

Soil Sub Technologies Limited

ABN 39 078 388 155

Annual Report

For the year ended 30 June 2011

Soil Sub Technologies Limited

ABN 39 078 388 155

Annual Report 2011

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Directors' Report

The directors of Soil Sub Technologies Limited present their report, together with the financial statements of the company for the financial year ended 30 June 2011.

The names of the directors in office at any time during or since the end of the year are:-

NAME OF PERSON	POSITION	DATE APPOINTED	DATE RESIGNED
Guy T. Le Page	Director	22 December 2009	-
Simon Mitchell	Director	22 December 2009	-
Keong Chan	Director	22 December 2009	-
Keong Chan	Company Secretary	8 February 2010	-

Information on directors

Information on Directors as at the date of this report is as follows:

Mr. Guy T. Le Page – Executive Chairman

Mr. T. Le Page B.A, B.Sc., B.App.Sc. (Hons), MBA, G. Dip App Fin, FFin, MAusIMM is a director of RM Corporate Finance a corporate finance and advisory company.

He is also actively involved in a range of corporate initiatives from mergers and acquisitions, initial public offerings to valuations, consulting, expert witness and corporate advisory roles. Mr. T. Le Page was a Corporate Adviser at ASX listed Stockbroker Tolhurst Noall from 1998 before joining RM Capital in 2002. Prior to his tenure at Tolhurst Noall, Mr. T. Le Page was Head of Research at Morgan Stockbroking Limited (Perth). As Head of Research, Mr. Le Page was responsible for the supervision of all Industrial and Resources Research.

As a Resources Analyst, Mr. T. Le Page published detailed research on various mineral exploration and mining companies listed on the ASX. The majority of this research involved valuations of both exploration and production assets.

Prior to entering the stockbroking industry, he spent 10 years as an exploration and mining geologist in Australia, Canada and the United States.

His experience spans gold and base metal exploration and mining geology, and he has acted as a consultant to private and public companies. This professional experience included the production of both technical and valuation reports for resource companies.

Mr. T. Le Page holds a Bachelor of Arts, Bachelor of Science and Master of Business Administration from the University of Adelaide, a Bachelor of Applied Science (Hons) from Curtin University of Technology and a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australasia. He is also a fellow of FINSIA and Member of the Australasian Institute of Mining and Metallurgy.

Mr. T. Le Page owns 18,250,000 shares in Soil Sub Technologies as at the date of this report.

Mr. Simon Mitchell – Non Executive Director

Mr. Mitchell, B.Sc. (Hons), G. Dip App Fin, FFin, MAusIMM is a Geologist and Financial Analyst with over 20 years experience in the resources industry, including 10 years in the field as a development geologist and 6 years as an analyst and structured finance executive in an investment banking environment. Mr. Mitchell has been heading Toro Energy's Business Development Activities since late 2006.

Mr. Mitchell commenced his geological career in the Northern Territory as a geological assistant in uranium and diamond exploration for Idemitsu Minerals and Stockdale Prospecting respectively. After graduating from the University of Adelaide in 1991, he then commenced a role with North Flinders Mines (subsequently Normandy NFM) as a Contract Geologist in

Directors' Report

regional exploration in various districts throughout the Northern Territory. During his period with Normandy NFM, Mr. Mitchell worked on the Callie gold mine in the early definition and development period.

For the next four years to the end of 1999, Mr. Mitchell enjoyed geological roles with Aurora Gold on the Toka Tindung Project in Indonesia, and RGC Exploration, working on the Hidden Valley Project in Papua New Guinea, along with grassroots exploration projects in Bolivia and project assessment roles in Peru and Chile.

Mr. Mitchell undertook a Graduate Diploma in Applied Finance and Investment from 1998-2002 and followed a mining finance career path with the Commonwealth Bank of Australia. During his time at the bank, Mr. Mitchell worked in diverse roles such as a finance analyst in the Metals & Mining area of Business Development through to his last role as Solutions Executive (Associate Director) in the Natural Resources Group within Corporate Finance.

Mr. Mitchell owns nil shares in Soil Sub Technologies as at the date of this report.

Mr. Keong Chan – Non Executive Director & Company Secretary

Mr. Chan, spent a number of years with PricewaterhouseCoopers and Deloitte in Sydney, Canberra and Perth, where he was national manager for Deloitte's Australian international trade practice. This position involved the coordination of teams across Australia to perform due diligence activities on private equity transactions, analysis of establishing operations in Australia, cost minimisation programs and other restructuring activities.

In the corporate finance sector, Mr. Chan has provided strategic advice to a number of companies on corporate matters in relation to; IPOs, back door listings, mergers and acquisitions, takeovers/divestments and acted as advisor to a number of ASX listed boards as well as acting as a representative for overseas funds/investment banks and mining conglomerates.

Mr. Chan is currently a Director of Charterhouse Capital and holds a Bachelor of Commerce and a Masters of International Trade Law.

Mr. Chan owns 2,000,000 shares in Soil Sub Technologies as at the date of this report.

