

Altera Resources Limited

ACN 082 541 437

OFFER INFORMATION STATEMENT

for

**A NON-RENOUNCEABLE PRO- RATA ENTITLEMENT OFFER OF
APPROXIMATELY 16,362,690 SHARES TO BE OFFERED TO ELIGIBLE
SHAREHOLDERS AT A PRICE OF 12 CENTS PER SHARE ON THE BASIS OF 4 NEW
SHARES FOR EVERY 5 SHARES HELD ON THE RECORD DATE TO RAISE UP TO A
MAXIMUM OF \$1,963,522 (BEFORE EXPENSES)**

**FOR EACH 2 NEW SHARES ISSUED PURSUANT TO THE OFFER, 1 FREE
ATTACHING OPTION WILL BE ISSUED TO THE RELEVANT SUBSCRIBER**

**THE OFFER OPENS ON 18TH DECEMBER 2009 AND
CLOSES 5PM PERTH TIME
ON 20TH JANUARY 2010**

VALID ACCEPTANCES MUST BE RECEIVED BEFORE THAT TIME

**THE OFFER IS UNDERWRITTEN BY MANCORA CAPITAL PTY LTD SUBJECT TO
THE RIGHTS OF TERMINATION DESCRIBED IN SECTION 4.11 OF THIS
STATEMENT**

This Statement is not a Prospectus. It has a lower level of disclosure requirements than a Prospectus. Investors should obtain professional investment advice before accepting the Offer. This Statement is important and should be read in its entirety. If, after reading this Statement, you have any questions about the Shares and Options being offered under this Statement or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares and Options offered by this Statement should be considered speculative.

**Please read the instructions on the accompanying Entitlement and Acceptance Form
regarding the acceptance of your Entitlement**

SECTION 1 - CORPORATE DIRECTORY

Directors

Harjinder Kehal - Chairman
Bradley Abbott
Jeremy Shervington
Dr Nick Archibald

Company Secretary

Bradley Abbott

Auditors

Ernst & Young
Mounts Bay Road
PERTH WA 6000

Share Registry

Advanced Share Registry Services
150 Stirling Highway
NEDLANDS WA 6009

Underwriter of the Offer

Mancora Capital Pty Ltd
ACN 131 330 482
2 Hargraves Lane
PADDINGTON NSW 2026

Registered Office

813 Wellington Street
WEST PERTH WA 6005
Tel: (08) 9481 5866
Fax: (08) 9481 5966

Solicitors to the Offer

Jeremy Shervington
52 Ord Street
WEST PERTH WA 6005

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Section 3 - Important Information

This document is important and requires your early attention

This Statement is not a Prospectus. It has a lower level of disclosure requirements than a Prospectus.

This document should be carefully read in its entirety. You should also refer to the releases made by the Company to ASX. Before deciding to take up your Entitlement you should consider whether Shares and Options are suitable investments for you. Their values can fluctuate. If you are in doubt as to the course you should follow you should consult your stockbroker, solicitor, accountant or other professional advisers immediately. Please read carefully the instructions elsewhere in this Statement regarding the acceptance of your Entitlement.

Certain words and terms used in this Statement have defined meanings which appear in the Glossary in Section 10.

Offer Information Statement

For the offer to Eligible Shareholders of approximately 16,362,690 Shares with approximately 8,181,345 free attaching Options each at an issue price of 12 cents per Share payable in full on application to raise approximately \$1,963,522 before expenses.

The Shares the subject of this Statement are offered to Eligible Shareholders on the basis of four (4) New Share for every five (5) Share held.

The Offer is non-renounceable.

This statement is dated 18 December 2009.

A copy of this Statement was lodged with ASIC on 18 December 2009. No responsibility for the contents of this Statement is taken by ASIC or ASX. No Shares or Options will be allotted or issued on the basis of this Statement later than thirteen months after the date of this Statement.

Application will be made within seven days of the date of this Statement for the Shares and Options offered by this Statement to be admitted to quotation on ASX.

Shares and Options will be offered pursuant to this Statement to Eligible Shareholders.

Applicants can only apply for Shares and Options on the Entitlement and Acceptance Form enclosed with and forming part of this Statement and otherwise on the terms and conditions referred to in this Statement.

No person is authorised to give any information or to make any representation regarding the Offer. Any information or representation in relation to the Offer which is not contained in this Statement may not be relied upon as having been authorised by the Company and its Directors.

The New Shares and Options offered by this Statement are speculative in nature. This Statement does not constitute an offer in any place in which or to any person to whom it would not be lawful to make such offer.

Summary of Important Dates

Lodgement of Statement with ASIC and ASX	18 December 2009
Record Date (determines those Shareholders who are entitled to participate in the Offer (Eligible Shareholders))	31 December 2009
Statement and Entitlement and Acceptance Form dispatched	6 January 2010
Closing date for acceptances	20 January 2010
Last date for Certificates/Statements for New Shares and Options to be despatched	29 January 2010
Normal ASX trading for New Shares and Options commences	1 February 2010

This timetable is indicative only. The Directors reserve the right to vary the opening and closing dates of the Offer without prior notice, subject always to the Listing Rules.

Section 4 - Details of the Offer

4.1 Background and Purpose of the Offer

As announced by the Company to ASX on 20 November 2009 the Company wishes to increase its working capital with the funds raised by the Offer to be used, in particular, to fund the ongoing effort by the Company to acquire supplementary assets to its existing coal and base metal interests.

As announced by the Company to ASX on 2nd December 2009 the Board appointed Dr Nick Archibald as a Director of the Company with the purpose of assembling an appropriate executive group to assist in accelerating the Company's progress towards acquiring quality assets to supplement its current coal and base metal interests.

4.2 Offer

Each Eligible Shareholder is offered a right to 4 New Shares for every 5 Shares held. Fractional Entitlements will be rounded up. For each 2 Shares issued to subscribers to the Offer 1 free Option will be issued.

4.3 Issue Price

Each New Share is offered at an issue price of A\$0.12 payable in full upon acceptance.

4.4 Your Entitlement

The number of New Shares and attaching Options to which you are entitled is shown on the enclosed Entitlement and Acceptance Form.

The maximum number of New Shares available to be issued pursuant to this Offer will be approximately 16,362,690 Shares (together with approximately 8,181,345 free attaching New Options), assuming no Existing Options are exercised before the Record Date.

Entitlements to New Shares are non-renounceable. This means that Eligible Shareholders are not able to renounce (sell) their Rights which they do not wish to accept.

4.5 Closing Date

The Offer will close at 5pm Perth time on 20 January 2010 and must be accepted prior to that time to be valid.

4.6 Acceptance and Entitlements

Instructions for acceptance are set out on the back of the enclosed Entitlement and Acceptance Form. Acceptance must not exceed your Entitlement as shown on that Form. If it does, acceptance will be deemed to be for your maximum Entitlement and any surplus subscription funds will be returned, without interest.

4.7 Allotment

There are no minimum subscription conditions. If the Underwriting Agreement is terminated (refer Section 4.11) the Company will allot and issue such number of Shares and Options as are applied for by the Closing Date.

The Directors will proceed to issue New Shares and Options applied for under the Offer as soon as possible after the Closing Date and after ASX permission for official quotation of New Shares and Options is received.

Pursuant to the Listing Rules the Directors reserves the right, as provided to the Company under the Listing Rules, at their discretion in the event that the Underwriting Agreement is terminated, to issue such number of Shares and Options required to make up any shortfall arising from the Offer.

In accordance with the Corporations Act, all application monies shall, before the allotment and issue of New Shares pursuant to this Statement, be held by the Company in trust in a bank account established solely for that purpose. Interest earned on the application monies will be for the benefit of the Company and will be retained by the Company irrespective of whether the issue of the New Shares and Options takes place.

4.8 ASX Quotation

An application for admission of the New Shares and Options to quotation on ASX will be made to ASX within 7 days after the date of the Statement. If approval for the quotation of the New Shares and Options is not granted by ASX within 3 months after the date of this Statement, then all application moneys received pursuant to this Statement will be returned without interest.

4.9 Terms of Options

The terms and conditions of the Options to be issued pursuant to the Offer are as follows:

- (a) Each Option, when exercised, entitles the holder to subscribe for and be allotted one Share in the capital of the Company;
- (b) Each Option is exercisable on or before 5.00 pm Perth time on the date that is 2 years after the date of its issue;
- (c) The Options can be exercised in whole or in part, and if exercised in part multiples of 2,000 must be exercised on each occasion;
- (d) The exercise price of each Option is \$0.20;
- (e) The Options may be transferred by the Optionholder.
- (f) The Optionholder will be permitted to participate in any new pro-rata issue of securities of the Company if it has exercised the Options prior to the relevant record date for any such issue and the Optionholder will be notified of any such issue in the manner required by the Listing Rules;

- (g) The Options do not confer on the holder any rights to participate in dividends until Shares are allocated pursuant to the exercise of the Options;
- (h) In the event of a reorganisation of the issued capital of the Company, the Options will be reorganised in accordance with the Listing Rules (if applicable) and in any case in a manner which will not result in any benefits being conferred on the Optionholder which are not conferred on Shareholders;
- (i) The number of Shares to be issued pursuant to the exercise of Options will be adjusted for bonus issues made prior to the exercise of the Options so that, upon exercise of the Options the number of Shares received by the Optionholder will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the record date for the bonus issues. The exercise price of the Options shall not change as a result of any such bonus issue;
- (j) Application will be made for the Options to be granted quotation by ASX; and
- (k) Subject to paragraph (i) above the Options do not confer on the holder any right to a change in the exercise price of the Options or a change to the number of underlying securities over which the Options can be exercised.

4.10 Rights of Shares

The New Shares will rank *pari passu* in all respects with Existing Shares as from the date of issue of the New Shares. The rights attaching to the New Shares are further described in Section 8.1.

4.11 Underwriting of the Offer

The Company engaged Blackwood Capital Limited to arrange the syndicate to underwrite the Offer.

Blackwood Capital has in turn procured that Mancora Capital, a company controlled by Mr Nathan Featherby, of Blackwood Capital, has entered into the Underwriting Agreement pursuant to which Mancora Capital has agreed to underwrite the Offer. The essential terms of the Underwriting Agreement including the provisions under which the Underwriter may terminate the Underwriting Agreement are set out below:

- The Underwriter agrees to underwrite the subscription for the Shortfall Shares to the extent of the Amount Underwritten by subscribing for, or causing the subscription for, the Shortfall Shares, on the terms set out in the Underwriting Agreement.
- The Amount Underwritten means the amount of 12 cents payable for each Shortfall Share being a maximum of \$1,963,523 comprising a maximum number of Shortfall Shares of 16,362,690.
- Shortfall Shares means such number of Entitlement Shares in respect of which valid acceptances have not been received by the Company by the Closing Date.

- If all of the obligations of the Company under the Underwriting Agreement have been fulfilled and subject always to clauses 10 and 11 of the Underwriting Agreement the Underwriter must lodge or cause to be lodged with the Company, within five Business Days of being notified under the Underwriting Agreement of the number of Shortfall Shares, valid application forms for all of the Shortfall Shares (and attaching Options).
- The Underwriter may, at any time in its absolute discretion:
 - (a) nominate the allottees of all or any of the Shortfall Shares offered to the Underwriter; and
 - (b) appoint sub-underwriters to sub-underwrite the Underwriter's underwriting commitment under this Agreement.
- The Underwriter will be paid an underwriting fee of 6% of the Amount Underwritten and all the reasonable costs of and incidental to the lodgement of valid applications for Shortfall Shares incurred by the Underwriter.
- If any of the following events occurs before the allotment of Shortfall Shares (and attaching Options), the Underwriter may at any time by giving notice in writing to the Company, immediately, without cost or liability to the Underwriter terminate the Underwriter's commitments under the Underwriting Agreement and all the rights and obligations of the Underwriter under the Underwriting Agreement, so that on and from the date of such notice, the Underwriter is absolutely released, discharged and relieved of all its obligations under the Underwriting Agreement:
 - (a) **(index fall)** ASX All Ordinaries Index is, at the close of trading on any two consecutive Business Days, at a level which is 85% or less than the level at the close of trading on the date of this Agreement;
 - (b) **(Authorisation)** any authorisation which is material to the Entitlement Offer or to this Agreement is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter, acting reasonably;
 - (c) **(material adverse change)** there is a material adverse change or any development involving a material adverse change in the condition, financial or otherwise, or in the assets, earnings, business, operations, management or prospects of the Company and its Subsidiaries (taken as a whole group) since the date of this Agreement;
 - (d) **(Takeovers Panel)** the Takeovers Panel makes a declaration under section 657A of the Corporations Act in relation to the affairs of the Company are unacceptable circumstances under Part 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
 - (e) **(ASX approval)** unconditional approval (or conditional approval, provided such conditions would not, in the reasonable opinion of the Underwriter, have a material adverse effect on the success of the Entitlement Offer) by ASX for Official

Quotation of the New Shares (and attaching Options) is refused on or before the before completion of the Entitlement Offer;

- (f) **(certificates)** the Closing Certificate is not furnished by the Company in accordance with clause 10, or a statement in the certificate is untrue or incorrect in a material respect;
- (g) **(insolvency, etc)** the Company or any Subsidiary of the Company:
 - (1) stops or suspends or threatens to stop or suspend payment of all or a class of its debts;
 - (2) is insolvent under the provisions of the Corporations Act;
 - (3) fails to comply with a statutory demand (within the meaning of section 459F(1) of the Corporations Act);
 - (4) executes a scheme of arrangement or deed of company arrangement;
 - (5) resolves to be wound up; or
 - (6) is subject to a court order to wind it up;
- (h) **(presumed insolvency)** a court is required by reason of section 459C(2) of the Corporations Act to presume the Company or any of its Subsidiaries is insolvent;
- (i) **(administration, etc)** an administrator, liquidator or provisional liquidator is appointed to the Company or any Subsidiary of the Company or any step preliminary to the appointment of an administrator, liquidator or provisional liquidator is taken in respect of the Company or any Subsidiary of the Company;
- (j) **(controller)** a controller within the meaning of section 9 of the Corporations Act or similar officer is appointed to all or any of the assets or undertaking of the Company or any Subsidiary of the Company;
- (k) **(applications)** an application or order is made, proceedings are commenced, a resolution is passed or proposed in a notice of meeting or an application to a court or other steps are taken (other than frivolous or vexatious applications, proceedings, notices or steps) for the winding up or dissolution of the Company or any Subsidiary of the Company or for the Company or any Subsidiary of the Company to enter an arrangement, compromise or composition with or assignment for the benefit of its creditors, a class of them or any of them;
- (l) **(Adverse judgment)** a judgment in an amount exceeding \$100,000 is obtained or entered against the Company or a Related Body Corporate by a court of competent jurisdiction and is not set aside within 7 days;
- (m) **(Litigation)** litigation, arbitration, administrative or industrial proceedings are after the date of this Agreement commenced or threatened against the Company or a

Related Body Corporate which may result in a judgment against the Company or a Related Body Corporate in an amount exceeding \$100,000, other than an event which will be covered by an insurance policy;

- (n) **(breach)** the Company is in default under this Agreement or any representation or warranty in this Agreement which is material to an investor in New Shares is or becomes incorrect;
- (o) **(misleading information)** any written material information supplied at any time by the Company or on its behalf to the Underwriter concerning the Company or any Subsidiary of the Company or the Share Documents being misleading or deceptive in a material respect;
- (p) **(Director offence)** a Director is charged with an indictable offence relating to any financial or corporate matter or any regulatory body commences any public action against the Company or any of the Directors in his or her capacity as director of the Company or announces that it intends to take any such action;
- (q) **(Director disqualification)** a Director is disqualified from managing a corporation under section 206B, 206C, 206D, 206E, 206F or 206G of the Corporations Act;
- (r) **(termination of material contracts)** without the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed), any material contracts in place as at the date of this Agreement are terminated (whether by breach or otherwise), rescinded, altered or amended in a material respect or any such contract is found to be void or voidable;
- (s) **(unauthorised alterations)** without the written consent of the Underwriter (such consent not to be unreasonably withheld or delayed), the Company or any of its Subsidiaries alters its share capital or its constitution in any material respect or any of the following occurs concerning the Company, other than the issue of New Shares resulting from the exercise of Existing Options on issue as at the date of this Agreement and other than as contemplated by clause 27:
 - (1) the Company converts all or any of its Shares into a larger or smaller number of Shares;
 - (2) the Company or a Subsidiary resolves to reduce its share capital in any way;
 - (3) the Company or a Subsidiary enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under the Corporations Act;
 - (4) the Company or a Subsidiary issues Shares, or grants an option over its Shares, or agrees to make such an issue or grant such an option;
 - (5) the Company or a Subsidiary issues, or agrees to issue, convertible securities; or

- (6) the Company or a Subsidiary disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property; or
 - (7) the Company or a Subsidiary charges, or agrees to charge, the whole, or a substantial part, of its business or property;
 - (t) **(warranties)** any of the warranties and representations in clause 8 is or becomes inaccurate in any material manner;
 - (u) **(compliance)** there is a material contravention by the Company of any provision of its constitution, the Corporations Act, any requirement of ASIC or ASX or any other applicable law;
 - (v) **(restriction on allotment)** the Company is prevented for any reason from allotting the New Shares and attaching Options within the time required by this Agreement, the Corporations Act, the Listing Rules, any statute or regulation, or by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority; or
 - (w) **(Suspension)** ASX announces that the Shares in the Company will be delisted, removed from trading, withdrawn from admission to trading status or suspended from trading (and that suspension is not lifted within 24 hours following such suspension).
- The Company must pay the out of pocket expenses of the Underwriter and all costs in connection with the conduct of any due diligence investigations by the Underwriter in accordance with the Underwriting Agreement and the preparation of the “Share Documents” (as defined in the Underwriting Agreement).
 - The Company also provides under the Underwriting Agreement a number of standard warranties to the Underwriter.

