

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

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TRANSOL CORPORATION LIMITED

(ABN 73 089 224 402)

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009

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TRANSOL CORPORATION LIMITED

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Letter from your Chairman

9 September 2009

Dear shareholder

During the year Transol Corporation Limited (the Company) has maintained its focus on establishing itself as a junior technology and mining company. Although it has been a challenging year for the Company, it has continued to develop its technology businesses and create development opportunities on several of its Cambodian mining projects.

Corporate

The Company successfully undertook a placement and a non renounceable rights issue of shares during the year, whereby \$1,013,000 was raised before costs. These funds, along with the provision of receipts from prior R&D rebates have kept the Company in a stable financial position ensuring enabling it to continue to pursue its corporate objectives.

Technology

Throughout the year, the Company continued the development and commercialization of the CLTNet suite of products. An upgraded version of the CLTNet Computerised Driver Licence Testing System was released along with an online driver education web service. The upgrade saw the Company announce that it had entered into a cornerstone software and service agreement with the New Zealand Transport Agency (NZTA) for the provision of its computerised driver licence theory testing and online driver education web service. In the event that CLTNet is deployed throughout NZTA's national network of 130 testing agencies, on an annual basis it is expected to deliver over 165,000 official tests and up to 400,000 practice tests.

The Company also entered into a sales and marketing agreement with DLM Campaign Ltd for the sale of its e-learning suite of products and web services within the New Zealand marketplace.

Based on the upgraded version of the CLTNet suite of products, the Company is in discussions with NSC Pte Ltd, the principal IT solutions provider to the Government of Singapore on expanding the use of the technology in Singapore and potentially other Asian countries.

In September 2008, the Company entered into arrangements to acquire, develop and commercialise the Quick-Links Enterprise Web 2.0 Collaboration SaaS platform (known as "CORUS"). Significant progress on the development and commercialisation of CORUS has been made and the product is currently undergoing customer trials and beta testing. The Company expects the international market release of CORUS to occur in the coming month which should significantly increase the installed customer base and as a consequence the volume of subscription revenue.

Mining

During the year, the Company focused on maintaining its mining projects to ensure that the value of these projects is maximised by negotiating with potential joint venture partners who can add value to these projects through further exploration and mining development.

Subsequent to the end of the financial year, Transol entered into contractual arrangements with proposed joint venture partners for the Oyadao and Banlung gold projects and the Andong Bor gold projects located in Cambodia.

In July 2009, the Company signed a Letter of Intent with Prairie Pacific Mining Corporation ("Prairie") to develop the Oyadao, Oyadao South, Banlung and Banlung North Gold Projects. It was agreed in principle that Prairie will pay US\$1 million to Transol and spend up to US\$5.5 million to earn up to a 90% interest in these projects. The Company will maintain a 10% free carry in the projects.

In August 2009, the Company entered into a Joint Venture Agreement with Basileia Cambodia Co Ltd ("Basileia") on the Andong Bor Gold Project.

The Company received US\$120,000 on the signing of the Joint Venture Agreement and will receive a further US\$280,000 within 60 days upon commencement of the Joint Venture. Basileia will expend a minimum of US\$3 million on the project within 18 months from the commencement date to earn a 90% interest in the tenement. The Company will maintain a 10% free carry in the project.

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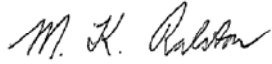
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Your Board continues to assess and negotiate on other mining projects held by the Company.

The Board is confident that its investments in both the technology and mining assets in the past year will position the Company for further growth in the future.

We look forward to your continued support.

Yours faithfully

A handwritten signature in black ink, appearing to read 'M. H. Ralston', written in a cursive style.

Martin Ralston
Chairman

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Review of Operations – Technology

Highlights:

- Signed software licensing and services contract with a New Zealand Crown Agency
- Completed development of the Web Services version of the CLTNet System
- Signed Sales and Marketing Agency Agreement in New Zealand
- Commenced sales and marketing activities into new applications of the CLTNet System
- Formalised joint venture and distribution agreements with Quick-Links.net Pty Ltd for the commercialisation of Quick-Links Enterprise Web 2.0 collaboration “Software as a Service” (SaaS) platform
- Launched “CORUS” Version 3 of the Quick-Links Enterprise Web 2.0 Collaboration Platform
- Signed channel partners to resell CORUS in Australia and New Zealand

During the year the Company made significant advancements in the commercialisation of the CLTNet Computerised Theory Testing System and entry into the Enterprise Web 2.0 market. The Company has successfully transitioned its research and development activities into commercially viable products, which are in demand globally.

CLTNet System – Computerised Theory Testing System

In May 2009, the Company entered into a Software and Services Agreement with the New Zealand Transport Agency (NZTA) for the provision of a computerized Driver Licence Theory Testing System and an online driver education web service.

The CLTNet System will replace existing paper based tests, and when fully deployed through NZTA’s national network of 130 testing agencies, is expected to deliver over 165,000 official tests and up to 400,000 practice tests annually, and increase CLTNet’s total test delivery to over 900,000 annually.

During the year, the Company completed the development and transformation of the CLTNet System and launched CLTNet Online, a new online web service for the delivery of testing and education services over the internet. CLTNet Online is an educational web service, which provides the public with access to learner driver information resources such as the road code, practice tests and feedback, prior to completing the official test required to obtain a drivers licence.

The Company is hopeful that the introduction of the Web Services platform will significantly increase annual test delivery volumes. CLTNet Online enables competency testing and e-learning services for public licensing in areas such as passenger and commercial vehicles, boating and firearms as well as company and Government regulatory compliance testing in areas of regulatory compliance testing.

On 1 April 2009 CLTNet NZ Ltd (100% owned subsidiary) entered into a three year Sales and Marketing Agreement with New Zealand company DLM Campaign Ltd (“DLM”), for the sale of the e-Learning suite of products and web services within the New Zealand marketplace.

DLM provided the NZTA with printed driver licence test papers for more than 10 years, and operated a web site offering online practice tests to the New Zealand public. Under the terms of the Agency Agreement, CLTNet NZ has appropriated DLM's website, which will be replaced with the CLTNet Online web service in August 2009.

The Company has positioned itself to be a leader in the provision of compliance testing as a web service. The CLTNet suite of products is a fully featured multimedia and multi-lingual system, and delivers randomised questions and answers, which improves test integrity and enables centralised management of test delivery, statistical reporting and measurement of test results to assist with policy making and driver education. The multi lingual capability of the system positions it well for use in South East Asia, where the Company has an agreement with NCS Pte Ltd, the principal IT solutions provider to the Government of Singapore.

During the year the Company commenced establishing relationships with content providers who specialise in subject matter and subject experts in the many areas of compliance that the system is targeting. The objective for the Company in the coming year is to launch these new web services and establish distribution channels with global reach into each of the markets the content partners’ service.

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Review of Operations – Technology (Continued)

Quick-Links (Aust) Pty Ltd

In September 2008, CLTNet Pty Ltd (100% owned subsidiary) purchased 70% of Quick-Links (Aust) Pty, a joint venture with Quick-Links.net Pty Ltd, and committed to provide up to \$500,000 in funding required to commercialise the Quick-Links Enterprise Web 2.0 Collaboration SaaS Platform in Australia and New Zealand.

During the year the Company provided \$200,000 of this funding which has been used to assist Quick-Links.net Pty Ltd in the further development of “CORUS”, by upgrading the platform, along with assistance in its sales and marketing activities.

To protect shareholder investment, CLTNet Pty Ltd set key milestones for Quick-Links.net for the delivery of the new CORUS platform. When these milestones were not met, CLTNet Pty Ltd’s obligation to pay the final instalment of \$300,000 to Quick-Links (Aust) Pty Ltd ceased. Under the terms of an Investment Agreement CLTNet Pty Ltd’s equity in Quick-Links (Aust) Pty Ltd was issued at \$1.00 and all funds advanced are treated as secured loans. CLTNet management is negotiating revised funding arrangements and terms for the Distribution Agreement between Quick-Links (Aust) Pty Ltd and Quick-Links.net Pty Ltd.

In the second half of the year significant progress was made with the development of CORUS, and the platform is now undergoing customer trials and beta testing. A full market release of CORUS is expected in September 2009. The release of CORUS enabled the Company to advance its business development activities, which resulted in agreements being signed with three value added resellers. These resellers specialise in IT services, education services and research and development consulting services and commenced marketing CORUS to their respective clients in June 2009.

Quick-Links (Aust) Pty Ltd’s focus in the coming year is to significantly grow the subscriber base of CORUS through value added resellers and direct sales to subscribers from the CORUS website.

CORUS is a clever real time Enterprise Web 2.0 Collaboration Platform suited to both SME’s and large corporate enterprises. The platform galvanises interactions between employees and clients in day-to-day business operations. The core of CORUS is its patented technology to manage organisational and enterprise communications and information transfers. CORUS offers clients a new level of business accountability, tracking, documenting, management, productivity and communication efficiencies.

By subscribing to CORUS businesses can expect to save as much as 70% of the cost to implement a legacy collaboration system. An exciting feature of CORUS is its simplicity. Customers can subscribe online and use CORUS’s online guide to set the system up and start using it within an hour. Having the delivery and sales channels online removes significant costs and time to enter markets globally.

In addition, CORUS significantly reduces the cost and inefficiencies incurred by businesses using email as their primary medium for information exchange. This makes CORUS useful to an exceptionally large market.

Global research company Forrester forecasts global spending on Enterprise Web 2.0 technologies will experience compound annual growth of 43% over the next five years, growing from USD\$764 million in 2008 to USD\$4.6 billion by 2013. *Source: Forrester April 2008 market research report - “Global Enterprise Web 2.0 Market Forecast: 2007 To 2013”.*

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Review of Operations - Mining

Highlights:

- Maintenance of Exploration Licenses in Cambodia
- Active search for, and negotiation with, potential joint venture / funding partners to enable ongoing exploration
- Signing of a Letter of Intent for a joint venture with Prairie Pacific Mining Corporation on the Banlung and Oyadao projects in the Ratanakiri Province
- Pre-planning of field programs for exploration activity post the end of the wet season (mid-November 2009)
- Termination of Joint Venture Agreement with Mandarin Equity (Cambodia) Ltd
- Signing of the Joint Venture Agreement on the Andong Bor Gold Project