Directorships of other listed companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Mr. Guy T. Le Page	Tasman Resources NL	2 June 2001 – current
	Eden Energy Limited	3 February 2006 – current
	Palace Resources Ltd	7 August 2009 – current
	Red Sky Energy Limited	18 February 2009 – current
	Fission Energy Limited	15 May 2009 – current
	3D Resources Limited	2 December 2008 – 25 February 2009
Mr. Simon Mitchell	No other directorships	-
Mr. Keong Chan	AAQ Holdings Limited	8 October 2010 – current
	Acuvax Limited	19 November 2010 - current

Directors' Report

During the financial year, one meeting of directors (including committees of directors) was held. Attendances by each director during the year were as follows:

Directors Meetings		
	Number Eligible to Attend	Number Attended
Guy T. Le Page	1	1
Simon Mitchell	1	1
Keong Chan	1	1

Company Secretary

The Company Secretary in office for the company at any time during or since the end of the year is:

Mr. Keong Chan

Appointed on 8 February 2010.

The Company Secretary has been in office since the start of the financial year to the date of this report unless otherwise stated. For information on Mr. Chan please refer to page 2 of the directors report.

Principal Activities and Significant Changes in Nature of Activities

The Company has been actively assessing the Nutrimix and soil substitute technologies as its principal activity.

Operating Results

The loss for the financial year after providing for income tax amounted to \$777,778 (2010: \$5,524,380 profit).

Review of Operations

The Company's consultants have been trialling raw inputs to ascertain the composting time frame required to produce soil supplements, potting mixes and potentially a low cost organic fertiliser as part of the newly developed range of Nutrimix products.

Some 24 treatments have been established using the organic waste material from several agricultural industries and based on analysis of nutrients, combinations of these wastes form the basis of the materials tested during the trials.

The initial visual changes observed by the testing team appear to be very encouraging as the compost treatments are rolled over to accelerate the breakdown of raw material into a finer component.

The waste materials chosen for these trials are those that are readily available adjacent to all major rural centres around Australia to enable any future manufacturing facility to be established close to source supply thereby minimising freight. This selective and simple approach to logistics will enhance the potential future manufacturing and sale of Nutrimix products and improve the potential franchising/ licensing opportunities in these centres.

During the trials special additives are also being used to augment some treatments to ascertain the changes in nutrient values when developing a product to meet the needs of different soil types.

The Company is also assessing the application of IEM (waste to clean food) waste technologies using alternative sub strait material for Nutrimix and will inform the market further as this progresses.

Dividends Paid or Recommended

No dividends were paid or declared since the start of the financial year.

Directors' Report

Financial Position

With regards to the financial position of the company, the net assets of the company have decreased from \$1,686,638 to \$908,860.

Future Developments

The Company will continue to trial and assess the raw inputs towards the development of marketable soil substitute/supplement products.

Environmental Issues

The directors have considered the enacted National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the company for the current, nor subsequent, financial year. The directors will reassess this position as and when the need arises.

Options

No options to shares in the Company have been granted during the financial year and there were no options outstanding at the end of the financial year.

Indemnifying officers or auditor

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

- The Company has entered into agreements to indemnify all Directors and provide access to documents, against any liability arising from a claim brought by a third party against the Company. The agreement provides for the company to pay all damages and costs which may be awarded against the Directors.
- The Company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a willful breach of duty in relation to the Company. The amount of the premium was \$8,714.
- No indemnity has been paid to auditors.

Proceedings On Behalf Of Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Remuneration Report

This report details the nature and amount of the remuneration for each key management person of Soil Sub Technologies Limited and for the executives receiving the highest remuneration for 30 June 2011.

Remuneration policy

The remuneration policy, which sets the terms and conditions for the key management personnel, was developed by the board of directors after seeking professional advice from independent consultants and was approved by the board. All executives receive a base salary, superannuation, fringe benefits, performance incentives and retirement benefits. The board of directors reviews executive packages annually by reference to company performance, executive performance, comparable information from industry sectors and other listed companies and independent advice. The performance of executives is measured against criteria agreed half yearly which is based on the forecast growth of the company's profits and shareholders value. The policy is designed to attract the highest calibre executives and reward them for performance which results in long-term growth in shareholder value.

Directors' Report

Company performance, shareholder wealth and director and executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. This will be achieved via offering performance incentives based on key performance indicators.

Employment Details of Members of Key Management Personnel and Other Executives

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the company, and to the extent different, among the company executives receiving the highest remuneration. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options.

