:

Auditor fees	76	272	72	265
Consulting expenses	574	844	540	815
Depreciation of plant and equipment	34	92	20	74
Directors fees	169	187	169	187
Employee benefits expense	311	132	311	132
Foreign exchange loss	270	145	270	145
Legal fees	117	245	117	245
Other expenses	1,047	1,195	1,066	1,138
Rental expenses related to operating leases	107	96	107	92
Share based compensation	152	427	152	427
	(2,857)	(3,635)	(2,824)	(3,520)

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

7 Income tax

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Income statement				
<i>Current income tax</i>				
Current income tax charge	-	-	-	-
<i>Deferred income tax</i>				
Decrease in deferred tax liability - continuing operations	-	-	-	-
Decrease in deferred tax liability - discontinued operations	-	-	-	-
Income tax benefit reported in income statement	-	-	-	-
Unrecognised deferred tax balances				
Unrecognised deferred tax assets – Revenue losses	1,596	1,094	1,470	981
Unrecognised deferred tax assets - Capital losses	4,324	4,324	4,324	4,324
Unrecognised deferred tax assets – Temporary differences	5,772	2,769	9,815	3,410
Net unrecognised deferred tax assets	11,692	8,187	15,609	8,715

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

7 Income tax (continued)

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Reconciliation to income tax expense to prima facie tax (benefit)/expense				
Loss from continuing operations before income tax expense	(24,987)	(11,567)	(25,126)	(11,083)
Profit from discontinuing operations before income tax benefit	-	12,655	-	-
	(24,987)	1,088	(25,126)	(11,083)
Income tax expense/(benefit) @ 30% (2008 – 30%)	(7,496)	326	(7,538)	(3,325)
Difference in overseas tax rates	1	2	-	-
Tax effect on amounts which are not deductible/(assessable)				
Impairment of exploration and mining properties	3,376	-	-	-
Share-based payments	45	128	45	128
Foreign expenditure	640	648	640	648
Gain on sale of foreign subsidiary	-	(3,838)	-	-
Sundry items	(16)	102	(16)	102
	(3,450)	(2,632)	(6,869)	(2,447)
Benefit of tax losses and temporary differences not brought to account	3,450	2,632	6,869	2,447
Income tax expense continuing operations	-	-	-	-
Income tax expense discontinued operations	-	-	-	-

The Australian tax consolidation regime does not apply to the company.

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

8 Current assets - Cash and cash equivalents

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Cash at bank and on hand	342	114	257	84
Deposits at call	12,646	328	12,544	328
Term deposits	32	30	32	30
	13,020	472	12,833	442

Interest earned from cash accounts and deposits ranged from 0% to 3.6% per annum (2008: 0% - 7.9%). The term deposits have an average maturity of 90 days.

Risk exposure

The Group's and parent entity's exposure to interest rate risk is discussed in Note 2. The maximum exposure to credit risk at the reporting date is the carrying amount of cash and cash equivalents noted above.

9 Current assets – Trade and other receivables

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
GST/VAT refund	34	72	34	72
Prepayments	25	-	25	-
Share placement proceeds, net of issue costs	-	20,617	-	20,617
Employee loans (note 23)	274	-	274	-
Other receivables	151	187	77	120
	484	20,876	410	20,809

The net proceeds of the Company's share issue on 30 June 2008, net of costs, amounting to \$20,617,000, was received into the Company's bank account in July 2008.

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

10 Current assets – Non-current asset held for sale

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Transferred from non-current assets, (refer note 11)	-	18,598	-	19,400
Opening balance	11,417	-	11,417	-
Impairment charged to income statement	(10,739)	(7,181)	(10,739)	(7,983)
	678	11,417	678	11,417

An impairment charge has been raised to reflect the fair value less estimated cost of sale of the asset as at the balance sheet date.

