

2 November 2009

The Manager Companies
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

(62 pages by email)

Dear Madam

ANNUAL REPORT AND NOTICE OF AGM

I attach the Company's Annual Report for the year ended 30 June 2009 and a copy of the Company's Notice of Annual General Meeting to be held on 30 November 2009 as sent to shareholders today.

Yours sincerely



Richard Edwards
Company Secretary

pjn5053

Callabonna Uranium Limited
ABN 71 099 247 408

Registered Office

Level 2, 66 Hunter Street
Sydney NSW 2000

T: +61 2 9300 3366

F: +61 2 9221 6333

E: Redwards@callabonna.com.au

Technical Office

6 Powlett Street
East Melbourne Vic 3002

T: +61 3 9417 2920

F: +61 3 9417 2728

MKY RESOURCES LIMITED
ABN 71 099 247 408

FINANCIAL REPORT
30 June 2009

MKY RESOURCES LIMITED

CORPORATE DIRECTORY

Directors

Phillip Harman
Stephen McCaughey
Ian Hobson

Company Secretary

Ian Hobson

Auditors

Ord Partners
Level 1
47 – 49 Stirling Highway
Nedlands WA 6009

Bankers

Westpac Banking Corporation
109 St George's Terrace
Perth WA 6000

Registered Office

Suite 6
245 Churchill Ave
Subiaco WA 6008

Telephone: +61 8 9217 3300
Facsimile: +61 3 9388 3006
Email: ianhobson@bigpond.com

Share Registry

Link Market Services Limited
Level 12
680 George St
Sydney NSW 2000

Investor Enquiries: (02) 8280 7111
Facsimile: (02) 9287 0303

Stock Exchange Listing

Securities of MKY Resources Limited are listed on the Australian Securities Exchange

ASX Code: MKY

Web site: www.mkyresources.com.au

CONTENTS

Directors' Report	1 - 10
Auditor's Independence Declaration	11
Corporate Governance Statement	12 - 16
Income Statement	17
Balance Sheet	18
Statement of Changes in Equity	19
Cash Flow Statement	20
Notes to the Financial Statements	21 - 41
Directors' Declaration	42
Independent Audit Report	43 - 44
ASX Additional Information	45 - 46

DIRECTORS' REPORT
30 June 2009

The directors of MKY Resources Limited ("Company") present their report including the consolidated financial report of the Company and its controlled entities ("consolidated entity") for the year ended 30 June 2009.

Directors

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

Phillip Harman (Appointed 9 February 2009 and continues in office)
Stephen McCaughey (Appointed 14 July 2008 and continues in office)
Ian Hobson
Allan Blood (Resigned 9 February 2009)
Alan Fitzpatrick (Resigned 14 July 2008)

Principal Activities

During the year the principal activities of the consolidated entity consisted of evaluation, exploration and acquisition of prospective uranium projects in Queensland and the Northern Territory and bauxite projects in Queensland.

Review and results of operations

Up to and during the first half of the year, the main activities of the Company had been uranium exploration of its tenements in the Palmer River area of North Queensland. However with the disappointing drilling results from that exploration program, the Company has diversified and transformed its tenement and project portfolio by application for:

1. Uranium exploration in North Queensland - Oak River EPM 17945 (Application), Neptune EPM 18028 (Application) and Hounfels EPM 18027 (Application)

The projects centre on the highly prospective proterozoic aged Georgetown Inlier of northern Queensland. The Georgetown region contains numerous well known very high grade uranium deposits including the Maureen uranium deposit, the Ben Lomond deposit and the Trident and Lineament groups of deposits (all owned by Mega Uranium Ltd);

2. Uranium exploration in the Mount Denison area in the Northern Territory - Denison ELA 27181 (Application)

The Denison project covers 422 square kilometres in the Arunta Block some 250km north west of Alice Springs. There are four known uranium and two known apatite occurrences within the Denison lease application and the abandoned Mount Adam Tin-Niobium mine is located less than one kilometre to the south.

The region is highly prospective for uranium mineralisation with numerous deposits occurring in a range of geological settings within the region. These include the Nolan's Bore Rare Earth Element (REE) Project (Arafura Resources), the Bigrlyi Uranium deposit (Energy Metal's managed JV) and the Napperby Uranium deposit (Toro Energy). The lease is surrounded by numerous active exploration projects belonging to Toro Energy, Deep Yellow and Scimitar; and

3. Bauxite exploration in Cape York, North Queensland - including Aurukun NE EPM 17833, East Weipa EPM 17835 and EPM 17843.

These strategic tenements are positioned adjacent to existing bauxite mines and advanced resource operations. Further development of nearby operations will provide infrastructure required for resource development. The Company's leases cover ground that is highly prospective for economic bauxite in a region that hosts some of the highest grade bauxite deposits in the world.

These new projects have been generated through generative research but as the Company continues to explore for new opportunities, corporate acquisition transactions will also be considered that fit the Company's profile. Further details on the activities, projects and tenement holdings of the Company are available on the Company web site <http://www.mkyresources.com.au> and in the announcements made to the ASX.

DIRECTORS' REPORT
30 June 2009

Review and results of operations (continued)

At the annual general meeting held on 27 November 2008, shareholders approved the conditional acquisition of Delminco Pty Ltd, the holder of bauxite projects and uranium exploration properties. Satisfaction of the conditions precedent was extended by agreement of the parties from 30 November 2008 to 31 January 2009. The conditions precedent were not met by 31 January 2009 and the agreement for the acquisition of Delminco Pty Ltd was terminated.

The consolidated entity made a loss from operations after income tax of \$2,902,087 (2008: Loss of \$726,505), including:

1. impairment of the uranium tenements of \$1,975,000;
2. a share based payment for director's remuneration of \$33,051; and
3. normal operating expenditure and costs associated with the development and exploration of mining tenements.

Dividends

No dividends were paid or proposed to be paid to members during the financial year (2008: Nil).

Matters Subsequent to the End of the Financial Year

On the 23 July 2009 the Company announced that it has entered into an agreement to acquire Callabonna Uranium Limited by the issue of 477 million Company shares to the shareholders of Callabonna Uranium Limited in exchange for the 39.5 million Callabonna Uranium Limited shares on issue.

Completion of the agreement is subject to satisfaction of a number of conditions precedent, including:

1. Conversion of 5 convertible notes held by SK Energy International Pte Ltd in Callabonna Uranium Limited into shares in Callabonna Uranium Limited and agreement by SK Energy International Pte Ltd for the sale of the resulting shares to the Company in exchange for an additional 60 million Company shares; and discharge of securities held by SK Energy International Pte Ltd over the assets and undertaking of Callabonna Uranium Limited;
2. The Company receiving a commitment from SK Energy International Pte Ltd to subscribe for 120 million fully paid ordinary shares in the Company and 60 million options (exercisable at 2.5 cents each within 2 years of the grant date) for a consideration of \$2 million; and
3. The Company obtaining all necessary regulatory and shareholder approvals to give effect to the acquisition.

The Company has also granted SK Energy International Pte Ltd the right, subject to Australian laws, to purchase at least 20 per cent of uranium concentrate production on terms no less favourable to SK Energy International Pte Ltd than the terms granted to any third party.

Also on 23 July 2009, the Company also announced a proposed placement of 74,000,000 shares at 1.5 cents each to sophisticated and professional investors to raise \$1.1 million, subject to conditions precedent including amendments to the agreements for the Callabonna Uranium Limited acquisition. The conditions precedent were satisfied and the placement of 73,333,333 shares at 1.5 cents each was made on 3 August 2009 to raise \$1.1 million before costs.

The maximum estimated legal and stamp duty costs associated with the acquisition of Callabonna Uranium Limited are \$275,000 (including stamp duty at \$200,000) and the brokerage, legal fees and listing fees of the placement are estimated at \$75,000. The Company has sought advice on any available means to reduce, or seek relief from, the stamp duty on the acquisition of Callabonna Uranium Limited.

DIRECTORS' REPORT
30 June 2009

Matters Subsequent to the End of the Financial Year (continued)

Other than completion of:

1. the agreements to acquire Callabonna Uranium Limited; and
2. the share placement to raise \$1.1 million;

discussed above, since 30 June 2009 there has been no other matter or circumstance that has arisen that has significantly affected, or may significantly affect:

1. the operations of the Company and consolidated entity in future financial years; or
2. the results of those operations in future financial years; or
3. the state of affairs of the Company and consolidated entity in future financial years.

Likely Developments and Expected Results of Operations

Further information on the development in the operations of the Company and consolidated entity merged with Callabonna Uranium Limited and the expected results of operations have not been included in this annual Financial Report because the directors believe it would be likely to result in unreasonable prejudice to the Company.

Environmental Regulation

The Company and consolidated entity are subject to certain environmental regulations applicable to mining exploration.

Information on Directors

Phillip Harman (Non-executive director & chairman, age 59)

Experience and Expertise

Phillip Harman is a professional geophysicist who spent more than 30 years working for BHP Billiton in minerals exploration in a broad number of roles including Exploration Manager of South America, Exploration Manager of Western Australia and Chief Geophysicist

Mr Harman's experience in BHP Billiton spanned both technical and managerial roles in Australia and overseas. He is broadly networked throughout the international mining business development and exploration community, has experience in creating and managing junior exploration companies and understands capital markets, having raised risk capital for exploration through the ASX and on AIM in London.

Other Current Directorships

Gippsland Offshore Petroleum Limited (appointed November 2004)

Former Directorships in the Last Three Years

None

Special Responsibilities

Chairman

Interests in Shares and Options

None

Ian Richard Hobson (Non-executive director, age 44)

Experience and Expertise

Ian Hobson holds a Bachelor of Business degree and is a Chartered Accountant and Chartered Secretary. He provides company secretarial services and corporate, management and accounting advice to a number of listed companies involved in the resource, technology and retail industries.

DIRECTORS' REPORT
30 June 2009

Information on Directors (continued)

Other Current Directorships

TVN Corporation Limited (appointed 21 November 2006)

TPL Corporation Limited (appointed 5 February 2008)

Former Directorships in the Last Three Years

GSF Corporation Ltd (appointed 15 August 2006, resigned 12 July 2007)

Comdek Limited (appointed 23 November 2006, resigned 1 October 2007)

Sultan Corporation Limited (appointed 26 July 2006, resigned 30 March 2009)

Special Responsibilities

Company Secretary

Interests in Shares and Options

1,000,000 ordinary shares

Steven McCaughey (Executive managing director, age 44)

Experience and Expertise

Stephen McCaughey is an exploration geologist with 20 years experience including 14 years with BHP Billiton. Most recently he was Exploration Manager for Aura Energy (AEE) where he led the exploration effort across Australia, Africa and Sweden, and in particular, specific uranium exploration programs.

Mr McCaughey has a broad range of experience, with project experience ranging from strategic project generation and greenfields exploration through to development evaluations, feasibility of brownfields discoveries, joint venture negotiations and project acquisition due diligence.

Mr McCaughey has worked in South America (Chile and Peru), throughout Australia, Africa and Europe and has experience with most mineralisation types and provinces. He has a proven track record of exploration success having led the exploration team responsible for several significant Cu- Au discoveries in the Tintaya Cu province of Peru.

Other Current Directorships

Nil

Former Directorships in the Last Three Years

Nil

Special Responsibilities

Managing Director

Interests in Shares and Options

45,000,000 options

Company Secretary

The Company Secretary is Ian Hobson. Mr Hobson was appointed to the position of Company Secretary on 13 June 2006. As Mr Hobson is also a director of the Company and information on him and his qualifications for the position are included above under "Information on Directors".

DIRECTORS' REPORT
30 June 2009**Information on Directors** (continued)**Meetings of Directors**

The numbers of meetings of the Company's board of directors held during the year ended 30 June 2009, and the numbers of meetings attended by each director were:

Director	Number of Meetings	
	Eligible to Attend	Attended
Allan Blood	5	5
Ian Hobson	5	5
Stephen McCaughey	3	3
Phillip Harman	0	0

Remuneration Report (audited)

The Remuneration Report is set out under the following main headings:

- (1) Principles used to determine the nature and amount of remuneration
- (2) Details of remuneration
- (3) Service agreements
- (4) Share-based compensation

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

1 Principles used to determine the nature and amount of remuneration (audited)

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 aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward.