	Position held as at 30 June 2011 and any change during the year	Contract details (duration and termination)	Proportions of elements of remuneration related to performance			Proportions of elements of remuneration not related to performance	
			Non-salary cash-based incentives	Shares/ Units	Options/ Rights	Fixed Salary/ Fees	Total
			%	%	%	%	%
Key Management Personnel							
Mr. Guy T. Le Page	Director	3 year contract from 1 April 2010. 3 months notice to terminate.	-	-	-	100	100
Mr. Keong Chan	Director	3 year contract from 1 April 2010. 3 months notice to terminate.	-	-	-	100	100

Details of remuneration for the year ended 30 June 2011

Key Management Personnel	Cash, salary & fees \$	Short-term Cash profit share \$	Benefits Non-cash benefit \$	Other * \$	Post-employment Benefits Super-annuation \$	Other Long-term Benefits \$	Share based Payment		Total \$	Total Remuneration Represented by Options %	Performance Related %
							Equity \$	Options \$			
Guy T. Le Page	56,000	-	-	109,800	-	-	-	-	165,800	-	-
Simon Mitchell	36,000	-	-	-	-	-	-	-	36,000	-	-
Keong Chan	42,000	-	-	-	-	-	-	-	42,000	-	-
	134,000	-	-	109,800	-	-	-	-	243,800	-	-

* Payments to Sabre Power Management, a company which Mr. T. Le Page is a director, was for the company's corporate overhead and associated running costs.

Directors' Report

Details of remuneration for the year ended 30 June 2010

2010

Key Management Personnel	Short-term Benefits				Post-employment Benefits Super-annuation	Other Long-term Benefits	Share based Payment		Total	Total Remuneration Represented by Options	Performance Related
	Cash, salary & fees	Cash profit share	Non-cash benefit	Other *			Equity	Options			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Guy T. Le Page	24,000	-	-	84,300	-	-	-	-	108,300	-	-
Simon Mitchell	18,000	-	-	-	-	-	-	-	18,000	-	-
Keong Chan	38,000	-	-	-	-	-	-	-	38,000	-	-
	80,000	-	-	84,300	-	-	-	-	164,300	-	-

* Cash from capital raising activities paid to Mr. T. Le Page are paid to RM Capital a company which Mr. T. Le Page is a director.

Options and rights granted

There have been no options or right granted to directors for the year ending 30 June 2011.

Subsequent Events

Subsequent to year end the Company completed a capital raising for the amount of \$337,000 via the placement of 67,500,000 fully paid ordinary shares. In addition, a decision was made to terminate the option over the Tasinifu Manganese Project.

Except for the above, the Directors are not aware of any other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Non-audit Services

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

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

Auditor's Independence Declaration

The lead auditor's independence declaration, as required under section 307C of the Corporations Act 2001 for the year ended 30 June 2011 has been received and can be found directly following the director's report.

This Report of the Directors, incorporating the Remuneration Report is signed in accordance with a resolution of the Board of Directors.



GUY T. LE PAGE
Director

DATED at PERTH this 22th day of September 2011

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(WA) Pty Ltd**

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To The Board of Directors

**Auditor's Independence Declaration under Section 307C of the
Corporations Act 2001**

This declaration is made in connection with our audit of the financial report of Soil Sub Technologies Limited for the year ended 30 June 2011 and in accordance with the provisions of the *Corporations Act 2001*.

We declare that, to the best of our knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- no contraventions of the *Code of Professional Conduct* of the Institute of Chartered Accountants in Australia in relation to the audit.

Yours faithfully



BENTLEYS
Chartered Accountants



CHRIS WATTS CA
Director

DATED at PERTH this 22nd day of September 2011

Statement of Comprehensive Income

for the year ended 30 June 2011

		2011	2010
	Note	\$	\$
Revenue	2	31,236	9,801
Other income	2	1,538	7,184,480
Finance costs	3	-	(564,898)
Depreciation and amortisation expense	3	(25,000)	(25,000)
Employee benefits expense		-	-
Directors Fees		(134,000)	(84,700)
Accounting and administration		(28,950)	(51,650)
Consulting and contracting cost		(283,633)	(38,500)
Administrators expense		-	(265,708)
Travel and accommodation		(23,148)	-
Compliance and regulatory		(36,479)	(54,607)
Payment to Creditors' Trust		-	(515,000)
Other expenses from ordinary activities		(279,342)	(69,838)
Profit/ (Loss) before income tax expense		(777,778)	5,524,380
Income tax expense	4	-	-
Net profit/ (loss) for the year		(777,778)	5,524,380
Other comprehensive income		-	-
Total comprehensive income		(777,778)	5,524,380
Earnings per share			
Basic earnings / (loss) per share	13	(0.002)	0.06

The accompanying notes form part of these financial accounts

Statement of Financial Position

as at 30 June 2011

	Note	2011 \$	2010 \$
CURRENT ASSETS			
Cash and cash equivalents	7	783,303	1,447,308
Trade and other receivables	8	31,450	20,080
TOTAL CURRENT ASSETS		814,753	1,467,388
NON CURRENT ASSETS			
Intangible assets	9	225,000	250,000
TOTAL NON CURRENT ASSETS		225,000	250,000
TOTAL ASSETS		1,039,753	1,717,388
CURRENT LIABILITIES			
Trade and other payables	10	112,646	30,750
Short-term provisions	12	18,247	-
TOTAL CURRENT LIABILITIES		130,893	30,750
TOTAL LIABILITIES		130,893	30,750
NET ASSETS		908,860	1,686,638
EQUITY			
Issued capital	14	2,162,119	2,162,119
Accumulated losses		(1,253,259)	(475,481)
TOTAL EQUITY		908,860	1,686,638