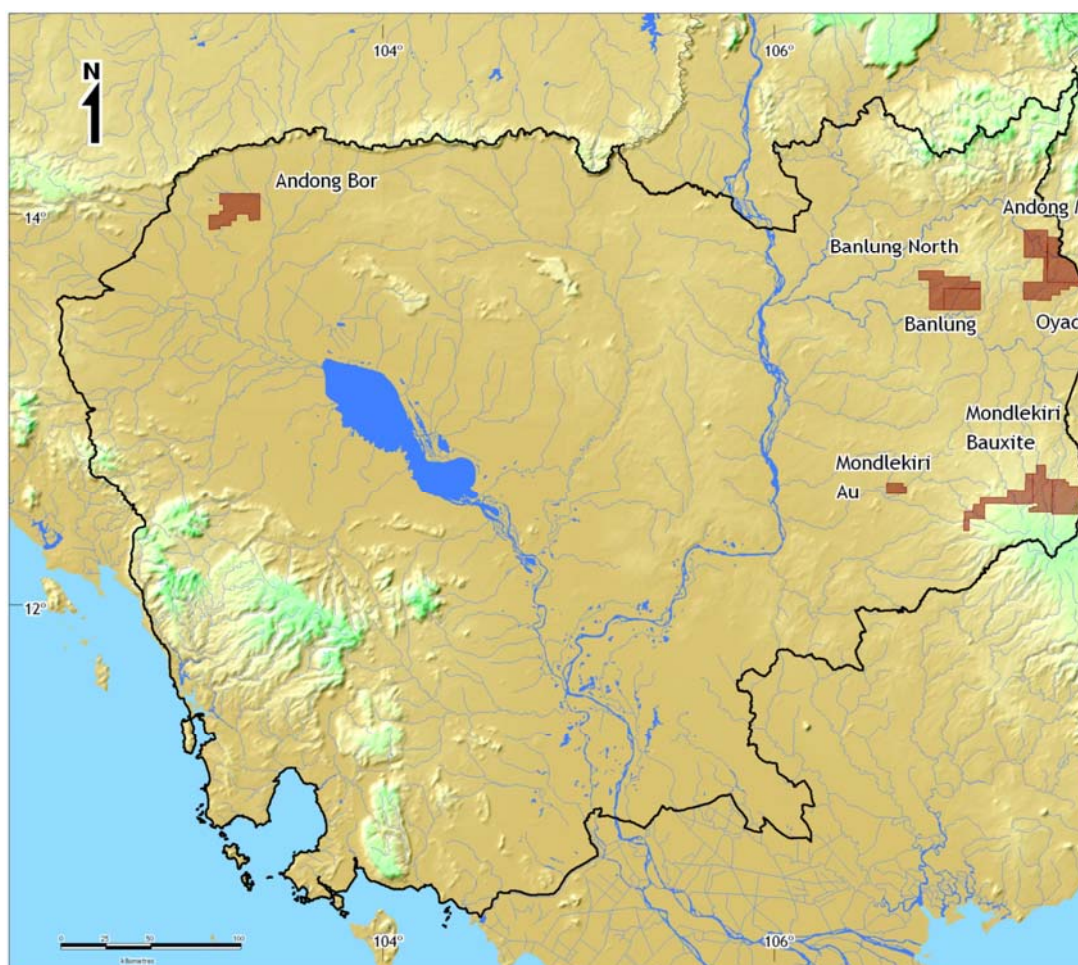


Figure 1: Exploration Licences held in the Kingdom of Cambodia

Letter of Intent with Prairie Pacific Mining Corporation

The Company executed a Letter of Intent with Prairie Pacific Mining Corporation (Prairie) for a joint venture for the exploration of the Banlung, Banlung North, Oyadao and Oyadao South project areas. The terms of the Letter of Intent are:

- Payment of US \$1 million consisting of:
 - o US \$100,000 non-refundable deposit on signing of the Letter of Intent, which occurred on 14 July 2009
 - o US \$300,000 payment on 31 August 2009
 - o US \$300,000 payment on 30 November 2009
 - o US \$300,000 payment on 28 February 2010

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Review of Operations - Mining (Continued)

Letter of Intent with Prairie Pacific Mining Corporation

- Prairie can spend US \$2 million within two years of signing the Letter of Intent to earn a 51% interest in the project areas
- Prairie can earn a further 19% by spending a minimum total of US \$4 million within four years of signing the Letter of Intent
- Prairie may, after earning 70%, purchase a further 20% by payment of US \$1.5 million. Upon this payment, the Company will be free carried for a 10% interest and will be subject to certain sale rights in the event that the projects are sold to a third party

Prairie intends to continue with the exploration program as planned by the Company in the relevant joint venture areas.

Joint Venture with Basileia Cambodia Co Ltd

On 21 August 2009 Transol signed a Joint Venture Agreement with Basileia Cambodia Co Ltd ("Basileia") on the Andong Bor Gold Project in Oudor Meanchey Province, North Western Cambodia.

The Company received US\$120,000 on the signing of the Joint Venture and will receive a further US\$280,000 within 60 days upon commencement of the formal Joint Venture. Basileia will expend a minimum of US\$3 million on the project within 18 months from the date of commencing the Joint Venture to earn 90% interest in the tenement and Transol will be free carried thereafter on its 10% equity.

Banlung Projects

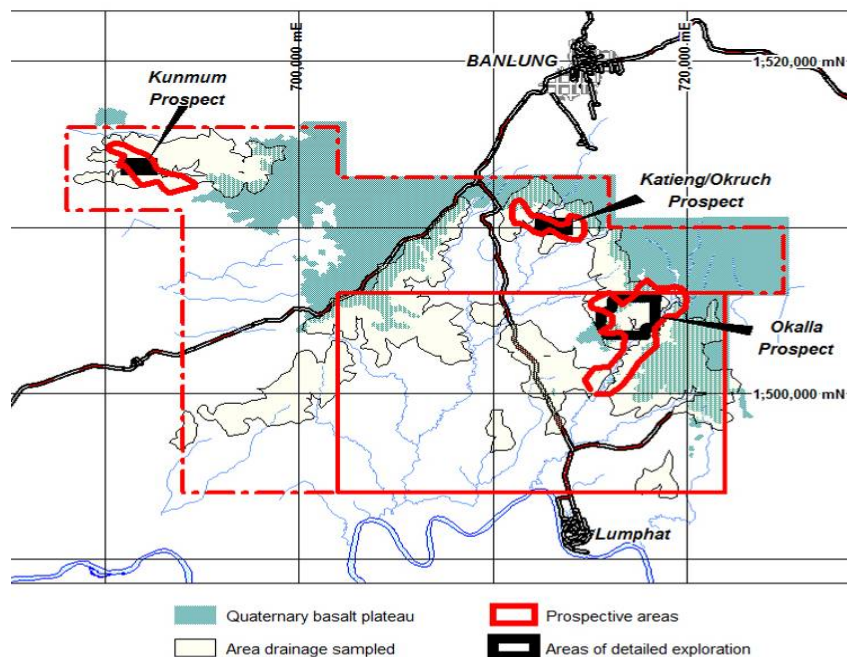


Figure 2: Banlung Project Areas and Prospects

The Banlung Project consists of the Banlung and Banlung North tenements, and includes the Okalla, Katieng and Kunmum prospects.

At the end of the 2007 wet season, detailed investigations of the Okalla, Katieng and Kunmum prospects were carried out with a view to defining drill targets. The aeromagnetic data was reprocessed to help highlight potential areas of interest.

The Banlung and Banlung North project areas are now subject to the Letter of Intent with Prairie for a joint venture as described in detail above. It is anticipated that Prairie will work with the results presented in Table 1, and follow on with the Company's proposed exploration program.

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Review of Operations - Mining (Continued)

Okalla Prospect

Since December 2007, the Company has completed an intensive exploration program at Okalla, involving detailed mapping, 387 gold panning sites, 342 auger samples at 100x100m centres, 4.2km of drill access clearing, 2km of trenching using an excavator sampled at 1-3m intervals, 16 line km of 3D-IP and reprocessing of aeromagnetic data. The trenching intersected a moderate to high grade gold intersection of 12.5 g/t over 3m.

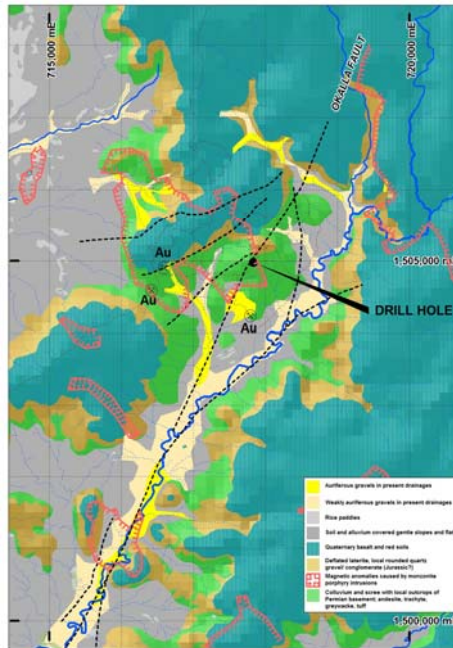


Figure 3: Okalla Prospect

The Okalla Prospect is a large and complex prospect with broad alteration halos. Despite the intensive surface exploration, it has been difficult to develop a consistent model of the geology and targets for drill testing. As a result, an IP survey was conducted on the Prospect during July and August 2008, and covered an area of 1.6 x 1.6 km with lines spaced at 200m. The survey was successful due to the excellent depth penetration and broad area of coverage, along with the very high responsive nature of the area in general.

In total, ten IP anomalies were identified for follow-up at the Okalla Prospect and prioritised for drill testing (Table 1).

Target	Target Summary	Easting	Northing	RL
1	Strong Chargeability	717800	1504925	90
2	Strong Chargeability	717950	1504720	120
3	Adjacent Moderate Chargeability & Conductivity on Edge of Resistor	716725	1504815	60
4	Strong Chargeability	717060	1504990	40
5	Strong Chargeability	717440	1505035	30
6	Strong Chargeability	716880	1504190	100
7	Moderate – Strong Chargeability on edge of Large Resistor	716640	1504220	-70
8	Moderate – Strong Chargeability on edge of Large Resistor	717220	1504320	-70
9	Moderate – Strong Chargeability on edge of Large Resistor	717390	1504475	-10
10	Moderate – Strong Chargeability on edge of Large Resistor	717025	1504470	80

Table 1: Targets derived from IP Survey (3D Grid Array) for Okalla Prospect

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Review of Operations - Mining (Continued)

Okalla Prospect (Continued)

The proposed drilling program (Table 2) will consist of 600 metres of RC and 400 metres of diamond drilling for a total of 1000 metres. The Company will work with Prairie to project manage this program.

Hole No.	East	North	RL	AZI	DIP	RC (m)	HQ (m)	TD (m)	Target
BI0007RC	717750	1504900		90	-60	100	50	150	IP Target #1
BI0008RC	717925	1504720	148	90	-60	100		100	IP Target #2
BI0009RC	716980	1505000		90	-60	100	100	200	IP Target #4
BI0010RC	716760	1504825		270	-60	100	50	150	IP Target #3
BI0011RC	716900	1504200		270	-60	100		100	IP Target #6
BI0012RC	717300	1504400		225	-60	100	200	300	IP Target #8

Table 2: Planned Drilling (testing IP targets) – Okalla Prospect

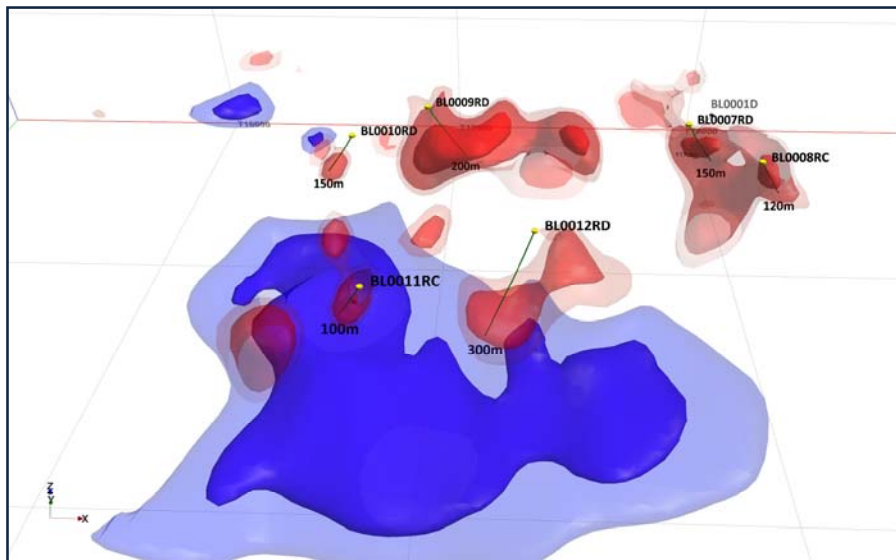


Figure 4: Okalla Prospect showing 3D IP targets (isosurfaces) and planned drilling. Key: RED Isosurfaces represent chargeable zones (darker = more chargeable); BLUE isosurfaces represent high resistivity zones. Previous drill hole traces are BLUE, PLANNED hole traces are GREEN.