4.12 Placement Arrangement

The Company has agreed a Placement Arrangement with Blackwood Capital whereby to the extent that the number of Shortfall Shares that arise from the Offer is less than 13,333,333 Shares (and attaching 1 for 2 Options), the Company will issue to nominees of Blackwood Capital such number of Shares and Options as equals 13,333,333 Shares minus the number of Shortfall Shares and 6,666,666 Options minus the number of Shortfall Options.

Any issue pursuant to this arrangement will, as necessary, be subject to shareholder approval. A notice has been dispatched to Shareholders for a meeting for this purpose to be held on 6 January 2010.

The underwritten Offer and the Placement Arrangement described above will, depending on the rate of acceptances under the Offer, result in the issue of a minimum of 16,362,690

New Shares and 8,181,345 New attaching Options and up to a maximum of 29,696,023 New Shares and 14,848,012 New attaching Options raising, before costs, between \$1,963,522 and \$3,563,522.

The Company will pay to Blackwood Capital a fee of \$96,000 being 6% of the maximum of \$1.6 million that might be raised by the issue of 13,333,333 Shares and 6,666,666 Options pursuant to the Placement Arrangement.

As part of the Placement Arrangement with Blackwood Capital the Company will issue to Blackwood Capital Limited 3 million Options on the same terms as those offered pursuant to the Offer. These Options will be held for the benefit of Mancora Capital.

4.13 Shareholders in Jurisdiction outside Australia and New Zealand

No action has been taken to permit the offer of New Shares and New Options under this Statement in any jurisdiction other than Australia and New Zealand. The distribution of this Statement in any jurisdiction other than Australia and New Zealand may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. This Statement does not constitute an offer of New Shares or New Options in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Offer.

The Company has determined that it is unreasonable to extend the Offer to Shareholders who have a registered address in a country outside Australia or New Zealand having regard to the number of Shareholders in such places, the number and value of the New Shares and New Options they would be offered and the substantial costs of complying with the legal and regulatory requirements in those jurisdictions. The Company reserves the right, in its absolute discretion, to extend the Offer to a Shareholder with an address in the register outside Australia and New Zealand if the Company is satisfied that it is not precluded from lawfully issuing New Shares and New Options to that Shareholder either unconditionally or after compliance with conditions which the Board in its sole discretion regards as acceptable.

Section 5 - Existing Operations of Altera

The current projects of Altera comprises the Gascoyne base metals Joint Venture and the Inglewood coal Joint Venture.

Gascoyne Base Metal Project

The Gascoyne base metal Joint Venture is located approximately 250 km to the east of Carnarvon in the Gascoyne region of Western Australia. The Joint Venture is between Altera and ABM Resources NL, whereby Altera is earning a 65% interest.

RC drilling completed at the project by Altera has resulted in a potential new base metal discovery with significant results of up to 2.3% Pb and 0.9% Cu. Lead sulphide (galena) and copper sulphides (chalcopyrite) having been identified in drill chips.

An Induced Polarisation (IP) survey completed to follow up the RC drill results has outlined a deeper and larger chargeable zone. A review of the IP survey data and preliminary two-dimensional modelling suggests that this zone lies below 100 m depth. IP surveys over a wider area, to outline significant bodies of sulphide mineralisation have been recommended to the Board.

Inglewood coal Joint Venture

Altera has applied for a total of thirteen (13) Exploration Permits for Coal (EPC) with the Queensland Department of Mines and Energy covering an area of 5,626 km².

Three of the EPCs (EPC 1649, EPC1652 and EPC1664) have now been granted. The granted EPCs cover an area of approximately 950 km².

The Company has signed an agreement to enter into a Joint Venture ("JV") with Dragon Energy Ltd (Dragon) on all the EPCs in Queensland. The terms of the JV involve a right for Dragon to expend least \$3.5 million over 3 years to earn an 85% interest.

Once Dragon has earned an 85% interest, Altera has the option to sell the remaining 15% interest in the Project to Dragon for an amount as agreed between Dragon and Altera and failing an agreement an amount determined by an independent expert. Subject to the above option, Altera will retain a 15% free carried interest until decision to mine.

The commencement date of the JV will be the first date by which at least six of the EPC's have been granted (including EPC 1664 near Toowoomba which has now been granted).

The Company also regularly examines possible acquisitions of resource projects worldwide to supplement its existing operations.

The Company as at the date of this Statement has cash reserves of \$706,000.

Section 6 - Impact of Offer on the Company

6.1 Principal effects

The principal effects of the Offer will be to:

- raise up to an extra \$1,963,522 in working capital funds to meet the costs of the Offer and to pay the corporate overheads of the Company including funding the ongoing expenses of seeking out and reviewing investment opportunities in the global resources industry; and
- increase the number of Shares on issue to 36,816,052 Shares and increase the Options on issue to 14,281,345 Options.

These effects may be impacted by the Placement Arrangement as described in Section 4.12 and Section 6.2.

6.2 Effect on Capital Structure

A table of changes in the capital structure of Altera as a consequence of the Offer is set out below. These changes may be impacted by the Placement Arrangement as set out below.

Capital Structure Prior to Offer	Capital Structure After Offer – Assuming Offer is fully subscribed
20,453,363 Shares	36,816,052 Shares
2,100,000 10 cent August 2011 Options	2,100,000 10 cent August 2011 Options
4 million 20 cent 31 December 2012 Options	4 million 20 cent 31 December 2012 Options
	8,181,345 20 cent January 2012 Options

The range of impacts on Altera's capital structure arising from the Placement Arrangements is as follows:

- (i) If the shortfall securities amounted to 16,362,690 Shares and 8,081,345 Options (i.e. a 100% shortfall in the Offer) Altera will issue to the nominees of the Underwriter 16,362,690 Shares and 8,181,345 Options in total pursuant to the Underwriting Agreement and no Shares or Options would be issued under the Placement Arrangement;

This would raise a total of \$1,963,522 before costs;

- (ii) If the shortfall securities comprise 8,181,345 Shares and 4,090,672 Options (i.e. a 50% shortfall under the Offer) then Altera will issue :

- (A) 8,181,345 Shares at 12 cents each and 4,090,672 Options to the nominees of the Underwriter in fulfilment of the Underwriter's underwriting commitment, PLUS

- (B) 5,151,988 Shares at 12 cents and 2,575,994 Options to Blackwood Capital pursuant to the Placement Arrangement;

This would raise a total of \$2,581,761 before costs.

- (iii) If there were no shortfall securities (i.e. the Offer was fully subscribed by Eligible Shareholders), then Altera will, in addition to issuing 16,362,690 Shares and 8,181,345 Options to the subscribing Shareholders, issue 13,333,333 Shares at 12 cents per Share and 6,666,666 free Options to the nominees of Blackwood Capital in fulfilment of the Placement Arrangement;

This would raise a total of \$3,563,522 before costs;

This Statement has been prepared on the assumption that none of the Existing Options on issue are exercised before the Record Date, and that on that date the total Shares on issue and which will participate in the Offer will be unchanged from the number on issue as stated above.

6.3 Financial Report

In accordance with section 715 of the Corporations Law a financial report is attached to this Statement as Appendix 1. This report is for the 12 month period ended 30 June 2009, has been prepared in accordance with accounting standards, and has been audited by Ernst & Young.

Section 7 - Risks

The New Shares and Options offered by this Statement should be regarded as speculative due to the inherent risks associated with the Company's present activities in mineral exploration, and any future activities in the resource or other sectors that the Company may invest in. These risks may have a material effect on the future operations and performance of the Company and the value of its Shares and Options.

The Directors strongly recommend that potential investors examine the contents of this Statement in its entirety and consult licensed professional advisers before making an investment decision.

The following is a list of the critical areas of risk associated with investing in Shares and Options of the Company.

- **Share Market**

The Share and Option price of the Company may be subject to numerous influences (international and domestic) which may affect both the broad trend in the share market and the share prices of individual companies.

In particular, the market price of the Company's Shares and Options and the Company's performance may be influenced by the movements in commodity prices.

- **Costs**

Exploration, development, production and operating costs may be greater than expected.

- **Approvals/Timing**

The Company will from time to time require government or regulatory approvals for its projects. These are sometimes discretionary or largely beyond the control of the Company. Timing of the grant of such approvals is often uncertain.

The Company is looking for quality supplementary assets. There is no certainty as to when any acquisition will occur or on what terms.

- **Funding**

The successful realisation of the Company's plans will become dependent upon obtaining financing for any additional projects that the Company may wish to invest in of an amount and within time sufficient to implement those plans. The amounts required may be substantial.

The Company's ability to raise further equity or debt and the terms of such transactions will vary according to a number of factors including:

- (a) the quality of any particular project;
- (b) stock market conditions in Australia and the World; and
- (c) the price of commodities.

- **Environmental Costs**

Exploration, development and production may result in consequent environmental damage. Costs arising from environmental rehabilitation, risk management and penalties may be substantial.

- **Legal**

The introduction of new legislation or amendments to existing legislation by governments, and the decisions of courts and tribunals, can impact adversely on the assets, operations and, ultimately, the financial performance of the Company and its securities.

- **Exchange Risk**

Any acquisition of supplementary assets and the associated legal and technical due diligence programme may be undertaken in currencies other than \$AUS. The funds raised by the Offer will be denominated in A\$. Currency exchange rate fluctuations, and in particular the price of the A\$ relative to the price of the US\$ may impact adversely on the costs of acquiring assets, the economics thereof and the costs of the legal and technical due diligence programme required.

- **Economic Factors**

Both domestic and world economic conditions may affect the performance of the Company. Factors such as the level of industrial production, supply and demand, inflation and interest rates have an impact on commodity prices.

- **Taxes**

In addition to income taxes of general application to companies, government royalties, direct and indirect taxes and other imposts can have a substantial effect upon the resources industry. Industry profitability can be affected by changes in government taxation policies or in the interpretation or application of those policies.

- **Operational**

Inclement weather, industrial disruptions, work stoppages, refurbishment and accidents at operations can result in production losses and delays in exploration activities and the delivery of product, which in turn may adversely affect profitability.

- **Exploration and Production**

Future long term results are directly related to the success of exploration efforts. There are inherent risks in exploration and production activities. There is no certainty that capital expended will result in discoveries, or that such discoveries may be economically recoverable.

- **Financial Default**

The financial failure or default by a participant in any contractual arrangements to which the Company is a party.

- **Management**

The Company will rely upon key people. Disruptions to the Company or delays in implementing strategies may occur if for any reason those people are not available.

Section 8 - Other Information

8.1 Rights Attaching to New Shares

The New Shares will upon issue participate equally with all Existing Shares in the Company in all respects. The following is a general description of the rights attaching to the Shares and which will attach to the New Shares issued pursuant to this Statement:

- **Voting Rights**

At any meeting each member present in person or by proxy has one vote on a show of hands, and on a poll has one vote for each Share held.

- **Dividend Rights**

Dividends declared by the Company are divisible amongst members in proportion to the Shares held by them, subject to the rights attached to any Shares issued upon special terms.

- **Rights on Winding Up**

If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the members in kind the whole or any part of the property of the Company and may for that purpose set such value as he considers fair upon any property to be so divided and may determine how the division is to be carried out as between the members or different classes of members.

- **Transfer of Shares**

Subject to the Corporations Act or any other applicable laws of Australia and the Listing Rules and the Constitution of the Company, the Shares are freely transferable.

- **Variation of Rights**

The rights attaching to Shares may only be varied by the consent in writing of three-fourths of the holders, or with the sanction of a special resolution at a general meeting.

The foregoing is only a brief summary of the rights attaching to the Shares. The detailed provisions relating to rights attaching to the Shares are contained in the Corporations Act, the Listing Rules and in the Constitution of the Company, which may be inspected without charge upon request at the registered office of the Company during normal business hours.

8.2 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers before investing in the New Shares and Options. Taxation consequences will depend on particular circumstances. Neither the Company nor any of its officers or advisers accept any liability or responsibility in respect of the taxation consequences of the matters referred to above or any other taxation consequences connected with an investment in New Shares and Options.

Section 9 - Consents

In accordance with Section 720 of the Corporations Law, each Director and each person named as a proposed Director has consented in writing to the lodgement of this Statement.

Messrs Ernst & Young have consented in writing to the inclusion in this Statement of the references to them and to any statements by them or any statements said in this document to be based on a statement by them in the form and context in which they are included, namely to be named in this Statement as the Auditor for the Company and to the inclusion in this Statement of their audit report and their independence declaration dated 29 September 2009.

Ernst & Young:

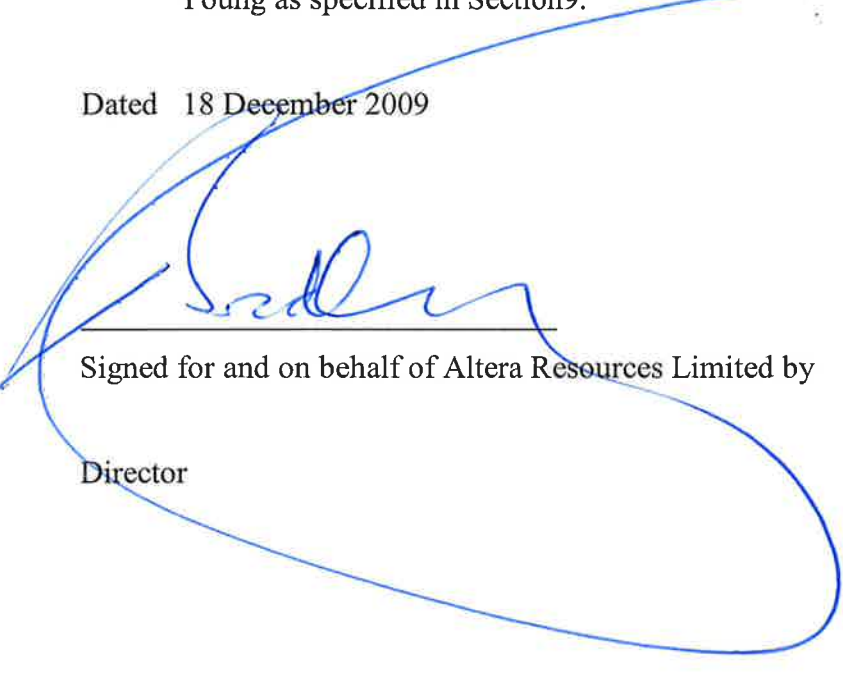
- (a) does not make, or purport to make, any statement in this Offer Information Statement other than those referred to in Section 9; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Offer Information Statement other than a reference to its name and a statement included in this Offer Information Statement with the consent of Ernst & Young as specified in Section 9.