The accompanying notes form part of these financial accounts

Statement of Changes in Equity

for the year ended 30 June 2011

	Issued Capital \$	Accumulated Losses \$	Total \$
Company			
BALANCE AT 1 JULY 2009	28,684,679	(34,684,540)	(5,999,861)
Profit for the year	-	5,524,380	5,524,380
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	5,524,380	5,524,380
Transactions with owners, directly in equity			
Issue of share capital	2,600,000	-	2,600,000
Capital raising costs	(437,881)	-	(437,881)
Reduction of share capital	(28,684,679)	28,684,679	-
BALANCE AT 30 JUNE 2010	2,162,119	(475,481)	1,686,638
Company			
BALANCE AT 1 JULY 2010	2,162,119	(475,481)	1,686,638
Loss for the year	-	(777,778)	(777,778)
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	(777,778)	(777,778)
Transactions with owners, directly in equity			
Other transactions	-	-	-
BALANCE AT 30 JUNE 2011	2,162,119	(1,253,259)	908,860

The accompanying notes form part of these financial accounts

Statement of Cash Flows

for the year ended 30 June 2011

	Note	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(705,241)	(209,933)
Payments to creditor trust		-	(515,000)
Interest received		31,236	9,801
Net Cash Used In Operating Activities	18(b)	<u>(674,005)</u>	<u>(715,132)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	2,600,000
Proceeds from oversubscriptions		10,000	241,749
Return proceeds from oversubscriptions		-	(241,749)
Payment of share issue costs		-	(437,881)
Net Cash Provided By Financing Activities		<u>10,000</u>	<u>2,162,119</u>
Net increase/(decrease) in cash held		(664,005)	1,446,987
Cash and Cash Equivalents at beginning of financial year		1,447,308	321
Cash and Cash Equivalents at end of financial year	18(a)	<u>783,303</u>	<u>1,447,308</u>

The accompanying notes form part of these financial accounts

Notes to the Financial Statements

for the year ended 30 June 2011

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretation, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the Company of Soil Sub Technologies Limited and has been prepared in Australian dollars. Soil Sub Technologies Limited is a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The following is a summary of the material accounting policies adopted by the entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

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

a. Comparatives

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

b. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Notes to the Financial Statements

for the year ended 30 June 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

d. Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- a) the amount at which the financial asset or financial liability is measured at initial recognition;
- b) less principal repayments;

Notes to the Financial Statements

for the year ended 30 June 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Financial assets at fair value through profit and loss

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets).

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets). If during the period the Company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets).

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the statement of comprehensive income unless they are designated as hedges.

Notes to the Financial Statements

for the year ended 30 June 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value

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

Impairment

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

De-recognition

Financial assets are de-recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

e. Impairment of Assets

At each the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

f. Intangibles

Patents and Licences

Patents and licences are recognised at cost of acquisition. Patents and licences have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and licences are amortised over their useful life ranging from 12 to 20 years. The useful lives of these intangible assets are assessed to be either finite or indefinite.

Intangible assets are tested for impairment where an indicator of impairment exists and in the case of indefinite lived intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Notes to the Financial Statements

for the year ended 30 June 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A summary of the policies applied to the Company's intangible assets is as follows:

Patents and trademarks	
Useful lives	12 – 20 years
Method used	Amortised over the term of the patent and revalued to fair value where deemed appropriate
Internally generated /Acquired	Acquired
Impairment test / Recoverable amount Testing	Annually and where an indicator of impairment exists

g. Employee Benefits

Provision is made for the Company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have also been measured at their nominal amount.

Contributions are made by the Company to employee superannuation funds and are charged as expenses when incurred.

h. Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

i. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

j. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

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

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

Notes to the Financial Statements

for the year ended 30 June 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

l. Goods and Services Tax (GST)

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

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

m. Critical Accounting Estimates and Judgments

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

Key Judgment – Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Key Estimate – Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Key Estimate – Intangibles

Balances disclosed in the financial statements and the notes thereto are based on the best estimates of directors.

The Company has recorded intangible assets related to Licences and Patents with a carrying value of \$225,000 which relates to the Company's Nutrimix products which can be used as a soil substitute. The reasonableness of the carrying value of intangibles is intrinsically linked to the continued operation of the Company into the future and primarily dependent on the economic benefits associated with these assets being realised. Should the Company be able to successfully commercialise this product and derive a sufficient level of income, then the carrying value of the asset may be supported.

The financial report was authorised for issue on 22nd of September 2011 by the board of directors.

Notes to the Financial Statements

for the year ended 30 June 2011

2011
\$

2010
\$

NOTE 2. REVENUE

Other Revenue

– Interest Received

31,236 9,801

Total Revenue

31,236 9,801

Other Income

– Additional refund received from Australian Taxation Office

1,538 -

– Debt forgiveness pursuant to settlement of a Deed of Company Arrangement
("DOCA")

- 7,184,480

Total Other Income

1,538 7,184,480

NOTE 3. LOSS BEFORE INCOME TAX

The operating profit before income tax has been determined after:

Finance costs

– External

- 564,898

Total Finance Costs

- 564,898

Costs were capitalised onto financial liabilities, ultimately forgiven pursuant to terms of DOCA.