The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- (i) competitiveness and reasonableness;
- (ii) acceptability to shareholders;
- (iii) performance linkage / alignment of executive compensation;
- (iv) transparency; and
- (v) capital management.

The Company has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- (i) focuses on sustained growth in shareholder wealth; and
- (i) attracts and retains high calibre executives.

Alignment to program participants' interests:

- (i) rewards capability and experience; and
- (ii) provides a clear structure for earning rewards.

Directors' Fees and Payments

Fees and payments to directors reflect the demands which are made on, and the responsibilities of, the directors. Directors' fees and payments are reviewed annually by the Board to ensure that directors' fees and payments are appropriate and in line with the market. The remuneration of the managing director is reviewed annually and takes into account the performance of that director, employment market conditions, the consumer price index, the financial state of the Company, and the comparable rates being paid to similarly profiled companies.

DIRECTORS' REPORT
30 June 2009

Remuneration Report (continued)

1 Principles used to determine the nature and amount of remuneration (audited) (continued)

Non-executive directors do not receive security based or option based payments as part of their compensation package.

The primary purpose of the grant of options to the executive director, Stephen McCaughey, is to provide a market linked incentive package in his capacity as managing director and for the future performance by him in his role. In determining the number of options to be granted, the exercise prices and the vesting conditions, the Company's board of directors considered the extensive experience and reputation of Stephen McCaughey within the mining industry, the market price of the Company's shares, and current market practices in remuneration.

There is no director minimum shareholding requirement.

Retirement allowances and benefits for directors

There are no retirement allowances or other benefits paid to directors.

2 Details of Remuneration (audited)

The amount of remuneration of the directors of the Company (as defined in AASB 124 Related Party Disclosures) is set out in the following table. There were no key management personnel in addition to the directors who have authority and responsibility for planning, directing and controlling the Company.

2009		Short term employee benefits				Post employment benefits Super- annuation	Other long term	Termination benefits	Share based payments Options	Total
		Salary & fees	Cash profit sharing and other bonuses	Non- monetary benefits	Other	Total				
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Executive directors										
Allan Blood (resigned 9 February 2009)	(a)	35,000	-	-	-	35,000	-	-	-	35,000
Alan Fitzpatrick (resigned 14 July 2008)	(b)	5,000	-	-	-	5,000	-	-	-	5,000
Stephen McCaughey (appointed 14 July 2008)		220,042	-	-	-	220,042	68,419	-	33,051	321,512
Non-executive directors										
Phillip Harman (appointed 9 February 2009)		2,340	-	-	-	2,340	8,333	-	-	10,673
Ian Hobson	(c)	90,000	-	-	-	90,000	-	-	-	90,000
Totals		352,382	-	-	-	352,382	76,752	-	33,051	462,185

DIRECTORS' REPORT
30 June 2009

Remuneration Report (continued)

2 Details of Remuneration (audited) (continued)

2008	Short term employee benefits					Post employment benefits	Other long term	Termination benefits	Share based payments	Total
	Salary & fees	Cash profit sharing and other bonuses	Non- monetary benefits	Other	Total	Super- annuation			Options	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Executive directors										
Allan Blood	60,000	-	-	-	60,000	-	-	-	-	60,000
Alan Fitzpatrick (resigned 14 July 2008)	60,000	-	-	-	60,000	-	-	-	-	60,000
Non-executive directors										
Ian Hobson	77,500	-	-	-	77,500	-	-	-	-	77,500
Totals	197,500	-	-	-	197,500	-	-	-	-	197,500

The fees paid to director related entities were for the provision of management services of the particular director, to the Company, as follows:

- (a) Ferrara Holdings Pty Ltd, an entity associated with Allan Blood, was paid \$35,000 (2008:\$60,000);
- (b) Alan Fitzpatrick Enterprises Pty Ltd, an entity associated with Alan Fitzpatrick, was paid \$5,000 (2008:\$60,000); and
- (c) Churchill Services Pty Ltd, an entity associated with Ian Hobson, was paid \$90,000 (2008:\$77,500) for director's fees and Company secretarial services

3 Service Agreements (audited)

There are no service agreements with the non-executive directors, Phillip Harman and Ian Hobson. They serve until they resign, are removed, cease to be a director or prohibited from being a director under the provisions of the *Corporations Law 2001*, or are not re-elected to office. They are remunerated on a monthly basis with no termination payments payable.

On 1 July 2008 the Company entered into a services agreement with Stephen McCaughey pursuant to which he was appointed managing director of the Company effective from 14 July 2008. The key terms of are:

- 1) Appointment date: 14 July 2008
- 2) Term: 3 years
- 3) Notice / termination period: By the Company - 6 months written notice or payment in lieu of notice of 6 months salary. By Stephen McCaughey - 3 months written notice to the Company.
- 4) Salary: \$300,000 per annum inclusive of salary, superannuation, motor vehicle and fringe benefits tax. The remuneration was determined by consideration of the extensive experience and reputation of Stephen McCaughey within the mining industry, and market practices in remuneration.
- 5) The issuance of shares and options subject to shareholder approval, tenure and vesting conditions (refer to the following section on share based payments).

DIRECTORS' REPORT
30 June 2009

4 Share-based Compensation (audited)

Pursuant to the terms of the services agreement with Stephen McCaughey, the Company agreed to issue him (or his nominee) with 5,000,000 shares and 45,000,000 director options for no consideration, subject to shareholder approval and service of a minimum term as managing director.

The primary purpose of the grant of options to Stephen McCaughey is to provide a market linked incentive package in his capacity as managing director and for the future performance by him in his role.

At the annual general meeting held on 27 November 2008, shareholders approved the issue of a total of 45,000,000 options exercisable on or before 31 May 2012 to Stephen McCaughey. The options were allotted on 19 December 2008. Pursuant to the service agreement with Stephen McCaughey, and subject to shareholder approval, 5 million ordinary shares are to be issued to him after he has served two years with the Company.

No tranche of the 45,000,000 options can vest until Stephen McCaughey has served as managing director for 2 years from appointment. In addition to that tenure vesting condition, 30,000,000 of the options can not vest unless the quoted share price is at or above certain price for consecutive periods.

The 45,000,000 unlisted options were allotted to Stephen McCaughey as follows:

1. 15,000,000 unlisted options, of which:
 - 1) 5,000,000 are exercisable at 2 cents each on or before 31 May 2012;
 - 2) 5,000,000 are exercisable at 4 cents each on or before 31 May 2012;
 - 3) 5,000,000 are exercisable at 6 cents each on or before 31 May 2012;and
2. 30,000,000 unlisted options exercisable at 1 cent each on or before 31 May 2012 and on achievement of the following performance hurdles:
 - 1) 5,000,000 are exercisable in the event the Company's share price on ASX remains at 5 cents or greater for a minimum of 60 consecutive days;
 - 2) 5,000,000 are exercisable in the event the Company's share price on ASX remains at 7.5 cents or greater for a subsequent minimum period of 60 consecutive days;
 - 3) 5,000,000 are exercisable in the event the Company's share price on ASX remains at 10 cents or greater for a third minimum period of 60 consecutive days; and
 - 4) 15,000,000 are exercisable in the event the Company's share price on ASX remains at 20 cents or greater for a fourth minimum period of 60 consecutive days.

The fair value of the options is determined using the Black Scholes model. Where the options are subject to the additional trading price barrier conditions, the probability of the vesting conditions being achieved is taken into account when determining the fair value of those options.

Further details on the options and the assumptions applied in Black Scholes model to determine the fair value are as follows:

Black Scholes valuation	Unlisted options		
	Tranche 1	Tranche 2	Tranche 3
Exercise price	2 cents	4 cents	6 cents
No of options	5,000,000	5,000,000	5,000,000
Grant date	27 Nov 2008	27 Nov 2008	27 Nov 2008
Expiry Date	31 May 2012	31 May 2012	31 May 2012
Vesting condition: Minimum years of service	2	2	2
Share Price at grant date	1 cent	1 cent	1 cent
Expected dividend	Nil	Nil	Nil
Risk-free interest rate	3.67%	3.67%	3.67%
Volatility	100%	100%	100%
Fair value at grant date	0.55 cents	0.41 cents	0.34 cents

DIRECTORS' REPORT
30 June 2009
4 Share-based Compensation (audited) (continued)

Black Scholes valuation with market conditions	Unlisted options			
	Tranche 4	Tranche 5	Tranche 6	Tranche 7
Exercise price	1 cents	1 cents	1 cents	1 cent
No of options	5,000,000	5,000,000	5,000,000	15,000,000
Grant date	27 Nov 2008	27 Nov 2008	27 Nov 2008	27 Nov 2008
Expiry Date	31 May 2012	31 May 2012	31 May 2012	31 May 2012
Vesting condition: Minimum years of service	2	2	2	2
Minimum quoted share price before options can be exercised	5 cents	7.5 cents	10 cents	20 cents
Share Price at grant date	1 cent	1 cent	1 cent	1 cent
Expected dividend	Nil	Nil	Nil	Nil
Risk-free interest rate	3.67%	3.67%	3.67%	3.67%
Volatility	100%	100%	100%	100%
Fair value at grant date	0.34 cents	0.13 cents	0.034 cents	0.0034 cents

The assessed fair value at the grant date of the options is allocated equally over the period from the grant date to the vesting date. The total value will be expensed to director's emoluments and taken to the share based payments reserve as the life of the options reduces. For the year, \$33,051 has been expensed and taken to the reserve. That amount is included in the remuneration tables above.

The terms of the options issued to Stephen McCaughey have not been altered or modified since the grant date and no option has vested, been exercised or lapsed during the year.

Provided Stephen McCaughey has served a minimum of two years from 14 July 2008 and subject to shareholder approval to be obtained after expiration of the two years, he is to be allotted 5 million ordinary shares for nil consideration.

Additional Information
(a) Shares Under Option

At 18 September 2009 there were 45,000,000 ordinary shares under option (2008:52,800,000 options). These options have various exercise prices and expire on 31 May 2012. Details of the terms and conditions of options are detailed above and in the notes to the financial statements in Note 15.

(b) Insurance of Officers

During the financial year the Company paid a premium of \$16,540 (2008:\$17,206) to insure the directors and officers of the Company. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

(c) Agreement to Indemnify Officers

The Company has entered into an agreement to provide access to Company records and to indemnify the directors and secretary of the Company. The indemnity relates to any liability:

1. as a result of being, or acting in their capacity as, an officer of the Company to the maximum extent permitted by law; and
2. for legal costs incurred in successfully defending civil or criminal proceedings.

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

DIRECTORS' REPORT

30 June 2009

Additional Information (unaudited) (continued)

(d) Proceedings on Behalf of the 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*.

(e) Auditor

Ord Partners is the appointed auditor of the Company and remain in office in accordance with Section 327B of the *Corporations Act 2001*.

(f) Audit Services

During the financial year \$33,000 (2008:\$28,750) was paid or is payable for audit services provided by the auditor (Ord Partners).

(g) Auditors' 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 11 of the Annual Report.

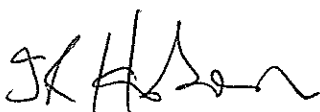
(h) Indemnity of Auditor

The auditor (Ord Partners) has not been indemnified under any circumstance.

(i) Non-Audit Services

There were no non-audit services provided by the auditors (Ord Partners) during the financial year. However, the Company may in the future decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

Signed in accordance with a resolution of the directors.
On behalf of the directors



Ian Hobson
Director
Company Secretary
Perth
18 September 2009

To the Board of Directors of MKY Resources Limited

Dear Sirs

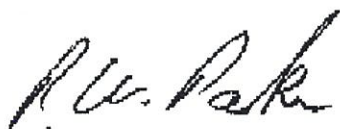
AUDITORS INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

I declare that, to the best of my knowledge and belief, in relation to the audit for the year ended 30 June 2009, there have been:

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

Yours faithfully

ORD PARTNERS



Robert Parker
Partner

Perth

18 September 2009

Ian K Macpherson CA

Robert W Parker CA

Level 1, 47 Stirling Highway
Nedlands WA 6009

PO Box 3437
Broadway Nedlands WA
6009

☎ +61 8 9321 3514

📠 +61 8 9321 3523

ord@ordnexus.com.au

www.ordnexus.com.au

*Liability limited by a scheme
approved under Professional
Standards Legislation*



Chartered Accountants

Corporate Governance Statement

MKY Resources Limited and the board are committed to achieving and demonstrating the highest standards of corporate governance.