Dated 18 December 2009



Signed for and on behalf of Altera Resources Limited by

Director



Section 10 - Definitions

In this Statement:

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited.

Blackwood Capital means Blackwood Capital Limited ACN 101849 110.

Board means the board of directors of Altera Resources.

Business Day has the same meaning as in the Listing Rules.

Closing Date means 20 January 2010.

the Company or **Altera Resources** or **Altera** means Altera Resources Limited ACN 082 541 437.

Corporations Act means the Corporations Act 2001.

Directors means directors of the Company.

Eligible Shareholders means those Shareholders recorded on the register of members of Altera on the Record Date with registered addresses in Australia or New Zealand.

Entitlement or **Rights** means the Entitlement of an Eligible Shareholder to subscribe for New Shares pursuant to the Offer and **Entitlement Shares** has a corresponding meaning.

Entitlement and Acceptance Form or **Form** means the entitlement and acceptance form accompanying this Statement.

Existing Options means the 6,100,000 Options on issue at the date of this Statement described in Section 6.2.

Existing Shares means the 20,453,363 Shares on issue as at the date of this Statement.

Listing Rules means the Official Listing Rules of ASX.

New Options means Options the subject of the Offer.

New Shares means Shares the subject of the Offer.

Offer and **this Offer** means the offer of Entitlements to New Shares with an issue price of A\$0.12 per Share and attaching Options to be made to Eligible Shareholders, as described in this Statement.

Option means an option to subscribe for a Share.

Placement Arrangement means the arrangements with Blackwood Capital described in Section 4.12.

Record Date means 31 December 2009, being the date on which Entitlements will be determined.

Rights has the same meaning as Entitlement.

Shareholders means persons who hold Shares in the Company.

Shares means fully paid ordinary shares in the capital of the Company.

Shortfall Options means that number of Options being the difference between 8,181,345 and the number of Options for which valid acceptances are received from Eligible Shareholders under this Offer.

Shortfall Shares means that number of Shares being the difference between 16,362,690 and the number of Shares for which valid acceptances are received from Eligible Shareholders under this Offer.

Statement means this Offer Information Statement in relation to the Offer.

Underwriter and **Mancora Capital** means Mancora Capital Pty Ltd ACN 131 330 482.

Underwriting Agreement means an agreement between the Company and the Underwriter dated 18 December 2009.

References to Sections are to Sections of this Statement.

References to **A\$** and **Australian dollars** are references to the currency of Australia.

APPENDIX 1 – FINANCIAL REPORT



Altera Resources Ltd

A.B.N. 55 082 541 437

FINANCIAL REPORT
FOR THE YEAR ENDED

30 June 2009

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DIRECTORS	Godfrey Rule Harjinder Kehal Jeremy Shervington Bradley Abbott
SECRETARY	Bradley Abbott
REGISTERED OFFICE	813 Wellington Street, WEST PERTH WA 6005+ Telephone: (08) 9321 2642 Facsimile: (08) 9322 1385 Email: info@alteraresources.com.au
POSTAL ADDRESS	Postal Address: PO Box 1123 WEST PERTH WA 6005
BUSINESS ADDRESS	Unit 6, 11 Colin Grove WEST PERTH WA 6005 Telephone: (08) 9481 5866 Facsimile: (08) 9481 5966
ABN	55 082 541 437
AUDITORS	Ernst & Young 11 Mounts Bay Road PERTH WA 6000
BANKERS	National Australia Bank 100 St Georges Terrace, PERTH
SHARE REGISTER	Advanced Share Registry Services 150 Stirling Highway Nedlands WA 6009 Tel: +61 8 9389 8033 Fax: +61 8 9389 7871 Email: admin@advancedshare.com.au Web: www.asrshareholders.com.au

CHAIRMANS REPORT

Dear Shareholder,

On behalf of your Board of Directors, I have pleasure in presenting the Annual Report and Financial Statements of Altera Resources Limited ("Altera" or the "Company") for the 12 months to 30 June 2009.

During the year the Company had reached a Heads of Agreement to acquire an Underground Coal Gas (UCG) project. With the change in market conditions, it was unable to reach an acceptable final position with Clean Global Energy Pty Ltd, the vendors of the project, and the transaction did not proceed.

Based on the knowledge gained assessing this transaction the Board was excited by the potential of UCG and coal projects in Australia and re-evaluated the Company's strategy and as a result a total of twelve (12) Exploration Permits for Coal applications (EPCA's) were lodged with the Queensland Department of Mines and Energy. Coal formations in the Clarence-Moreton/Surat, Bowen and Galilee Basins were investigated with priority given to identify vacant ground underlain by coal occurrences present in less conventionally-explored formations and where possible, acquire vacant ground in South-East Queensland. Proximity to infrastructure was another key consideration in the selection of permit application areas.

The Company has completed a detailed data review and geological compilation on the 10 EPCAs in the Clarence-Moreton/Surat Basin in South East Queensland covering an area of 5,539 km². This review has highlighted that:

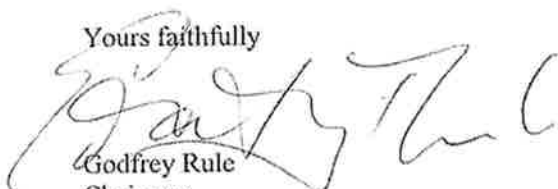
- Altera's EPCAs cover a strategic area with potential for large tonnages of thermal coal.
- A large Inventory coal tonnage has been established, from which several Exploration Targets have been estimated, totalling some 405 to 540 Million tonnes.
- Whilst these Exploration Targets are conceptual in nature, there is potential for both open cut and underground mining in each area.
- Expected product coals range from domestic to export thermal and perhaps a semi-soft coking coal.

A number of Exploration Target areas identified will be the subject of follow up exploration drilling programs with the aim of converting the Exploration Targets into coal resources suitable for reporting to the JORC – Standard in the 2009/2010 financial year. The Company is reviewing new coal opportunities to complement its existing EPCAs in Queensland.

The Board of Altera is committed to pursuing a strategy that will deliver long-term growth to shareholders. The Company has cash reserves with no debt and only 20,453,363 shares on issue.

I extend my sincere thanks to the Board of Altera for their contributions and efforts during the year. We look forward to fulfilling our strategy in the financial year ahead.

Yours faithfully



Godfrey Rule
Chairman
29 September 2009

Corporate governance statement

BEST PRACTICE RECOMMENDATION

Outlined below are the 8 Essential Corporate Governance Principles as outlined by the ASX and the Corporate Governance Council. The Company has complied with the Corporate Governance Best Practice Recommendations except as identified below.

Corporate Governance Policy	Action taken and reasons if not adopted
<i>Lay solid foundation for management and oversight</i>	
<i>Principle 1: Recognise and publish the respective roles and responsibilities of the Board and management</i>	Adopted
1.1 Formalise and disclose the functions reserved to the Board and those delegated to management.	Refer Corporate Governance Statement 2,3 & 4.
1.2 Disclose the process for evaluating the performance of senior executives.	Refer Corporate Governance Statement 3.11.
<i>Structure the Board to add value</i>	
<i>Principle 2: Have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties</i>	Adopted except as follows:-
2.1 A majority of the Board should be independent.	2.1 The Company does not comply with this recommendation as none of the four Directors are considered independent. Refer Corporate Governance Statement 3.5.
2.2 The Chairperson should be an independent director.	2.2 The Chairman is not independent.
2.3 The roles of Chairperson and Chief Executive Officer should not be exercised by the same individual.	2.3 The company does not have a Chief Executive Officer.
2.4 The board should establish a nomination committee.	2.4 The Board has not established a Remuneration and Nomination Committee.
2.5 Disclose the process for evaluating the performance of the Board, its Committees and the individual Directors.	2.5 Refer Corporate Governance Statement 3.11 & 4.2.
<i>Actively promote ethical and responsible decision-making</i>	
<i>Principle 3: Promote ethical and responsible decision-making</i>	Adopted except as follows:-
3.1 Establish a code of conduct and disclose the code or a summary of the	

Corporate Governance Policy	Action taken and reasons if not adopted
code as to:	3.1.1 Refer Corporate Governance Statement 3.6,3.7,3.13,3.14, & 6.
3.1.1 the practices necessary to maintain confidence in the Company's integrity;	3.1.1 Refer Corporate Governance Statement 3.6,3.7,3.13,3.14, & 6.
3.1.2 the practices necessary to take into account their legal obligations and reasonable expectations of their stakeholders; and	3.1.3 Refer Corporate Governance Statement 6.
3.1.3 the responsibility and accountability of individuals for reporting or investigating reports of unethical practices.	
3.2 Establish a policy concerning trading in Company securities by directors, senior executives and employees and disclose the policy or a summary of that policy.	3.2 Refer Corporate Governance Statement 3.8.
<i>Safeguard integrity in financial reporting</i>	
<i>Principle 4: Establish a structure to independently verify and safeguard integrity in financial reporting</i>	4 Not Adopted as the size and nature of the company, it's business interests and level of involvement of Directors in the companies activities would mean such a committee would not be independent. Refer Corporate Governance Statement 4.2.
4.1 The Board should establish an Audit Committee	
4.2 Structure the Audit Committee so that it consists of:	
▪ Only non-executive Directors ▪ A majority of independent Directors ▪ An independent chairperson who is not the chairperson of the Board ▪ At least three members.	
4.3 The Audit Committee should have a formal operating charter.	
<i>Respect the rights of shareholders</i>	
<i>Principle 6: Respect the rights of shareholders and facilitate the effective exercise of those rights</i>	Adopted
6.1 Design and disclose a communications policy to promote effective communication with shareholders and encourage effective participation at general meetings and disclose the policy or a summary of the policy.	6.1 Refer Corporate Governance Statement 8.
<i>Recognise and manage risk</i>	
<i>Principle 7: Establish a sound system of risk oversight and management and internal control</i>	Not Adopted
7.1 The Board or appropriate Board committee should establish policies on risk oversight and management.	7.1 There is no formal risk management internal control system in place.
7.2 The Board should require management to design and implement the risk management and internal control system to manage the	7.2 The company's board also take on

Corporate Governance Policy	Action taken and reasons if not adopted
Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	management responsibilities.
7.3 The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the <i>Corporations Act 2001</i> is founded on a sound risk management and internal control and that the system is operating effectively in all material respects in relation to the financial reporting risks.	7.3 Refer Corporate Governance Statement 7.
Remunerate fairly and responsibly	
<i>Principle 8: Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined</i>	Adopted except as follows
8.1 The Board should establish a remuneration committee.	8.1 A Remuneration and Nomination Committee has not been established as due to the small size of the company such a committee was not considered to add any efficiency to the process of determining the levels of remuneration of directors and executives. Refer Corporate Governance Statement 4.2
8.2 Clearly distinguish the structure of non-executive Directors' remuneration from that of executives.	The current remuneration of Directors is disclosed in the Remuneration Report and also at Note 14 to the Accounts.

Corporate governance statement

1. Framework and Approach to Corporate Governance and Responsibility

The Board is committed to maintaining the highest standards of Corporate Governance. Corporate Governance is about having a set of core values and behaviours that underpin the Company's activities and ensure transparency, fair dealing and protection of the interests of stakeholders.

The Board of Directors supports the Principles of Good Corporate Governance and Best Practice Recommendations developed by the ASX Corporate Governance Council (Council). The Company's practices are largely consistent with the Council's guidelines - the Board considers that the implementation of some recommendations are not appropriate having regard to the nature and scale of the Company's activities and size of the Board. The Board uses its best endeavours to ensure exceptions to the Council's guidelines do not have a negative impact on the Company and the best interests of shareholders as a whole.

Details of all of the Council's recommendations can be found on the ASX website at <http://asx.ice4.interactiveinvestor.com.au/ASX0701/Corporate%20Governance%20Principles/EN/body.aspx?z=3&p=-1&v=1&uid=>

2. Board of Directors - Role and responsibilities

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. The Board is also responsible for the overall corporate governance of the Company, and recognises the need for the highest standards of behaviour and accountability in acting in the best interests of the Company as a whole. The Board also ensures that the Company complies with all of its contractual, statutory and any other legal or regulatory obligations. The Board has the final responsibility for the successful operations of the Company.

Where the Board considers that particular expertise or information is required, which is not available from within their number, appropriate external advice may be taken and reviewed prior to a final decision being made by the Board.

Without intending to limit the general role of the Board, the principal functions and responsibilities of the Board include the following.

- (1) formulation and approval of the strategic direction, objectives and goals of the company;
- (2) the prudential control of the Company's finances and operations and monitoring the financial performance of the Company;
- (3) the resourcing, review and monitoring of executive management;
- (4) ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- (5) the identification of significant business risks and ensuring that such risks are adequately managed;
- (6) the timeliness, accuracy and effectiveness of communications and reporting to shareholders and the market;
- (7) the establishment and maintenance of appropriate ethical standards;
- (8) responsibilities typically assumed by an audit committee including:
 - (a) reviewing and approving the audited annual and reviewed half yearly financial reports;
 - (b) reviewing the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal;
- (9) responsibilities typically assumed by a remuneration committee including:
 - (a) reviewing the remuneration and performance of both Executive and Non-Executive Directors;
 - (b) setting policies for Executives' remuneration, setting the terms and conditions of employment for Executives, undertaking reviews of Executive's performance, including, setting goals and reviewing progress in achieving those goals;
 - (c) reviewing the Company's Executive and employee incentive schemes and making recommendations on any proposed changes.
- (10) responsibilities typically assumed by a nomination committee including:
 - (a) devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors;

- (b) oversight of Board and Executive succession plans.

3. Board of Directors – Composition, Structure and Process

The Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and the scale and nature of the Company's activities. The names of the Directors currently in office and their qualifications and experience are stated in the Directors' Report for the year ended 30 June 2009.

3.1. Skills, knowledge and experience

Directors are appointed based on the specific corporate and governance skills and experience required by the Company. The Board should contain Directors with a relevant blend of personal experience in accounting and finance, law, financial and investment markets, financial management and public company administration, and Director-level business or corporate experience, having regard to the scale and nature of activities of the Company.

3.2. Non-Executive Directors

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. But due to the size and current activities of the company the cost can not be justified, this situation will be revised as soon as the company commences trading.

3.3. Chairman

The Chairman leads the Board and has responsibility for ensuring the Board receives accurate, timely and clear information to enable Directors to perform their duties as a Board. The Company's Executive Chairman since 3 August 2006 is Mr Godfrey Rule, whose qualifications and experience are stated in the Directors' Report for the year ended 30 June 2009.