Amortisation of Non Current Assets

– Patents

25,000 25,000

Total Amortisation of Non Current Assets

25,000 25,000

NOTE 4. INCOME TAX EXPENSE

(a) The components of tax expense comprise:

Current

- -

Deferred

- -

(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie tax payable on profit from ordinary activities before income tax at
30% (2010: 30%)

(233,333) 1,657,314

Add:

Tax effect of expenses that are not deductible in determining taxable profit

12,307

Less:

Tax effect of expenses that are deductible in determining taxable profit but
excluded from accounting profit

- (27,309)

Tax effect of debt forgiveness

- (1,720,459)

Deferred tax assets not brought to account

233,333 78,147

Weighted average effective tax rate

Nil% Nil%

Notes to the Financial Statements

for the year ended 30 June 2011

2011
\$

2010
\$

NOTE 5. AUDITORS' REMUNERATION

Remuneration of the parent entity auditors for:

- Auditing or reviewing the financial report	19,650	29,250
- Other Services – Investigating Accountants Report	-	15,000
- Other Services – Corporate Services	-	17,000
	<u>19,650</u>	<u>61,250</u>

NOTE 6. KEY MANAGEMENT PERSONNEL COMPENSATION

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

a) Remuneration of Key Management Personnel

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

	2011 \$	2010 \$
Short-term employee benefits	134,000	146,000
	<u>134,000</u>	<u>146,000</u>

(a) Number of Shares Held by Key Management Personnel – 30 June 2011

Key Management Person	Balance at beginning of year	Granted as remuneration during year	Issued on exercise of options during year	Other changes during the year	Balance at end of year
Guy T. Le Page	-	-	-	18,250,000	18,250,000
Simon Mitchell	-	-	-	-	-
Keong Chan	-	-	-	2,000,000	2,000,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,250,000</u>	<u>20,250,000</u>

(b) Number of Options Held by Key Management Personnel

There are no options held over ordinary shares held by KMP during the financial year ended 2011 and 2010.

NOTE 7. CASH AND CASH EQUIVALENTS

	2011 \$	2010 \$
Cash at bank	783,303	1,447,308

NOTE 8. TRADE AND OTHER RECEIVABLES

CURRENT

Other debtors	31,450	20,080
	<u>31,450</u>	<u>20,080</u>

Notes to the Financial Statements

for the year ended 30 June 2011

NOTE 9. Intangible Assets

	Note	Patents & Licences \$	Total \$
Reporting period ended 30 June 2010:			
At 1 July 2009 net of accumulated amortisation		275,000	275,000
Additions		-	-
Amortisation	3	(25,000)	(25,000)
At 30 June 2010 net accumulated amortisation		250,000	250,000
Reporting period ended 30 June 2011:			
At 1 July 2010 net of accumulated amortisation		250,000	250,000
Additions		-	-
Amortisation	3	(25,000)	(25,000)
At 30 June 2011 net accumulated amortisation		225,000	225,000

Impairment Disclosures

The Company has recorded intangible assets related to Licences and Patents with a carrying value of \$225,000 which relates to the Company's Nutrimix products which can be used as a soil substitute. The reasonableness of the carrying value of intangibles is intrinsically linked to the continued operation of the Company into the future and primarily dependent on the economic benefits associated with these assets being realised. Should the Company be able to successfully commercialise this product and derive a sufficient level of income, then the carrying value of the asset may be supported.

	2011 \$	2010 \$
NOTE 10. TRADE AND OTHER PAYABLES		
CURRENT		
<i>Unsecured Liabilities:</i>		
Trade Payables	89,296	-
Sundry creditors and accrued expense	23,350	26,750
<i>Amounts payable to:</i>		
Director related entities	-	4,000
	112,646	30,750

Notes to the Financial Statements

for the year ended 30 June 2011

NOTE 11. TAX

	2011 \$	2010 \$
(a) Liabilities		
CURRENT		
Income tax	-	-
NON-CURRENT		
Deferred tax liability comprises:		
Opening Balance	-	-
Other	-	75,000
Reversal / set-off of deferred tax liability	-	(75,000)
Total	-	-
(b) Assets		
NON-CURRENT		
Deferred tax assets comprises:		
Carried forward losses	-	78,147
Other	-	116,362
Reversal / set-off of deferred tax asset	-	(194,509)
Total	-	-

i. Tax losses

Unused tax losses for which no deferred tax asset has been recognised	987,621	260,490
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Potential deferred tax assets attributable to tax losses carried forward have not been brought to account at 30 June 2011 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- the company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- the company continues to comply with conditions for deductibility imposed by law; and
- no changes in tax legislation adversely affect the company in realising the benefit from the deductions for the loss.