11 Non-current assets – Investments accounted for using the equity method

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Shares in associates, at acquisition	-	20,157	-	20,157
Disposals	-	(737)	-	(757)
Equity accounted loss	-	(822)	-	-
	-	18,598	-	19,400
Transferred to non-current asset held for sale	-	(18,598)	-	(19,400)
	-	-	-	-

In September 2007 the Company sold its subsidiaries that held diamond mining and exploration assets and the industrial division assets in exchange for shares in Carlton Resources Plc (formerly KimCor Diamonds Plc). As a result Carlton Resources Plc became an associate company and as at year end the Company held a 30.5% interest in Carlton Resources Plc. The Company accounted for this investment using the equity method up to 31 December 2007. In accordance with AASB 5: *Non-current Assets Held for Sale and Discontinued Operations* effective as from 1 January 2008 the Company has classified this investment as being held for sale (refer note 10) as the Company expects the investment will be recovered principally through a sale transaction rather than through the receipt of dividend income.

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

12 Non-current assets – Receivables

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Non-current				
Loans to related parties (refer note 28)	-	-	6,659	1,468
Less impairment of loans to related parties	-	-	(4,868)	(497)
	-	-	1,791	971
Loan to others	466	233	466	233
	466	233	2,257	1,204

Loans are carried at their net recoverable amount and are non-interest bearing.

The loans to related parties were impaired at the balance sheet date to reflect the underlying business in those related party companies. The aging of these loans is greater than 6 months.

Risk Exposure

Information concerning the Group's and parent entity's exposure to credit risk, foreign exchange and interest rate risk is provided in Note 2. The maximum exposure for credit risk at the reporting date is the carrying value of each class of receivables noted above.

13 Non-current assets - Other financial assets

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Available-for-sale financial assets				
Opening balance	84	233	84	233
Additions	40	-	40	-
Disposals	-	(5)	-	(5)
Revaluation charged to equity	(47)	(144)	(47)	(144)
Closing balance	77	84	77	84
Other (non traded investments)				
Shares in other corporations				
- controlled entities, at cost	-	-	19,400	12,402
- less impairment of investment	-	-	(9,269)	(2,220)
Closing balance	-	-	10,131	10,182
	77	84	10,208	10,266

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

14 Non-current assets - Property, plant and equipment

Consolidated

	Freehold land & buildings \$000	Plant & equipment \$000	Leased assets \$000	Total \$000
At 30 June 2007				
Cost	145	8,306	989	9,440
Accumulated depreciation	(39)	(3,386)	(87)	(3,512)
Net book amount	106	4,920	902	5,928
Year ended 30 June 2008				
Opening net book amount	106	4,920	902	5,928
Additions	-	13	-	13
Disposal of subsidiaries	(106)	(4,775)	(902)	(5,783)
Depreciation charge	-	(92)	-	(92)
Closing net book	-	66	-	66
At 30 June 2008				
Cost	-	328	-	328
Accumulated depreciation	-	(262)	-	(262)
Net book amount	-	66	-	66
Year ended 30 June 2009				
Opening net book amount	-	66	-	66
Additions	-	2	-	2
Disposal	-	(1)	-	(1)
Depreciation charge	-	(34)	-	(34)
Closing net book	-	33	-	33
At 30 June 2009				
Cost	-	328	-	328
Accumulated depreciation	-	(295)	-	(295)
Net book amount	-	33	-	33

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

14 Non-current assets - Property, plant and equipment (continued)

Parent

	Plant & equipment \$000	Total \$000
At 30 June 2007		
Cost	264	264
Accumulated depreciation	(166)	(166)
Net book amount	98	98
Year ended 30 June 2008		
Opening net book amount	98	98
Additions	13	13
Depreciation charge	(74)	(74)
Closing net book	37	37
At 30 June 2008		
Cost	277	277
Accumulated depreciation	(240)	(240)
Net book amount	37	37
Year ended 30 June 2009		
Opening net book amount	37	37
Additions	2	2
Depreciation charge	(20)	(20)
Closing net book	19	19
At 30 June 2009		
Cost	279	279
Accumulated depreciation	(260)	(260)
Net book amount	19	19

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

15 Non-current assets - Exploration, evaluation and mining properties

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Exploration and evaluation costs	23,944	11,285	-	-
Impairment charges	(11,255)	-	-	-
	<u>12,689</u>	<u>11,285</u>	<u>-</u>	<u>-</u>

Reconciliations of the carrying amount of exploration, evaluation and mining properties at the beginning and end of the current and previous financial year:

Exploration and evaluation costs

Opening balance	11,285	5,679	-	-
Exploration property acquired during the year	6,998	6,059	-	-
Exploration and evaluation costs incurred during the year	5,661	1,003	-	-
Exploration and evaluation costs disposed of during the year	-	(1,456)	-	-
Expenditure written off	(4,257)	-	-	-
Impairment charge	(6,998)	-	-	-
Closing balance	<u>12,689</u>	<u>11,285</u>	<u>-</u>	<u>-</u>

Mining properties

Opening balance	-	900	-	-
Mine property disposed of during year	-	(900)	-	-
Closing balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Ultimate recoupment of costs carried forward for mining properties, exploration and evaluation is dependent upon:

- continuance of the Company's rights to tenure of the areas of interest;
- results of future exploration; and
- recoupment of costs through successful development and commercial exploitation, or alternatively by sale of the respective areas.

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

16 Deferred tax asset

The balance comprises temporary differences attributable to:

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
<i>Amounts recognised in profit and loss:</i>				
Accruals	23	49	23	49
Provision for impairment of non-current asset held for sale *	172	-	172	-
	195	49	195	49
Set-off against deferred tax liabilities (note 19)	(195)	(49)	(195)	(49)
	-	-	-	-

*The deferred tax asset attributable to provision for impairment of non-current asset held for sale has been booked only to the extent that it can be offset against deferred tax liabilities.

17 Current liabilities – Trade and other payables

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Trade payables	862	701	194	633
Other payables and accruals	75	114	85	114
	937	815	279	747

Trade creditors are non-interest bearing and are normally settled on 30 day terms. Other creditors and accruals are non-interest bearing and are settled on an at-call basis.

18 Non-current liabilities – Borrowings

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Unsecured				
Other loans	384	321	-	-
	384	321	-	-

The other loans are non interest bearing and have no set date for repayment, other than they are not due for repayment in the next 12 months.

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

19 Deferred tax liabilities

The balance comprises temporary differences attributable to:

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
<i>Amounts recognised in profit and loss:</i>				
Unrealised foreign gains on cash assets	195	48	195	48
Property plant and equipment	-	1	-	1
	195	49	195	49
Set-off against deferred tax assets (note 16)	(195)	(49)	(195)	(49)
	-	-	-	-
Deferred tax liabilities to be settled within 12 months	195	49	195	49
Deferred tax liabilities to be settled after 12 months	-	-	-	-
	195	49	195	49

20 Contributed equity

(a) Share capital

	Consolidated and parent		Consolidated and parent	
	entity		entity	
	2009	2008	2009	2008
	Shares	Shares	\$000	\$000
Ordinary shares				
Ordinary shares fully paid	189,892,224	162,273,039	104,835	97,116
Employee share plan shares	850,000	8,816,667	-	-
Total contributed equity	190,742,224	171,089,706	104,835	97,116

DWYKA RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2009**

20 Contributed equity (continued)

(b) Movements in ordinary share capital:

Date	Details	Number of shares	Issue price	\$000
1/7/2007	Opening balance	111,579,270		65,580
2/7/2007	Employee share plan loan repaid – proceeds received	33,334		17
18/7/2007	Convertible note conversion	2,777,778	\$0.74	2,056
20/7/2007	Acquisition of subsidiary	3,962,757	\$1.45	5,746
6/8/2007	Payment of final mine purchase consideration	2,349,400	\$0.84 \$0.52 &	1,974
19/9/2007	Employee options exercised	1,825,000	\$1.00	1,429
30/6/2008	Placement	39,745,500	\$0.54	21,569
	Less: issue transactions costs			(1,255)
30 June 2008	Balance	<u>162,273,039</u>		<u>97,116</u>

Date	Details	Number of shares	Issue price	\$000
1/7/2008	Opening balance	162,273,039		97,116
22/7/2008	Acquisition of subsidiary & services contract	17,494,071	\$0.40	6,998
22/12/2008	Employee share plan loan repaid – proceeds received	7,766,667		528
13/4/2009	Employee share plan loan repaid – proceeds received	200,000		16
20/5/2009	Further consideration for acquisition of subsidiary	2,158,447	\$0.09	194
	Less: issue transactions costs	-		(18)
30 June 2009	Balance	<u>189,892,224</u>		<u>104,835</u>

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

20 Contributed equity (continued)

(c) Movement in Employee Share Plan shares issued with limited recourse employee loans:

Date	Details	Notes	Number of shares
1/7/2007	Opening Balance		8,000,001
	Employee share plan loan repaid – shares transferred to ordinary share capital		(33,334)
2/7/2007			850,000
11/12/ 2008	Employee share plan issue		<u>850,000</u>
30 June 2008	Balance		<u>8,816,667</u>
22/12/2008	Employee share plan loan repaid – shares transferred to ordinary share capital		(7,766,667)
13/4/2009	Employee share plan loan repaid – shares transferred to ordinary share capital		(200,000)
			<u>850,000</u>
30 June 2009	Balance		<u>850,000</u>

As at 30 June 2009 the weighted average issue price of issued employee share plans shares on issue is \$0.915. Refer to note 33 for details of the employee share plan.

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

20 Contributed equity (continued)

(d) Share options

	Number of options	
	2009	2008
Options exercisable at \$0.31 on or before 30 June 2010	500,000	500,000
Options exercisable at \$0.95 on or before 30 June 2009	-	450,000
Employee option plan options (refer note 33)		
- at \$0.52 per share on or before 30 June 2010	125,000	125,000
	625,000	1,075,000

(e) Movements in share options

To acquire ordinary fully paid shares at \$0.31 on or before 30 June 2010:		
Beginning of the financial year	500,000	-
Options issued during year	-	500,000
	500,000	500,000
Balance at end of financial year		
To acquire ordinary fully paid shares at \$0.95 on or before 30 June 2009:		
Beginning of the financial year	450,000	-
Options issued during year	-	450,000
Expired during year	(450,000)	-
	-	450,000
Balance at end of financial year		

Refer to note 33 for movements in the employee option plan including details of options issued, exercised, and cancelled during the year and options outstanding at the end of the financial year.

(f) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number 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.

(g) Employee share scheme

Information relating to the employee share scheme, including details of shares issued under the scheme, is set out in note 33.

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

21 Reserves

Movements in reserves during the year were:

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
<i>Available-for-sale investments revaluation reserve</i>				
Opening balance	(83)	62	(83)	62
Revaluation	(47)	(145)	(47)	(145)
Deferred tax	-	-	-	-
Closing balance	<u>(130)</u>	<u>(83)</u>	<u>(130)</u>	<u>(83)</u>
<i>Share-based payments reserve</i>				
Opening balance	1,888	1,461	1,888	1,461
Expense for the year	152	427	152	427
Closing balance	<u>2,040</u>	<u>1,888</u>	<u>2,040</u>	<u>1,888</u>
<i>Foreign currency translation reserve</i>				
Opening balance	98	(2,523)	-	-
Currency translation differences	(8)	-	-	-
Transferred to income and expense upon disposal of subsidiary	-	2,621	-	-
Closing balance	<u>90</u>	<u>98</u>	<u>-</u>	<u>-</u>
<i>Convertible note premium reserve</i>				
Opening and closing balance	<u>219</u>	<u>219</u>	<u>219</u>	<u>219</u>
	<u>2,219</u>	<u>2,122</u>	<u>2,129</u>	<u>2,024</u>

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

21 Reserves (continued)

Nature and purpose of reserves

(i) 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 investments revaluation reserve. Amounts are recognised in profit and loss when the associated assets are sold or impaired.

(ii) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of employee share plan shares issued with an attaching limited recourse employee loan; and employee option plan options issued but not exercised.

(iii) Foreign currency translation reserve

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

(iv) Convertible note premium reserve

This reserve arose from an historic issue of convertible notes by the Company and relates to the value of the conversion rights that attached to the convertible notes issued, net of tax.

22 Accumulated losses

Movements in accumulated losses were as follows:

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Balance at beginning of year	(55,941)	(57,029)	(55,712)	(44,629)
Net (loss)/profit attributable to members of Dwyka Resources Limited	(24,987)	1,088	(25,126)	(11,083)
Balance at end of financial year	(80,928)	(55,941)	(80,838)	(55,712)

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

23 Key management personnel disclosures

Refer to pages 11, 12 and 14 for details of directors and key management personnel.