3.4. Company Secretary

The Company Secretary is appointed by the Board and is responsible for developing and maintaining the information systems and processes that are appropriate for the Board to fulfil its role and is responsible to the Board for ensuring compliance with Board procedures and governance matters. The Company Secretary is also responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. The Company Secretary (also an Non-Executive Director) is Mr Bradley Abbott, whose qualifications and experience are stated in the Directors' Report for the year ended 30 June 2009.

3.5. Independence

An independent Director, in the view of the Company, is a Non-Executive Director who:

- (1) is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- (2) within the last 3 years has not been employed in an Executive capacity by the Company, or been a Director after ceasing to hold any such employment;
- (3) within the last 3 years has not been a principal of a material professional adviser or a material consultant to the Company, or an employee materially associated with a service provider;
- (4) is not a material supplier or customer of the Company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- (5) has no material contractual relationship with the Company other than as a Director of the Company;
- (6) has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- (7) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Mr Godfrey Rule (Executive Chairman and Director) was not regarded as an independent Director, being an Executive Officer of the Company.

Mr Bradley Abbott (Non-Executive Director and Company Secretary) is not regarded as an independent Director, being an Executive Officer of the Company.

Mr Jeremy Shervington (Non-Executive Director) is not regarded as an independent Director, as he is a director of a substantial shareholder of the company.

Mr Harjinder Kehal (Executive Director) is also not regarded as an independent Director as he is an Executive Officer of the Company.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the appointment and further expense of a majority of independent Non-Executive Directors. The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues.

If the Company's activities increase in size, nature and scope the size of the Board will be reviewed periodically and the optimum number of Directors required for the Board to properly perform its responsibilities and functions.

3.6. Conflicts of Interest

To ensure that Directors are at all times acting in the interests of the Company, Directors must:

- (1) disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- (2) if requested by the Board, within 7 days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act, absent himself from the room when Board discussion and/or voting occurs on matters about which the conflict relates (save with the approval of the remaining Directors and subject to the Corporations Act).

3.7. Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company as defined in the Corporations Act or the ASX Listing Rules. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction. The Company also discloses related party transactions in its financial report as required under relevant Accounting Standards.

3.8. Share Dealings and Disclosures

The Company's policy regarding Directors, Executives and employees dealing in its securities, is set by the Board. The Board restricts Directors, Executives and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices. Executives and employees and Directors are required to consult the Chairman and the Board respectively, prior to dealing in securities in the Company or other companies in which the Company has a relationship.

Dealings are not permitted at any time whilst in the possession of price sensitive information not already available to the market. In addition, the Corporations Act prohibits the purchase or sale of securities whilst a person is in possession of inside information.

3.9. Board Nominations

The Board will consider nominations for appointment or election of Directors that may arise from time to time having regard to the corporate and governance skills required by the Company and procedures outlined in the Constitution and the Corporations Act.

3.10. Terms of Appointment as a Director

The current Directors of the Company have not been appointed for fixed terms. The constitution of the Company provides that a Director other than the Managing Director may not retain office for more than three calendar years or beyond the third annual general meeting following his election, whichever is longer, without submitting himself for re-election. One third of the Directors (save for a Managing Director) must retire each year and are eligible for re-election. The Directors who retire by rotation at each annual general meeting are those with the longest length of time in office since their appointment or last election.

3.11. Performance Review and Evaluation

It is the policy of the Board to ensure that the Directors and Executives of the Company be equipped with the knowledge and information they need to discharge their responsibilities effectively, and that individual and collective performance is regularly and fairly reviewed. Although the Company is not of a size to warrant the development of formal processes for evaluating the performance of its Board, individual Directors and Executives, there is on-going monitoring by the Chairman and the Board. The Chairman also speaks to Directors individually regarding their role as a Director.

3.12. Meetings of the Board

The Chairman and Company Secretary generally schedules periodic formal Board meetings (if there is business to be attended to by the Board). In addition, the Board meets whenever necessary to deal with specific matters requiring attention between scheduled periodic meetings. Circulatory Resolutions are also utilised where appropriate either in place or in addition formal Board meetings. Board meetings are held predominantly by telephone conferencing as not all Directors are resident in the one city. However, the Board will convene face to face meetings from time to time as is appropriate based on the particular items of business for consideration.

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

It is recognised and accepted that Board members may also concurrently serve on other boards, either in an executive or non-executive capacity.

3.13. Independent Professional Advice

Subject to prior consultation with the Chairman, each Director has the right to seek independent legal and concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

3.14. Access to Company Information and Confidentiality

All Directors have the right of access to all relevant Company books and to the Company's Executive Management. In accordance with legal requirements and agreed ethical standards, Directors and Executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

4. Management

4.1. Executives

During the 2008/2009 year:

- Mr Bradley Abbott, Harjinder Kehal, Godfrey Rule and Jeremy Shervington continued as directors.
- Mr Abbott took on the multiple roles as Non-Executive Director and Company Secretary.
- The Board considered that the Company was not currently of a size, nor were its affairs of such complexity to justify the expense of the appointment of an independent Non-Executive Chairman.
- Mr Rule held multiple roles of Chairman and Executive Director.
- The Board was of the opinion that all Directors exercise and bring to bear an unfettered and independent judgement towards their duties and the Board was satisfied that Mr Rule (as both Chairman and as Executive Director during the year) played an important role in the operations of the Company and was able to and did bring quality and independent judgment to all relevant issues falling within the scope of the role of a Chairman and did not consider that his dual role in any way diminished the efficient organisation and conduct of the Board's overall function;

The Company does not presently have a Managing Director, Chief Executive Officer (CEO) or Chief Financial Officer (CFO). The Executive team comprises Mr Bradley Abbott as Non-Executive Director and Company Secretary and Mr Godfrey Rule is Executive Director and Chairman.

The Board has determined that the Company Secretary is the appropriate person to make the chief executive and CFO declarations required under section 295A and recommended by the Council.

4.2. Board and Management Committees

In view of the current composition of the Board and the nature and scale of the Company's activities, the Board has considered that establishing formally constituted committees for audit, board nominations and remuneration would contribute little to its effective management.

Accordingly audit matters, the nomination of new Directors and the setting, or review, of remuneration levels of Directors and Executives are reviewed by the Board as a whole and approved by resolution of the Board (with abstentions from relevant Directors where there is a conflict of interest). That is, matters typically dealt with by an audit, nominations and remuneration committee are dealt with by the full Board.

5. Remuneration Policy

Please refer to the Remuneration Report in the Director's Report for the year ended 30 June 2009.

5.1 Options remuneration

The Company considers the granting of options as a long term variable component of the remuneration of key management personnel, providing a direct relationship as to increases in shareholders wealth via an increasing share price and the remuneration of individuals. For this reason options are granted to non-executive directors as an incentive to increase value to all shareholders.

6. Code of Conduct and Ethical Standards

The Company is not of a size that warrants the establishment of a formal code of conduct that guides compliance with all levels of legal and other obligations to stakeholders. However, the Company's policies are focussed on ensuring that all Directors, Executives, and employees act with the utmost integrity and objectivity in carrying out their duties and responsibilities, striving at all times to enhance the reputation and performance of the Company.

7. Internal Control and Risk Management

The Board is responsible for the identification, monitoring and management of significant business risks and the implementation of appropriate levels of internal control, recognising however that no cost effective internal control system will preclude all errors and irregularities. The Board regularly reviews and monitors areas of significant business risk.

The Board has determined that the Company Secretary is the appropriate person to make the CEO and CFO declarations on the risk management and internal compliance and control systems recommended by the Council, for the year ended 30 June 2009.

8. Communications

8.1. Communications to Market and Shareholders

The Board recognises its duty to ensure that its shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders and the market through:

- (1) The Annual Report which is distributed to shareholders (usually with the Notice of Annual General Meeting);
- (2) The Annual General Meeting and other general meetings called to obtain shareholder approvals as appropriate;
- (3) The Half-Yearly Directors' and Financial Reports;
- (4) Other announcements released to ASX as required under the continuous disclosure requirements of the ASX Listing Rules and other information that may be mailed to shareholders.

The Company actively promotes communication with shareholders through a variety of measures, including the use of the Company's website (currently being updated) and email. The Company's reports and ASX announcements may be viewed and downloaded from the ASX website: www.asx.com.au under ASX code "AEA".

The Company also maintains an email list for the distribution of the Company's announcements via email in a timelier manner.

8.2. Continuous Disclosure to ASX

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information:

- (1) concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- (2) that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

DIRECTORS' REPORT

Your Directors present their report together with the financial report of Altera Resources Limited (Company or Altera) for the financial year ended 30 June 2009.

Directors

The names and details of the directors in office during the financial year are:

Godfrey Rule
Harjinder Kehal
Bradley Abbott
Jeremy Shervington

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Directors' Particulars

DIRECTORS AND COMPANY SECRETARY

Information concerning Directors in office during or since the end of the financial year are:

Godfrey Rule	Chairman & Executive Director
<i>Appointed</i>	- 8 August 2006, Appointed Chairman 8 August 2006
<i>Qualifications</i>	- Bcom (UWA)
<i>Experience</i>	- Mr Rule with a Bachelor of Commerce from the University of Western Australia, has over 30 years experience in the merchant banking and resource industries in Australia and overseas. He has been a founding director of a number of ASX listed resource companies including Gloucester Coal Limited and AMX Resources Limited.
☐ <i>Relevant interest in shares and options</i>	- Shares 515,686; Options 525,000 (expires 8/8/2011); Options 1,000,000 (expires 31/12/2012)
☐ <i>Special Responsibilities</i>	- None
<i>Other current directorships in listed entities</i>	- None
<i>Former directorships in other listed entities in past 3 years</i>	- None
Harjinder Kehal	Executive Director
<i>Appointed</i>	- 8 August 2006
<i>Qualifications</i>	- BSc (Hons) (UWA), MMEE (Macquarie)
<i>Experience</i>	- Mr Kehal with a Bachelor of Science (Hons) from the University of Western Australia and Master of Mineral and Energy Economics from Macquarie University, is a geologist with over 20 years experience in precious metals, industrial metals and base metals within Australia, China, India and Vietnam. He has extensive experience in project evaluation, feasibility studies, joint venture negotiations and statutory reporting.
<i>Relevant interest in shares and options</i>	- Shares 365,686 ; Options 525,000 (expires 8/8/2011); Options 1,000,000 (expires 31/12/2012)
<i>Special Responsibilities</i>	- None

Other positions held in listed entities - None

Former directorships in other listed entities in past 3 years - None

Bradley Abbott **Non-Executive Director and Company Secretary**

Appointed - 8 August 2006

Qualifications - B.Bus (Curtin), CA

Experience - Mr Abbott is the founding director of Abbott's Pty Ltd, a Chartered Accounting Practice based in Perth, Western Australia. He has been in public accounting since 1975 with main areas of specialty of small business, agriculture, mining and estate planning. Mr. Abbott holds a Bachelor of Business degree from Curtin University is a fellow of the Taxation Institute of Australia and the Institute of Chartered Accountants and is a registered Company auditor.

□ *Relevant interest in shares and options* - Shares 1,250,685; Options 525,000 (expires 8/8/2011); Options 1,000,000 (expires 31/12/2012)

Special Responsibilities - None

Other current directorships in listed entities - None

Former directorships in other listed entities in past 3 years - None

Jeremy Shervington **Non-Executive Director**

Appointed - 8 August 2006

Qualifications - B.Juris L.LB

Experience - Mr Shervington operates a legal practice in Western Australia. He specializes in the laws regulating Companies and the Securities Industry in Australia. Mr Shervington has since 1985 served as a director of various ASX listed companies as well as a number of unlisted public and private companies.

□ *Relevant interest in shares and options* - Shares 2,195,418; Options 525,000 (expires 8/8/2011); Options 1,000,000 (expires 31/12/2012)

Special Responsibilities - None

Other positions held in listed entities - Current Director of:

- (1) Australian Zircon Ltd (Appointed 16 February 1998)
- (2) Prairie Downs Metals Ltd (Appointed 11 October 2002)
- (3) Emerald Oil & Gas NL (Appointed 23 January 2006)
- (4) Industrial Minerals Corporation Ltd (Appointed 17 February 2004)
- (5) Western Uranium Ltd (Appointed: 11 May 2006)
- (6) Colonial Resources Ltd (Appointed: 11 May 2006)

*Former directorships
in other listed entities
in past 3 years*

(1) Biron Apparel Ltd (Appointed: 17 February 2002; Resigned: 26 December 2006)

Principal Activities

The Company's principal activity is mineral exploration.

Results of Operations

The net loss of the Company after income tax for the financial year amounted to \$663,776 (2008: loss of \$690,532).

Dividends

No dividends were paid or declared during the financial year. No recommendation for the payment of dividends has been made.

Review of Financial Position

The Company currently has cash reserves of approximately \$1,027,543 (2008: \$1,666,303) and net assets of \$1,052,276 (2008: \$1,716,052). The company is well placed to pursue future business opportunities and able to conduct current activities.

Review of Operations

Queensland Coal project

During the year the Company announced that it had reached a Heads of Agreement to acquire an Underground Coal Gas (UCG) project and technology. Subsequently it was unable to reach an acceptable final position with Clean Global Energy Pty Ltd (CGE), the vendors of the project, and the transaction did not proceed. Based on the knowledge gained assessing the CGE transaction the Company was excited by the potential of UCG in Australia and re-evaluated its strategy in this energy sector and decided to proceed with the development of a UCG project in its own right through applying for suitable coal permits in Queensland and entering into a technology participation agreement with an appropriate party which would allow it to develop significant source of economic quantities of Syngas suitable for power generation and coal to liquids opportunities.

A total of 12 Exploration Permits for Coal applications (EPCAs) were lodged with the Department of Mines and Energy in the Clarence-Moreton/Surat Basin in South-East Queensland and Bowen Basin in northern Queensland covering an area of over 5,600 km². These EPCA's have to progress through the Native title claimant and agreement stage prior to grant.

On 18 February 2009, the Queensland State Government released a policy aimed at addressing issues relating to the rights, safety and operational issues arising from the overlap of the EPC and Exploration Permits Petroleum (EPP) tenures. EPPs are blanket applications over majority of coal fields for the extraction of Coal Seam Methane (CSM) and also referred to as Coal Bed Methane (CBM). The impact of the Queensland State Government policy appears to give priority over coal resources to EPP holders and restricts the ability of an EPC holder to utilise the coal resources for alternative use such as UCG. The Queensland State Government also put a cap on three UCG projects in Queensland currently being developed by Linc Energy, Carbon Energy and Cougar Energy.

Subsequently a detailed open file data review and geological compilation completed during the year on the 10 EPCA's in the Clarence-Moreton/Surat Basin has highlighted that:

- Altera's EPCAs cover a strategic area with actual and potential for large tonnages of thermal coal.
- A large Inventory coal tonnage has been established, from which several Exploration Targets have been estimated, totalling some 405 to 540 Million tonnes.
- Whilst these Exploration Targets are conceptual in nature, there is potential for both open cut and underground mining in each area.
- Expected product coals range from domestic to export thermal and perhaps a semi-soft coking coal.

The data review of the EPCA's to ascertain Inventory coal tonnages and Exploration Targets was completed by Moultrie Database & Modelling (MDM) based in Brisbane. This review showed that the EPCA's are underlain by the Walloon Coal Measures and the Marburg Sub-Group formations. The Stage 1 review of these areas consisted of downloading Open File Queensland Mines Department held historical data. The quality of the data thus reported was variable, but consisted of all information from previous fieldwork, boreholes (including some electronic LAS data) and any seismic data collected. Some of the reports included resource estimates and coal quality models. From this borehole data, the main focus was in acquiring the LAS geophysical data to identify coal seams within the strata.