The directors are responsible to the shareholders for the performance of the Company and consolidated entity in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company and consolidated entity as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company and controlled entity are properly managed.

Day to day management of the affairs of the Company and controlled entity and the implementation of the corporate strategy and policy initiatives are undertaken by the board. These are reviewed on an annual basis.

Compliance with the Corporate Governance Council Recommendations

The board endorses the ASX Corporate Governance Council's - Corporate Governance Principles and Recommendations, and has adopted corporate governance charters and policies reflecting those recommendations to the extent appropriate having regard to the size and circumstances of the Company and consolidated entity. Where the Company has not adhered to the policies set out in its board charter for corporate governance it has stated that fact in this statement.

The corporate governance charters and policies adopted by the board are available from the Company's registered office and website www.mkyresources.com.au. In accordance with the recommendations of the ASX, information published on the Company's website includes charters (for the board and its sub-committees), codes of conduct and other policies and procedures relating to the board and its responsibilities.

Main corporate governance practices

A description of the Company's current corporate governance practices are set out below.

The Board of directors

The board operates in accordance with the broad principles set out in its charter. The charter details the board's composition and responsibilities.

Board composition

The board composition changed during the year. Consistent with the size of the consolidated entity and its activities, the Company's board is comprised of three (3) directors, two (2) of whom are non-executive directors and one (1) is an executive director. The board's policy is that the majority of directors shall be independent, non-executive directors. The composition of the board does currently conform to its policy.

In accordance with Company policy, Phillip Harman, the chairman appointed on 9 February 2009 and continuing in that role, is an independent non-executive director and chairman. Ian Hobson is also an independent non-executive director. The independent directors satisfy the independence guide in principle 2.1. The former Chairman, Allan Blood, who resigned on 9 February 2009, was not independent.

Details of the members of the board, their experience, expertise, qualifications, term of office and status are set out in the Directors' Report under the heading "Information on directors".

Board responsibilities

The responsibilities of the board include:

- (i) providing strategic guidance to the Company and consolidated entity including contributing to the development of and approving the corporate strategy;
- (ii) reviewing and approving business plans and financial plans including available resources and major capital expenditure initiatives;
- (iii) overseeing and monitoring organisational performance and the achievement of the strategic goals and objectives of the Company and consolidated entity;
- (iv) compliance with the Company's code of conduct;
- (v) progressing major capital works and other significant corporate projects including any acquisitions or divestments;

Corporate Governance Statement (continued)

Board responsibilities (continued)

- (vi) monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company's auditors;
- (vii) appointment, performance assessment and, if necessary, removal of the directors;
- (viii) ratifying the appointment and/or removal and contributing to the performance assessment for the members of the senior management team including the Company Secretary;
- (ix) ensuring there are effective management processes in place and approving major corporate initiatives;
- (x) enhancing and protecting the reputation of the Company; and
- (xi) overseeing the operation of the Company's system for compliance and risk management reporting to shareholders.

The Company has established the functions delegated to senior management which is set out in the corporate governance policy located on the Company's website.

Commitment

The number of meetings of the Company's board of directors held during the year ended 30 June 2009, and the number of meetings attended by each director is disclosed in the Directors' Report under the heading "Meetings of Directors".

Conflict of interests

There were no conflicts of interest during the reporting period.

Independent professional advice

Directors have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense.

Performance assessment – the Board and Senior Executives

The corporate governance policy provides that the board undertakes an annual self assessment of its collective and individual performance and formal evaluations of senior executives. For the current period, these assessments were not undertaken due to changes in the board composition resulting in two of three directors being appointed for less than 1 year. There were no senior executives other than the managing director.

Remuneration

The Remuneration Report outlines the director remuneration arrangements of the Company in accordance with the requirements of the *Corporations Act 2001* and the *Corporations Regulations 2001*. It also provides the remuneration disclosure required by AASB124 Related Party Disclosures.

The Company currently has one executive director and two non-executive directors that are remunerated at market rates for comparable companies for the time, commitment and responsibilities. The board determines the remuneration paid to directors having regard to market practices and the size and nature of the Company and its operations, subject to the maximum aggregate remuneration approved by the shareholders at a general meeting.

No bonuses or retirement benefits were paid to any director during the financial year. A share based payment was made to the executive director during the financial year and superannuation contributions were made for and on behalf of the executive director.

Trading in the Company's Shares

The Company has established a policy concerning trading in securities by directors, senior executives and employees. In summary, no directors, senior executives and employees may trade in the Company's securities at any time when they are in possession of unpublished price sensitive information in relation to those securities.

As required by the ASX Listing Rules, the Company is to notify the ASX of any transaction conducted by any director in the listed securities of the Company.

Corporate Governance Statement (continued)

Corporate reporting

The managing director and Company Secretary have made the following certifications as to the Financial Report for the reporting period ended 30 June 2009:

- (i) that the Financial Report is complete and presents a true and fair view, in all material respects, of the financial condition and operational results of the Company and consolidated entity; and
- (ii) that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board or where those policies are not adhered to that fact is stated in the Annual Report and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all material respects

Board committees

The board's charter calls for the establishment of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. As at the date of this report, no committees have been established as the structure of the board, the size of the Company and consolidated entity and the scale of the activities allows all directors to participate fully in all decision making. When the circumstances require it, an audit committee, nomination committee, risk management committee and remuneration committee will be established and each committee will have a charter approved by the board that will set the standards for the operation of the committees.

External auditors

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and if deemed appropriate having regards to the assessment of performance, existing value and costs, applications for tender of external audit services can be requested.

It is the policy of Ord Partners to:

1. rotate audit engagement partners on listed companies at least every five years; and
2. provide an annual declaration of their independence to the Company.

An analysis of fees paid to the external auditors, including a break-down of any fees for non-audit services, is provided in the Directors' Report and in Note 18 to the financial statements.

The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the Audit Report.

Risk assessment and management

The Company's risk management policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority. Adherence to the code of conduct is required at all times and the board actively promotes a culture of quality and integrity.

The Company risk management policy and the operation of the risk management and compliance system are managed by the board which consists of the directors and chairman. Control procedures cover management accounting, financial reporting, project appraisal, compliance and other risk management issues.

There is further commentary on financial risk management at Note 2 to the financial statements.

Corporate Governance Statement (continued)

Code of Conduct

The Company has developed a statement of values and a code of conduct which has been fully endorsed by the board and applies to all directors and any employees if and when they are engaged. The code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity.

In summary, the code requires that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Company policies. The directors are satisfied that the Company has complied with its policies on ethical standards, including trading in securities.

Continuous disclosure and shareholder communication

The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities. These policies and procedures also include the arrangements the Company has in place to promote communication with shareholders and encourage effective participation at general meetings.

The Company Secretary has been nominated as the person responsible for communications with the Australian Stock Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

Shareholders that have made an election receive a copy of the Company's Annual Report by mail. Otherwise, the Annual Report is available on the Company's website.

Non-Compliance with ASX Principles and Recommendations

The Company has not complied with the ASX Principles and Recommendations as specified below:

Ref	Notification of Departure	Explanation for Departure
1.3 2.6	Performance Evaluations	Evaluations of the board, committees and executives did not occur during the year as set out above.
2.1	A majority of the board should be independent directors.	As stated above, the majority of the board was independent after February 2009. Prior to that the board considered that given the size and activities of the Company and consolidated entity, that board was a cost effective and practical method of directing and managing the company.
2.4	The board should establish a nomination committee.	Currently, the Company has decided not to have a nomination committee given its size and scope. The board, as a whole, serves to identify, appoint and review board membership through an informal assessment process, facilitated by the Chairman in consultation with the Company's external professional advisors.
4.1 4.2 4.3	The board should establish an audit committee. The audit committee should be structured so that it: (a) consists only of non-executive directors (b) consists of a majority of independent directors (c) is chaired by an independent chair, who is not chair of the board; and (d) has at least three members. The audit committee should have a formal charter.	The directors do not consider the affairs of the Company and consolidated entity are of such a size and complexity as to merit the establishment of a separate audit committee. Until this situation changes the full board will carry out any necessary audit committee functions.

Corporate Governance Statement (continued)

Non-Compliance with ASX Principles and Recommendations (continued)

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 risk.	There are no executives / management other than the managing director who monitors material business risks.
8.1	The board should establish a remuneration committee	The Company does not have a remuneration committee due its size.

MKY RESOURCES LIMITED
INCOME STATEMENT
For the year ended 30 June 2009

	Note	Consolidated 2009 \$	Consolidated 2008 \$	Company 2009 \$	Company 2008 \$
Other revenue	5	131,812	240,243	131,812	240,243
Directors' remuneration - cash		(434,857)	(197,500)	(434,857)	(197,500)
Directors' remuneration – share based		(33,051)	-	(33,051)	-
Other expenses	6	(267,619)	(287,641)	(267,619)	(287,641)
Exploration expenses incurred		(323,372)	(455,607)	(323,372)	(455,607)
Impairment of plant & equipment	11	-	(26,000)	-	(26,000)
Impairment of mining tenements	12	(1,975,000)	-	-	-
Impairment on investment in subsidiary		-	-	(1,975,000)	-
Loss before income tax expense		(2,902,087)	(726,505)	(2,902,087)	(726,505)
Income tax expense	7	-	-	-	-
Loss after tax		(2,902,087)	(726,505)	(2,902,087)	(726,505)
Basic and diluted loss per share (cents per share)	24	(0.6)	(0.2)	(0.6)	(0.2)

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

MKY RESOURCES LIMITED
BALANCE SHEET
As at 30 June 2009

	Note	Consolidated 2009 \$	Consolidated 2008 \$	Company 2009 \$	Company 2008 \$
Assets					
Current assets					
Cash and cash equivalents	8	2,219,284	3,315,056	2,219,284	3,315,056
Other receivables	9	10,158	14,220	10,158	14,220
Other assets	10	9,570	9,847	9,570	9,847
Total current assets		2,239,012	3,339,123	2,239,012	3,339,123
Non-current assets					
Plant and equipment	11	14,326	13,489	14,326	13,489
Mining tenements	12	-	1,975,000	-	-
Investment in subsidiaries		-	-	-	1,975,000
Total non-current assets		14,326	1,988,489	14,326	1,788,489
Total assets		2,253,338	5,327,612	2,253,338	5,327,612
Liabilities					
Current liabilities					
Trade and other payables	13	97,381	302,519	97,381	302,519
Total current liabilities		97,381	302,519	97,381	302,519
Total liabilities		97,381	302,519	97,381	302,519
Net assets		2,155,957	5,025,093	2,155,957	5,025,093
Equity					
Issued capital	14(a)	26,338,716	27,183,716	26,338,716	27,183,716
Option premium reserve	15(b)	-	1,756,320	-	1,756,320
Share based payments reserve	15(b)	33,051	-	33,051	-
Accumulated losses		(24,215,810)	(23,914,943)	(24,215,810)	(23,914,943)
Total equity		2,155,957	5,025,093	2,155,957	5,025,093

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2009

		Consolidated and Company				
	Note	Issued Capital	Option Premium Reserve	Share Based Payments Reserve	Accumulated Losses	Total Equity
		\$	\$	\$	\$	\$
Balance at 1 July 2008		27,183,716	1,756,320	-	(23,914,943)	5,025,093
Loss for period		-	-	-	(2,902,087)	(2,902,087)
Total recognised income and expenses for the year		-	-	-	(2,902,087)	(2,902,087)
Cost to redeem and cancel Converting Performance Shares		(100)	-	-	-	(100)
Transfer to accumulated losses on redemption and cancellation of Converting Performance Shares		(844,900)	-	-	844,900	-
Options issued		-	-	33,051	-	33,051
Options expired		-	(1,756,320)	-	1,756,320	-
Balance at 30 June 2009		26,338,716	-	33,051	(24,215,810)	2,155,957

For the year ended 30 June 2008

		Consolidated and Company				
	Note	Issued Capital	Option Premium Reserve	Share Based Payments Reserve	Accumulated Losses	Total Equity
		\$	\$	\$	\$	\$
Balance at 1 July 2007		24,354,461	1,756,650	-	(23,188,438)	2,922,673
Loss for period		-	-	-	(726,505)	(726,505)
Total recognised income and expenses recognised for the year		-	-	-	(726,505)	(726,505)
Issued during year: ordinary shares	14(b)	2,887,500	-	-	-	2,887,500
Options exercised		132,000	-	-	-	132,000
Transfer from option premium reserve		330	(330)	-	-	-
Capital raising costs		(190,575)	-	-	-	(190,575)
Balance at 30 June 2008		27,183,716	1,756,320	-	(23,914,943)	5,025,093