Katieng Prospect

Since December 2007, the Company has completed an exploration program at Katieng, involving detailed mapping, 62 gold panning sites, 300m of hand dug trenching, site and access preparation, six RC/diamond drill holes for 896m and reprocessing of aeromagnetic data. The panning located another area of minor diggings to the west of the Katieng workings, known as Okruch.

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Review of Operations - Mining (Continued)

Katieng Prospect (Continued)

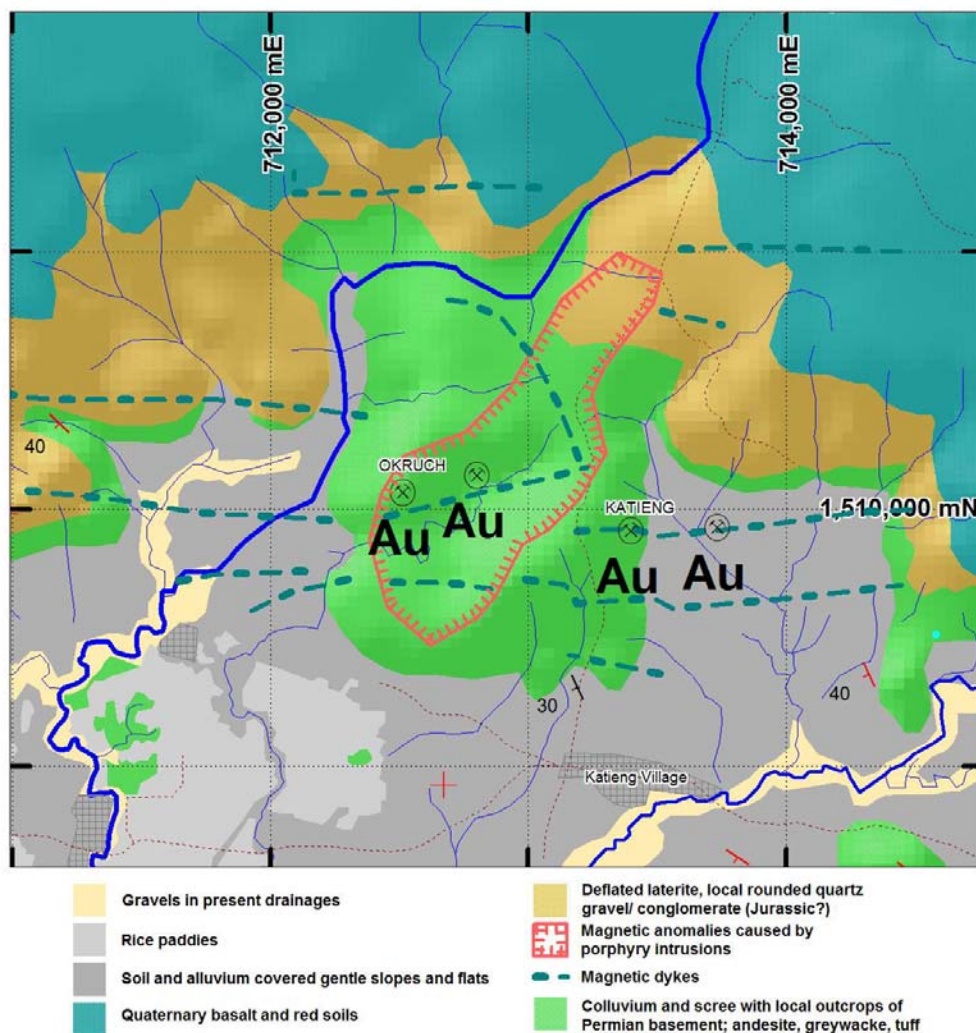


Figure 5: Katieng Prospect Geology

Trenching exposed multiple, thin quartz reefs sometimes containing very high grade gold (up to several ounces per tonne) and work was concentrated on understanding the detailed structure. A total of six holes were drilled on the Katieng Prospect during June and July 2008 with results presented in Table 3. The Katieng workings aggregated approximately 250 metres of strike and the Okruch reef was so far exposed over 100m. The quartz reefs in this area are auriferous, however drilling failed to intersect the high grades seen at surface. Prairie will continue to further investigate the Okruch area, with the assistance of the Company.

Hole No.	UTM East	UTM North	Elev.	Dip	Azi.	Total Depth	Mineralised Intervals
BL0001D	1504979	717831	270	-60	270	117.5	No significant results
BL0002D	1509850	713400	173	-60	360	190	No significant results
BL0003D	1509920	713400	166	-60	360	200	No significant results
BL0004D	1510000	713400	200	-60	180	200.1	1m at 2.17ppm AU from 38m & 1m at 0.66ppm Au from 156m
BL0005D	1509955	713470	197	-60	360	150	No significant results
BL0006D	1509853	713477	188	-60	360	150	No significant results

Table 3: Banlung – Katieng Prospect Drill Program. Results from 1m split by 50g fire assay with 0.5 g/t gold lower cut/off, no upper cut applied.

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Review of Operations - Mining (Continued)

Oyadao Project

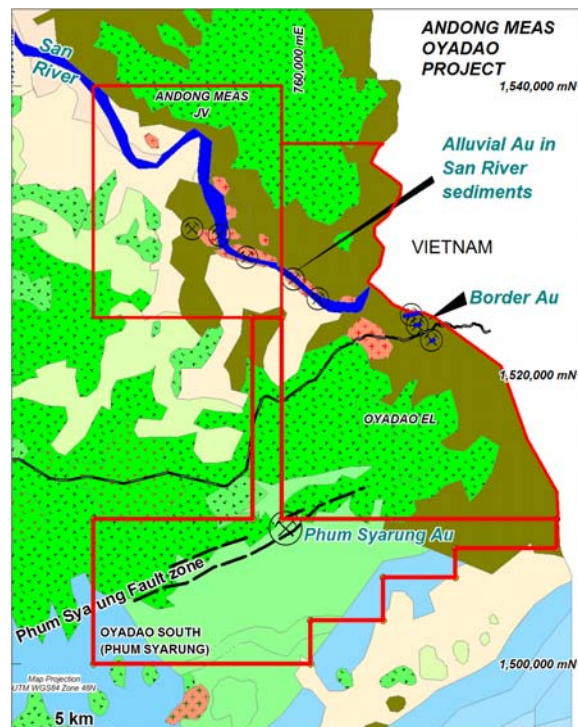


Figure 6: Oyadao Project Geology

The Oyadao Project consists of the Andong Meas and Oyadao projects areas, and was expanded in 2008 with the granting of a further Exploration Licence at Oyadao South. The new licence covers the extensive artisanal gold workings at Phum Syarung, and combined, the project area totals 547km².

High resolution airborne magnetics were flown in 2006 and 1:25,000 scale geological mapping was completed covering the tenement area. A stream sediment sampling program was also completed with several catchments returning anomalous gold in minus 80 mesh samples and/or visible gold in pan concentrate.

The Oyadao and Oyadao South projects are now subject to the Letter of Intent with Prairie as described in detail above, and the Company plans to work closely with Prairie to further explore the project.

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Review of Operations - Mining (Continued)

Border Prospect

Soil, rock-chip sampling and mapping were completed to cover the workings at the Border Prospect. The results contained significant values of gold and base-metals but in effect confirmed the gold reefs already known.

A total of ten holes were drilled at the Border Prospect, with the results detailed in Table 4.

Hole No.	UTM East	UTM North	Elev.	Dip	Azi.	Total Depth	Mineralised Intervals
OY0005D	1523438	768496	171	-60	350	38.2	No Significant results (abandoned)
OY0006D	1524057	767605	191	-60	350	150.4	No significant results
OY0007D	1524122	767932	190	-60	350	150	No significant results
OY0008RD	1524161	768132	174	-60	350	170	No significant results
OY0009RD	1524201	768327	155	-60	350	172.5	No significant results
OY0010RD	1523431	768357	171	-60	350	150.5	3m at 1.44ppm Au from 75m
OY0011RD	1523438	768496	171	-60	355	168.1	No significant results
OY0012RD	1523555	768485	165	-60	350	170	11.5m at 1.85ppm Au from 39m
OY0013RD	1524110	768140	165	-56	349	201.1	6m at 0.83ppm Au from 90m
OY0014RD	1523955	767625	165	-60	350	190.1	3m at 43.3ppm Ag from 14/m

Table 4: Oyadao Border Prospect Drilling Program. Results from 3m composites by 50g fire assay with 0.5 g/t gold lower cut/off, no upper cut applied. Maximum of 3m (single sample) internal waste interval. Samples sent to ALS Chemex.

This first round of drilling was designed to test the possibility of a coherent "gold lode" envisaged to be a thin (5-10 metre wide) zone of alteration and low grade mineralisation containing a richer shoot. The known gold workings have been able to support a concerted local mining "industry" from fresh rock (ie this is not just supergene mineralisation). The total strike length of workings is at least 1000m. While the lodes were intersected in first pass drilling, only two holes intersected significant gold, including 3m at 1.44 g/t gold and 11.5m at 1.85 g/t gold. This resulted in a follow-up IP survey commissioned and completed in July 2008.

Seven targets were identified from the IP survey at the Border Prospect. The majority of these are strong chargeability targets with one target consisting of an overlapping combination of a small moderate to highly chargeable response within a larger highly resistive area. All but one of the targets identified are considered to be high priority for immediate follow-up drill testing. The Company intends to work with Prairie to expedite the follow-up drill testing.

It is interpreted that these IP targets could represent zones of mineralisation at the Border Prospect. This is highlighted by the fact that gold mineralisation found within artisanal workings at Oyadao is associated with moderate to high poly-metallic sulphide content (>10%).