Borehole collars and seam picks unearthed or interpreted by MDM were collated to an Access Database and later transferred to the Gemcom – Minex mine planning system to enable seam correlation. Some minimum criteria (e.g. seams > 0.3m in thickness, not intruded, <60% ash) were set for the coal seams being investigated, and subsequently thickness contours and volumes calculated, some by using first principles and some using the above-mentioned mine planning software.

From these calculations a large inventory coal tonnage was identified however this figure is not suitable for reporting to the JORC standard. Subsequent calculations highlighted several Exploration Targets, totalling between, 405 to 540 Million tonnes occurring within the Altera's EPCAs (refer to Table 1). In general individual coal seams vary in thickness between 0.3 to 3m. In the Toowoomba area the seams are slightly thicker. The coal tonnages at Leyburn, Warwick, Mintovale and Inglewood areas would all be classed as having shallow and moderately deep open-cut potential, whereas the coal at Toowoomba would be an underground coal prospect. The expected product coals could range from domestic thermal to export thermal and perhaps for the Evergreen Formation, a semi-soft coking coal.

It should be noted that the tonnages quoted in **Table 1** are conceptual in nature, that there has been insufficient exploration to define a Coal Resource and that it is uncertain if further exploration will result in the determination of a Coal Resource.

Table 1: South-East Queensland EPC Applications Exploration Target Estimates

Area	EPCAs	Formation	Exploration Target (Mt - Million tonnes)	Net Coal Thickness (m - Metres)
Warwick	1648	Marburg Formation	5-10	3.5
Toowoomba	1664	Marburg Formation	300-400	14.5
	1665	Evergreen Formation Ipswich Coal Measures		
Mt Edward	1662	Walloon Coal Measures	40-50	8.0
		Marburg Formation		
		Evergreen Formation		
Inglewood	1650	Walloon Coal Measures	20-30	5.5
Yearbon	1649	Walloon Coal Measures	40-50	6.5
Total			405-540	

In conclusion, several comments can be made about the current phases of the geological evaluation being conducted by MDM for Altera:

- The Exploration Target tonnages estimate is based on coal thicknesses from previous drilling and the estimated strike extent of the coal measures based on petroleum wells and limited seismic data. A geological basin model is currently being developed by Altera and its independent consultants. The company is confident that some of these areas will have sufficient data to support Inferred coal resources from further investigations and evaluations.
- Previous explorers were originally deterred by the basalt and alluvial cover in some of Altera EPCAs and these areas now represent windows of opportunity for the discovery of new coal deposits for the Company.
- There has been insufficient drilling at depth below the Walloon Coal Measures and deeper drilling is expected to define new coal tonnages.

For the remaining EPCA's interpretation of available open-file data will form Stage 2 of the review with priority on generating inferred masks, calculating tonnages and defining new target areas. A priority for exploration drilling programs is additional Points of Observation up-dip and down-dip to provide two dimensions to the existing drilling arrays.

A number of Exploration Target areas that have been identified will be the subject of follow up exploration drilling programs with the aim of converting the Exploration Targets into coal resources suitable for reporting to the JORC - Standard.

Data review and compilation of Altera's other EPCAs covering an area of over 80km² in the Bowen Basin is underway. These EPCAs also have the potential for the discovery of new coal deposits.

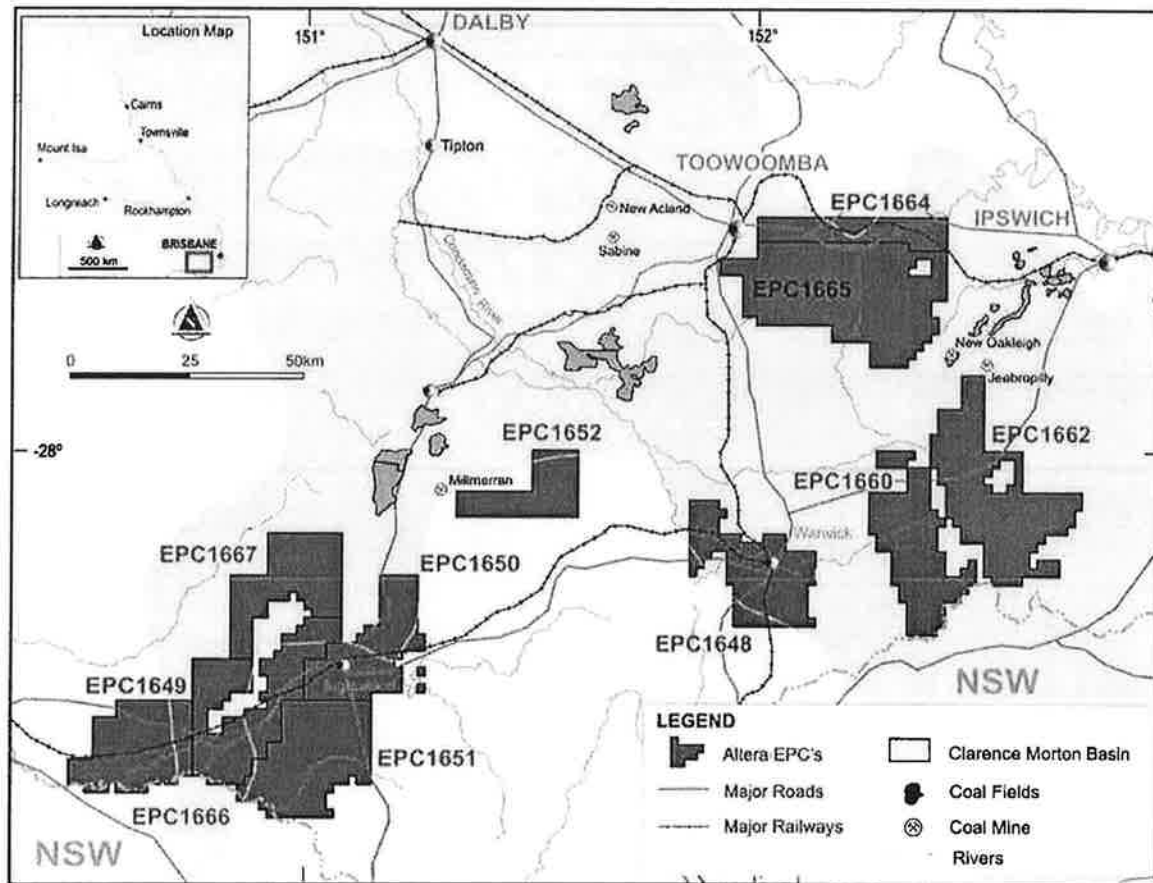


Figure 1: Exploration Permit for Coal applications – Toowoomba area, Clarence Morton Basin, Queensland

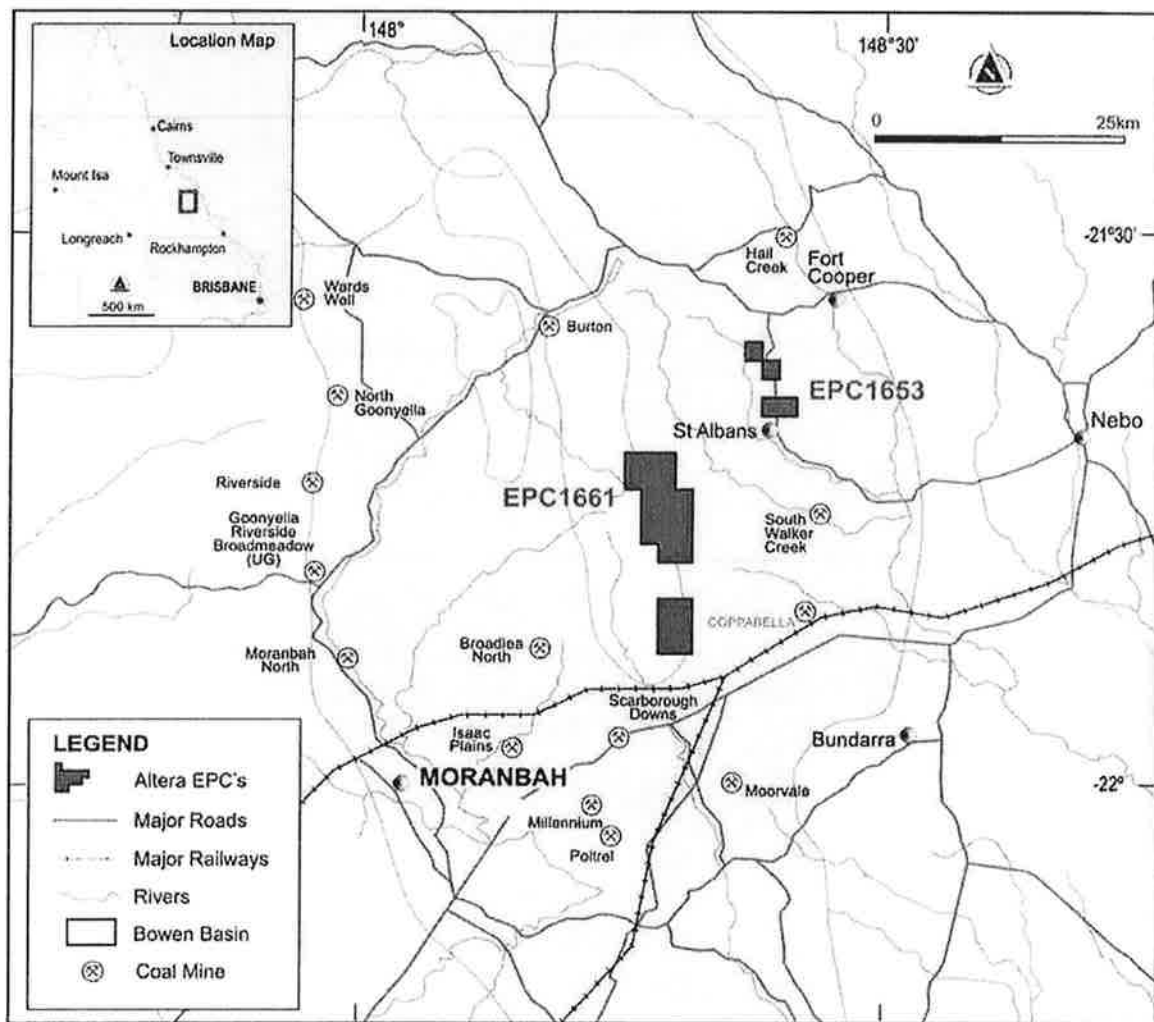


Figure 2: Exploration Permit for Coal applications – Moranbah area, North Bowen Basin, Queensland

Gascoyne Base Metal Project

The Gascoyne Base Metal Project (GBMP) is located approximately 250 km to the east of Carnarvon in the Gascoyne region of Western Australia (Figure 2). GBMP is a joint venture between Altera and ABM Resources NL, whereby Altera is earning a 65% interest in GBMP.

RC drilling completed during 2008 at the project by Altera has resulted in a potential new base metal discovery with significant results of up to 2.3% Pb and 0.9% Cu. Lead sulphide (galena) and copper sulphides (chalcopyrite) were identified in drill chips.

An Induced Polarisation (IP) survey completed to follow up the very significant RC drill results has outlined a deeper and larger chargeable zone. A review of the IP survey data and preliminary two-dimensional modelling suggests that this zone lies below 100 m depth. IP surveys over a wider area, to outline significant bodies of sulphide mineralisation have been recommended by the consulting geophysicist.

An Information Memorandum was prepared during the year and the Company is actively seeking JV partners for this project to build on the discovery results of up to 2.3% Pb and 0.9% Cu.

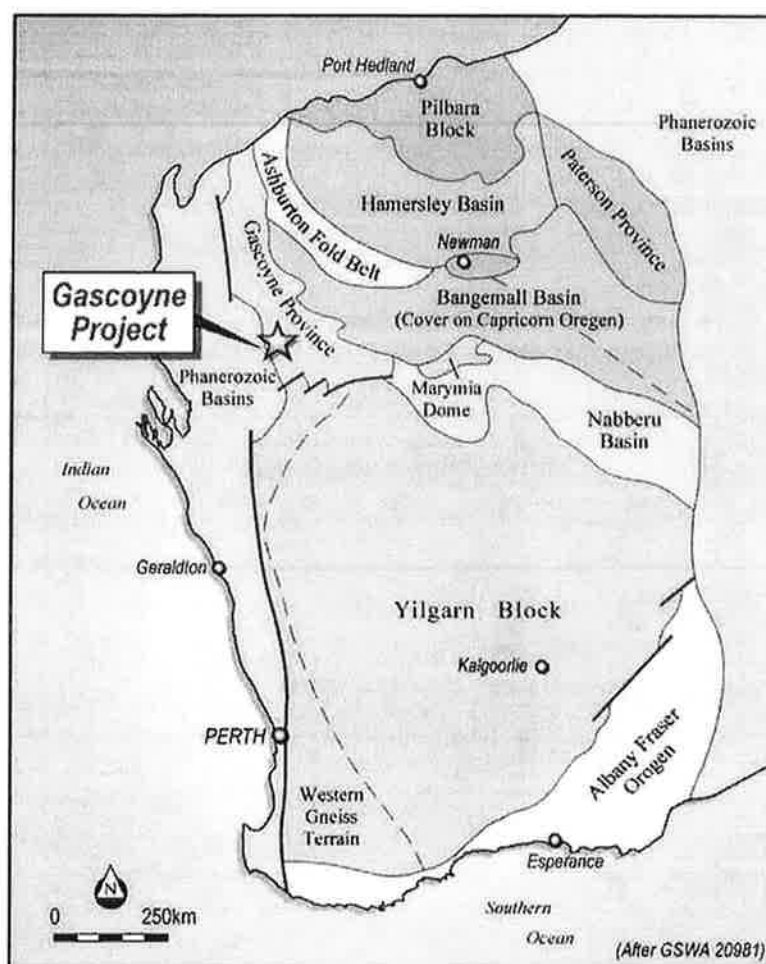


Figure 2: Gascoyne Base Metal Project - Location Map

New Projects

The Company undertook detailed assessments and reviews of several new significant resource projects during the year.

Future Developments

The Company's business strategies and prospects for growth in future financial years have not been included in this report, as the inclusion of this information is likely to result in an unreasonable prejudice to the Company.

Significant Changes In State of Affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report or the ASX quarterly financial statements.

The Company during the year lodged applications for a number of Exploration Permits for Coal in Queensland. These applications are yet to be granted.

Subsequent Events

Altera reached an agreement to enter into a Joint Venture ("JV") with Dragon Energy Limited (Dragon) on its Queensland Coal Project (Project) in the Clarence-Moreton/Surat and Bowen Basins and the details of which are disclosed in an announcement to the ASX on 1 September 2009 and summarised at Note 22 to these accounts.

The terms of the JV proposal involve an expenditure of at least \$3.5 million over 3 years whereby Dragon will earn an 85% interest in this project. The first year's commitment by Dragon will be \$0.5 million in exploration expenditure plus rents and environmental bonds, with second and third year expenditure commitments of \$1.5 million each.

Once Dragon has earned an 85% interest, Altera has the option to sell the remaining 15% interest in the Project to Dragon for an amount as agreed between Dragon and Altera and failing an agreement an amount determined by an independent expert. Subject to the above option, Altera will retain a 15% free carried interest until decision to mine.

The commencement date of the JV will be the first date by which at least six of the EPCA's have been granted including EPC 1664 near Toowoomba. The proposal is subject to formal documentation being signed within one month and the JV will be subject to at least six of the EPCAs being granted within 6 months of the date of the formal JV.

Likely Developments

There are no likely developments of which the Directors are aware, which could be expected to affect the result of the Company's operations in subsequent years.

Environmental Issues

The Company's operations are subject to significant environmental regulation under the law of the Commonwealth, State and Local Authorities. Details of the Company's exposure in relation to environmental regulation is as follows:

Exploration activities are subject to significant environmental regulation under the Western Australia Mining Act 1978 and Environmental Protection Act 1986. These regulations affect amongst other issues, waste disposal, water and air pollution.