(a) Key management personnel compensation

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Short-term employee benefits	854,006	648,982	854,006	616,192
Post-employment benefits	22,766	18,840	22,766	18,840
Share-based payments	87,131	226,437	87,131	192,996
	963,903	894,259	963,903	828,028

The Company has taken advantage of the relief provided by Corporations Regulation CR2M.604 and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found in sections A-C of the remuneration report.

(b) Equity instruments disclosure relating to key management personnel

(i) Shares and options provided as remuneration and shares issued on exercise of such options

Details of shares and options provided as remuneration, and of shares issued on the exercise of such options, together with the terms and conditions of the shares and options, can be found in section D of the remuneration report.

(ii) Option holdings

The directors of Dwyka Resources Limited and other key management personnel of the Group, including their personally related parties have not held options in the Company during the 2008 and 2009 financial years; other than C Bredenkamp who held and then exercised 750,000 options during the year ended 30 June 2008.

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

23 Key management personnel disclosures (continued)

(b) Equity instruments disclosure relating to key management personnel (continued)

(iii) Share holdings

The numbers of shares in the Company held during the financial year by each director of Dwyka Resources Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2009 Ordinary shares

Name	Balance at the start of the year	Movement during the year	Balance at the end of the year
<i>Directors of Dwyka Resources Limited</i>			
M Sturgess	2,069,855	-	2,069,855
E Kirby	1,016,129	-	1,016,129
T McConnachie	-	-	-
M Langoulant	1,016,129	-	1,016,129
<i>Other key management personnel of the Group</i>			
M Churchouse	-	-	-
M Burchnall	250,000	-	250,000
R Jarvis	250,000	-	250,000

2008 Ordinary shares

Name	Balance at the start of the year	Movement during the year	Balance at the end of the year
<i>Directors of Dwyka Resources Limited</i>			
M Sturgess	2,069,855	-	2,069,855
E Nealon	2,064,129	-	2,064,129
E Kirby	1,016,129	-	1,016,129
A Griffin	1,005,000	-	1,005,000
T McConnachie	-	-	-
M Langoulant	1,016,129	-	1,016,129
<i>Other key management personnel of the Group</i>			
C Bredenkamp	12,660	-	12,660
M Burchnall	-	250,000	250,000

(c) Loans to key management personnel

As at 30 June 2009 the Company has made loans to various key management personnel as follows

Name	Balance at the start of the year	Movement during the year	Balance at the end of the year
M Sturgess	-	136,000	136,000
E Kirby	-	68,000	68,000
M Langoulant	-	68,000	68,000
	-	272,000	272,000

The above loans were advanced on the following basis:

- Term – 2 years from 13 May 2009;
- Interest rate – 6% pa, payable 6 monthly in arrears;
- Security – lien over Dwyka Resources shares to the value of the loan; and
- Principal repayment – 13 May 2011

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

24 Remuneration of auditors

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Remuneration for audit or review of the financial reports of the parent entity or any entity in the Group:				
Auditor of the parent entity				
- Australian firm	72,000	162,674	72,000	162,674
- Other firms	4,496	7,178	-	-
	76,496	169,852	72,000	162,674
Remuneration for other services:				
Services received from related practices of the Australian firm in relation to the audit and disposal of that subsidiary				
	-	102,000	-	102,000

25 Contingencies/Commitments

(a) Contingent liabilities

The parent entity and Group had no known contingent liabilities as at 30 June 2009 (2008: Nil).

(b) Contingent assets

The parent entity and Group had no known contingent assets as at 30 June 2009 (2008: Nil).

(c) Commitments

The Company has committed to a USD2.143 million exploration expenditure program in relation to its nickel project in Burundi. This exploration expenditure is to spent over the next 2 year period. In prior years the exploration commitment on this project was the responsibility of BHP Billiton.

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

26 Related party transactions

(a) Parent entity

The ultimate parent entity in the wholly-owned group and the ultimate Australian parent entity is Dwyka Resources Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 27.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 23.