NOTE 12. PROVISIONS

CURRENT

Employee Entitlements	18,247	-
	18,247	-

NOTE 13. EARNINGS PER SHARE

Earnings used in calculating basic earnings/(loss) per share	(777,778)	5,524,380
	No.	No.
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	367,912,887	91,474,531

Notes to the Financial Statements

for the year ended 30 June 2011

2011
\$

2010
\$

NOTE 14. ISSUED CAPITAL

367,912,887 (2010: 367,912,887) Fully paid ordinary shares with no par value	2,600,000	2,600,000
(a) Ordinary shares:	No.	No.
At the beginning of the reporting period	367,912,887	89,564,434
Shares issued during the year		
– 31 March 2010	-	100,000,000
– 20 April 2010	-	250,000,000
Shares consolidated during the year		
– 26 February 2010	-	(71,651,547)
At reporting date	367,912,887	367,912,887

The company has no authorised share capital.

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

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) Capital Management:

The Directors' objectives when managing capital are to ensure that the Company can fund its operations and continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Company's activities, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet business development and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The working capital position of the Company at 30 June 2011 and 30 June 2010 are as follows:

	2011 \$	2010 \$
Working Capital:		
Cash and cash equivalents	783,303	1,447,308
Trade and other receivables	31,450	20,080
Trade and other payables	(112,646)	(30,750)
Working capital position	702,107	1,436,638

NOTE 15. CAPITAL AND LEASING COMMITMENTS

There are no such commitments at this stage of the company's operations.

NOTE 16. CONTINGENT LIABILITIES AND ASSETS

There are no contingent assets or liabilities.

Notes to the Financial Statements

for the year ended 30 June 2011

NOTE 17. OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The information presented in the financial report is the same information that is reviewed by the directors'.

The Company is currently operative in one geographic region being Australia. The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

Basis of accounting for purposes of reporting by operating segments

(a) Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Company.

(b) Inter-segment transactions

An internally determined transfer price is set for all inter-segment sales. This price is reset quarterly and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Company's financial statements.

Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the Company. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

(c) Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(d) Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Company as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Notes to the Financial Statements

for the year ended 30 June 2011

	2011	2010
	\$	\$

NOTE 18. CASH FLOW INFORMATION

(a) Reconciliation of Cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:

Cash and cash equivalents	783,303	1,447,308
	<u>783,303</u>	<u>1,447,308</u>

(b) Reconciliation of Cash Flow from Operations with Operating Profit after Income

Tax

Operating (loss) after income tax	(777,778)	5,524,380
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Non-cash flows in profit from ordinary activities

Depreciation and amortisation	25,000	25,000
Capitalised Interest	-	581,828
Write down assets to recoverable amount	-	80,959
Loans forgiven	-	(6,363,232)

Changes in assets and liabilities

(Increase)/decrease in trade and other receivables	(21,372)	(19,549)
Increase/(decrease) in trade and other payables including creditors forgiven	81,898	(536,153)
Increase/(decrease) in provisions	18,247	(8,365)
	<u>(674,005)</u>	<u>715,132</u>

NOTE 19. SHARE BASED PAYMENTS

There have been no such share based payments for the year ended 2010 and 2011.

NOTE 20. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to year end the Company completed a capital raising for the amount of \$337,000 via the placement of 67,500,000 fully paid ordinary shares. In addition, a decision was made to terminate the option over the Tasinifu Manganese Project.

Except for the above, the Directors are not aware of any other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

NOTE 21. FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The company's financial instruments consist mainly of deposits with banks and accounts payable.

The main purpose of non-derivative financial instruments is to raise finance for company operations.

The company does not have any derivative instruments at 30 June 2011.

Notes to the Financial Statements

for the year ended 30 June 2011

NOTE 21. FINANCIAL INSTRUMENTS (Continued)

i. Liquidity Risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Company. Due to the nature of the Company's activities, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Company's current and future funding requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions.

The financial liabilities of the Company are confined to trade and other payables as disclosed in the Statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

ii. Market Risk

The Board meets on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company is also exposed to earnings volatility on floating rate instruments.

Interest rate risk is not material to the company as no debt arrangements have been entered into.

Foreign exchange risk

The company is not exposed to fluctuations in foreign currencies.

Price risk

The Company is not exposed to any material commodity price risk.

iii. Credit Risk

Credit risk related to balances with banks and other financial institutions is managed by the director's in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

	2011	2010
	\$	\$
Cash and cash equivalents		
— AA Rated	783,303	1,447,308

Notes to the Financial Statements

for the year ended 30 June 2011

NOTE 21. FINANCIAL INSTRUMENTS (Continued)

(b) Interest Rate Risk

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

	Floating Interest		Fixed Interest Rate				Non-interest		Total		Weighted Average	
	Rate		Within 1 Year		1 to 5 Years		Bearing				Effective Interest Rate	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial Assets:												
Cash	783,303	1,447,308	-	-	-	-	-	-	783,303	1,447,308	2.75	2.5
Trade and other receivables	-	-	-	-	-	-	31,450	20,080	-	-	N/A	N/A
Total Financial Assets	783,303	1,447,308	-	-	-	-	31,450	20,080	783,303	1,447,308		
Financial Liabilities:												
Trade and other payables	-	-	-	-	-	-	130,893	30,750	-	-	N/A	N/A
Total Financial Liabilities	-	-	-	-	-	-	130,893	30,750	-	-		