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

MKY RESOURCES LIMITED
CASH FLOW STATEMENT
For the year ended 30 June 2009

	Note	Consolidated 2009 \$	Consolidated 2008 \$	Company 2009 \$	Company 2008 \$
Cash flows from operating activities					
Payments to suppliers and employees		(660,906)	(385,734)	(660,906)	(385,734)
Exploration expenses		(556,964)	(417,958)	(556,964)	(417,958)
Interest received	5	131,756	225,568	131,756	225,568
Net cash flows used in operating activities	22	(1,086,114)	(578,124)	(1,086,114)	(578,124)
Cash flows from investing activities					
Acquisition of plant & equipment	11	(9,558)	(7,598)	(9,558)	(7,598)
Acquisition of mining tenement	12	-	(200,000)	-	-
Amount advanced to subsidiary		-	-	-	(200,000)
Net cash flows used in investing activities		(9,558)	(207,598)	(9,558)	(207,598)
Cash flows from financing activities					
Proceeds from issue of ordinary shares		-	3,019,500	-	3,019,500
Payment of share issue costs	14(b)	-	(190,575)	-	(190,575)
Payment to redeem Converting Performance Shares	14(c)	(100)	-	(100)	-
Net cash flows provided by/(used in) financing activities		(100)	2,828,925	(100)	2,828,925
Net Increase/(Decrease) in cash and cash equivalents		(1,095,772)	2,043,203	(1,095,772)	2,043,203
Cash and cash equivalents at beginning of the year		3,315,056	1,271,853	3,315,056	1,271,853
Cash and cash equivalents at end of the year	8	2,219,284	3,315,056	2,219,284	3,315,056

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 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 the years presented, unless otherwise stated. The Financial Report covers separate financial statements for the Company as an individual entity and the consolidated entity, comprising the Company and its subsidiaries, West Cape Investments Pty Ltd, Queensland Uranium Pty Ltd and Consolidated Exploration NQ Pty Ltd.

The Company is a listed public company and it and its subsidiaries are domiciled in Australia. The financial statements are presented in Australian dollars, which is the consolidated entity's functional and presentation currency.

Basis of preparation

This general purpose Financial Report has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001* unless stated otherwise.

Compliance with IFRS

The Financial Report also complies with International Financial Reporting Standards (IFRS) and Interpretations as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, except for share based payments at fair value at grant date.

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 judgement in the process of applying the Company's accounting policies. Where there are areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, these are disclosed in Note 3.

Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the Financial Report:

(a) Income Tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred 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 is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in the income statement except where it relates to items that may be recognised directly to equity, in which case the deferred tax is adjusted directly against equity.

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

The amount of benefits brought to account or which may be realised in the future is based on the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each balance date and only recognised to the extent that sufficient future assessable income is expected to be obtained.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2008

1 Summary of significant accounting policies (continued)

(b) Plant and Equipment

All plant and equipment is stated at historical cost less depreciation and impairment losses.

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 consolidated entity 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.

Impairment

The carrying amounts of plant and equipment are reviewed at each balance date to determine whether there are any objective indicators of impairment that may indicate the carrying values may not be recoverable in whole or in part. Impairment testing is carried out in accordance with Note 1(c).

Where an asset does not generate cash flows that are largely independent it is assigned to a cash generating unit and the recoverable amount test is applied to the cash generating unit as a whole.

If the carrying value of the asset is determined to be in excess of its recoverable amount, the asset or cash generating unit is written down to its recoverable amount.

Depreciation and amortisation

Depreciation on plant and equipment is calculated on a straight line basis over the expected useful life to the consolidated entity commencing from the time the asset is held ready for use. The depreciation rate used is 33.33%.

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.

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

(c) Impairment of Non – Financial Assets (Other than Goodwill)

Non-financial assets other than goodwill are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The consolidated entity assesses at each reporting date whether any objective indications of impairment are present. Where such an indicator exists, a formal assessment of recoverable amount is then made and where this is in excess of carrying amount, the asset is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset or cash generating unit. In estimating value in use, a pre-tax discount rate is used which reflects the current market assessments of the time value of money and the risks specific to the asset. Any resulting impairment loss is recognised immediately in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2009

1 Summary of significant accounting policies (continued)

(d) Trade Receivables

Trade receivables are recognised at fair value and subsequently measured at amortised cost, less impairment.

(e) Issued Capital

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 from the proceeds.

(f) Loss Per Share

Basic loss per share ("LPS") is calculated by dividing the loss attributable to equity holders of the parent entity by the weighted number of shares outstanding during the year.

Diluted LPS adjusts the figures used in the calculation of basic LPS 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 or known to have been issued in relation to dilutive potential ordinary shares.

(g) Exploration and Development Assets and Mining Tenements

Exploration, evaluation and development costs are accumulated in respect of each separate area of interest. Exploration and evaluation costs are expensed as incurred and only carried forward where there is certainty that the right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest.

Development costs related to an area of interest are carried forward to the extent that they are expected to be recouped either through sale or successful exploitation of the area of interest.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial year the decision is made. Each area of interest is also reviewed at the end of each accounting year and accumulated costs written off to the extent that they will not be recoverable in the future.

Mining tenements are recognised at cost less impairment losses. Refer to Note 1(c) for the consolidated entity's accounting policy on impairment of mining tenements.

(h) Provisions

Provisions are recognised when the consolidated entity 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) Employee benefits

(i) Wages and salaries, and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual 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.

(ii) Share-based payments

Share-based compensation benefits are provided to the executive director of the Company.

The fair value of options granted to the executive director is recognised as director's remuneration with a corresponding increase in equity (share based payments reserve). The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

1 Summary of significant accounting policies (continued)

(i) Employee benefits (continued)

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the 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.

The fair value of the 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).

(j) Cash and Cash Equivalents

Cash and cash equivalents includes 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.

(k) Interest income

Interest income is recognised as it occurs in profit and loss, using the effective interest method.

(l) Goods and Services Tax (GST)

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

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

(m) Trade and Other Payables

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

(n) 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 and is subject to risks and returns that are different from those of segments operating in other economic environments.

(o) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of MKY Corporation Ltd as at 30 June 2009 and the results of all subsidiaries for the year then ended.

Subsidiaries are those entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholder of more than one-half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. Consolidation ceases from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Company.

(p) Investment in Subsidiaries

Subsidiaries are recognised at cost less impairment losses. Refer to Note 1(c) for the consolidated entity's accounting policy on impairment of subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

1 Summary of significant accounting policies (continued)

(q) Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the consolidated entity's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the consolidated entity's interest in the net fair value of the acquiree's identifiable assets liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(r) Goodwill

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. Goodwill is subsequently measured at cost less any impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the consolidated entity's cash-generating units (CGUs) or groups of CGUs, expected to benefit from the synergies of the business combination. CGUs (or groups of CGUs) to which goodwill has been allocated are tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

(s) 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 Company and consolidated entity 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 replace AASB114 Segment Reporting and adopt a management approach to segment reporting on financial performance. The Company and consolidated entity will adopt AASB 8 from 1 July 2009. However, given the current level of operations, it is unlikely to increase the number of reportable segments.

(ii) 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 revised AASB 101 requires the presentation of a statement of comprehensive income and makes revisions including changes to the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes the presentation requirements for dividends, and changes to the titles of financial statements. However, this will not affect any of the amounts recognised in the financial statements. The Company and consolidated entity will apply the revised standard from 1 July 2009.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

1 Summary of significant accounting policies (continued)

(s) New Accounting Standards and Interpretations (continued)

(iii) *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 Company and consolidated entity will apply the revised standard from 1 July 2009. However, it is not expected to affect the accounting for the share-based payments made by the Company.

(iv) *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 remeasured 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 different to the current policy of Company and the consolidated entity which is set out in Note 1(q) 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. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss.

There have been no business acquisitions made by the Company in the current or prior year. However the revised standards will be applied prospectively to any and all business combinations and transactions with non-controlling interests from 1 July 2009.

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

The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part I deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact. This was the first omnibus of amendments issued by the IASB arising from the Annual Improvements Project and it is expected that going forward, such improvements will be issued annually to remove inconsistencies and clarify wording in the standards. The AASB issued these amendments in two separate amending standards; one dealing with the accounting changes effective from 1 January 2009 and the other dealing with amendments to AASB 5, which will be applicable from 1 July 2009 [refer to AASB 2008-6].

(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)*

The main amendments of relevance to Australian entities are those made to AASB 127 deleting the "cost method" and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (i.e. parent company accounts). The distinction between pre- and post-acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment. AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value. Adoption of the amendments from 1 July 2009 will not impact the financial report of the Company and consolidated entity.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

1 Summary of significant accounting policies (continued)

(s) New Accounting Standards and Interpretations (continued)

(vii) AASB 2009-5 Amendments to Australian Accounting Standards – exploration expenditure

This amendment clarifies that certain cash flows on exploration expenditure be classified as operating cash flows and not investing activities.

2 Financial Risk Management

Risk management is carried out by the board of directors under policies approved by the board. The board identifies and evaluates financial risks and provides written principles for overall risk management. The current activities of the Company and consolidated entity expose them to minimal risk. However, as activities increase there may be exposure to market, credit and liquidity risks.

(a) Market Risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates and interest rates will affect the income or the value of financial instruments of the Company and consolidated entity.

Price risk

The Company and consolidated entity are not exposed to equity securities price risk as there is no holding of investments in securities classified on the balance sheet as available-for-sale or at fair value through profit or loss. The Company and the consolidated entity are not exposed to commodity price risk as their mining assets are not in production.

Currency Risk

The consolidated entity is not exposed to currency risk as it receives its income and pays its liabilities in Australian dollars.

Interest Rate Risk

The consolidated entity has interest bearing assets in the form of cash and cash equivalents. Therefore the consolidated entity's income and operating cash flows are subject to changes in the market rates.

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

	Weighted Average Interest Rate	Floating Interest Rate	Non- interest Bearing	Total
2009 Consolidated and Company				
Financial Assets:		\$	\$	\$
Cash and cash equivalents	4.62%	2,069,084	150,200	2,219,284
Trade & other receivables		-	10,158	10,158
Total Financial Assets		2,069,084	160,358	2,229,442
Financial Liabilities				
Payables		-	97,381	97,381
Total Financial Liabilities		-	97,381	97,381
Net Financial Assets		2,069,084	62,977	2,132,061
2008 Consolidated and Company				
Financial Assets:				
Cash and cash equivalents	6.59%	3,169,436	145,620	3,315,056
Trade & other receivables		-	14,220	14,220
Total Financial Assets		3,169,436	159,840	3,329,276
Financial Liabilities				
Payables		-	302,519	302,519
Total Financial Liabilities		-	302,519	302,519
Net Financial Assets		3,169,436	(142,679)	3,026,757

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

2 Financial Risk Management (continued)

The risk of market changes in interest rates will not have a material impact on the profitability or operating cash flows of the consolidated entity. If interest rates had moved at 30 June and all other variables held constant, the loss before tax and cash flow would be affected as illustrated in the following table:

	Loss before tax and cash flow	
	2009	2008
Consolidated Entity and Company	\$	\$
+1% (100 basis points)	22,193	33,150
-0.5% (50 basis points)	(11,096)	(16,575)

(b) Credit Risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Other than the Company having all of its cash and cash equivalents with one major Australian bank, the Company and consolidated entity have no other significant concentration of credit risk.

(c) Capital Risk Management and Liquidity Risk

Capital is the funding required to continue the activities of the Company and consolidated entity. Capital risk is the risk that the Company can raise capital as and when required to fund the operations of the Company and the consolidated entity. Liquidity risk is the risk that the Company and consolidated entity can meet its financial obligations as and when due.

The Company and the consolidated entity objective in managing capital is to safeguard the ability to continue as a going concern to provide a return to shareholders and reduce the cost of capital. In order to maintain the capital structure, the Company has undertaken capital raisings.