(d) Transactions with related parties

The following transactions occurred with related parties:

	Parent entity	
	2009	2008
	\$	\$
Loans advanced to controlled entities		
Opening balance	970,749	16,922,367
- cash advances to controlled entities	4,763,579	866,279
- parent company shares issued on behalf of controlled entities	194,263	-
- prior year cash advance prior to becoming a controlled entity	233,168	-
- loan recovered on sale of controlled entities	-	(16,678,515)
- increase in provision for loss on loans to related parties	(4,370,730)	(139,382)
	<hr/> 1,791,029	<hr/> 970,749
Closing balance		

(e) Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties:

Non-current loans advanced by Dwyka to controlled entities. These loans are unsecured non- interest bearing and have no set time for repayment	1,791,029	970,749
	<hr/> 1,791,029	<hr/> 970,749

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

27 Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in Note 1(b):

Name of entity	Country of incorporation	Class of shares	Equity holding %	
			2009	2008
Swazi Gold Ventures Limited*	South Africa	Ordinary	50	50
Danyland Limited	British Virgin Islands	Ordinary	100	100
Danyland Limited	Burundi	Ordinary	100	100
Karrinyup Holdings Limited	Mauritius	Ordinary	100	100
Danyland Mining South Africa Limited	South Africa	Ordinary	100	100
Asian Coal Resources Limited	British Virgin Islands	Ordinary	100	-

* Consolidated on the basis that the parent entity has provided the sole funding for this company's activities up to 30 June 2009.

28 Investments in associates

As at 30 June 2009 the Company holds 28.68% (2008: 48.2%) of Carlton Resources Plc. This investment is accounted for as a non-current asset held for sale – refer note 10.

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

29 Discontinued operations

(a) Description

On 21 August 2007 the Company announced its intention to sell its diamond and industrial divisions to the AIM listed Carlton Resources Plc (formerly KimCor Diamonds Plc). This transaction was completed with effect from 21 September 2007 and the divisions disposed of are reported in this financial report as discontinued operations.

Financial information relating to the discontinued operations for the period to the date of disposal is set out below. Further information is set out in note 4 – segment information.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the year ended 30 June 2009 and the period ended 21 September 2007 (2008 column).

	Consolidated	
	2009	2008
	\$000	\$000
Revenue	-	2,495
Expenses	-	(3,835)
Loss before income tax	-	(1,340)
Income tax benefit	-	-
Loss after income tax of discontinued operations	-	(1,340)
Gain on sale of the division before income tax	-	13,995
Income tax expense	-	-
Gain on sale of the division after income tax	-	13,995
Profit/(loss) from discontinued operations	-	12,655
Net cash outflow from operating activities	-	(870)
Net cash outflow from investing activities	-	(182)
Net cash inflow from financing activities	-	-
Net decrease in cash utilised by discontinued operations	-	(1,052)

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

29 Discontinued operation (continued)

(c) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities as at 30 June 2009 and 21 September 2007 (2008 column):

	Consolidated	
	2009	2008
	\$000	\$000
Cash	-	229
Trade and other receivables	-	786
Inventories	-	606
Property, plant and equipment	-	5,327
Exploration, evaluation and mining properties	-	2,492
Other	-	298
Total assets	-	9,738
Trade and other payables	-	1,713
Provisions	-	832
Borrowings	-	3,888
Total liabilities	-	6,433
Net assets	-	3,305

(d) Details of the sale of the discontinued operations

	Consolidated	
	2009	2008
	\$000	\$000
Consideration received:		
Value of KimCor Diamonds Plc shares received	-	20,157
Total disposal consideration	-	20,157
Adjustment of reserves relating to discontinued operations	-	(2,857)
Carrying amount of net assets sold	-	(3,305)
Gain on sale before income tax	-	13,995
Income tax expense	-	-
Gain on sale after income tax	-	13,995

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

30 Events occurring after the balance sheet date

Since the end of the financial year the Group has:

On 15 July 2009 the Company declared its offer for all the issued capital of Minerva Resources Plc unconditional. During July and August 2009 the Company issued 28,085,781 ordinary Dwyka shares to the accepting Minerva shareholders taking Dwyka's ownership in Minerva to 91.01%. Dwyka has commenced the process to compulsorily acquire the remaining outstanding shares to move to 100% ownership of Minerva. The Group is yet to finalise the fair value accounting on the acquisition of Minerva Resources Plc. This transaction was completed after the end of the financial year. Transaction costs in relation to this takeover that were incurred during the 2009 financial year have been expensed in the 2009 financial year.