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date :

	2011		2010	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	783,303	783,303	1,447,308	1,447,308
Trade and other receivables	31,450	31,450	20,080	20,080
Total Financial Assets	814,753	814,753	1,467,388	1,467,388
Financial Liabilities				
Trade and other liabilities	130,893	130,893	30,750	30,750
Total Financial Liabilities	130,893	130,893	30,750	30,750

NOTE 22. COMPANY DETAILS

The registered office is:

1175. Hay Street
West Perth, WA 6005

The principal place of business is:

1175. Hay Street
West Perth, WA 6005

Notes to the Financial Statements

for the year ended 30 June 2011

NOTE 23. RELATED PARTY TRANSACTIONS

The following table provides the total amount of transactions which have been entered into with related parties for the relevant financial year.

		Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
		\$	\$	\$	\$
<i>Related party</i>					
Director related entities	June 2011	-	109,800	-	-
	June 2010	-	84,300	-	-

Purchases made from related parties are paid to Sabre Power Systems, a company which Mr. T Le Page is a director (\$109,800).

NOTE 24. NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the company has decided not to early adopt. A discussion of those future requirements and their impact on the company is as follows:

- AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Company has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

Notes to the Financial Statements

for the year ended 30 June 2011

NOTE 24. NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS (Continued)

- AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- ☐ Tier 1: Australian Accounting Standards; and
- ☐ Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):

- ☐ for-profit private sector entities that have public accountability; and
- ☐ the Australian Government and state, territory and local governments.

Since the Company is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

AASB 2010–2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific “RDR” disclosures.

- AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the company.

- AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB’s annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity’s first Australian-Accounting-Standards financial statements;
- adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity’s exposure to risks arising from financial instruments;
- amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
- making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the company.

Notes to the Financial Statements

for the year ended 30 June 2011

NOTE 24. NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS (Continued)

- AASB 2010–5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

- AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact the company.

- AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

As noted above, the Company has not yet determined any potential impact on the financial statements from adopting AASB 9.

- AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

This Standard makes amendments to AASB 112: Income Taxes.

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

The amendments are not expected to impact the company.

Directors' Declaration

The directors of the company declare that;

1. The financial statements set out on pages 9 to 29 are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards;
 - (b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as noted in note 1 to the financial statements;
 - (c) give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the Company;
2. the Chief Executive Officer and Chief Finance Officer have each declared that;
 - (a) the financial records of the company for the financial year have been properly maintained in accordance with s286 of the *Corporations Act 2001*;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards Board; and
 - (c) the financial statements and notes for the financial year give a true and fair view; and
3. In the director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors.



Guy T. Le Page
Director

DATED at PERTH this 22th day of September 2011

Independent Auditor's Report

To the Members of Soil Sub Technologies Limited

We have audited the accompanying financial report of Soil Sub Technologies Limited, which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Company at year end or from time to time during the financial year.

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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 and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Qualification Regarding the Carrying Value of Intangible Assets

The Company has recorded intangible assets related to Licences and Patents with a carrying value of \$225,000 which relates to the Company's Nutrimix products which can be used as a soil substitute. The reasonableness of the carrying value of intangibles is intrinsically linked to the continued operation of the Company into the future and primarily dependent on the economic benefits associated with these assets being realised. Should the Company be able to successfully commercialise this product and derive a sufficient level of income, then the carrying value of the asset may be supported. However, at the date of this report the eventual outcome of these events remains uncertain. As such, we have not been able to obtain sufficient evidence to support the Company's assessment of the carrying value of these assets.

Qualified Opinion

In our opinion, with the exception of the matter described in the preceding paragraph:

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

Report on the Remuneration Report

We have audited the Remuneration Report included in directors' report of the year ended 30 June 2011. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Soil Sub Technologies Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.



BENTLEYS
Chartered Accountants



CHRIS WATTS CA
Director

DATED at PERTH this 22nd day of September 2011

Corporate Governance Statement

The Board of Directors of the Company is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Company's Corporate Governance Policies are structured with reference to the ASX Corporate Governance Council's principles and recommendations, which are as follows:

Principle 1 – Lay solid foundations for the management and oversight

Principle 2 – Structure the board to add value

Principle 3 – Promote ethical and responsible decision making

Principle 4 – Safeguard integrity in financial reporting

Principle 5 – Make timely and balanced disclosure

Principle 6 – Respect the rights of shareholders

Principle 7 – Recognise and manage risk

Principle 8 – Remunerate fairly and responsibly

The Company's corporate governance policies were in place by the year ended 30 June 2010 and were mainly consistent with the ASX Corporate Governance Council's best practice recommendations.

Any director may nominate a person to be considered for appointment as a director of the Company, either as an additional director or as a replacement for a retiring director. Criteria for Board membership rests on Board's assessment of the capacity of a nominee to contribute to the Company. Membership of the Board of Directors is reviewed on an on-going basis by the Chairman of the Board.

The terms and conditions relating to the appointment and retirement of directors are determined by the Board on an individual basis at the time of appointment of the director and are reviewed by the Chairman on an on-going basis.