There have been no instances of material non-compliance with the regulation governing the exploration activities during the financial year.

Meetings of Directors

During the financial year four meetings of Directors were held. Attendances were:

Directors	Number eligible to attend	Number attended
Godfrey Rule	4	4
Harjinder Kehal	4	4
Bradley Abbott	4	4
Jeremy Shervington	4	4

Indemnifying Officers

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

The Company has paid premiums to insure each of the current Directors, against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

Auditor's Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 25.

Non-audit Services

The Company's auditors did not provide non-audit services during the financial year.

Corporate Governance

The Directors of the Company support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. A corporate governance statement precedes this Director's report at page 4.

Proceeding on behalf of the Company

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

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

REMUNERATION REPORT (AUDITED)

Remuneration Policy

Remuneration Philosophy

The remuneration policy of Altera Resources Ltd has been designed to align Director and Executive objectives with shareholder and business objectives by providing a fixed remuneration component. The Board of Altera Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best Executives and Directors to run and manage the Company, as well as create goal congruence between Directors, Executives and Shareholders.

The board manages the remuneration policy, setting the terms and conditions for Executive Directors and other Senior Executives. All Executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. Further remuneration including fringe benefits, options and performance incentives may be paid dependent upon individual performance, contract terms and the discretion of the Board. The Company considers the granting of options as a long term variable component of the remuneration of Key Management Personnel, provides a direct relationship as to increases in shareholders wealth via an increasing share price and the remuneration of the individuals. For this reason there are no performance conditions relating to the grant, but instead an incentive to increase the value to all shareholders. During the year 2009 no cash bonus was paid to directors (2008: nil).

Directors and top Executive remuneration is detailed below in this director's report. There exists no contractual arrangement with any director.

All remuneration paid to Directors and Executives is valued at the cost to the Company and expensed. Shares given to Directors and Executives are valued as the difference between the market price of those shares and the amount paid by the Director or Executive. Options are valued using the Black-Scholes methodology.

Directors Remuneration

The board policy is to remunerate Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The Constitution and ASX Listing Rules specify the aggregate remuneration that can be paid to Non-Executive Directors is determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held on the 28 November 2008 where it was resolved an increase in total Non-Executive Directors remuneration be increased from \$55,000 to \$100,000 in any 12 month period.

Fixed Remuneration

Fees for Non-Executive Directors are not linked to the performance of the Company. However to align Directors' interests with Shareholder interests, Directors are encouraged to hold shares in the Company and may be offered options at the discretion of the board. The nature and amount of emoluments as detailed in this report reflects the remuneration policy above. Since remuneration is fixed there is no change in remuneration as a result of Company performance during the reporting period.

Variable Remuneration

None is paid. All Directors have options which relate rewards to the performance of the Company.

Names and positions held of Directors and Specified Executives in office at any time during the financial year are:

Godfrey Rule	Chairman and Executive Director
Harjinder Kehal	Executive Director
Bradley Abbott	Non-Executive Director
Jeremy Shervington	Non-Executive Director

Directors' Remuneration

	Short-term Director's Fees	Post-employment Superannuation Contribution	Share-based payments Options	Total	Performance Related	Total remuneration represented by Options
2009						
	\$	\$	\$	\$	%	%
Godfrey Rule	84,499	4,500	-	88,999	-	-
Harjinder Kehal	118,775	3,600	-	122,375	-	-
Bradley Abbott	26,664	2,400	-	29,064	-	-
Jeremy	26,664	2,400	-	29,064	-	-
Shervington						
	256,602	12,900	-	269,502	-	-

No non-cash benefits were provided to Directors. Refer to note 15 for transactions with related parties including Directors.

	Short-term Director's Fees	Post-employment Superannuation Contribution	Share-based payments Options	Total	Performance Related	Total remuneration represented by Options
2008						
	\$	\$	\$	\$	%	%
Godfrey Rule	28,387	2,555	946	31,888	-	3
Harjinder Kehal	18,923	1,704	946	21,573	-	4
Bradley Abbott	18,923	1,704	946	21,573	-	4
Jeremy	18,923	1,704	946	21,573	-	4
Shervington						
	85,156	7,667	3,784	96,607	-	4

No non-cash benefits were provided to Directors. Refer to note 15 for transactions with related parties including Directors.

Compensation options: granted and vested during the year

30 June 2009 – No options were granted or vested during the 2009 year.

	Terms and conditions of each Grant					Vested	
	Granted	Grant date	Fair Value per option at Grant date	Exercise Price	Exercise Date	No.	%
30 June 2008	No.						
Godfrey Rule	1,000,000	14-Dec-2007	\$0.000946	\$0.20	31-Dec-2012	1,000,000	100
Harjinder Kehal	1,000,000	14-Dec-2007	\$0.000946	\$0.20	31-Dec-2012	1,000,000	100
Bradley Abbott	1,000,000	14-Dec-2007	\$0.000946	\$0.20	31-Dec-2012	1,000,000	100
Jeremy							
Shervington	1,000,000	14-Dec-2007	\$0.000946	\$0.20	31-Dec-2012	1,000,000	100
	4,000,000					4,000,000	

Options issued to Non-Executive Directors

Before the company was re-listed on the Australian Stock Exchange (ASX) on 11 January 2008, 4,000,000 options with a 31/12/2012 expiry and total value of \$3,784 were issued to Executive & Non Executive Directors in lieu of Directors fees to conserve the companies limited cash resources.

Shares issued on exercise of compensation options

There were no shares issued on exercise of compensation options (2008: nil).

The company does not have a policy on Directors and Executives hedging their exposure on options or shares granted as part of remuneration.

Company Performance

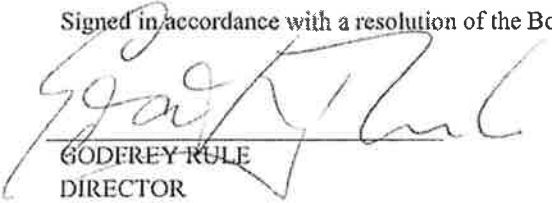
The performance of the company over the last 5 years is set out below .

	2009	2008	2007	2006	2005
Net Loss	\$663,776	\$690,532	\$119,389	*N/A	*N/A

*The company was previously called Altera Capital Ltd and the current board were appointed 8 August 2006. The company was reinstated to the ASX on 11 January 2008, it's shares having been suspended since 13 June 2003.

<END REMUNERATION REPORT>

Signed in accordance with a resolution of the Board of Directors.

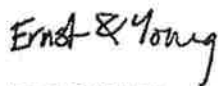


GODFREY RULE
DIRECTOR

Dated this 29 day of September 2009
Perth, Western Australia

Auditor's independence declaration to the directors of Altera Resources Limited

In relation to our audit of the financial report of Altera Resources Limited for the year ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Ernst & Young



J C Palmer
Partner
Perth
29 September 2009

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009 \$	2008 \$
Revenue			
Other Revenue – interest revenue		65,312	77,870
Expenses			
Exploration expenses		(174,350)	(382,400)
Occupancy expenses – rent and outgoings		(37,280)	(17,372)
Finance costs		-	-
Depreciation expense	2	(4,896)	(14,988)
Employee benefits expense	2	(299,442)	(107,703)
Professional fees	2	(84,536)	(101,328)
Other expenses	2	(128,584)	(144,611)
Loss before income tax		<u>(663,776)</u>	<u>(690,532)</u>
Income tax expense	3	-	-
Net Loss after income tax		<u>(663,776)</u>	<u>(690,532)</u>
Loss per share			
- Basic and diluted loss per share (cents per share)	20	(3.25)	(4.72)

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

**BALANCE SHEET
AS AT 30 JUNE 2009**

	Note	As at 30 June 2009 \$	As at 30 June 2008 \$
CURRENT ASSETS			
Cash and cash equivalents	4	1,027,543	1,666,303
Trade and other receivables	5	10,378	31,809
TOTAL CURRENT ASSETS		1,037,921	1,698,112
NON CURRENT ASSETS			
Property, plant and equipment	6	22,211	27,107
Exploration and evaluation expenditure	7	50,000	50,000
TOTAL NON CURRENT ASSETS		72,211	77,107
TOTAL ASSETS		1,110,132	1,775,219
CURRENT LIABILITIES			
Trade and other payables	8	55,882	54,629
Provisions	9	1,974	4,538
TOTAL CURRENT LIABILITIES		57,856	59,167
TOTAL LIABILITIES		57,856	59,167
NET ASSETS		1,052,276	1,716,052
EQUITY			
Issued capital	10	3,845,025	3,845,025
Reserves	11	24,098	24,098
Accumulated Losses	12	(2,816,847)	(2,153,071)
TOTAL EQUITY		1,052,276	1,716,052

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009**

	Ordinary shares	Issued Capital	Option Reserves	Accumulated Losses	Total
	No.	\$	\$	\$	\$
At 1 July 2007	142,018,213	7,367,086	20,314	(7,288,955)	98,445
Loss for the year	-	-	-	(690,532)	(690,532)
Total income and expense for the period	-	7,367,086	20,314	(7,979,487)	(592,087)
Equity Transactions:					
Shares issued	12,750,000	2,550,000	-	-	2,550,000
Transaction costs on share issue	-	(245,645)	-	-	(245,645)
Share based payments	-	-	3,784	-	3,784
Cancellation of shares and capital reduction	(134,314,850)	(5,826,416)	-	5,826,416	-
At 30 June 2008	20,453,363	3,845,025	24,098	(2,153,071)	1,716,052
At 1 July 2008	20,453,363	3,845,025	24,098	(2,153,071)	1,716,052
Loss for the year	-	-	-	(663,776)	(663,776)
Total income and expense for the period	-	-	-	-	(663,776)
At 30 June 2009	20,453,363	3,845,025	24,098	(2,816,847)	1,052,276

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2009 \$	2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(708,056)	(726,775)
Interest received		69,296	77,871
NET CASH (USED IN) OPERATING ACTIVITIES	4	<u>(638,760)</u>	<u>(648,904)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Plant and Equipment		-	(42,095)
Payment for Interest in Farmin Agreement		-	(50,000)
NET CASH (USED IN) INVESTING ACTIVITIES		<u>-</u>	<u>(92,095)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options		-	2,550,000
Transaction costs on share issue		-	(245,645)
NET CASH INFLOW FROM FINANCING ACTIVITIES		<u>-</u>	<u>2,304,355</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS HELD		(638,760)	1,563,356
Cash and cash equivalents at the beginning of the period		1,666,303	102,947
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4	<u>1,027,543</u>	<u>1,666,303</u>

The above 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

Corporate Information

The financial report of Altera Resources Limited (the "Company") for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the directors on 29th September 2009.

Altera Resources Limited is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

During the year ended 30 June 2009 the Company employed 1 staff member (2008: 1).

The nature of the operations and principal activities of the Company are described in the Director's Report.

Basis of Preparation

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

The financial report has been prepared on a historical cost basis.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

Statement of Compliance

The financial report complies with Australian Accounting Standards, as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

New Accounting Standards and Interpretations

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies nor affected the amounts reported for the current and prior years.

At the date of authorisation of the financial report certain Australian Accounting Standards and Interpretations issued or amended but not yet effective have not been adopted by the Company for the financial reporting period ended 30 June 2009. The Directors have assessed the impact of these new or amended standards (to the extent relevant to the Company) and interpretations as follows:

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 8 and AASB 2007-3	Operating segments and consequential amendments to other Australian Accounting Standards	New Standard replacing AASB 114 <i>Segment Reporting</i> which adopts a management reporting approach to segment reporting	1 January 2009	The Company has not yet determined the extent of the impact of the amendments, if any.	1 July 2009
AASB 101 (Revised), AASB 2007-8 and AASB 2007-10	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	These amendments are only expected to affect the presentation of the Company's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Company has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.	1 July 2009
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations	The amendments clarify the definition of “vesting conditions”, introducing the term “non-vesting conditions” for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009	The Company has share-based payment arrangements that may be affected by these amendments. However, the Company has not yet determined the extent of the impact, if any.	1 July 2009
AASB 3 (Revised)	Business Combinations	The revised Standard introduces a number of changes to the accounting for business combinations, the most significant of which includes the requirement to have to expense transaction costs and a choice (for each business combination entered into) to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired. The changes apply prospectively.	1 July 2009	The Company has not yet determined the extent of the impact of the amendments, if any.	1 July 2009
AASB 127 (Revised)	Consolidated and Separate Financial Statements	There are a number of changes arising from the revision to AASB 127 relating to changes in ownership interest in a subsidiary without loss of control, allocation of losses of a subsidiary and accounting for the loss of control of a subsidiary. Specifically in relation to a change in the ownership interest of a subsidiary (that does not result in loss of control) – such a transaction will be accounted for as an equity transaction.	1 July 2009	NONE – the company has no subsidiaries, thus does not prepare accounts on a consolidated basis.	1 July 2009

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending Standard issued as a consequence of revisions to AASB 3 and AASB 127. Refer above.	1 July 2009	Refer to AASB 3 (Revised) and AASB 127 (Revised) above.	1 July 2009
AASB 2008-5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project	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 below AASB 2008-6].	1 January 2009	The Company has not yet determined the extent of the impact of the amendments, if any.	1 July 2009
AASB 2008-6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	This was the second omnibus of amendments issued by the IASB arising from the Annual Improvements Project. Refer to AASB 2008-5 above for more details.	1 July 2009	The Company has not yet determined the extent of the impact of the amendments, if any.	1 July 2009
AASB 2008-7	Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	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.	1 January 2009	NONE – the company has no subsidiaries.	1 July 2009

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2009-2	Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038]	The main amendment to AASB 7 requires fair value measurements to be disclosed by the source of inputs, using the following three-level hierarchy: ▶ quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); ▶ inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and ▶ inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). These amendments arise from the issuance of <i>Improving Disclosures about Financial Instruments (Amendments to IFRS 7)</i> by the IASB in March 2009. The amendments to AASB 4, AASB 1023 and AASB 1038 comprise editorial changes resulting from the amendments to AASB 7.	Annual reporting periods beginning on or after 1 January 2009 that end on or after 30 April 2009.	The Company has not yet determined the extent of the impact of the amendments, if any.	1 July 2009
AASB 2009-4	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16]	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The main amendment of relevance to Australian entities is that made to IFRIC 16 which allows qualifying hedge instruments to be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements in AASB 139 that relate to a net investment hedge are satisfied. More hedging relationships will be eligible for hedge accounting as a result of the amendment. These amendments arise from the issuance of the IASB's <i>Improvements to IFRSs</i>. The amendments pertaining to IFRS 5, 8, IAS 1, 7, 17, 36 and 39 have been issued in Australia as AASB 2009-5 (refer below).	1 July 2009	The Company has not yet determined the extent of the impact of the amendments, if any.	1 July 2009

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The main amendment of relevance to Australian entities is that made to AASB 117 by removing the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible v property, plant and equipment) needs to be determined. These amendments arise from the issuance of the IASB's <i>Improvements to IFRSs</i>. The AASB has issued the amendments to IFRS 2, IAS 38, IFRIC 9 as AASB 2009-4 (refer above).	1 January 2010	The Company has not yet determined the extent of the impact of the amendments, if any.	1 July 2010
AASB 2009-7	Amendments to Australian Accounting Standards [AASB 5, 7, 107, 112, 136 & 139 and Interpretation 17]	These comprise editorial amendments and are expected to have no major impact on the requirements of the amended pronouncements.	1 July 2009	The Company has not yet determined the extent of the impact of the amendments, if any.	1 July 2009
Amendments to International Financial Reporting Standards	Amendments to IFRS 2	The amendments clarify the accounting for group cash-settled share-based payment transactions, in particular: ▶ the scope of AASB 2; and ▶ the interaction between IFRS 2 and other standards. An entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. A "group" has the same meaning as in IAS 27 <i>Consolidated and Separate Financial Statements</i>, that is, it includes only a parent and its subsidiaries. The amendments also incorporate guidance previously included in IFRIC 8 <i>Scope of IFRS 2</i> and IFRIC 11 <i>IFRS 2—Group and Treasury Share Transactions</i>. As a result, IFRIC 8 and IFRIC 11 have been withdrawn.	1 January 2010	The Company has share-based payment arrangements that may be affected by these amendments. However, the Company has not yet determined the extent of the impact, if any.	1 July 2010

* designates the beginning of the applicable annual reporting period unless otherwise stated.

Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Impairment of non-financial assets other than goodwill

The Company assesses impairment of all assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists the recoverable amount of the asset is determined. Management do not consider that the triggers for impairment testing have been significant enough and as such these assets have not been tested for impairment in this financial period.

Taxation

The Company's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the income statement.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The accounting estimates and assumptions relating

to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

The Company measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on estimated useful lives as published by the Australian Taxation Office. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

1.1 Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest revenue

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

1.2 Income tax and other taxes

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

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

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

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

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

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

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

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority

1.3 Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Company will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

1.4 Investments

Investments and other financial assets in the scope of AASB139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs.

Recognition and Derecognition

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or been transferred.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

1.5 Plant and Equipment

Plant and equipment are brought to account at cost less any accumulated depreciation and impairment losses. The carrying amount of plant and equipment is reviewed bi-annually by Directors to ensure it is not in excess of the recoverable amount from these assets.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the specific assets as follows:

Furniture and Office Equipment – 7.5 years

The asset's residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Derecognition

Any item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The directors have determined that items of plant and equipment do not generate independent cash inflows. An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised in the income statement as an expense.

1.6 Trade and other payables

Trade payables and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

1.7 Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognized directly in equity as a reduction of the share proceeds received.

1.8 Earnings Per Share

Basic earnings per share is calculated by dividing the operating result after income tax by the weighted average number of ordinary shares on issue during the financial year.

Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

1.9 Provisions and Employee Benefits

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employee benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries including non-monetary benefits such as annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employee's services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long Service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

1.10 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

1.11 Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee

Leases of plant and equipment where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, that are transferred to entities in the economic entity are classified as finance leases.

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

Leased assets are depreciated on a straight-line basis over their estimated useful lives.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as an expense in the income statement on a straight-line basis over the lease term.

1.12 Exploration and evaluation expenditure

Expenditure on exploration and evaluation is expensed as incurred except when it relates to the acquisition of properties that contain mineral resources that can be allocated separately to specific areas of interest. These costs are capitalised until the viability of the area of interest is determined.

1.13 Interest in a jointly controlled asset

Interests in jointly controlled assets in which the Company is a venturer (and so has joint control) are included in the financial statements by recognising the Company's share of jointly controlled assets (classified according to their nature), the share of liabilities incurred (including those incurred jointly with other venturers) and the Company's share of expenses incurred by or in respect of each joint venture. The Company also recognises income from the sale or use of output from the joint venture.

The Company's interests in assets where the Company does not have joint control are accounted for in accordance with the substance of the Company's interest. Where such arrangements give rise to an undivided interest in the individual assets and liabilities of the joint venture, the Company recognises its undivided interest in each asset and liability and classifies and presents those items according to their nature.

1.14 Share based payments

Equity settled transactions

The Company provides benefits to employees (including Directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuation using a Black-Scholes option pricing model.

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

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Company will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

When an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for

the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Note

	2009	2008
	\$	\$
2 EXPENSES		
Depreciation included in income statement		
Depreciation expense	4,896	14,988
Employee benefits expense		
Salary & wages	284,203	99,119
Superannuation	15,239	8,584
	299,442	107,703
Professional fees		
Accounting	50,035	31,441
Secretarial	34,501	47,710
Consulting	0	22,177
	84,536	101,328
Other expenses		
Audit fees	37,416	28,731
Legal fees	10,114	22,691
ASX fees	8,091	37,058
Insurance	13,292	12,695
Other	59,671	43,436
	128,584	144,611
Lease payments included in income statement		
Minimum lease payments operating lease	42,625	19,303

Note	2009 \$	2008 \$
3 INCOME TAX EXPENSE		
(a) The components of income tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Under/over provision from previous years	-	-
(b) The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Loss from continuing operations before income tax expense	(663,776)	(690,532)
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2008: 30%)	(199,133)	(207,160)
Add tax effect of:		
Unrecognised tax losses	199,133	207,160
Income tax expense	-	-
(c) Deferred tax assets/liabilities:		
Deferred tax liabilities:		
Accrued income	605	1,800
Deferred tax assets:		
Capital raising	46,655	61,393
Business related capital costs	2,427	-
Provisions and accruals	10,192	9,987
Carry forward tax losses	1,818,567	1,609,733
Other	-	-
	1,877,841	1,681,113
Deferred tax assets not recognised	(1,878,446)	(1,679,313)
Net deferred tax asset/liability	-	-
(d) Tax losses		
The Company has Australian income tax losses for which no deferred tax asset is recognised on the balance sheet of \$6,094,713 (2008: \$5,365,778). Losses are recoupable subject to the relevant Australian taxation statutory requirements being met.		
The tax benefits of the above deferred tax assets will only be obtained if:		
(a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilized;		
(b) the company continues to comply with the conditions for deductibility imposed by law; and		
(c) no changes in income tax legislation adversely affect the company in utilising the benefits.		

Note		2009	2008
4	CASH AND CASH EQUIVALENTS	\$	\$
	Cash at bank and in hand	1,027,543	1,666,303
	Reconciliation of net loss after income tax to cash flows used in operations		
	Loss for the year	(663,776)	(690,532)
	<i>Non cash adjustments:</i>		
	-Depreciation	4,896	14,988
	-Share based payments	-	3,784
	<i>Movements in assets and liabilities</i>		
	-(Increase)/decrease in trade and other receivables	21,431	(30,068)
	-(Decrease)/increase in trade and other payables	(1,311)	52,924
	Cash flows used in operations	(638,760)	(648,904)
5	TRADE AND OTHER RECEIVABLES		
	GST receivable (i)	3,730	20,220
	Other debtors (i)	6,648	11,589
		10,378	31,809
	(i) The other debtors and GST are incurred in the normal course of business and no allowance has been made for non-recovery. The debtors and GST are of short-term nature. No amounts are past due or impaired.		
6	PROPERTY, PLANT AND EQUIPMENT		
	Furniture and office equipment at cost	42,095	42,095
	Less accumulated depreciation	(19,884)	(14,988)
		22,211	27,107
	Movements in carrying amounts		
	Balance at 1 July 2008	27,107	-
	Additions	-	42,095
	Depreciation expense	(4,896)	(14,988)
	Carrying amount at 30 June 2009	22,211	27,107
7	EXPLORATION AND EVALUATION EXPENDITURE		
	Interest in Farmin agreement – jointly controlled asset (i)	50,000	50,000
	(i) The ultimate recoupment of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the Gascoyne Base Metals Project and the Company's ability to continue to meet its financial obligations to maintain this area of interest.		
	The Company maintains a 65% interest in the Mining Tenements with ABM Resources. Refer to Note 13 for commitments relating to the joint venture.		

Note	2009	2008
	\$	\$
8 TRADE AND OTHER PAYABLES		
Trade payables (i)	21,014	15,125
Other Payables	34,868	39,504
	<u>55,882</u>	<u>54,629</u>
(i) Trade payables are non-interest bearing, unsecured and are usually paid within 30 days of recognition.		
9 PROVISIONS		
Employee benefits - superannuation	<u>1,974</u>	<u>4,538</u>
10 ISSUED CAPITAL		
20,453,363 fully paid ordinary shares (2008:20,453,363)	<u>3,845,025</u>	<u>3,845,025</u>
At 1 July 2008	3,845,025	7,367,086
Share issue (ii)	-	2,550,000
Cancellation of shares and capital reduction (i)	-	(5,826,416)
Transaction cost on share issue	-	(245,645)
At 30 June 2009	<u>3,845,025</u>	<u>3,845,025</u>

- i) During the 2008 year 134,314,865 ordinary shares were cancelled pursuant to Subsection 256C(2) of the Corporations Act.
- ii) During the 2008 year an additional 12,750,000 ordinary shares were issued at the company's initial public offering at 20 cents each.

(a) Terms and conditions

Ordinary shares have the right to receive dividends as declared, and the proceeds on winding up of the Company in proportion to the number of shares held.

Ordinary shares entitle the holder to one vote, either in person or by proxy, at a meeting of the Company. Effective 1 July 1998, the Corporations Legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the company has neither authorised capital nor par value in respect of its issued shares.

(b) Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits to other stakeholders. "Capital" means the ordinary shares of the Company \$3,845,025 (2008: \$3,845,025).

Being at the exploration stage, the Company does not have sufficient cash inflows from its operations to fund working capital requirements and investing activities, therefore the Company will issue shares to either generate cash for operations or to acquire assets without depleting cash reserves. During the financial year ended 30 June 2008, the Company issued shares for this purpose. The Company is not subject to any externally imposed capital requirements.

Note	2009 \$	2008 \$
11 OPTIONS RESERVE		
(i) 2,100,000 Options on issue, exercise price \$0.10, expiry 08/08/2011 (2008: 2,100,000)		
At 1 July 2008	20,314	20,314
Options issued	-	-
At 30 June 2009	20,314	20,314
<i>Option pricing model</i>		
Expected volatility (%)		75.00
Risk Free interest rate (%)		5.85
Dividend yield (%)		0
Expected life (years)		5.00
Option exercise price (\$)		0.10
Fair value (\$)		0.0095
Model used	Black Scholes Model	
(ii) 4,000,000 Options on issue, exercise price \$0.20, expiry 31/12/2012 (2008:4,000,000)		
At 1 July 2008	3,784	-
Options issued	-	3,784
At 30 June 2009	3,784	3,784
Total Options	24,098	24,098
<i>Option pricing model</i>		
Expected volatility (%)		75.00
Risk Free interest rate (%)		6.25
Dividend yield (%)		0
Expected life (years)		5.08
Option exercise price (\$)		0.20
Fair value (\$)		0.000946
Model used	Black Scholes Model	
The weighted average life of the options at 30 June 2009 is 2.98 years (2008: 3.96)		
The weighted average exercise price of the options at 30 June 2009 is \$0.16 (2008: \$0.16)		
The weighted average fair value of the options at 30 June 2009 is \$0.00389 (2008: \$0.00389)		
<i>Nature and purpose of reserves</i>		
The options reserve is used to record the value of share based payments provided to employees including Key Management Personnel as part of their remuneration.		
<i>Share based payment arrangements</i>		
No share based payments arrangement were made in the year ended 30/6/2009 (2008: \$3,784).		

OPTIONS RESERVE (Continued)

Options issued to Directors in the year ended 30th June 2008

Before the company was re-listed on the Australian Stock Exchange (ASX) on 11 January 2008, 4,000,000 options with a 31/12/2012 expiry and total value of \$3,784 were issued to Executive & Non Executive Directors in lieu of Directors fees to conserve the companies limited cash resources.

Note	2009 \$	2008 \$
12 ACCUMULATED LOSSES		
Accumulated losses at beginning of the period	(2,153,071)	(7,288,955)
Capital Reconstruction	-	5,826,416
Net loss attributable to members	(663,776)	(690,532)
Accumulated losses at the end of the year	<u>(2,816,847)</u>	<u>(2,153,071)</u>

13 COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

Operating lease Commitments

The Company has entered into commercial leases on office premises for a period of 2 years and a photocopier for a period of 3 years.

Future minimum rentals payable under non-cancellable operating leases as at 30 June 2009 are as follows:

	2009 \$	2008 \$
Payable no later than one year	37,032	37,032
Payable later than one year but not more than five years	5,832	42,864
Payable later than five years	-	-
Total minimum lease payments	<u>42,864</u>	<u>79,896</u>
Less: future finance charges	<u>-</u>	<u>-</u>
	<u>42,864</u>	<u>79,896</u>

Exploration commitments – Gascoyne Base Metals Project

There are no legally enforceable expenditure commitments under the joint venture agreement with ABM Resources Ltd. Expenditures are discretionary on the part of Altera Resources Ltd, which has the right pursuant to clause 4.1(a) and (b) of the joint venture agreement to terminate the agreement with 30 days written notice. However ongoing annual exploration expenditure is required to maintain an interest in the Company's mineral exploration tenements.

Detailed below are the Department of Industry and Resources expenditure commitments for the Gascoyne Joint Venture tenements with ABM Resources Ltd:

Tenement	2009 \$	2010 \$	2011 \$
E09/1074	45,000	45,000	45,000
E09/1266	70,000	70,000	70,000
M09/62	14,900	14,900	14,900
	<u>129,900</u>	<u>129,900</u>	<u>129,900</u>

To date Altera Resources Ltd has spent approximately \$627,000 on Joint Venture tenements.

Exploration commitments – Queensland Coal Project

The company has lodged a total of 12 Exploration Permits for Coal Applications with the Department of Mines & Energy in Queensland, however at the date of this report none of these permit applications had been granted.

Contingent Liabilities

Native Title Claims

It is possible that native title, as defined in the Native Title Act 1993, might exist over land in which the Company has an interest. It is impossible at this stage to quantify any impact the existence of native title may have on the operations of the Company. However, at the date of this report, the Directors are aware that applications for native title claims have been accepted by the Native Title Tribunal over tenements held by the Company.

14. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

Directors:

Godfrey Rule	Chairman & Executive Director
Harjinder Kehal	Executive Director
Bradley Abbott	Non-Executive Director
Jeremy Shervington	Non-Executive Director

(b) Compensation for Key Management Personnel

	2009	2008
Short-term employee benefits	256,602	85,156
Post-employment benefits	12,900	7,667
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	-	3,784
Total compensation	269,502	96,607

(c) Option holdings of Key Management Personnel

30 June 2009	Balance at beginning of period 1 July 2008	Granted as remuneration	Options exercised	Net change other	Balance at end of period 30 June 2009	Vested at 30 June 2009		
						Total	Exercisable	Not Exercisable
Godfrey Rule	1,525,000	-	-	-	1,525,000	1,525,000	1,525,000	-
Harjinder Kahal	1,525,000	-	-	-	1,525,000	1,525,000	1,525,000	-
Bradley Abbott	1,525,000	-	-	-	1,525,000	1,525,000	1,525,000	-
Jeremy Shervington	1,525,000	-	-	-	1,525,000	1,525,000	1,525,000	-
	6,100,000	-	-	-	6,100,000	6,100,000	6,100,000	-

30 June 2008	Balance at beginning of period 1 July 2007	Granted as remuneration	Options exercised	*Net change other	Balance at end of period 30 June 2008	Vested at 30 June 2008		
						Total	Exercisable	Not Exercisable
Godfrey Rule	13,125,000	1,000,000	-	(12,600,000)	1,525,000	1,525,000	1,525,000	-
Harjinder Kehal	13,125,000	1,000,000	-	(12,600,000)	1,525,000	1,525,000	1,525,000	-
Bradley Abbott	13,125,000	1,000,000	-	(12,600,000)	1,525,000	1,525,000	1,525,000	-
Jeremy Shervington	13,125,000	1,000,000	-	(12,600,000)	1,525,000	1,525,000	1,525,000	-
	52,500,000	4,000,000	-	(50,400,000)	6,100,000	6,100,000	6,100,000	-

* Net change other refers to the reconstruction of capital prior to listing on the Australian Stock Exchange and on market purchases.