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Review of Operations - Mining (Continued)

Border Prospect

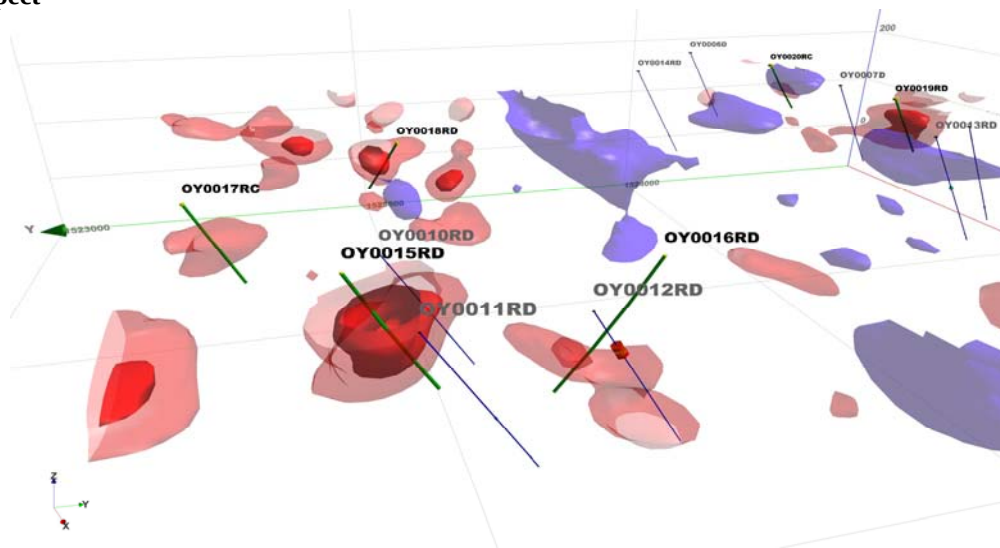


Figure 7: Border Prospect showing 3D IP targets (isosurfaces) and planned drilling. Key: RED Isosurfaces represent chargeable zones(darker = more chargeable); BLUE isosurfaces represent high resistivity zones. Previous drill hole traces are BLUE, PLANNED hole traces are GREEN.

It is planned to test these targets by using the additional information provided by this survey, the ground magnetic, recent detailed mapping and drilling results. Therefore further drilling is now planned to determine whether the IP responses are related to significant gold mineralisation at the Border Prospect and positioning of follow-up drill holes has been possible using direct manipulation of the IP models in 3D (using Discover 3D). These holes are designed to intersect all of the targets at optimum angles to ensure the material giving the geophysical response is intersected.

The Company's proposed work program with Prairie will consist of 600 metres of RC and 50 metres of diamond drilling for a total of 650 metres.

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Review of Operations - Mining (Continued)

Border Prospect

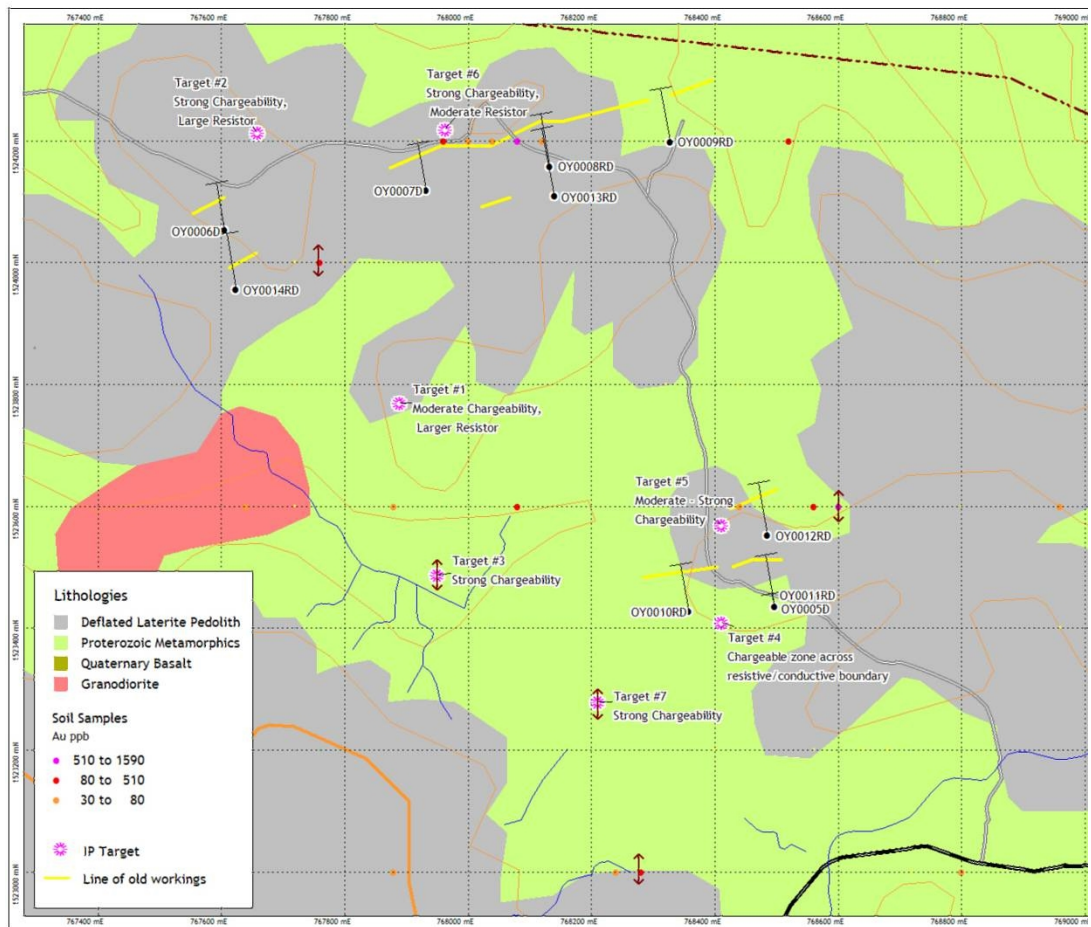


Figure 8: Border Prospect IP anomalies and drilling

Andong Meas

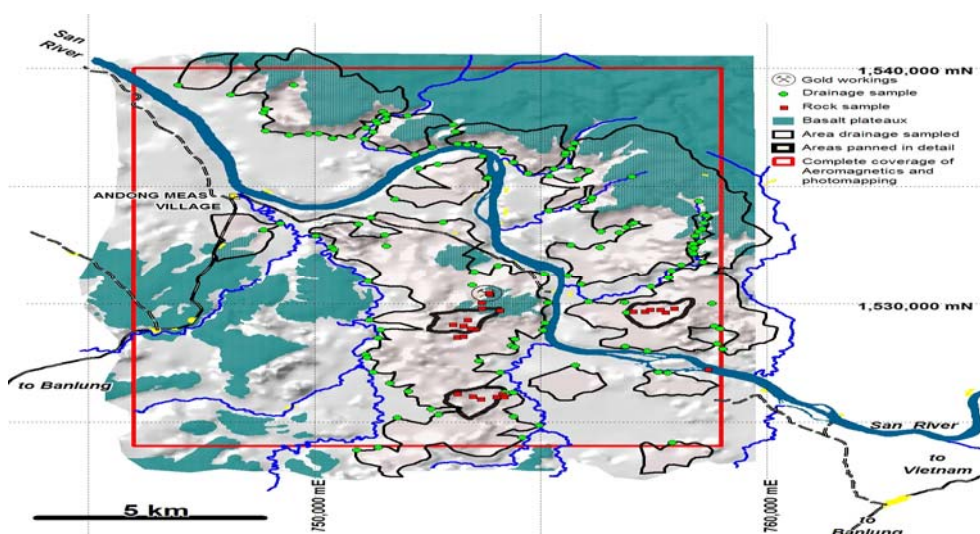


Figure 9: Andong Meas Project Area

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Review of Operations - Mining (Continued)

Andong Meas (Continued)

During December 2007 a stream sediment sampling program was completed at Andong Meas with a total of 69 samples of minus 80 mesh sediment taken at a sample density of nominally one per square kilometre.

Three catchments gave significant gold in the minus 80 mesh fraction and pan concentrates and investigations of these areas commenced with detailed panning, rock-chip sampling and prospecting. The sources of the drainage anomalies have not yet been determined and the search will continue in December 2009.

Grid based soil sampling, ridge and spur sampling and limited shallow trenching are planned for 2010 to further understand the results of the drainage sampling program, and this work should commence on the more easily accessible anomalies southeast of the Andong Meas village (west of the river).

It is planned to further prospect the two anomalies located east of Andong Meas and the river during 2010.

Oyadao South

Planning is underway for work to commence at the conclusion of the wet season in November 2009 at Oyadao South for a program of stream sediment sampling over the entire project area along with grid auger soil sampling and mapping of the Phum Syarung prospect area (previously subject to significant artisanal mining activity). It is anticipated that Prairie will carry out this work under the joint venture.

Andong Bor

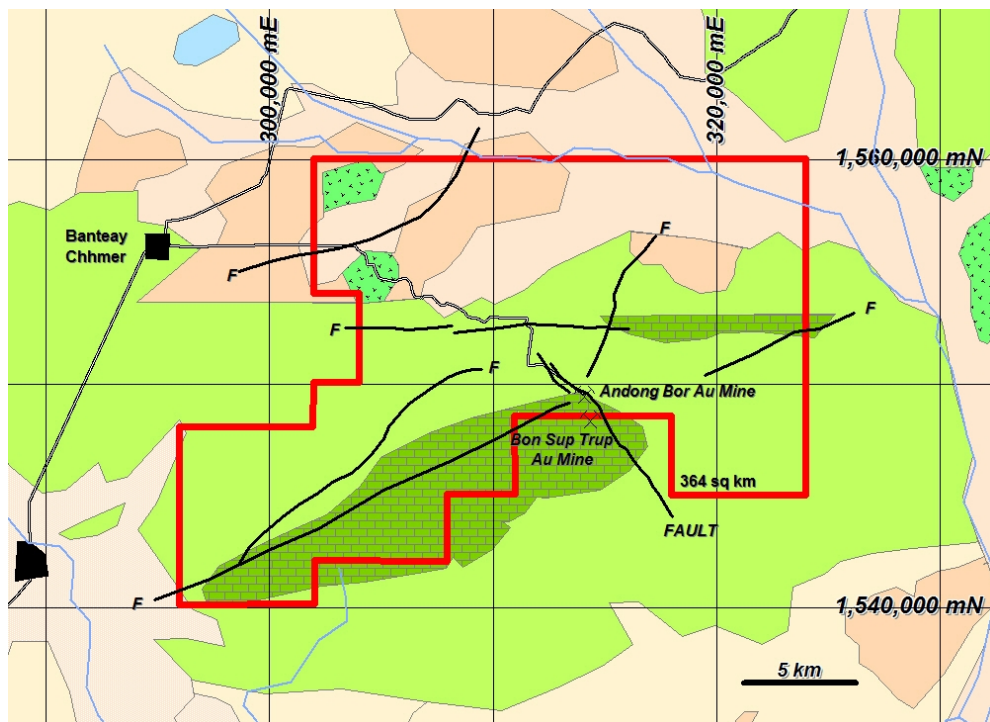


Figure 10: Andong Bor Geology

- Upper Pleistocene - Holocene undifferentiated:
Alluvial sandy loam, clay, sand, rarely pebble of low terraces
- Middle - Upper Pleistocene, undifferentiated:
Alluvial sandy loam, clay, sand of high terraces
- Middle - Upper Pleistocene:
Basalt and scoria composing volcanic plateaux
- Lower - Middle Pleistocene:
Compact loam, pisolitic laterite, sand and pebble
- Pliocene-Lower Pleistocene, undifferentiated:
Sand with quartz pebble
- Lower Jurassic:
Calcareous argillite, aleurolite and sandstone, lignite
- Triassic undifferentiated:
Graywacke and sandy breccia with andesite; arkosic sandstone, conglomerate
- Lower and Upper Permian:
Limestone, limestone-breccia and conglomerate

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Review of Operations - Mining (Continued)

Andong Bor (Continued)

On 23 September 2008, the Company announced it had signed a Memorandum of Understanding for a Joint Venture on the Andong Bor gold project with Mandarin Venture Equity (Cambodia) Ltd. This joint venture has been terminated due to non-performance on payments.