Having received shareholder approval on 3 September 2009, the Company on 4 September 2009 issued 5,000,000 ordinary shares at \$0.11 to directors/employees and consultants under the Company's Employee Share Plan. In addition the Company also issued 5,800,000 employee Options exercisable at \$0.11 on or before 30 September 2012 to a director/employees and consultants under the Company's Employee Option Plan. The vesting of both the Employee Shares and Employee Options are subject to certain ongoing employment obligations in accordance with the Share and Option Plan conditions.

Except for the above, no other matter or circumstance has arisen since 30 June 2009 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years;
- (b) the results of those operations in future financial years; or
- (c) the Group's state of affairs in future financial years.

31 Reconciliation of profit/(loss) after income tax to net cash outflow from operating activities

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Profit/(loss) after tax	(24,987)	1,088	(25,126)	(11,083)
Depreciation and amortisation	34	92	20	74
Sundry income	(40)	-	(40)	-
Profit on sale of discontinued operations	-	(13,525)	-	(541)
Equity accounted loss	-	822	-	-
Foreign exchange (gain)/loss	270	145	270	145
Share based compensation	152	427	152	427
Takeover transaction costs	561	-	561	-
Impairment of assets	21,992	7,181	22,158	8,122
(Loss)/profit on sale of non current assets	-	68	-	89
(Increase)/decrease in receivables	47	(173)	54	(116)
(Decrease)/increase in payables	(301)	(55)	(233)	(101)
(Decrease)/increase in current provisions	-	(38)	-	(7)
Net cash flow used in operating activities	(2,272)	(3,968)	(2,184)	(2,991)

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

31 Reconciliation of profit/(loss) after income tax to net cash outflow from operating activities (continued)

Non-cash financing activities

During the 2009 year the company issued

- 17,494,071 ordinary shares at \$0.40 as consideration for the acquisition of a subsidiary and for Project management contract services; and
- 2,158,477 ordinary shares at \$0.09 as final consideration with respect to the acquisition of the Burundi nickel project.

During the 2008 year the Company issued:

- 2,777,778 ordinary shares at \$0.74 to extinguish in full a GBP1 million convertible note;
- 2,349,400 ordinary shares at \$0.84 to final settlement of outstanding obligations regarding the purchase of certain companies that owned various South African underground diamond mines. These mines are no longer part of the Group;
- 3,962,757 ordinary shares at \$1.45 as part consideration to acquire a 50% interest in Swazi Gold Ventures (Pty) Ltd; and
- 39,745,500 ordinary shares at \$0.54 by cash placement – the proceeds of which were received into the Company's bank account on 4 and 8 July 2008.

32 Earnings/(loss) per share

The following reflects the operating (loss)/profit and share data used in the calculations of basic and diluted earnings/(loss) per share:

	2009 \$000	2008 \$000
Net consolidated (loss)/profit	<u>(24,987)</u>	1,088
Earnings/(loss) used in calculating basic and diluted earnings/(loss) per share	<u>(24,987)</u>	1,088
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share	179,062,193	120,764,881
Effect of dilutive securities:		
Employee share plan shares	850,000	8,816,667
Options	-	177,083
Adjusted weighted average number of ordinary shares used in calculating diluted earnings/(loss) per share	<u>179,912,193</u>	<u>129,758,631</u>

Information concerning the classification of securities:

Certain granted options have not been included in the determination of diluted profit per share as they are not dilutive. Details relating to all options are set out in the Directors' Report and note 20.

DWYKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2009

33 Share-based payments

(a) Employee Option Plan

Employee incentive option plans have been approved at shareholder general meetings. No employee incentive options have been issued in the financial years ended 30 June 2009 and 30 June 2008.

(b) Employee Share Plan

Employee incentive share plans have been approved at shareholder general meetings.

No employee share plan shares were issued in the year ended 30 June 2009.

In December 2007, 850,000 shares were issued at \$0.915 to non-director employees and consultants under the plan. These shares are to be paid by way of a loan payable on or before 11 December 2009 (as provided by the plan).

For details of the shares issued to directors and executives refer to note 23.