(d) Shareholdings of Key Management Personnel

	Balance at 1 July 2008	Granted as remuneration	On exercise of options	Purchase on market	Balance at 30 June 2009
30 June 2009	Ord	Ord	Ord	Ord	Ord
Godfrey Rule	515,686	-	-	-	515,686
Harjinder Kehal	365,686	-	-	-	365,686
Bradley Abbott	800,685	-	-	450,000	1,250,685
Jeremy Shervington	1,725,418	-	-	470,000	2,195,418
	3,407,475	-	-	920,000	4,327,475

	Balance at 1 July 2007	Granted as remuneration	On exercise of options	*Net change other	Balance at 30 June 2008
30 June 2008	Ord	Ord	Ord	Ord	Ord
Godfrey Rule	6,642,137	-	-	(6,126,451)	515,686
Harjinder Kehal	6,642,137	-	-	(6,276,451)	365,686
Bradley Abbott	6,642,137	-	-	(5,841,451)	800,686
Jeremy Shervington	37,638,778	-	-	(35,913,360)	1,725,418
	57,565,189	-	-	(54,157,713)	3,407,476

* Net change other refers to the reconstruction of capital prior to listing on the Australian Stock Exchange and on market purchases.

(e) Loans to Key Management Personnel

There are no loans to Key Management Personnel for 30 June 2009 and 30 June 2008.

(f) Other transactions and balances with Key Management Personnel

Refer to Note 15 for other transactions and balances with Key Management Personnel.

15. RELATED PARTY TRANSACTIONS

Following are the transactions between the Company and the related parties during the current year:

Transactions with related parties – Key Management Personnel

- Abbott's Pty Ltd (Bradley Abbott – Director) provide accounting and taxation services for the Company on normal commercial terms, amounting to \$50,035 (2008 \$31,441) and also Company secretarial services amounting to \$34,501 (2008: \$47,710) during the year.
- Jeremy Shervington provided legal services to the Company on normal commercial terms amounting to \$NIL (2008:\$44,784).
- Harjinder Kehal provided geological consulting services to the Company on normal commercial terms amounting to \$NIL (2008: \$28,600).
- Godfrey Rule provided consulting services, through a corporate entity Oakmeadow Holdings Pty Ltd, to the Company on normal commercial terms amounting to \$34,500 (2008: \$24,200).

Share Based Payments

(a) Recognised share based payment expenses

The expense recognised for employee services

The expense recognised for employee services received during the year is shown in the table below:

	2009	2008
	\$	\$
Expense arising from equity-settled share-based payment transactions	-	3,784

16. SEGMENT INFORMATION

The Company operates within the mining and exploration industry in Western Australia and also seeks to conduct activities in Queensland on grant of the relevant coal permits.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks; market risk (including interest rate risk and price risk), credit risk, and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by the Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as mitigating interest rate and credit risks.

Market Risk Exposures

Interest rate risk

The Company's exposure to interest rate risk relates primarily to the Company's floating interest rate cash balance which is subject to movements in interest rates. The Board monitors its cash balance on an ongoing basis and liaises with its financiers regularly to mitigate cash flow interest rate risk. Refer to note 18 for sensitivity analysis of interest rate risk.

Credit Risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The maximum exposure of the Company to credit risk at balance sheet date in relation to each class of recognised financial asset is limited to the carrying amounts of the financial assets as indicated in the balance sheet. The credit risk relates to trade and other receivables. At balance date there are no receivables past due.

The Company has in place policies that aim to ensure that counterparties and cash transactions are limited to high credit quality financial institutions and that the amount of credit exposure to one financial institution is limited as far as is considered commercially appropriate. The Company has concentration of credit risk in that all of its cash and cash equivalents are held with the same financial institution, namely National Australia Bank which is a reputable, highly regarded institution.

Since the Company only trades with recognised third parties, there are no requirements for collateral.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash to meet commitments as and when they fall due. The Board monitors rolling cash flow forecasts to manage liquidity risk. The only financial liabilities of the Company at balance date are trade and other payables. The amounts are unsecured and are contractually due in 30 days.

18. FAIR VALUE AND INTEREST RATE EXPOSURE

(a) Fair value

All financial assets and financial liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

(b) Interest rate risk

The Company's exposure to interest rate risk is set out below:

	2009	2008	2009	2008
	Floating Interest	Floating Interest		
	Rate	Rate	Total	Total
	\$	\$	\$	\$
<u>Financial Assets</u>				
Cash	1,027,543	1,666,303	1,027,543	1,666,303
	1,027,543	1,666,303	1,027,543	1,666,303
Weighted average effective interest rate	4.85%	5.00%		

The table below details the interest rate sensitivity analyses of the Company at the reporting date, holding all other variables constant. A 50 basis point favourable (+) and unfavourable (-) change is deemed to be possible change and is used when reporting interest rate risk.

Risk Variable	Sensitivity*	Post tax Effect On:		Post tax Effect On:	
		Profit	Equity	Profit	Equity
		2009	2009	2008	2008
		\$	\$	\$	\$
Interest Rate	+ 0.50%	5,137	5,137	8,332	8,332
	- 0.50%	(5,137)	(5,137)	(8,332)	(8,332)

*The method used to arrive at the possible change of 50 basis points was based on the analysis of the absolute nominal change of the Reserve Bank of Australia (RBA) monthly issued cash rate. Historical rates indicate that for the past five financial years, there was a bias towards an increase in interest rate ranging between 0 to 50 basis points. Management considered that 50 basis points is a 'reasonably possible' estimate as it accommodates for the maximum variations inherent in the interest rate movement over the past five years.

	2009	2008
19. AUDITOR'S REMUNERATION		
	\$	\$
The auditor of Altera Resources Ltd for 30 June 2009 and 30 June 2008 is Ernst & Young.		
Amounts receivable or due and receivable for:		
- auditing or reviewing the financial report	37,416	28,731
- other services	-	-
	<u>37,416</u>	<u>28,731</u>

20. LOSS PER SHARE

The following reflects the income and share data used in the calculation of basic and diluted loss per share.

Net Loss	(663,776)	(690,532)
	Number.	Number.
Weighted average number of ordinary shares used in calculating basic and diluted loss per share.	20,453,363	14,635,725
Basic and diluted loss per share (cents per share)	(3.25)	(4.72)

Number of potential ordinary shares that could potentially dilute basic earnings per share in the future but were not included in the calculation of diluted EPS because they are anti-dilutive for the period presented is 6,100,000 (2008: 6,100,000).

21. DIVIDENDS PAID AND PROPOSED

No dividends were paid or proposed during the year and subsequent to year end.

22. SUBSEQUENT EVENTS

Altera reached an agreement to enter into a Joint Venture ("JV") with Dragon Energy Limited ("Dragon") on its Queensland Coal Project in the Surat/Clarence-Moreton and Bowen Basins during August 2009 the details of which are disclosed in an announcement to the ASX on 1 September 2009.

The terms of the JV proposal involve an expenditure of at least \$3.5 million over 3 years to earn an 85% interest. The first year's commitment by Dragon will be \$0.5 million in exploration expenditure plus rents and environmental bonds, with second and third year expenditure commitments of \$1.5 million each.

Once Dragon has earned an 85% interest, Altera has the option to sell the remaining 15% interest in the Project to Dragon for an amount as agreed between Dragon and Altera and failing an agreement an amount determined by an independent expert. Subject to the above option, Altera will retain a 15% free carried interest until decision to mine.

The commencement date of the JV will be the first date by which at least six of the EPCA's have been granted including EPC 1664 near Toowoomba. The proposal is subject to formal documentation being signed within one month and the JV will be subject to at least six of the EPCAs being granted within 6 months of the date of the formal JV.

DIRECTORS' DECLARATION

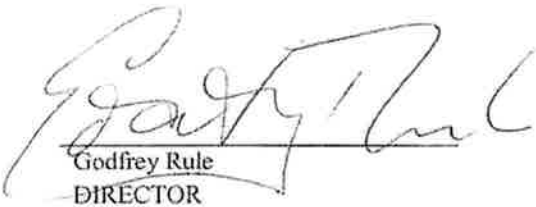
In accordance with a resolution of the directors of Altera Resources Ltd, I state that:

1. In the opinion of the directors:

- (a) the financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the Company are in accordance with the *Corporations Act 2001*, including;
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2009.

On behalf of the Board



Godfrey Rule
DIRECTOR

Perth 29 day of September 2009

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

Report on the financial report

We have audited the accompanying financial report of Altera Resources Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

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 the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Auditor's opinion

In our opinion:

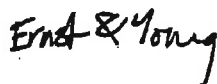
1. the financial report of Altera Resources Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of Altera Resources Limited at 30 June 2009 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the remuneration report

We have audited the Remuneration Report included on pages 22 to 24 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

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



Ernst & Young



J C Palmer
Partner
Perth
29 September 2009

ADDITIONAL SHAREHOLDERS INFORMATION

Additional information required by the Australian Stock Exchange (ASX) listing rules as at 24th June 2009

List of 20 largest shareholders

Ranking	Name	Shares Held	% of total shares
1	PANGA PTY LTD	1,505,552	7.361
2	B.G.J.ABBOTT & E.A.ABBOTT <RAROA S/F A/C>	1,000,685	4.893
3	MR MARK JOHN BAHEN & MRS MARGARET PATRICIA BAHEN <SUPERANNUATION ACCOUNT>	830,000	4.058
4	COLBERN FIDUCIARY NOMINEES PTY LTD	650,000	3.178
5	I HODGKINSON PTY LTD	515,686	2.521
6	POINTDALE PTY LTD	500,000	2.445
7	RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <MLCI A/C>	442,000	2.161
8	AUSTRALIAN DIRECT INVESTMENTS PTY LTD <ADI SUPER FUND A/C>	415,686	2.032
9	JASPER HILL RESOURCES PTY LTD <SUPERANNUATION ACCOUNT>	410,000	2.005
10	ALAN GORDON COULTHARD	350,000	1.711
11	NEBL PTY LTD <HARRIDGE PROPERTY A/C>	340,686	1.666
12	FUTURE SUPER PTY LTD <JWS SUPER FUND A/C> C/- INDIVIDUAL MANAGED ACCOUNTS	320,000	1.565
13	PRIMEPOINT PTY LTD	300,000	1.467
14	T T NICHOLLS PTY LTD <SUPERANNUATION ACCOUNT>	300,000	1.467
15	NEBL PTY LTD <BYWEST SUPERFUND A/C>	300,000	1.467
16	SUSAN FARR	285,000	1.393
17	ATLANTIC BRIDGE PTY LTD	265,686	1.299
18	IVYWHITE PTY LTD <THE RONALD FAMILY A/C>	265,686	1.299
19	LOCKED PTY LTD <BAZZINI FAMILY A/C NO 2>	265,686	1.299
20	SWANVIEW SECURITIES PTY LTD <SWANVIEW RETIREMENT A/C>	265,686	1.299
Total of top 20 Shareholders		9,528,039	46.584

Substantial Shareholders

Name	Shares held	% of total shares
PANGA PTY LTD	1,505,552	7.361

Distribution of shareholder's holdings

Ordinary shares held	Number of shareholders	Number of shares
1 - 1,000	345	338,855
1,001 - 5,000	5	18,660
5,001 - 10,000	199	1,975,273
10,001 - 100,000	140	5,934,815
100,001 and over	36	12,185,760
Total	725	20,453,363

List Option Holdings – 2009(EXP.08/11/2011)

Ranking	Name	Options Held	% of total options
1	PIPPIN NOMINEES PTY LTD <THE ABBOTT FAMILY A/C>	525,000	25.000
2	SANDAU HOLDINGS PTY LTD <KEHAL FAMILY A/C>	525,000	25.000
3	PANGA PTY LTD	525,000	25.000
4	OAKMEADOW HOLDINGS PTY LTD <RFT A/C>	525,000	25.000
		2,100,000	100.000

List Option Holdings – 2009(EXP.31/12/2012)

Ranking	Name	Options Held	% of total options
1	PIPPIN NOMINEES PTY LTD <THE ABBOTT FAMILY A/C>	1,000,000	25,000
2	SANDAU HOLDINGS PTY LTD <KEHAL FAMILY A/C>	1,000,000	25,000
3	PANGA PTY LTD	1,000,000	25,000
4	OAKMEADOW HOLDINGS PTY LTD <RFT A/C>	1,000,000	25,000
		4,000,000	100.00

Enquiries

Shareholders with any enquiries about any aspect of their shareholding should contact the Company's share register as follows:

Advanced Share Registry Services
150 Stirling Highway
Nedlands WA 6009

Tel: +61 8 9389 8033
Fax: +61 8 9389 7871
Email admin@advancedshare.com.au
Web: www.asrshareholders.com.au

Electronic Announcements and Report;

Shareholders who wish to receive announcements made to the ASX, as well as electronic copies of the Annual Report and Half yearly Report, are invited to provide their e mail address to the Company. This can be done in writing to the Company Secretary.

Removal from the Printed Annual Report mailing list

Shareholders who do not wish to receive the Annual report should advise the Share Registry in writing to remove their names from the mailing list. Those shareholders will continue to receive all shareholder information.

Change of name / address

Shareholders who are Issue Sponsored should advise the Share registry promptly of any changes of name and / or address so that correspondence with them does not go astray. All such changes must be advised in writing and cannot be accepted via telephone. Forms can be found on the share Registry website or obtained by contacting the Share registry.

Shareholders who are in CHESS and Brokered Sponsored should instruct their sponsoring brokers in writing to notify the Share Registry of any changes of name and / or address.

In the case of a name change, the written advice must be supported by documentary evidence.

Consolidation of Shareholdings

Shareholders who wish to consolidate their separate shareholdings into one account should write to the Share Registry or their sponsoring broker, whichever is applicable.

Stock Exchange Listing

The Company's shares are listed on the ASX. Details of share transactions and prices published in the financial papers of the daily capital city newspapers under the code AEA.

Registered Office

The registered office of the Company is: Altera Resources Ltd
813 Wellington Street
West Perth WA 6005

Telephone	+61 8 9321 2642
Fax	+61 8 9322 1385
E mail	info@alteraresources.com.au
Website	www.alteraresources.com.au

Company Secretary	Bradley Abbott
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ACTION REQUIRED BY ELIGIBLE SHAREHOLDERS

What you may do

The number of New Shares to which you are entitled ("your Entitlement") is shown on the accompanying Entitlement and Acceptance Form. You may:

- take up your Entitlement in full;
- take up part of your Entitlement and allow the balance to lapse; or
- allow your Entitlement to lapse.

(a) If you wish to take up all of your Entitlement

Complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out in the Form. Forward your completed Form, together with your cheque or bank draft for the amount shown on the Form to reach Altera Resource's share registry, Advanced Share Registry Services, 150 Stirling Highway, Nedlands WA 6009 no later than 5.00pm Perth time on 20 January 2010.

(b) If you wish to take up part of your Entitlement and allow the balance to lapse

Complete the accompanying Entitlement and Acceptance Form in respect of the number of New Shares you wish to take up and forward that Form, together with your cheque or bank draft for the requisite amount (being the number of New Shares you wish to take up multiplied by \$0.12) to reach Altera Resource's share registry, Advanced Share Registry Services, 150 Stirling Highway, Nedlands WA 6009 no later than 5.00pm Perth time on 20 January 2010.

(c) If you do not wish to take up your Entitlement

If you decide not to subscribe for all or part of your entitlement to New Shares, those Rights will lapse. New Shares not taken up revert to the Underwriter to the Offer under the Underwriting Agreement and you will receive no benefit.

Cheques and bank drafts must be made payable to "Altera Resources Limited Share Issue Account", and crossed "not negotiable".

Enquiries

For further information please contact Altera Resource's share registry at:

Advanced Share Registry Services

Telephone: (08) 9389 8033

Facsimile: (08) 9389 7871

Attention: Client Services Manager