The Company acquired the license for the Andong Bor project in August 2007. Subsequent to this, the Company carried out a mapping program and an auger sampling program in the areas surrounding the previous underground mining operation. Soil anomalies were further tested by mechanical trenching. Planning is under way to continue this work with the aim of carrying out an early drilling program to test anomalies and interpreted structures. It is planned that regional sampling and mapping of the entire tenement area will also take place in 2010 to gain a broader understanding of its structures and mineralisation.

Mondulkiri Bauxite Project

During 2008 a study of the extensive bauxitic plateaux in Laos, Cambodia and Vietnam resulted in an interpretation of the origin of these deposits. On this basis, three Exploration Licence applications were submitted which were granted in 2008.

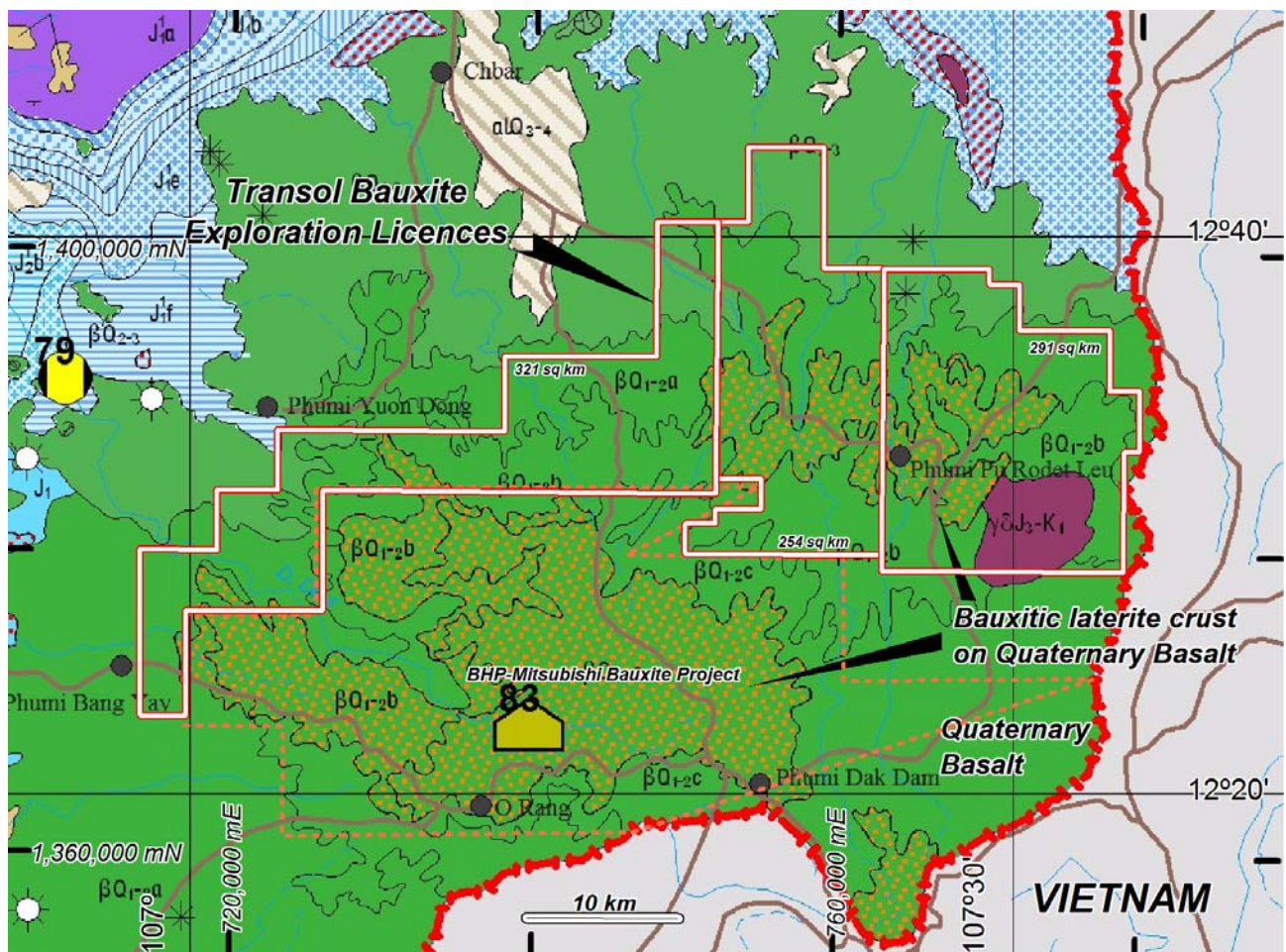


Figure 11: Mondulkiri Bauxite Project

Reconnaissance exploration including auger sampling of these tenements will commence in late 2010.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

Review of Operations - Mining (Continued)

Mondulkiri Gold Project

An Exploration Licence was granted to the Company in 2008 in the prospective area to the southwest and adjoining Oz Mineral's Okvau prospect in the Mondulkiri Province. The Exploration Licence includes an area of hornfels around the rim of a granitic intrusion in a setting similar to Okvau. Surface sampling and mapping is planned to be carried out at the end of the present wet season after November 2009.

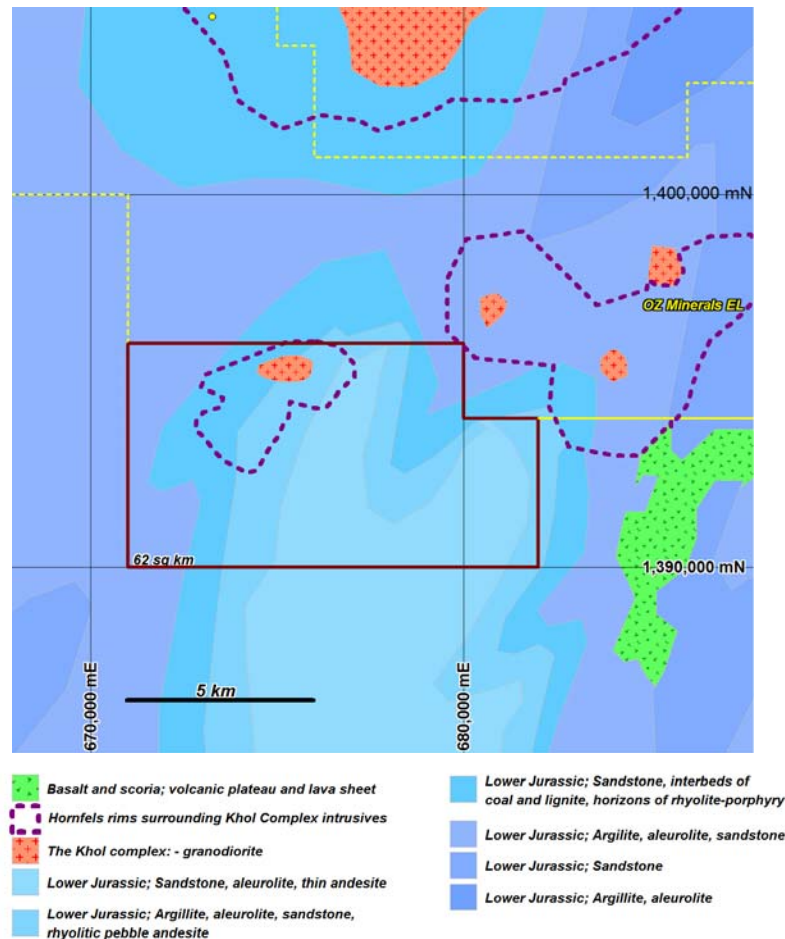


Figure 12: Mondulkiri Gold Project Geology

Cambodia Regional Geological Research

The Company has continued the acquisition and review of regional datasets, including topographic, geological and geophysical data, satellite imagery and geological reports for Cambodia and holds an extensive country-wide database.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

DIRECTORS' REPORT

Your Directors present their report on the Company and its controlled entities for the financial year ended 30 June 2009.

Directors

The names and details of the Directors in office at any time during or since the end of the financial year are follows:

Mr Martin Ralston

(Appointed 8 October 2003)
(Non-Executive Chairman)
B.Ec.

Martin Ralston has been involved in the information technology sector since 1970. He has worked for BHP, Computer Accounting Services and Accenture (previously Andersen Consulting) where he was a partner from 1985 to his retirement in August 2001. Mr Ralston holds no other listed Company Directorships nor has he held such position in the past three years.

Mr Angus Edgar

(Appointed 28 May 2003)
(Executive Director)

Angus Edgar has been employed in the finance/stockbroking industry for 24 years since 1985 with the majority of that time employed with various share broking companies. During that period he has been directly involved with providing corporate advisory services to private and ASX listed companies and the listing of several new companies onto the ASX. Mr Edgar is a Director of Melbourne Capital Limited, a corporate advisory company. Mr Edgar is a director of Regal Resources Ltd.

Mr Richard Stanger

(Appointed 15 October 2007)
(Executive Director)
B.Bus, MAMA

Mr Stanger formed Liberty Mining International Pty Ltd to commence project acquisition and exploration in The Kingdom of Cambodia. Liberty Mining International Pty Ltd has become a 100% owned subsidiary of Transol Corporation Ltd, since July 2007.

Mr Stanger has over 25 years' business experience in a wide range of industries, with a significant emphasis on exploration and mining. Since 1987, he has worked as a management consultant, both in a private capacity and also with Proudfoot Consulting and with the Jamieson Consulting Group in a wide variety of industries including mining (underground and open-cut) and in an international capacity for some of the largest and most prestigious multi-national and national companies. Mr Stanger has been involved in most aspects of the mining industry from property acquisition, exploration, mining production, processing and corporate management. More recently Mr Stanger worked as the Senior Analyst – Asia Pacific for Proudfoot Consulting. Prior to joining Proudfoot, Mr Stanger was a Director Asia-Pacific for the Jamieson Group of Companies. Mr Stanger recently retired as Executive Director of Great Australian Resources Ltd and previously as Managing Director of listed Dynasty Metals Australia Ltd on the Australian Securities Exchange (ASX).

Mr Stanger commenced work in Cambodia in 2004 and acquired Liberty International Pty Ltd's first two licenses in 2005, commencing active exploration in that year.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

DIRECTORS' REPORT (Continued)

Directors have been in office since the start of the 2008/2009 financial year to the date of this report unless otherwise stated.

Corporate Information

Transol Corporation Limited ("Transol" or "the Company") is a Company limited by shares that is incorporated and domiciled in Australia. Transol was formed in 1999 as Online Trading Systems Limited and changed its name to Transol Corporation Limited in August 2003. The Company's shares are currently listed on the official list of ASX.

Interests in shares and options of the Company

As at the date of this report, the interests of the Directors in the shares and options of Transol were:

Name of Director	Interests (as at the date of this report)	
	Ordinary Shares held both direct & indirect	Options held over Ordinary Shares
Martin Ralston	237,500	-
Angus Edgar	198,977,770	58,723,930
Richard Stanger	39,466,670	34,866,676

Principal Activities

The principal activity of the economic entity during the 2008-2009 financial year was the assessment, further development and exploitation of the Company's Computerised License Testing System (CLTNet) and investment in mineral exploration assets.