Prudent liquidity risk management implies maintaining sufficient cash. The Company and consolidated entity manage liquidity risk by continuously monitoring forecast and actual cash flows and requirements for future capital raisings. The Company and consolidated entity have no committed credit lines available, which is appropriate given the nature of the operations. Surplus funds are invested in a cash management account with Westpac Banking Corporation which is available as required.

The material liquidity risk for the consolidated entity is the ability to raise equity in the future. The consolidated entity's cash flow forecast shows that it has sufficient cash to fund operations until at least 31 December 2010. Beyond that date it will be reliant on its ability to reduce costs and raise further capital. The Company has historically raised sufficient capital to fund its operations.

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. Judgments made by management in the application of Accounting Standards that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are disclosed when applicable, in the relevant notes to the financial statements.

Except as described below, in preparing the financial report, the significant judgements made by management in applying the accounting policies of the Company and consolidated entity and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2008, other than management reassessed its estimates in respect of impairment and introduced share based payments.

Impairment

The Company and consolidated entity assesses impairment at each reporting date by evaluating conditions specific to the Company and consolidated entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. The impairment loss recorded in the year is \$1,975,000 (2008: nil).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2009

3 Critical Accounting Estimates and Judgments (continued)

Share Based Payments

The Company and consolidated entity measure the cost of equity settled transactions with directors by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options granted is:

1. recognised as a director's emolument expense with a corresponding increase in equity (share based payments reserve);
2. measured at the grant date using the Black Scholes option pricing model that takes into account the 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; and
3. adjusted to reflect vesting conditions.

The number of options issued and the assumptions used to determine the fair value of those options issued during the year are detailed in Note 15.

4 Segment Information

(a) Description of segments

Business Segment

The consolidated entity is organised into the following divisions by product and service type:

Tabletop advertising (for 2008)

Advertising on tables located in shopping centres.

Exploration

Prospective uranium and bauxite tenements in northern Queensland and the Northern Territory.

Geographical Segments

The Company and consolidated entity are domiciled in Australia and operate solely within Australia.

(b) Primary reporting format – business segments

2009	Tabletop Advertising	Exploration	Total Continuing Operations
	\$	\$	\$
Segment revenue			
Other income	-	56	56
Interest income	-	131,756	131,756
Segment result			
Loss before and after income tax	-	(2,902,087)	(2,902,087)
Segment assets and liabilities	-		
Segment assets	-	2,253,338	2,253,338
Segment liabilities	-	97,381	97,381
Other Segment Information			
Acquisitions of plant and equipment and other non-current segment assets	-	9,558	9,558
Depreciation expense	-	8,721	8,721
Impairment of mining tenements		1,975,000	1,975,000
Cash flow information			
Net cash outflow from operating activities	-	(1,086,114)	(1,086,114)
Net cash outflows used in investing activities	-	(9,558)	(9,558)
Net cash inflow from financing activities	-	(100)	(100)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2009

4 Segment Information (continued)

2008	Tabletop Advertising	Exploration	Total Continuing Operations
	\$	\$	\$
Segment revenue			
Other income	-	14,675	14,675
Interest Income	-	225,568	225,568
Segment result			
Loss before and after Income tax	(26,000)	(700,505)	(726,505)
Segment assets and liabilities			
Segment assets	-	5,327,612	5,327,612
Segment liabilities	-	(302,519)	(302,519)
Other Segment Information			
Acquisition of plant & equipment		7,598	7,598
Acquisition of mining tenement	-	200,000	200,000
Depreciation expense	-	5,826	5,826
Impairment of plant and equipment	26,000	-	26,000
Cash flow information			
Net cash outflow from operating activities	-	(578,124)	(578,124)
Net cash outflows used in investing activities	-	(207,598)	(207,598)
Net cash inflow from financing activities	-	2,828,925	2,828,925

5 Other Revenue	Consolidated 2009	Consolidated 2008	Company 2009	Company 2008
	\$	\$	\$	\$
Other revenue				
Sundry income	56	14,675	56	14,675
Interest income	131,756	225,568	131,756	225,568
	131,812	240,243	131,812	240,243

6 Expenses	Consolidated 2009	Consolidated 2008	Company 2009	Company 2008
	\$	\$	\$	\$
Accounting & audit fees	53,468	57,861	53,468	57,861
Depreciation	8,721	5,826	8,721	5,826
Insurance	26,042	24,270	26,042	24,270
Legal fees	25,644	3,293	25,644	3,293
Rent	43,324	35,167	43,324	35,167
Other administrative expenses	110,420	161,237	110,420	161,237
	267,619	287,641	267,619	287,641

7 Income Tax	Consolidated 2009	Consolidated 2008	Company 2009	Company 2008
	\$	\$	\$	\$
(a) Income Tax Expense				
Current tax	-	-	-	-
Deferred tax	-	-	-	-
Under/(over) provided in prior years	-	-	-	-
	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2009
7 Income Tax (continued)

(b) Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable	Consolidated 2009 \$	Consolidated 2008 \$	Company 2009 \$	Company 2008 \$
Loss before income tax expense	(2,902,087)	(726,505)	(2,902,087)	(726,505)
Income tax expense calculated at 30%	(870,626)	(217,952)	(870,626)	(217,952)
Small tax break	(942)	-	(942)	-
Section 40-880 expenses	(11,951)	(10,412)	(11,951)	(10,412)
Effect of expenses not deductible	611,825	7,800	611,825	7,800
Effect of revenues not assessable	-	(4,403)	-	(4,403)
Effect of expensed that are deductible	-	(70,500)	-	(70,500)
Effect of unused tax losses	271,694	295,467	271,694	295,467
Income tax expense	-	-	-	-

(c) Unrecognised deferred tax assets	Consolidated 2009 \$	Consolidated 2008 \$	Company 2009 \$	Company 2008 \$
The following deferred tax assets have not been brought to account:				
Tax losses - revenue	1,450,918	1,179,224	1,450,918	1,179,224
Timing differences	69,625	(555,860)	2,637,925	2,012,439
	1,520,543	623,364	4,088,843	3,191,663

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

Exploration	-	(592,499)	-	-
Impairment	36,639	36,639	2,604,939	2,012,439
Provisions	1,717	-	1,717	-
Section 40-880 expenses	31,269	-	31,269	-
Tax loss carry-forward	1,450,918	1,179,224	1,450,918	1,179,224
	1,520,543	623,364	4,088,843	3,191,663

All unused tax losses were incurred by Australian entities. Tax losses related to the entity prior to the reconstruction that were not used have been lost. Current tax losses have not been recognised as a tax asset because there is uncertainty that they can be utilised.

8 Cash and Cash Equivalents	Consolidated 2009 \$	Consolidated 2008 \$	Company 2009 \$	Company 2008 \$
Cash at bank and in hand	2,219,284	3,315,056	2,219,284	3,315,056
	2,219,284	3,315,056	2,219,284	3,315,056

9 Trade and Other Receivables	Consolidated 2009 \$	Consolidated 2008 \$	Company 2009 \$	Company 2008 \$
GST receivable	10,158	14,220	10,158	14,220
	10,158	14,220	10,158	14,220

10 Other Current Assets	Consolidated 2009 \$	Consolidated 2008 \$	Company 2009 \$	Company 2008 \$
Prepayment	9,570	9,847	9,570	9,847
	9,570	9,847	9,570	9,847

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

11 Plant & Equipment	Consolidated 2009	Consolidated 2008	Company 2009	Company 2008
	\$	\$	\$	\$
Opening net book value	13,489	37,717	13,489	37,717
Impairment loss (refer note (i))	-	(26,000)	-	(26,000)
Additions	9,558	7,598	9,558	7,598
Depreciation	(8,721)	(5,826)	(8,721)	(5,826)
Closing net book value	14,326	13,489	14,326	13,489
Cost or fair value	29,306	19,748	29,306	19,748
Accumulated depreciation	(14,980)	(6,259)	(14,980)	(6,259)
Closing net book value	14,326	13,489	14,326	13,489

(i) The table advertising business is not profitable and the tables have been fully impaired.

12 Mining Tenements	Consolidated 2009	Consolidated 2008	Company 2009	Company 2008
	\$	\$	\$	\$
Net book value	1,975,000	1,775,000	-	-
Additions	-	200,000	-	-
Impairment	(1,975,000)	-	-	-
Carrying value at year end	-	1,975,000	-	-

The recoverability of the carrying amount was dependent on the successful development and commercial exploitation or sale of respective areas of interest. The results of the exploration program carried out in the year were disappointing to the extent that the value of the mining tenements has been fully impaired following redemption of the Converting Performance Shares (see Note 14(c)) issued as part consideration for the tenements.

13 Trade and Other Payables	Consolidated 2009	Consolidated 2008	Company 2009	Company 2008
	\$	\$	\$	\$
Trade payables	73,935	302,519	73,935	302,519
Other payable – directors' remuneration	17,724	-	17,724	-
Other payable – provision for annual leave	5,722	-	5,722	-
Total	97,381	302,519	97,381	302,519

14 Issued Capital	Consolidated and Company 2009	Consolidated and Company 2009	Consolidated and Company 2008	Consolidated and Company 2008
(a) Share Capital	Shares	\$	Shares	\$
Ordinary shares fully paid (Note 14(b))	495,228,102	26,338,716	495,228,102	26,338,716
Converting performance shares (Note 14(c))	-	-	100,000,000	845,000
	495,228,102	26,338,716	595,228,102	27,183,716

(b) Movement in Ordinary Share Capital

For the year ended 30 June 2008

Date	Details	Number of shares	Issue price	Amount \$
01/07/2007	Opening balance	427,028,102		23,509,461
	Issued during 2008 year:			
02/08/2007	Placement offer	55,000,000	\$0.0525	2,887,500
Various	Options exercised	13,200,000	\$0.0100	132,000
Various	Transfer from option premium reserve (Note 15)	-	-	330
Various	Capital raising costs	-	-	(190,575)
30/6/2008	Balance	495,228,102		26,338,716

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

14 Issued Capital (continued)

(b) Movement in Ordinary Share Capital (continued)

For the year ended 30 June 2009

Date	Details	Number of shares	Issue price	Amount \$
01/07/2008	Opening balance	495,228,102		26,338,716
30/6/2009	Balance	495,228,102		26,338,716

(c) Movement in Converting Performance Shares

For the year ended 30 June 2008

Date	Details	Number of shares	Amount \$
01/7/2007	Opening balance	100,000,000	845,000
30/6/2008	Balance	100,000,000	845,000

For the year ended 30 June 2009

01/7/2008	Opening balance	100,000,000	845,000
	Cost of redemption	-	(100)
19/12/2008	Redemption and cancellation	(100,000,000)	(844,900)
30/6/2009	Balance	-	-

The Converting Performance Shares were convertible to 100 million fully paid ordinary shares and 50 million options exercisable on or before 31 December 2008 at 2.5 cents each on certain milestones being met. The milestones were not met and the Converting Performance Shares were redeemed on payment of \$100.

15 Options and Reserves

(a) Options	Consolidated and Company		Consolidated and Company	
	2009 Options	2009 \$	2008 Options	2008 \$
Options exercisable at 1 cent per option expiring 31 December 2008	-	-	12,800,000	320
Options exercisable at 2.5 cent per option expiring 31 December 2008	-	-	40,000,000	1,756,000
Options exercisable at various prices expiring 31 May 2012	45,000,00	33,051	-	-
	45,000,000	33,051	52,800,000	1,756,320

(b) Reserves	Consolidated and Company	
	2009 \$	2008 \$
Option premium reserve	-	1,756,320
Share based payments reserve	33,051	-

The option premium reserve arises from an issue of options pursuant to an issue, placement or entitlement. The share based payments reserve arises pursuant to an issue of options as consideration for services.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

15 Options and Reserves (continued)

Movement in Options

(c) Option premium reserve

For the year ended 30 June 2008

Date	Details	Note	Number of options	Amount \$
1/7/2007	Opening balance		66,000,000	1,756,650
17/10/07	Exercised	14(b)	(9,000,000)	(225)
10/12/07	Exercised	14(b)	(2,200,000)	(55)
11/01/08	Exercised	14(b)	(1,000,000)	(25)
10/06/08	Exercised	14(b)	(1,000,000)	(25)
30/6/2008	Balance		52,800,000	1,756,320

For the year ended 30 June 2009

Date	Details		Number of options	Amount \$
1/7/2008	Opening balance		52,800,000	1,756,320
17/10/07	Expired		(52,800,000)	(1,756,320)
30/6/2009	Balance		-	-

(d) Share based payments reserve

For the year ended 30 June 2009

Date	Details	Weighted average exercise price	Number of options	Vested and exercisable at the end of the year	Amount \$
1/7/2008	Opening balance		-	-	-
19/12/2008	Issued	2 cents	45,000,000	-	33,051
30/6/2009	Balance	2 cents	45,000,000	-	33,051

Pursuant to the terms of the services agreement with Stephen McCaughey, the Company agreed to issue him (or his nominee) with 5,000,000 shares and 45,000,000 director options for nil consideration, subject to shareholder approval and service of a minimum term as managing director.