Each director of the Company or a controlled entity has the right to seek independent professional advice at the expense of the Company, however prior approval of the Chairman is required which will not be unreasonably withheld.

The remuneration of executive directors and non-executive directors is reviewed by the Board of directors with the exclusion of the director concerned. The remuneration of other senior executives (of the Company) is approved by the Chairman. Directors are not remunerated in accordance with the performance of the Company.

The nomination of external auditors and the review of the adequacy of external audit arrangements is the responsibility of the Board of Directors as a whole.

The Board has established the following standing Committee to assist the Board in the execution of its responsibilities:

- The Audit Committee.

Other committees may from time to time be established by the Board in accordance with the Constitution or to deal with matters of special importance.

Corporate Governance Statement

In particular the Board also recognises the important function traditionally fulfilled by a Nomination Committee and a Remuneration Committee. To this end, although due to the Company's size and operational base, a separately constituted committee of the Board is perceived not to be warranted, nevertheless the Board commits that from time to time (and as necessary) to discretely address the function traditionally addressed by a Nomination Committee and a Remuneration Committee.

Responsibility for establishing and maintaining effective risk management strategies rests with senior management, accountable to the Executive Chairman and the Audit and Risk Management Committee of the Board.

All directors, executives and staff of the Company and of all controlled entities, if any, are required to abide by the legal requirements, the Listing Rules of the Australian Securities Exchange and the highest standards of ethical conduct as recognised in each relevant jurisdiction in which the Company operates and with regard to their personal trading in the securities of the Company including the use of trading windows.

Additional Information for Shareholders

The following additional information is required by the Australian Securities Exchange in respect of listed public companies only.

1. Shareholding

a. Distribution of Shareholders

Category (size of holding)	Number	
	Ordinary	Redeemable
1 – 1,000	447	-
1,001 – 5,000	241	-
5,001 – 10,000	63	-
10,001 – 100,000	97	-
100,001 – and over	244	-
	1,092	-

b. The number of shareholdings held in less than marketable parcels is 837.

c. The names of the substantial shareholders listed in the holding company's register as at 19 September 2011 are:

Shareholder	Number	
	Ordinary	% Issue Capital
Perigee Capital Pty Ltd <Apogee Investment A/C>	28,064,403	7.63
Trident Capital Pty Ltd	23,000,000	6.25

d. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Redeemable and converting preference shares

- These shares have no voting rights.

e. 20 Largest Shareholders — Ordinary Shares

Rank	Name	Units
1	PERIGEE CAPITAL PTY LTD <APOGEE INVESTMENT A/C>	28,064,403
2	GROUP # 889001	27,500,000
.	TAYCOL NOMINEES PTY LTD	27,500,000
3	TRIDENT CAPITAL PTY LTD	23,000,000
4	CELTIC CAPITAL PTY LTD <THE CELTIC CAPITAL A/C>	17,750,000
5	JAPA INVESTMENTS (WA) PTY LTD <JAPA A/C>	14,094,645
6	BT GLOBAL HOLDINGS PTY LTD <BT UNIT A/C>	13,250,000
7	MR MICHAEL FOSTER BLACK + MRS LYNETTE ROBIN BLACK <PE SUR SUPP CO STF S/F 2 A/C>	11,575,000
8	STEYNTON NOMINEES PTY LTD <GE SCOTT FAMILY A/C>	10,400,515
9	6466 INVESTMENTS PTY LTD	6,875,000
10	CHANCERY HOLDINGS PTY LTD <MCKENZIE NO 2 SUPER FUND A/C>	5,578,606
11	AROTINCO RESOURCES PTY LTD	5,200,000
12	GUY T LE PAGE & ASSOCIATES PTY LTD	5,000,000
13	MR SIAT YOON CHIN	5,000,000
14	MOGGILL GOLF PTY LTD <STEPHENS 2007 SUPER FUND A/C>	4,775,300
15	LENOIR CAPITAL PTY LTD	4,500,000
16	CHIN NOMINEES PTY LTD <CHIN NOMINEES NO 2 S/F A/C>	4,500,000
17	GROUP # 647070	4,177,050
.	CITICORP NOMINEES PTY LIMITED	4,177,050

Additional Information for Shareholders

18	SILKTREE INVESTMENTS PTY LTD <PETER VASSILEFF S/F A/C>	4,100,000
19	PINEBROOK NOMINEES PTY LTD	4,000,000
20	PROFESSIONAL BUSINESS CONSULTANTS PTY LTD	4,000,000
Totals: Top 20 holders of SOI ORDINARY FULLY PAID		203,340,519
Total Remaining Holders Balance		219,572,377
Total Holders Balance		422,912,896

2. The name of the company secretary is Keong Chan.
3. The address of the principal registered office in Australia is 1175 Hay Street, West Perth, WA 6005.
Telephone 08 9321 3277.
4. Registers of securities are held at the following addresses
WA 1175 Hay Street, West Perth WA 6005
5. **Stock Exchange Listing**
Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited.
6. **Unquoted Securities**
The Company does not have any unquoted securities.
7. **Other Disclosures**
None.