Operating Results and Dividends

The consolidated loss of the economic entity after providing for income tax amounted to \$6,253,037 (2008: loss of \$1,523,633).

No dividend is recommended for the year. No dividends were paid during the year.

Review of Operations

Refer to Activities Report for detailed review of operations.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

DIRECTORS' REPORT (Continued)

Issue of Securities

During the 2008/2009 financial year and up to the date of this report:

On 23 April 2009, the Company issued 63.6 million shares at an issue price of 0.2 cents per share, raising \$127,200 before associated costs.

On 1 May 2009, the Company undertook a non renounceable rights issue to shareholders on the basis of one new share for every share held as at the record date. The offer, via entitlement and underwriting, was fully applied for whereby the Company issued 487,933,963 shares at an issue price of 0.2 cents per share, raising \$975,867 before associated costs.

Grant Date	Date of Expiry	Exercise Price	Number under Option
Listed options			
Various	31/05/2011	\$0.02	227,416,261
Total – listed options			227,416,261
Unlisted options			
Various	30/11/2012	\$0.02	22,000,000
18/12/07	31/05/2011	\$0.02	25,000,000
31/12/03	31/12/2008	\$0.25	107,500
12/01/05	12/01/2010	\$0.275	44,000
16/02/05	16/02/2010	\$0.275	15,000
04/03/05	04/03/2010	\$0.275	5,000
03/05/05	02/05/2010	\$0.22	100,000
Total – unlisted options			47,271,500

Share Options

Option holders (all classes of options) do not have any right, by virtue of the option, to participate in any share issue by the Company or related body corporate.

Significant Changes in State of Affairs

Other than disclosed above, there were no significant changes in the state of affairs of the economic entity during the financial year.

Future Developments, Prospects and Business Strategies

The economic entity will continue operating the Computerised License Testing (CLTNet[®]) system and pursue its mineral exploration interests in Queensland and Cambodia.

Other than as referred to in this report, due to the nature of the business, further information as to likely developments in the operations of the Company and likely results of those operations in future financial years would, in the opinion of the directors, be speculative.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

DIRECTORS' REPORT (Continued)

After Balance Date Events

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years except for the following:

- On 20 July 2009, the Company announced it had executed a Letter Of Intent ("LOI") via its 100% owned subsidiary Liberty Mining International Pty Ltd with Prairie Pacific Mining Corporation ("Prairie") with regard to a joint venture transaction whereby Transol will receive payments of US\$1 million cash and maintain a free carried interest in both the Banlung and Oyadao gold and base metal projects.

For Prairie to earn its 51% equity it must expend a total of US\$2 million across both project areas within a 24 month period, in addition to making cash payments to Transol of US\$100,000 upon signing of the LOI and additional payments of US\$900,000 in the following instalments:

1. US\$300,000 on 31 August 2009;
2. US\$300,000 on 30 November 2009; and
3. US\$300,000 on 28 February 2010.

Prairie has the ability to spend a further US\$2 million (US\$4 million in total) within four years of signing the LOI to earn a further 19% equity in both project areas to hold a 70% interest. Prairie also has the option to purchase a further 20% equity in both projects by making a cash payment to Transol of US\$1.5 million. Upon this payment, Transol will maintain a 10% ongoing free carried interest in both project areas and will be subject to certain sale rights in the event the projects are sold to a third party.

On 21 July 2009, the Company announced that it had formally terminated the proposed joint venture arrangement with Mandarin Venture Equity (Cambodia) Limited.

On 21 August 2009 Transol signed a Joint Venture Agreement with Basileia Cambodia Co Ltd ("Basileia") on the Andong Bor Gold Project in Oudor Meanchey Province, North Western Cambodia.

The Company received US\$120,000 on the signing of the Joint Venture Agreement and will receive a further US\$280,000 within 60 days upon commencement of the formal Joint Venture. Basileia will expend a minimum of US\$3 million on the project within 18 months from the date of commencing the Joint Venture to earn 90% interest in the tenement and Transol will be free carried thereafter on its 10% equity.

Environmental Issues

The economic entity's operations are not subject to significant environmental regulations under the law of the Commonwealth and State.

Proceedings on Behalf of Company

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

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

Indemnifying Officers

During the year ended 30 June 2009, the Company arranged Directors and Officers Liability Insurance for its Directors and Officers. The premium insured each of the Directors and Officers 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 or Officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. Confidentiality under the policy prevents disclosure of the liability limit.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

DIRECTORS' REPORT (Continued)

Remuneration Report (Audited)

Remuneration philosophy

The performance of Transol depends upon the quality of its Directors and Executive Officers. To prosper, Transol must attract, motivate and retain highly skilled Directors and Executive Officers.

The Directors emoluments are comparable to similar sized companies in the technology and junior mining industry. There is no formal link between the economic entity's performance and the Directors' emoluments.

All Directors, executives and employees have the opportunity to qualify for participation in the Employee Incentive Option Scheme, which provides incentives based upon share price growth.

Remuneration Committee

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and the executive team. The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of an experienced and high quality Board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and superannuation salary sacrifice.

It is the Remuneration Committee's policy that employment letters are issued to Directors and Executives. These letters contain their responsibilities and remuneration paid.

Remuneration Structure

Non-Executive Directors

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-executive Directors shall be determined from time-to-time by a general meeting. The latest determination was at the Annual General Meeting held 18 November 2003 when shareholders approved an aggregate remuneration of \$200,000 per annum to be apportioned amongst Non-executive Directors.

Non-executive Directors are required to sign a Letter of Appointment that outlines the Directors' duties and responsibilities and the remuneration fee to be paid to that Director in carrying out their duties. This fee covers both the Board and any committee position where the Non-executive Director is a member. In prior years, Non-executive Directors have been granted options under the Employee Incentive Scheme as a form of remuneration that replaces a cash payment for carrying out duties as a Director of the Company and was considered to be fair as compared to options issued to other employees at that time.

Executive Directors and senior management

Transol aims to reward its executives with a level and mix of remuneration commensurate with their position and responsibilities within the economic entity, so as to reward executives for meeting or exceeding targets set by reference to appropriate benchmarks, align the interests of executives with those of shareholders, and ensure remuneration is competitive by market standards.

It is the Remuneration Committee's policy that employment contracts must be entered into with the Chief Executive Officer and senior executives. Remuneration consists of fixed remuneration and variable remuneration including the issue of shares and options as a short term and long-term incentive. The proportion of shares and options issued is based upon the level of experience and knowledge of the global payment industry that is brought to the Company with the expectation that executives will secure significant contracts for the benefit of the Company and its shareholders.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

DIRECTORS' REPORT (Continued)

Remuneration Report (Audited) (Continued)

Remuneration Structure (Continued)

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Remuneration Committee as part of an assessment on that executive's performance. The Remuneration Committee has access to external independent advice if necessary.

All incentives offered by the Company over the last five years to staff including directors, executives, management and employees did not have internal performance conditions nor were they tied to the Company's performance other than the exercise price.

In the 2007 financial year, Mr Angus Edgar was appointed under contract as the Company's Chief Executive Officer for the purpose of managing the Company's day to day affairs until the Company was in a position to appoint a Chief Executive Officer in a permanent role. Details of Mr Edgar's contracts are as follows:

- (i) Consulting fee – A\$10,000 per month + GST;
- (ii) Term – twelve months from 1 July 2007, as a full time Chief Executive Officer; and
- (iii) Resignation/Termination – no benefit payable if replaced by a full time Chief Executive Officer during a six month term.

At a circular Board Resolution dated 24 November 2008, it was accepted that Mr Edgar's consulting fee would be reduced to \$7,500 per month plus GST, until further agreed. Details regarding Director and Specified Executive emoluments for the financial year ended 30 June 2009 are found below.

Remuneration of Key Management Personnel – 2009

	Short term employee benefits			Post employment benefits	Share-based payment		Total	Equity as % of annual remuneration
	Fees	Travel & accommodation	Non-monetary benefits	Super-annuation	Options	Shares		
2009	\$	\$	\$	\$	\$	\$	\$	
Group Key Management Personnel								
Martin Ralston	27,000	-	-	2,430	-	-	29,430	-
Angus Edgar	124,000	-	-	2,160	-	-	126,160	-
Richard Stanger	150,000	-	-	-	-	-	150,000	-
Greg Bound	87,000	-	-	-	-	-	87,000	-
Total Key Management Personnel	388,000	-	-	4,590	-	-	392,590	-

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

DIRECTORS' REPORT (Continued)

Remuneration Report (Audited)

Remuneration Structure (Continued)

Option Holdings of Directors and Specified Executives

	Balance at beginning of period	Granted as remunera- tion	Options Cancelled/ Expired	Options Other	Balance at end of period	Vested at 30 June 2009	Exercisable at 30 June 2009
	1 July 2008				30 June 2009		
Directors & Executives							
Martin Ralston *	300,000	-	-	(300,000)	-	-	-
Angus Edgar **	58,723,930	-	-	-	58,723,930	58,723,930	58,723,930
Richard Stanger ***	34,866,676	-	-	-	34,866,676	34,866,676	34,866,676
Andrew Metcalfe	-	-	-	-	-	-	-
Greg Bound	-	-	-	-	-	-	-
Total	93,890,606	-	-	(300,000)	93,590,606	93,590,606	93,590,606

* Options held by Martin Ralston were issued as remuneration in October 2003. These options expired 15/08/2008.

** 9,599,999 options acquired by Angus Edgar during the year were pursuant to a placement. These options have an exercise price of 2 cents and expire 31/5/2011. A further 22,000,000 options were issued pursuant to the conversion of a convertible note. These options have an exercise price of 2 cents and expire 30/11/2012.

*** 25 million options held by Richard Stanger were issued pursuant to his remuneration package of which 10 million of these options vest 18/12/08. A further 9,866,676 were issued by way of a placement. These options have an exercise price of 2 cents and expire 31/5/2011.

Short-term and Long-term incentives; none

Shares Issued as Part of Remuneration for the Year Ended 30 June 2009

There were no shares issued as part of remuneration during the year ended 30 June 2009. As such there will be no impact on remuneration in the current or future periods.

Options Issued as Part of Remuneration for the Year Ended 30 June 2009

None was received for year ended 30 June 2009.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

DIRECTORS' REPORT (Continued)

Remuneration Report (Audited)

Remuneration Structure (cont'd)

Details regarding Director and Specified Executive emoluments for the financial year ended 30 June 2008 are found below.