The primary purpose of the grant of options to Stephen McCaughey is to provide a market linked incentive package in his capacity as managing director and for the future performance by him in his role.

At the annual general meeting held on 27 November 2008, shareholders approved the issue of a total of 45,000,000 options exercisable on or before 31 May 2012 to Stephen McCaughey. The options were allotted on 19 December 2008. Pursuant to the service agreement with Stephen McCaughey, and subject to shareholder approval, 5 million ordinary shares are to be issued to him after he has served two years with the Company.

No tranche of the 45,000,000 options can vest until Stephen McCaughey has served as managing director for 2 years from appointment. In addition to that tenure vesting condition, 30,000,000 of the options can not vest unless the quoted share price is at or above certain price for consecutive periods.

The 45,000,000 unlisted options were allotted to Stephen McCaughey as follows:

1. 15,000,000 unlisted options, of which:
 1. 5,000,000 are exercisable at 2 cents each on or before 31 May 2012;
 2. 5,000,000 are exercisable at 4 cents each on or before 31 May 2012; and
 3. 5,000,000 are exercisable at 6 cents each on or before 31 May 2012.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2009
15 Options and Reserves (continued)**(d) Share based payments reserve (continued)**

2. 30,000,000 unlisted options exercisable at 1 cent each on or before 31 May 2012 and on achievement of the following performance hurdles:
1. 5,000,000 are exercisable in the event the Company's share price on ASX remains at 5 cents or greater for a minimum of 60 consecutive days;
 2. 5,000,000 are exercisable in the event the Company's share price on ASX remains at 7.5 cents or greater for a subsequent minimum period of 60 consecutive days;
 3. 5,000,000 are exercisable in the event the Company's share price on ASX remains at 10 cents or greater for a third minimum period of 60 consecutive days; and
 4. 15,000,000 are exercisable in the event the Company's share price on ASX remains at 20 cents or greater for a fourth minimum period of 60 consecutive days.

The fair value of the options is determined using the Black Scholes option pricing model. Where the options are subject to the additional trading price barrier conditions, the probability of the vesting conditions being achieved is taken into account when determining the fair value of those options.

Further details on the options and the assumptions applied in Black Scholes model to determine the fair value are as follows:

	Unlisted options exercisable on or before 31 May 2012			
Black Scholes valuation	Tranche 1	Tranche 2	Tranche 3	
Exercise price	2 cents	4 cents	6 cents	
No of options	5,000,000	5,000,000	5,000,000	
Grant date	27 Nov 2008	27 Nov 2008	27 Nov 2008	
Expiry Date	31 May 2012	31 May 2012	31 May 2012	
Vesting condition: Minimum years of service	2	2	2	
Share Price at grant date	1 cent	1 cent	1 cent	
Expected dividends	Nil	Nil	Nil	
Risk-free interest rate	3.67%	3.67%	3.67%	
Volatility	100%	100%	100%	
Fair value at grant date	0.55 cents	0.41 cents	0.34 cents	
Black Scholes valuation with market conditions	Tranche 4	Tranche 5	Tranche 6	Tranche 7
Exercise price	1 cents	1 cents	1 cents	1 cent
No of options	5,000,000	5,000,000	5,000,000	15,000,000
Grant date	27 Nov 2008	27 Nov 2008	27 Nov 2008	27 Nov 2008
Expiry Date	31 May 2012	31 May 2012	31 May 2012	31 May 2012
Vesting condition: Minimum years of service	2	2	2	2
Minimum quoted share price before options can be exercised	5 cents	7.5 cents	10 cents	20 cents
Share Price at grant date	1 cent	1 cent	1 cent	1 cent
Expected dividends	Nil	Nil	Nil	Nil
Risk-free interest rate	3.67%	3.67%	3.67%	3.67%
Volatility	100%	100%	100%	100%
Fair value at grant date	0.34 cents	0.13 cents	0.034 cents	0.0034 cents

Volatility of 100% has been assumed as reasonable by reference to the movement in the daily closing share price of the Company over the 12 months prior the grant date of the options (volatility of approximately 140%), and the movement in the daily closing share price subsequent to the decline in the share market since June 2008 (volatility of approximately 100%).

The options have:

1. an average value of 0.2 of 1 cent;
2. a total fair value of \$90,889 for the total 45,000,000 options;
3. a remaining contractual life of 2 years 11 months as at 30 June 2009; and
4. a range of exercise prices as shown in the above tables.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

15 Options and Reserves (continued)

(d) Share based payments reserve (continued)

The following are the further terms and conditions:

- (a) Each option gives the optionholder the right to subscribe for one Share. To obtain the right given by each option, the optionholder must exercise the options in accordance with the terms and conditions of the options.
- (b) The options expire at 5:00 pm (WST) on 31 May 2012 (Expiry Date). Any option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The options may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (d) The optionholder may exercise the options by lodging with the Company, before the Expiry Date a written notice of exercise of options specifying the number of options being exercised (Exercise Notice); and a cheque or electronic funds transfer for the Exercise Price for the number of options being exercised.
- (e) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (f) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of shares required under these terms and conditions in respect of the number of options specified in the Exercise Notice.
- (g) The options are not transferable.
- (h) All shares allotted upon the exercise of options will upon allotment rank pari passu in all respects with other shares.
- (i) The Company will not apply for quotation of the options on ASX. However, The Company will apply for quotation of all shares allotted pursuant to the exercise of options on ASX within 10 business days after the date of allotment of those shares.
- (j) If at any time the issued capital of the Company is reconstructed, all rights of an optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (k) There are no participating rights or entitlements inherent in the options and the optionholder will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 business days after the issue is announced. This will give the optionholder the opportunity to exercise the options prior to the date for determining entitlements to participate in any such issue.
- (l) An option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the option can be exercised.

16 Dividends

There were no dividends recommended or paid during the financial year.

17 Related Party Disclosures

(a) Equity interest in related party subsidiaries

Details of the percentage of ordinary shares held in the subsidiaries are disclosed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2009
17 Related Party Disclosures (continued)**(b) Key management personnel compensation**

	2009	2008
	\$	\$
Short-term employee benefits	352,382	197,500
Post-employment benefits	76,752	-
Share based payments	33,051	-
	462,185	197,500

Detailed remuneration disclosures are provided in the Remuneration Report in the Directors' Report.

(c) Equity Instrument disclosures relating to key management personnel*(i) Option holdings*

The numbers of options over ordinary shares in the Company held during the financial year by directors of the Company, including their personally related parties, are set out below:

2009	Balance at the start of the year	Granted during the year as compensation	Expired during the year	Balance at the end of the year	Vested and exercisable at the end of the year	Vested and unexercisable at the end of the year
Director						
Allan Blood	40,000,000	-	40,000,000	-	-	-
Ian Hobson	2,000,000	-	2,000,000	-	-	-
Stephen McCaughey	-	45,000,000	-	45,000,000	-	-
	42,000,000	45,000,000	42,000,000	42,000,000	-	-

45,000,000 options were granted during the reporting period as compensation (refer to Note 15 and the Remuneration Report in the Directors' Report for further detail).

2008	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Balance at the end of the year	Vested and exercisable at the end of the year	Vested and unexercisable at the end of the year
Director						
Allan Blood	40,000,000	-	-	40,000,000	40,000,000	-
Ian Hobson	2,000,000	-	-	2,000,000	2,000,000	-
	42,000,000	-	-	42,000,000	42,000,000	-

(ii) Share holdings

The numbers of shares in the Company held during the financial year by directors of the Company, including their personally related parties, are set out below:

2009	Balance at the start of the year	Granted during the year as compensation	Received on the exercise of options	Other changes during the year	Balance at the end of the year
Directors					
Allan Blood – ordinary shares	80,000,000	-	-	(80,000,000)	-
Allan Blood – convertible shares	100,000,000	-	-	(100,000,000)	-
Ian Hobson	1,000,000	-	-	-	1,000,000
Alan Fitzpatrick	6,666,670	-	-	(6,666,670)	-
	187,666,670	-	-	186,666,670	1,000,000

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2009
17 Related Party Disclosures (continued)**(c) Equity Instrument disclosures relating to key management personnel (continued)**

2008	Balance at the start of the year	Granted during the year as compensation	Received on the exercise of options	Other changes during the year	Balance at the end of the year
Directors					
Allan Blood	180,000,000	-	-	-	180,000,000
Ian Hobson	1,000,000	-	-	-	1,000,000
Alan Fitzpatrick	6,666,670	-	-	-	6,666,670
	187,666,670	-	-	-	187,666,670

There were no shares granted during the reporting period as compensation.

(d) Other transactions with key management personnel

The following transactions recognised as expenses occurred with related parties for supplies of goods and services on normal terms and conditions at market rates:

	Consolidated and Company 2009	2008
	\$	\$
Occupancy costs paid to Gameday Enterprises Pty Ltd, an entity associated with Allan Blood, a former director of the Company	-	4,500
Occupancy costs paid to Anglo Pacific Ventures Pty Ltd, an entity associated with Hugh Warner, a former director of the Company	-	24,959
For the provision of exploration and other services by Australian Energy Company Limited and Delminco Pty Ltd, entities associated with Allan Blood and Alan Fitzpatrick, both former directors of the Company	106,580	503,436
Total amount recognised as expenses	106,580	532,895

(e) Outstanding Balances Arising from Sales / Purchases of Goods and Services

Accruals of \$15,384 (2008:Nil) and \$2,350 (2008:Nil) have been made for director's fees payable to Stephen McCaughey and Phillip Harman, respectively, and \$2,000 (2008:Nil) for reimbursable expenses incurred by Stephen McCaughey, for and on behalf of the Company.

There was \$250,000 plus GST accrued to Australian Energy Company Limited ("AEC") as at 30 June 2008. Allan Blood is a director and shareholder of AEC. The amount invoiced by AEC was for exploration services during the course of year. Of this amount, there is an undetermined amount which will relate to time charged by AEC for services rendered by Allan Blood and Alan Fitzpatrick at normal commercial rates.

18 Remuneration of Auditors

During the year the following fees were paid or payable for services provided by the auditor of the Company:

Audit Services

	Consolidated and Company 2009	2008
	\$	\$
Audit or review of financial report	33,000	28,750
Total remuneration for audit services	33,000	28,750

The auditor of the Company and its subsidiaries for the 2009 and 2008 years is Ord Partners.

19 Contingent Liabilities

Queensland Uranium Pty Ltd ("QUPL") has and had contingent liabilities at 30 June 2009 and 30 June 2008 in respect of its interest in the tenements it acquired from the vendor of those tenements, Habib Abraham Mellick and Walter Scott (the "Vendor"). The following are the material outstanding obligations in relation to the agreements which relate to exploration permits EPM 14315 and EPM 13966:

1. Payment of \$800,000 to the Vendor if QUPL determines that EPM 14315 and EPM 13966 are commercially viable within 3 years from the date of commencing exploration (November 2006). This amount may be satisfied in cash or shares in MKY at a deemed issue price of 20 cents per share (or a combination) at the election of the Vendor; and
2. QUPL must pay the Vendor a 2% net smelter royalty on the proceeds of EPM 14315 and EPM 13966.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2009
19 Contingent Liabilities (continued)

The contingent liabilities existed at the date of acquisition, 30 April 2007. These contingent liabilities have not been recognised at the date of the acquisition as the directors consider that it is not probable that the contingent liabilities will crystallise into actual liabilities. The poor results from exploration program carried out in the year have led to the value of the tenements being fully impaired.

20 Commitments
(a) Capital commitment

There is no capital expenditure contracted for at the reporting date that has not been recognised as a liability.