(c) Expenses relating to share based payment transactions

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Shares issued under employee share plan	152	328	152	328
Options issued in exchange for services rendered	-	99	-	99
	152	427	152	427

DWYKA RESOURCES LIMITED

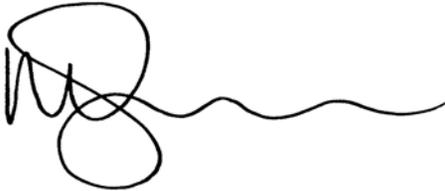
DIRECTORS' DECLARATION 30 JUNE 2009

In the directors' opinion:

- (a) the financial statements and notes set out on pages 35 to 83 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their 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.

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 directors.

A handwritten signature in black ink, consisting of a large, stylized initial 'M' followed by a series of loops and a long, wavy horizontal line extending to the right.

M. J Sturgess
Chief Executive Officer
London Date: 10 September 2009

Independent auditor's report to the members of Dwyka Resources Limited

Report on the financial report

We have audited the accompanying financial report of Dwyka Resources Limited (the company), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Dwyka Resources Limited and the Dwyka Resources Group (the consolidated entity). The consolidated entity comprises 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(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

**Independent auditor's report to the members of
Dwyka Resources Limited (continued)**

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

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of Dwyka Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their 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(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 19 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Dwyka Resources Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of the company for the year ended 30 June 2009 included on the company's web site. The company's directors are responsible for the integrity of the Dwyka Resources Limited web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.



PricewaterhouseCoopers



Pierre Dreyer
Partner

Perth
10 September 2009

DWYKA RESOURCES LIMITED

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 31 August 2009.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	<i>Class of equity security Shares</i>
1 - 1,000	108
1,001 - 5,000	167
5,001 - 10,000	79
10,001 - 100,000	148
100,001 and over	69
	571

There were 245 holders of a less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted ordinary shares as at 31 August 2009 were:

<i>Name</i>	<i>Listed ordinary shares</i>	
	<i>Number held</i>	<i>Percentage of issued shares</i>
Pershing Nominees Limited	17,668,471	8.07
Chase Nominees Limited	12,776,838	5.84
Ambrian Nominees Limited <Amcapita>	11,575,840	5.29
Allerton Horizon Limited	11,221,461	5.13
Credit Suisse Securities (Europe) Limited <Prncpal>	7,650,000	3.50
Brewin Nominees (Channel Islands) Limited <Jpal>	7,484,382	3.42
Chase Nominees Limited <Cmb1>	7,286,429	3.33
Brewin Nominees (Channel Islands) Limited <Messe011>	7,000,000	3.20
Pershing Nominees Limited <Psl981>	5,896,619	2.69
Bbhisl Nominees Limited <120123>	4,200,000	1.92
Savinara Company SA <Fleming Family & Partners> A/C	3,962,757	1.81
Goldman Sachs Securities (Nominees)Limited <Ilseg>	3,847,500	1.76
Td Waterhouse Nominees (Europe) Limited <Smktnoms>	3,658,204	1.67
Barclayshare Nominees Limited	3,643,505	1.67
National Nominees Limited	3,334,133	1.52
James Capel (Nominees) Limited <Hsbcss>	2,976,719	1.36
Hanover Nominees Limited <Lbb01>	2,837,450	1.30
L R Nominees Limited <Nominee>	2,759,711	1.26
Lynchwood Nominees Limited <2006420>	2,425,600	1.11
The Bank Of New York (Nominees) Limited <Bil>	2,399,373	1.10
	124,604,992	56.94

DWYKA RESOURCES LIMITED

SHAREHOLDER INFORMATION

C. Substantial holders

Substantial holders in the Company are set out below:

<i>Ordinary shares</i>	<i>Number held</i>	<i>Percentage</i>
Tomori Enterprises Limited	17,494,071	7.99
JP Morgan Chase	15,227,558	7.04
Ambrian Nominees Limited	11,585,840	5.29
Alerton Horizon Limited	11,221,461	5.13

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

E. Restricted securities

There are no restricted securities on issue.

F. Tenement Schedule

1. Mineral exploration permits held through controlled entity Danyland Limited

Prospecting license 100/189 granted to the company on 17 July 2006 by the Government of the Republic of Burundi

2. Mineral exploration permits held through controlled entity Swazi Gold Venture (Pty) Limited

Notarial Exclusive Prospecting Licence WRC0577 granted to the company on 5 November 2005 on behalf of the Kingdom of Swaziland