Remuneration of Directors and Specified Executives

Remuneration of Key Management Personnel - 2008

Name of Directors & Executives	Short term employee benefits			Post employment benefits	Share-based payment		Total	Equity as % of annual remuneration
	Fees	Travel & accommodation	Non-monetary benefits	Super-annuation	Options	Shares		
2008	\$	\$	\$	\$	\$	\$	\$	
<i>Directors & Executives</i>								
Martin Ralston	27,000	-	-	2,430	-	-	29,430	-
Angus Edgar	144,000	-	-	2,160	-	-	146,160	-
Richard Stanger	150,000	-	-	-	680,076	-	830,076	81.93
Andrew Metcalfe	12,250	-	-	1,103	-	-	13,353	-
Total Remuneration: Directors & Executives	333,250	-	-	5,693	680,076	-	1,019,019	66.74

Option Holdings of Directors and Specified Executives

	Granted		Options Cancelled/ Expired	Options Other	Balance at end of period	Vested at 30 June 2008	Exercisable at 30 June 2008
	Balance at beginning of period	as remuneration					
	1 July 2007				30 June 2008		
Directors & Executives							
Martin Ralston	300,000	-	-	-	300,000	300,000	300,000
Angus Edgar **	27,563,931	-	-	31,599,999	58,723,930	58,723,930	58,723,930
Richard Stanger***	-	25,000,000	-	9,866,676	34,866,676	94,866,676	94,866,676
Andrew Metcalfe	-	-	-	-	-	-	-
Total	27,863,931	25,000,000	-	41,466,675	93,890,606	93,890,606	93,890,606

** 9,599,999 options acquired by Angus Edgar during the year were pursuant to a placement. These options have an exercise price of 2 cents and expire 31/5/2011. A further 22,000,000 options were issued pursuant to the conversion of a convertible note. These options have an exercise price of 2 cents and expire 30/11/2012.

*** 25 million options held by Richard Stanger were issued pursuant to his remuneration package of which 10 million of these options vest 18/12/08. A further 9,866,676 were issued by way of a placement. These options have an exercise price of 2 cents and expire 31/5/2011.

Shares and Options Issued as Part of Remuneration for the Year Ended 30 June 2008

There were no shares or options issued as part of remuneration during the year ended 30 June 2008. As such there will be no impact on remuneration in the current or future periods.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

DIRECTORS' REPORT (Continued)

Remuneration Report (Audited)

Remuneration Structure (cont'd)

Options Issued as Part of Remuneration for the Year Ended 30 June 2008

Options have been issued to a Director as part of their remuneration. The options are not issued based on performance criteria, but are issued to increase goal congruence between Directors and Executives and shareholders.

	No. of options granted	No. of options vested *	% of granted options vested	No of options exercisable	Value of options granted at grant date	Total remuneration represented by options (%)	Exercise price of options	Expiry date of options
Richard Stanger	25,000,000	15,000,000	60%	15,000,000	680,726	81.93	\$0.02	31/5/2011

* A further 10 million options vest on 18/12/08.

Options granted as part of remuneration have been valued using a Black Scholes option pricing model, which takes account various factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option. The value of the options at grant date was calculated at 18.48 cents per option based on the following assumptions:

Share Price	3.3 cents
Exercise Price	2 cents
Volatility	121.3%
Time to maturity	31/5/2011
Risk free interest rate	6.0%

Fair value of options

The Company uses the fair value measurement provisions of AASB 1046 "Director and Executive Disclosures for Disclosing Entities" and the pending AASB 2 "Share-based Payment" prospectively for all options granted to Directors and relevant Executives, which have not vested as at 1 January 2005. The fair value of such grants is being amortised and disclosed as part of Director and executive emoluments on a straight-line basis over the vesting period.

From 1 July 2004, options granted as part of Director and Executive emoluments have been valued using the Black-Scholes option pricing model, which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying and the expected life of the option.

The fair value of each option is estimated on the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions used for grants made during the year ended 30 June 2008:

	2009	2008
Dividend yield	-	0%
Expected volatility	-	0%
Historical volatility	-	121%
Risk-free interest rate	-	6.0%
Expected life of option	-	3.5 years

The dividend yield reflects the assumption that dividends will not be paid during the option period. The expected life of the options is based on the term of the option and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

End of Remuneration Report

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

DIRECTORS' REPORT (Continued)

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Directors' Meetings

The number of meetings of Directors (including meetings of Committees of Directors) held during the year and the number of meetings attended by each Director was as follows:

Name of Director	Number Eligible to Attend	Directors' Meetings
Number of Meetings held:		13
Number of Meetings attended:		
Martin Ralston	13	11
Angus Edgar	13	13
Richard Stanger	13	13

Non-audit services

The Auditors did not provide any other services other than audit and assurance services to the Company. Details of amounts paid or payable to the auditor for audit services provided during the year by the auditor are outlined in the financial statements.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Transol support and have adhered to the principles of good corporate governance. The Company's corporate governance statement is contained in the following section of this Annual Report.

Auditor's Independence

The lead Auditor's Independence Declaration for the year ended 30 June 2009 has been received and can be found attached to this Directors' report.

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



Angus Edgar
Director

Dated this: 9 September 2009

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

CORPORATE GOVERNANCE STATEMENT

The Company is committed to implementing the highest standards of corporate governance, in a manner which is practical and efficient given the Company's size and operations.

The Company is pleased to advise that its practices are mostly consistent with the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations (2nd Edition)*. Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company has provided an explanation as to why it does not consider that the practices are appropriate for the Company.

To illustrate where the Company has addressed each of the Council's recommendations, the following table identifies each recommendation, clearly states whether the Company has adopted the recommendation and provides cross-references to the sections of this report addressing that recommendation. Where the Company has not adopted a recommendation, refer to the identified section of this report for the Company's reasons for not adopting that recommendation. The table does not provide the full text of each recommendation, but rather a summary of the topic covered. Details of all of the recommendations can be found on the ASX Corporate Governance Council's website.

Recommendation	Adopted?	Section
Principle 1 – Lay solid foundations for management and oversight		
Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes	1.1
Companies should disclose the process for evaluating the performance of senior executives.	Yes	1.2
Companies should provide the information indicated in the Guide to reporting on Principle 1.	Yes	1.1, 1.2
Principle 2 – Structure the board to add value		
A majority of the board should be independent directors.	No	2.1
The chair should be an independent director.	Yes	2.2
The Roles of Chair and Chief Executive Officer should not be exercised by the same individual.	Yes	2.3
The board should establish a nomination committee.	No	2.4
Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes	1.2
Companies should provide the information indicated in the Guide to reporting on Principle 2.	Yes	2.1, 2.2, 2.3, 2.4, 1.2
Principle 3 – Promote ethical and responsible decision-making		
Companies should establish a code of conduct and disclose the code or a summary of the code as to: - the practices necessary to maintain confidence in the company's integrity - the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	3.1
Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	Yes	3.2
Companies should provide the information indicated in the Guide to reporting on Principle 3.	Yes	3.1, 3.2

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

CORPORATE GOVERNANCE STATEMENT (Continued)

Principle 4 – Safeguard integrity in financial reporting		
The board should establish an audit committee.	No	4.1
The audit committee should be structured so that it: • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members.	No	4.1, 4.2
The audit committee should have a formal charter.	No	4.1, 4.3
Companies should provide the information indicated in the Guide to reporting on Principle 4.	Yes	4.1, 4.2, 4.3
Principle 5 – Make timely and balanced disclosure		
Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	No	5.1
Companies should provide the information indicated in the Guide to reporting on Principle 5.	Yes	5.1
Principle 6 – Respect the rights of shareholders		
Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	6.1
Companies should provide the information indicated in the Guide to reporting on Principle 6.	Yes	6.1
Principle 7 – Recognise and manage risk		
Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	7.1
The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	7.1, 7.2
The board should disclose whether it has received assurances from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	7.3
Companies should provide the information indicated in the Guide to reporting on Principle 7.	Yes	7.1, 7.2, 7.3
Principle 8 – Remunerate fairly and responsibly		
The board should establish a remuneration committee.	No	8.1
Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes	8.2
Companies should provide the information indicated in the Guide to reporting on Principle 8.	Yes	8.1, 8.2

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

CORPORATE GOVERNANCE STATEMENT (Continued)

A description of the Company's main corporate governance practices is set out below. It is also accessible at the Company's website – www.transolcorp.com.au under the "Corporate" tag which has a sub-heading for corporate governance.

The recommendations are not prescriptions and are intended as guidelines only. The Board has sought to apply the revised recommendations to the extent relevant to the Company's size and scale of operations.

Recommendation 1.1: Establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

The Company's activities are currently not of a sufficient size nor are its affairs of such complexity to justify the employment of full-time management personnel. Accordingly, most of the functions of management are undertaken by consultants under the supervision of the Managing Director who is responsible for management activities under delegated authority of the Board. The functions specifically reserved for the full Board are as follows:

- a) Setting and monitoring of objectives, goals and strategic direction with a view to maximising shareholder value, consistent with ethical behaviour and acceptable risk parameters;
- b) Approving budgets and monitoring financial performance;
- c) Identifying significant business risks and ensuring that these are appropriately managed;
- d) Approval of any significant asset acquisitions or disposals;
- e) Selection and appointment of new Directors; and
- f) Appointment and removal of the Managing Director.

Recommendation 1.2: Disclose the process for evaluating the performance of senior executives.

The performance of all Directors and senior executives is reviewed at least annually. The Board evaluates the performance of the Executive Chairman and any other senior executives having regard to such things as:

- a) The responsibilities of the executive;
- b) Performance against budget;
- c) Any communicated key performance indicators; and
- d) Qualitative as well as quantitative measures.

No Director or senior executive is involved with his or her own evaluation, and the remainder of the Board evaluates such parties without such parties being present.

A review of the performance of the Board, its Directors and senior executives was carried out in June 2009, and was undertaken in accordance with the above policy.

Recommendation 2.1: A majority of the Board should be independent Directors.

The Company does not currently have a majority of non-executive independent Directors.

Due to the Company's size and its specialised operations, the Board considers that a majority of independent Directors is not currently warranted. As the Company's activities expand, this policy will be reviewed, with a view to aligning the Company's policies to conform with this recommendation. The Board recognises that Directors remain in office for the benefit of and are accountable to shareholders and that shareholders have the voting power to elect members to the Board regardless of their standing, independent or otherwise.

The effectiveness of the Board is achieved through the Directors' knowledge and experience specific to the business and the industry in which the Company operates. Any Director may seek their own independent advice at the Company's expense to assist them in the performance of their duties to the Company and the shareholders.

The names and details of the experience of the Directors of the Company in office at the date of this Statement are set out in the Director's Report.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

CORPORATE GOVERNANCE STATEMENT (Continued)

Recommendation 2.2: The Chairperson should be an independent director.

Mr Martin Ralston, the Non-executive Chairman, is an independent Director.

Recommendation 2.3: The roles of Chair and Chief Executive Officer should not be exercised by the same individual.

The roles of the Chairman (Mr Martin Ralston) and the Managing Director (Mr Angus Edgar) are separate.

Recommendation 2.4: The Board should establish a nomination committee.

The Board considers that the Company is not currently of a size to justify the formation of a nomination committee. The Board as a whole undertakes the process of reviewing the skill base and experience of existing Directors and the identification of attributes required in new Directors. The Board as a whole also reviews Board succession plans, appointment and re-election of Directors and the process for evaluation of the performance of the Board, its Members and Senior Executives (as outlined under recommendation 1.2). Where appropriate, independent consultants will be engaged to identify possible new candidates for the Board.

Should the Company's activities increase in size, scope and nature, the appointment of a nomination committee will be reviewed by the Board and implemented if appropriate.

Recommendation 2.5: Disclose the process for evaluating the performance of the board, its committees and individual directors.

See the comments under recommendation 1.2 above.