(b) Tenement Expenditure Commitments

Commitments in relation to tenement expenditure contracted for at the reporting date but not recognised as liabilities are payable as follows:

	Consolidated and Company	
	2009	2008
	\$	\$
Within 1 year	396,750	177,420
Later than one year but not later than five years	3,253,250	836,015
Later than five years	-	-
	3,650,000	1,013,435
Representing:		
Expenditure commitments on tenements	3,650,000	1,013,435

21 Events Occurring After the Balance Sheet Date

The development in the operation of the Company that were not finalised at the date of this report is the completion of the agreements to acquire Callabonna Uranium Limited. On the 23 July 2009 the Company announced that it has entered into an agreement to acquire Callabonna Uranium Limited by the issue of 477 million Company shares to the shareholders of Callabonna Uranium Limited in exchange for the 39.5 million Callabonna Uranium Limited shares on issue.

Completion of the agreement is subject to satisfaction of a number of conditions precedent, including:

1. Conversion of 5 convertible notes held by SK Energy International Pte Ltd in Callabonna Uranium Limited into shares in Callabonna Uranium Limited and agreement by SK Energy International Pte Ltd for the sale of the resulting shares to the Company in exchange for an additional 60 million Company shares; and discharge of securities held by SK Energy International Pte Ltd over the assets and undertaking of Callabonna Uranium Limited;
2. The Company receiving a commitment from SK Energy International Pte Ltd to subscribe for 120 million fully paid ordinary shares in the Company and 60 million options (exercisable at 2.5 cents each within 2 years of the grant date) for a consideration of \$2 million; and
3. The Company obtaining all necessary regulatory and shareholder approvals to give effect to the acquisition.

Also on 23 July 2009, the Company also announced a proposed placement of 74,000,000 shares at 1.5 cents each to sophisticated and professional investors to raise \$1.1 million, subject to conditions precedent including amendments to the agreements for the Callabonna Uranium Limited acquisition. The conditions precedent were satisfied and the placement of 73,333,333 shares at 1.5 cents each was made on 3 August 2009 to raise \$1.1 million before costs.

Other than these matters, since 30 June 2009 there has been no other matter or circumstance that has arisen that has significantly affected, or may significantly affect:

- (i) the operations of the Company and consolidated entity in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Company and consolidated entity in future financial years.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

22	Reconciliation of Profit After Income Tax to Net Cash Outflow from Operating Activities	Consolidated and Company 2009	Consolidated and Company 2008
		\$	\$
	Loss for the year	(2,902,087)	(726,505)
	Impairment of assets	1,975,000	26,000
	Depreciation	8,721	5,826
	Share based payment	33,051	
	Changes in operating assets and liabilities:		
	Increase / (Decrease) in trade and other payables	(205,138)	71,685
	Decrease in receivables	4,062	48,217
	(Increase) / Decrease in prepayments	277	(3,347)
	Net cash outflow from operating activities	(1,086,114)	(578,124)

23	Subsidiaries	Country of Incorporation	Class of Shares	Equity Holding % 2009	Equity Holding % 2008
	Name of Entity				
	West Cape Investments Pty Ltd	Australia	Ordinary	100	-
	Queensland Uranium Pty Ltd	Australia	Ordinary	100	100
	Consolidated Exploration NQ Pty Ltd	Australia	Ordinary	100	100

The subsidiaries are controlled by the Company and the subsidiaries are fully consolidated from the date on which control passed to the Company. West Cape Investments Pty Ltd was incorporated on 11 November 2008. The subsidiaries did not trade during the year.

24	Loss Per Share	Consolidated 2009 Cents	Consolidated 2008 Cents
(a)	Basic Loss Per Share		
	Loss from operations attributable to the ordinary equity holders of the Company	(0.6)	(0.2)

(b)	Diluted Loss Per Share	Consolidated 2009 Cents	Consolidated 2008 Cents
	As the consolidated entity made a loss for the year ended 30 June 2009, the options on issue have no dilutive effect and therefore dilutive loss per share is equal to basic loss per share.	(0.6)	(0.2)

(c)	Reconciliation of Earnings used in Calculating Loss Per Share	Consolidated 2009 \$	Consolidated 2008 \$
	Numerator		
	<i>Basic loss per share</i>		
	Loss from operations attributable to the ordinary equity holders of the Company	2,902,087	726,505
	<i>Diluted loss per share</i>		
	Loss from operations attributable to the ordinary equity holders of the Company	2,902,087	726,505

(d)	Weighted Average Number of Shares Used as the	Consolidated 2009 Number	Consolidated 2008 Number
	Denominator		
	Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	495,228,102	483,961,359
	Adjustments for calculation of diluted earnings per share – Options	-	-
	Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share	495,228,102	483,961,359

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

24 Loss Per Share (continued)

(e) Information Concerning the Classification of Securities

Options

Options are considered to be potential ordinary shares but the options have not been included in the determination of basic or diluted loss per share as the consolidated entity has made a loss for the years ended 30 June 2009 and 2008.

Converting Performance Shares

The Converting Performance Shares that could have converted to 100 million fully paid ordinary shares on 19 December 2008 on achievement of milestones were not been included in the determination of basic or diluted loss per share for 2008. The Converting Performance Shares did not convert and were redeemed for failure to achieve the milestones.

DIRECTORS' DECLARATION

In the directors' opinion:

- 1 the financial statements and notes set out on pages 17 to 41 are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b) giving a true and fair view of the financial position of the Company and the consolidated entity as at 30 June 2009 and of their performance for the financial year ended on that date; and
 - c) complying with International Financial Reporting Standards issued by the International Accounting Standards Board as disclosed in Note 1; and
- 2 there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- 3 the audited remuneration disclosures set out on pages 5 to 9 of the Directors' Report comply with accounting standards AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*.

The directors' acting in the capacity of Chief Executive Officer and Chief Financial Officer have given the declarations required by Section 295(A) of the *Corporations Act 2001*.

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



Ian Hobson
Director

Perth
18 September 2009

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MKY RESOURCES LIMITED**

Report on the financial report

We have audited the accompanying financial report of MKY Resources Limited, which comprises the consolidated balance sheet as at 30 June 2009, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial 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.

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*.

Ian K Macpherson CA

Robert W Parker CA

**Level 1, 47 Stirling Highway
Nedlands WA 6009**

**PO Box 3437
Broadway Nedlands WA
6009**

+61 8 9321 3514

+61 8 9321 3523

**ord@ordnexus.com.au
www.ordnexus.com.au**

*Liability limited by a scheme
approved under Professional
Standards Legislation*



Chartered Accountants

Auditor's opinion

In our opinion:

- (a) the financial report of MKY 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 its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the remuneration report

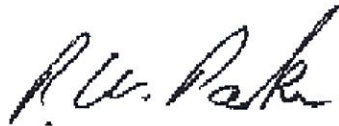
We have audited the remuneration report consisting of paragraphs 1 to 4 in the directors' report for the year ended 30 June 2009. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporation Act 2001*. 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 consisting of paragraphs 1 to 4 in the directors' report of MKY Resources Limited for the year ended 30 June 2009, complies with Section 300A of the *Corporation Act 2001*.

ORD PARTNERS

Chartered Accountants



Robert Parker
Partner

Perth
18 September 2009

ASX Additional Information

Additional Information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

The shareholder information was applicable as at 16 September 2009.

(a) Substantial Shareholder

The one substantial shareholder is HSBC Custody Nominees (Australia) Pty Ltd with a holding of 5.86% of the issued shares.

(b) Voting Rights

Ordinary Shares

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

Options

There are no voting rights attached to the options

(c) Equity Security Holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Number Held	Percentage of Issued Shares
HSBC Custody Nominees (Australia) Limited	33,333,333	5.86%
Gameday Enterprises Pty Ltd	20,000,000	3.52%
SV & ME Foster	15,000,000	2.64%
LSAF Holdings Pty Ltd	10,000,000	1.76%
Citicorp Nominees Pty Ltd	5,980,727	1.05%
HSBC Custody Nominees (Australia) Limited	5,650,000	0.99%
T Allright	5,500,000	0.97%
D King	5,426,382	0.95%
Greenlane (Vic) Pty Ltd	5,135,000	0.90%
Queensland MM Pty Ltd	5,000,000	0.88%
VB & RL Brizzi	4,950,000	0.87%
National Nominees Limited	4,495,000	0.79%
Jallis Pty Ltd	4,208,401	0.74%
R De Lacey & M Ryan	4,150,000	0.73%
TV Tran	4,071,141	0.72%
C Baiamonte	4,000,000	0.70%
DR Watson	4,000,000	0.70%
Bellset Nominees Pty Ltd	4,000,000	0.70%
RJ Caple & FM Cameron	3,500,000	0.62%
ANZ Nominees Limited	3,486,788	0.61%
JE Anderson	3,464,751	0.61%
RW Associates Pty Ltd	3,333,333	0.59%
	158,684,856	27.91%

Unquoted equity securities

	Number on Issue	No of Holders	Holders with 20% or more	% Held
Options – exercisable at 1 cent	30,000,000	1	Stephen McCaughey	100.00%
Options – exercisable at 2 cents	5,000,000	1	Stephen McCaughey	100.00%
Options – exercisable at 4 cents	5,000,000	1	Stephen McCaughey	100.00%
Options – exercisable at 6 cents	5,000,000	1	Stephen McCaughey	100.00%

ASX Additional Information

(d) Distribution of Equity Security Holders

Category	Ordinary Fully Paid Shares	No of Holders
1 – 1,000	95,129	135
1,001 – 5,000	547,689	187
5,001 – 10,000	1,203,675	140
10,001 – 100,000	58,461,291	1,072
100,001 and over	508,253,651	757
Total	568,561,435	2,291

There were 736 holders of less than a marketable parcel of ordinary shares.

(e) Interests in Tenements

	Description	Status	Interest
MKY Corporation Limited			
EPM17835	Weipa East 2	Application	100%
EPM17836	Aurukun	Application	100%
EPM17842	Mapoon C	Application	100%
EPM17843	Weipa East 1	Application	100%
EPM17945	Oak River	Advertising	100%
EPM18025	Clarke A	Competing	100%
EPM18027	Hounfels	Application	100%
EPM18028	Neptune	Application	100%
EPM18061	Clarke B	Application	100%
EPM18181	Hatch	Application	100%
EL27181	Dension	Advertising	100%
Consolidated Exploration NQ Pty Ltd			
EOM16123	North Head	Granted	100%
EPM16149	SE Croydon	Granted	100%
EPM16256	Gilbert River	Granted	100%
EPM16291	King Junction	Granted	100%

CALLABONNA URANIUM LIMITED

ACN 099 247 408

**Notice of Annual General Meeting
to be held at**

**Symantec House
Level 5, 207 Kent Street, Sydney**

on

30 November 2009

at

11.00 am

and

Explanatory Memorandum

NOTICE OF GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Callabonna Uranium Limited ('Callabonna' or 'the Company') will be held at Symantec House, Level 5, 207 Kent Street, Sydney on 30 November 2009 commencing at 11.00 am.

AGENDA

Business

To receive and consider the Company's annual financial report, the directors' report and the auditors' report for the year ended 30 June 2009.

To consider and, if thought fit, pass the following resolutions, with or without amendment:

Resolution 1. Adoption of the Remuneration Report

'That the Remuneration Report for the year ended 30 June 2009 be and is hereby adopted.'

Resolution 2. Re-election of a Director

'That Peter J. Nightingale be and is hereby re-elected as a Director.'

Resolution 3. Re-election of a Director

'That Phillip Harman be and is hereby re-elected as a Director.'

Resolution 4. Re-election of a Director

'That Hyunsoo Kim be and is hereby re-elected as a Director.'

Resolution 5. Re-election of a Director

'That Michael Raetz be and is hereby re-elected as a Director.'

Resolution 6. Approval of the Callabonna Executive Option Plan

'That the grant of options to eligible employees under the Callabonna Executive Option Plan, as set out in the Explanatory Memorandum accompanying this Notice of Meeting, is approved for the purposes of ASX Listing Rule 7.2, Exception 9.'

Resolution 7. Approval of issue of options to Directors

'That, for the purposes of ASX Listing Rule 10.11, the grant of an aggregate total of up to 22,000,000 options to Phillip Harman, Peter Nightingale and Michael Raetz, in accordance with the terms as set out in the Explanatory Memorandum accompanying this Notice of Meeting be and is hereby approved.'

Resolution 8. Appointment of KPMG as the Company's Auditors

'That KPMG be appointed as the Company's Auditors.'

By order of the Board

A handwritten signature in dark ink, appearing to read 'R. Edwards', written in a cursive style.

Richard Edwards
Company Secretary

26 October 2009

CALLABONNA URANIUM LIMITED

ACN 099 247 408

EXPLANATORY MEMORANDUM

**Annual General Meeting of Members
to be held at**

**Symantec House
Level 5, 207 Kent Street, Sydney**

on

30 November 2009

at

11.00 am

**This is an important document that should be read in its entirety.
You may wish to consult your financial adviser about this document.**

Resolution 1

The Remuneration Report, which can be found on pages 6 to 9 of the Company's 2009 Annual Report, contains certain prescribed details, sets out the policy adopted by the Board of Directors and discloses the payments to Directors.

In accordance with section 250R of the Corporations Act, a resolution that the Remuneration Report be adopted must be put to the vote. The resolution is advisory only and does not bind the Directors.

Resolutions 2 to 5

In accordance with Article 13.4 of the Company's Constitution and the Corporations Law, having filled a casual vacancy, Messrs Peter J. Nightingale, Philip Harman, Hyunsoo Kim and Michael Raetz offer themselves for re-election.

Resolution 6

In general, without shareholder approval, ASX Listing Rule 7.1 prohibits the Company issuing equity securities which in aggregate exceed 15% of the fully paid ordinary share capital of the Company in a 12 month period.

ASX Listing Rule 7.2 Exception 9(b) provides that ASX Listing Rule 7.1 does not apply in respect of the issue of securities by the Company under an employee incentive scheme, if within 3 years from the date of issue of the relevant securities, the shareholders of the company have approved the issue of securities under the plan.

The Directors propose to establish the Callabonna Executive Option Plan ('Plan') and wish to exclude issues of securities to eligible employees under the Plan from the limit in ASX Listing Rule 7.1 on issuing securities.

Shareholder approval of the Plan has not previously been sought and no securities have been issued under the Plan.

The options which may be granted under the Plan will form part of eligible Directors' and employees' remuneration packages and are intended to provide an incentive to those eligible Directors and employees and to recognise their contribution to the Company's success. The Directors consider that the incentive represented by these options is a cost effective and efficient incentive offered by the Company when compared with alternative forms of incentive such as cash bonuses or increased remuneration.

A summary of the terms of the Callabonna Executive Option Plan is set out in Attachment A.

The Company will disregard any votes cast on Resolution 6 by:

- any Directors of the Company (except those who are ineligible to participate in the Callabonna Executive Option Plan); and
- any associates of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 7

Resolution 7 seeks shareholder approval pursuant to ASX Listing Rule 10.14 to grant an aggregate total of up to 22,000,000 options ('Options') to Messrs Phillip Harman (8,000,000), Peter J. Nightingale (8,000,000), and Michael Raetz (6,000,000) ('Eligible Directors'), in accordance with the terms of the Plan.

The maximum number of Options that may be granted in aggregate to the Eligible Directors is 22,000,000.

The issue price for the Options and the exercise price of the Options will be determined in accordance with Rules of the Plan, as summarised in Attachment A. The Options will be issued to the Eligible Directors in part consideration for the services that will be provided by the Eligible Directors to the Company and no further monetary consideration will be payable for the grant of the Options. The Exercise Price of the Options will be the amount equal to 20% above the market value of the Shares (as determined under section 139FA of the Income Tax Assessment Act 1936) on the date of the grant of the options.

No securities have been issued under the Plan.

The names of all the persons referred to in ASX Listing Rule 10.14 entitled to participate in the Callabonna Executive Option Plan are Phillip Harman, Peter J. Nightingale and Michael Raetz.

No loans will be granted by the Company in relation to the acquisition of the Options.

The Company intends to grant the Options to the Directors immediately following this Annual General Meeting, and in any event, no later than 12 months after the meeting.

The Company will disregard any votes cast on Resolution 7 by:

- any Directors of the Company (except those who are ineligible to participate in the Callabonna Executive Option Plan); and
- any associates of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 8

KPMG have been duly nominated as Auditors in accordance with Section 328B(1) of the Corporations Act 2001 (Cth). In accordance with Section 328B(3) of the Corporations Act, a copy of the notice of nomination of Auditor accompanies this Notice of Meeting.

The Company has determined, in accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth), that the Company's shares quoted on the Australian Securities Exchange at 7.00 pm Sydney time on 28 November 2009 are taken, for the purposes of the general meeting to be held by the persons who held them at that time. Accordingly, those persons are entitled to attend and vote (if not excluded) at the meeting.

Summary of the Terms of the Callabonna Executive Option Plan ('Plan')

The following is a summary of the Plan. For full details of the operation of the Plan, shareholders should read the Plan's terms and conditions ('Rules'). Copies of the Rules are available on request to the Company. Capitalised terms in the following summary are defined in the Rules.

1. Background

Callabonna Uranium Limited ('Callabonna') has adopted the Plan to provide individuals whom the Plan Committee determines to be:

- (a) in the full-time or part-time employment of a body corporate in the Group, being Callabonna and its subsidiaries, (including any employee on parental leave, long service leave or other special leave as approved by the Plan Committee);
- (b) a director of a body corporate in the Group who holds a salaried employment or office in a body corporate in the Group;
- (c) an individual who provides services to a body corporate in the Group whom the Plan Committee determines to be an Employee for the purposes of the Plan;
- (d) an individual whose associate (as that expression is defined in section 139GE of the Income Tax Assessment Act 1936) provides services to a body corporate in the Group, which individual the Plan Committee determines to be an Employee for the purposes of the Plan; or
- (e) an individual otherwise providing services to a body corporate in the Group whom the Plan Committee determines to be an Employee for the purposes of the Plan, ('Eligible Employee')

with the opportunity to acquire an option to subscribe for a share in the capital of Callabonna ('Option') in accordance with the rules of the Plan ('Rules').

2. Issue Price

Options will be issued for consideration comprising the services that are expected to be provided by an Eligible Employee to or for the benefit of the Group. However, no further monetary or other consideration will be payable in respect of the issue of an Option under the Plan.

3. Plan Limit

Options must not be granted under the Plan if the total number of outstanding Options exceed 10% of the Company's total number of issued Shares at that time.

4. Offer of Options

Subject to the Rules, the Board of Callabonna or any committee of the Board to which power to administer the Plan has been delegated ('Plan Committee') may from time to time make an offer of Options to any Eligible Employee.

5. Exercise Period

Unless otherwise specified in an offer of Options, as determined by the Plan Committee, the Options will be exercisable during the period commencing on the earlier of:

- (a) for one third of the Options, the first anniversary of the date of the Options being granted,
- (b) for one third of the Options, the second anniversary of the date of the Options being granted; and
- (c) for one third of the Options, the third anniversary of the date of the Options being granted; or
- (d) the date of total and permanent disablement, redundancy, death or other circumstance as the Plan Committee may determine ('Special Circumstances') in respect of the Participant holding the Option.

The Exercise Period ends no later than:

- (a) the date 5 years after the date of the Options being granted; or
- (b) if a Special Circumstance arises in respect of a Participant during those 5 years, then the date 12 months (or longer period as may be determined by the Plan Committee) after the Special Circumstance arises (the 'Last Exercise Date').

6. Exercise Price

The exercise price in respect of an Option will be the amount fixed at the time of the issue of the Option and as determined by the Plan Committee ('Exercise Price').

7. Acceptance of Offer

An Eligible Employee may accept an offer under the Plan by giving to Callabonna an application form within the period specified in the offer. An offer not accepted in accordance with the Rules will lapse unless the Plan Committee determines otherwise.

8. Shares

Subject to the Rules, each Option confers on its holder the entitlement to subscribe for and be issued one fully paid Share in Callabonna at the Exercise Price.

Subject to the Rules and the ASX Listing Rules, Callabonna must issue a Share on the exercise of an Option. Shares issued on the exercise of Options will rank equally with all existing Shares in Callabonna (on and from the date of issue) in respect of all rights issues, bonus share issues and dividends which have a record date for determining entitlements on or after the date of issue of those Shares.

9. Transfer of Options

Under the Rules, Options held by an Option holder are personal to him or her and may not be exercised by any other person. However, the Plan provides for the transfer of Options in certain circumstances, including in relation to a compulsory acquisition or buy-out following a takeover bid concerning the Company and where a transfer is approved in the circumstances by the Plan Committee.

10. Lapse of Options

Generally, an Option lapses on the earlier of:

- (a) the Last Exercise Date;
- (b) a determination of the Plan Committee that the Option should lapse because the Participant, in the Plan Committee's opinion:
 - (i) has been dismissed or removed from office for a reason which entitles a body corporate in the Group to dismiss the Participant without notice;
 - (ii) has committed an act of fraud, defalcation or gross misconduct in relation to the affairs of that body corporate (whether or not charged with an offence); or
 - (iii) has done an act which brings the Group or any body corporate in the Group into disrepute; and
- (c) unless otherwise determined by the Plan Committee, the date which is 2 months after the date of termination of employment of the Participant with the Group (other than due to the occurrence of a Special Circumstance).

11. Quotation

Callabonna will not seek official quotation of any Options. Callabonna must apply to the ASX for quotation of Shares issued on exercise of Options if other Shares of Callabonna are officially quoted by ASX at that time.

19 October 2009

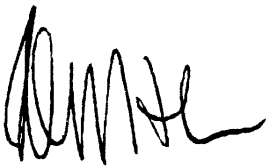
The Company Secretary
Callabonna Uranium Limited
Level 2
66 Hunter Street
Sydney NSW 2000

Dear Sir

Consent of nomination of proposed auditor

I, Peter J. Nightingale, being a Member and Director of Callabonna Uranium Limited, hereby nominate KPMG of 345 Queen Street, Brisbane Qld 4000 as auditor of Callabonna Uranium Limited.

Yours sincerely

A handwritten signature in black ink, appearing to be 'P. Nightingale', written in a cursive style.

Peter Nightingale

FORM OF PROXY

I/we

of

being a member/members of Callabonna Uranium Limited

HEREBY APPOINT..... or failing him, the Chairman of the Meeting, as my/our Proxy to vote for me/us and on my/our behalf at the General Meeting of Members of the Company to be held at 11.00 am on 30 November 2009 and at any adjournment thereof.

The Proxy is directed by me/us to vote as indicated by the marks in the appropriate boxes below:

RESOLUTION	FOR	AGAINST	ABSTAIN
1. Adoption of the Remuneration Report	☐	☐	☐
2. Re-election of Peter J. Nightingale as Director	☐	☐	☐
3. Re-election of Phillip Harman as Director	☐	☐	☐
4. Re-election of Hyunsoo Kim as Director	☐	☐	☐
5. Re-election of Michael Raetz as Director	☐	☐	☐
6. Approval of Callabonna Executive Option Plan	☐	☐	☐
7. Approval of the Issue of Options to Directors	☐	☐	☐
8. Appointment of KPMG as the Company's auditors	☐	☐	☐

If no directions are given, the Proxy may vote as the Proxy thinks fit or may abstain.

If you do not wish to direct your Proxy how to vote, please place a mark in the box: ☐

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. The Chairman intends to vote undirected proxies in favour of each item. Dated this day of 2009.

Signatures of Member(s)

THE COMMON SEAL of A.C.N.

was hereunto affixed in accordance with

its Constitution in the presence of:

Director

Secretary

PROXY INSTRUCTIONS

1. A member entitled to attend and vote is entitled to appoint not more than 2 proxies.
2. Where more than 1 proxy is appointed, each proxy must be appointment to represent a specified proportion of the member's voting rights.
3. A proxy need not be a member.
4. All joint holders must sign.
5. The Company will disregard any votes cast on Resolution 6 by:
 - any Directors of the Company (except those who are ineligible to participate in the Callabonna Executive Option Plan); and
 - any associates of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
 - it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
6. The Company will disregard any votes cast on Resolution 7 by:
 - any Directors of the Company (except those who are ineligible to participate in the Callabonna Executive Option Plan); and
 - any associates of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
 - it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
7. Proxy forms must be received at the Company's registered office, Level 2, 66 Hunter Street or by fax on +61-2 9221 6333, not less than 48 hours before the time appointed for holding the meeting.