Recommendation 3.1: Establish a code of conduct and disclose the code or a summary of the code as to:

- the practises necessary to maintain confidence in the Company's integrity;
- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders;
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Company has adopted a Corporate Code of Conduct and a Code of Conduct for Executives, which can be accessed at the Company's website at www.transolcorp.com.au under the "Corporate" tag which has the appropriate sub headings.

Recommendation 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.

The Company has adopted a Trading Policy which can be accessed at www.transolcorp.com.au under the "Corporate" tag which has the appropriate sub heading.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

CORPORATE GOVERNANCE STATEMENT (Continued)

Recommendation 4.1: The Board should establish an audit committee.

The Board has not established an audit committee to assist to ensure the truthful and factual presentation of the Company's financial position as it believes that, given the size of the Board, no efficiencies are derived from a formal committee structure. Notwithstanding the non existence of the audit committee, ultimate responsibility for the integrity of the Company's financial reporting rests with the full Board. All items that would normally be dealt with by an audit committee are dealt with at Board meetings. Such matters include:

- a) Establishment and review of internal control frameworks within the Company;
- b) Review of the financial statements, annual report and any other financial information distributed to shareholders or other external stakeholders;
- c) Review of audit reports and any correspondence from auditors, including comments on the Company's internal controls;
- d) Nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual audit and half year review; and
- e) Monitoring compliance with the Corporations Act, ASX Listing Rules and any other regulatory requirements.

Recommendation 4.2: The audit committee should be structured so that it:

- consists only of non-executive Directors;
- consists of a majority of independent Directors;
- is chaired by an independent Chairperson, who is not Chairperson of the Board;
- has at least three members

See comments under recommendation 4.1 above.

Recommendation 4.3: The audit committee should have a formal charter.

See comments under recommendation 4.1 above.

Recommendation 5.1: Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

The Company has adopted a continuous disclosure policy that requires all Directors, Officers and executives to inform the Chairman, or in his absence the Company Secretary, of any potentially material information as soon as practicable after they become aware of that information. The Company does not currently have a formal written policy in place, but instead relies on the extensive experience of the Board and senior management to ensure ongoing compliance.

Recommendation 6.1: Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy.

The Company has a policy for effective communication with shareholders which is available at the corporate governance statement on the Company's website at www.transolcorp.com.au under the "Corporate" tag which has the appropriate sub heading.

Recommendation 7.1: Establish policies for the oversight and management of material business risk and disclose a summary of those policies.

The Company has established a policy for the oversight and management of material business risks which is available at the corporate governance statement on the Company's website at www.transolcorp.com.au under the "Corporate" tag which has the appropriate sub heading.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

CORPORATE GOVERNANCE STATEMENT (Continued)

Recommendation 7.2: The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Management has not formally reported to the Board as to the effectiveness of the Company's management of its material business risks. The management of all business risks are the responsibility of the Board, and the Board believes the risk management and internal control systems designed and implemented by the Directors and the Chief Financial Officer are adequate given the size and nature of the Company's activities. The Board requests management to report informally on the risk management and internal control system. Management also informally report to the Board regarding any additional risks that may have been identified, as well as reporting on matters that may have arisen from the Company's internal control procedures. The effectiveness of the Company's internal control systems are reviewed by the Board annually. The Company intends to develop the risk reporting framework into a detailed policy as its operations continue to grow.

Recommendation 7.3: The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Board receives such assurances prior to the release of the Company's full year and half year accounts.

Recommendation 8.1: The Board should establish a remuneration committee.

The Board considers that, based on the Company's stage of development, no benefits or efficiencies are to be gained by delegating this function to a separate committee. The process for evaluating both executives and directors remuneration is explained under recommendation 1.2 above. There are no schemes for retirement benefits, other than superannuation for non executive directors.

Recommendation 8.2: Companies should clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors.

The structure of Executive and Non-Executive Directors' remuneration is detailed in the remuneration report, which forms part of the Directors' report in the annual report which is available at the Company's website.

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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF TRANSOL CORPORATION LIMITED**

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

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

Bentleys

**BENTLEYS MELBOURNE PARTNERSHIP
CHARTERED ACCOUNTANTS**

G. Robertson

**GORDON ROBERTSON
PARTNER**

Dated in Melbourne on this 9th day of September 2009

Chartered Accountants and Business Advisors

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The member firms of the Bentleys association are affiliated only and not in partnership.
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TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

INCOME STATEMENTS

For the year ended 30 June 2009

	Note	CONSOLIDATED		PARENT	
		2009	2008	2009	2008
		\$	\$	\$	\$
Revenue	2	329,098	177,963	729,158	177,801
Other Income	2	1,001,646	348,632	584,512	292,547
Employee Benefits Expense		(466,626)	(1,036,119)	(263,018)	(1,015,036)
Depreciation Expense		(12,380)	(1,803)	(11,286)	(1,001)
Finance Costs		(7,647)	(91)	(1,497)	(91)
Administration & Corporate Expense		(205,956)	(112,088)	(179,483)	(75,568)
Occupancy Costs		(131,126)	(53,907)	(68,001)	-
Legal & Professional Fees		(729,233)	(587,888)	(653,508)	(573,281)
Exploration Costs Written Off		(286,132)	(105,048)	(2,390)	-
Other Expenses	3	(249,795)	(89,300)	(32,593)	(40,740)
Inventory Write-down		(31,200)	-	(31,200)	-
Impairments	4	(5,527,079)	-	(289,260)	-
Provision for Impairment of Doubtful Debts	10	-	-	(5,015,198)	-
Loss before Income Tax		(6,316,430)	(1,459,649)	(5,233,764)	(1,235,369)
Income Tax Benefit/(Expense)	5	61,867	(63,984)	-	-
Loss for the year from Continuing Operations		(6,254,563)	(1,523,633)	(5,233,764)	(1,235,369)
Loss for the year		(6,254,563)	(1,523,633)	(5,233,764)	(1,235,369)
Loss attributable to minority equity interest		(1,526)	-	-	-
Loss attributable to members of the parent entity		(6,253,037)	(1,523,633)	(5,233,764)	(1,235,369)
Overall Operations					
Basic Loss Per Share (cents per share)	8	(1.34)	(0.40)		
Diluted Loss Per Share (cents per share)	8	(1.34)	(0.40)		
Continuing Operations					
Basic Loss Per Share (cents per share)	8	(1.34)	(0.40)		
Diluted Loss Per Share (cents per share)	8	(1.34)	(0.40)		

Dividends per share (cents per share)

- -

The accompanying notes form part of these financial statements

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

BALANCE SHEETS

As at 30 June 2009

		CONSOLIDATED		PARENT	
	Note	2009	2008	2009	2008
		\$	\$	\$	\$
ASSETS					
CURRENT ASSETS					
Cash & Cash Equivalents	9	1,424,496	2,436,637	1,150,788	2,159,148
Trade & Other Receivables	10	71,906	98,853	701,401	88,491
Inventories	11	-	31,200	-	31,200
Other Current Assets	17	79,496	95,688	12,817	-
TOTAL CURRENT ASSETS		1,575,898	2,662,378	1,865,006	2,278,839
NON-CURRENT ASSETS					
Trade & Other Receivables	10	-	50,000	207,149	3,903,994
Financial Assets	12	-	-	458,192	457,947
Property, Plant and Equipment	14	111,760	80,146	48,683	1,667
Exploration Assets	15	500,000	2,330,029	-	-
Intangible Assets	16	205,000	1,105,862	55,000	55,000
TOTAL NON-CURRENT ASSETS		816,760	3,566,037	769,024	4,418,608
TOTAL ASSETS		2,392,658	6,228,415	2,634,030	6,697,447
CURRENT LIABILITIES					
Trade & Other Payables	18	982,626	308,548	222,275	149,941
Provision for Income Tax	19	-	63,984	-	-
Provision for Employee Entitlements	20	5,656	-	5,656	-
TOTAL CURRENT LIABILITIES		988,282	372,532	227,931	149,941
NON-CURRENT LIABILITIES					
Trade & Other Payables	18	8,439	-	8,439	-
TOTAL NON-CURRENT LIABILITIES		8,439	-	8,439	-
TOTAL LIABILITIES		996,721	372,532	236,370	149,941
NET ASSETS		1,395,937	5,855,883	2,397,660	6,547,506
EQUITY					
Issued Capital	22	22,315,213	21,231,295	22,315,213	21,231,295
Reserves	23	1,635,085	924,386	1,327,745	1,327,745
Accumulated Losses		(22,552,835)	(16,299,798)	(21,245,298)	(16,011,534)
Parent Interest		1,397,463	5,855,883	2,397,660	6,547,506
Minority Equity Interest		(1,526)	-	-	-
TOTAL EQUITY		1,395,937	5,855,883	2,397,660	6,547,506

The accompanying notes form part of these financial statements

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2009

	Note	Share Capital Ordinary \$	Accumulated Losses \$	Minority Equity Interest \$	Option Reserve \$	Foreign Currency Translation Reserve \$	Total \$
CONSOLIDATED							
At 1 July 2007		17,632,375	(14,776,165)	-	303,468	-	3,159,678
Issue of shares during the year	22	3,738,800	-	-	-	-	3,738,800
Transaction costs	22	(139,880)	-	-	-	-	(139,880)
Exchange differences on translation of Foreign controlled entities	23	-	-	-	-	(403,359)	(403,359)
Loss attributable to members of parent entity		-	(1,523,633)	-	-	-	(1,523,633)
Option Reserve on Recognition of Bonus Element of options	23	-	-	-	1,024,277	-	1,024,277
Sub-total		21,231,295	(16,299,798)	-	1,327,745	(403,359)	5,855,883
Dividends paid or provided		-	-	-	-	-	-
At 30 June 2008		21,231,295	(16,299,798)	-	1,327,745	(403,359)	5,855,883
At 1 July 2008		21,231,295	(16,299,798)	-	1,327,745	(403,359)	5,855,883
Issue of shares during the year	22	1,103,068	-	-	-	-	1,103,068
Transaction costs	22	(19,150)	-	-	-	-	(19,150)
Exchange differences on translation of Foreign controlled entities	23	-	-	-	-	710,699	710,699
Loss attributable to members of parent entity		-	(6,253,037)	-	-	-	(6,253,037)
Loss attributable to minority shareholders		-		(1,526)	-	-	(1,526)
Sub-total		22,315,213	(22,552,835)	(1,526)	1,327,745	307,340	1,395,937
Dividends paid or provided		-	-	-	-	-	-
At 30 June 2009		22,315,213	(22,552,835)	(1,526)	1,327,745	307,340	1,395,937

The accompanying notes form part of these financial statements

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2009

	Note	Share Capital Ordinary \$	Accumulated Losses \$	Option Reserve \$	Total \$
PARENT					
At 1 July 2007		17,632,375	(14,776,165)	303,468	3,159,678
Issue of shares during the year	22	3,738,800	-	-	3,738,800
Transaction costs	22	(139,880)	-	-	(139,880)
Loss attributable to members of parent entity		-	(1,235,369)	-	(1,235,369)
Option Premium Reserve	23	-	-	1,024,277	1,024,277
Sub-total		21,231,295	(16,011,534)	1,327,745	6,547,506
Dividends paid or provided		-	-	-	-
At 30 June 2008		21,231,295	(16,011,534)	1,327,745	6,547,506
At 1 July 2008		21,231,295	(16,011,534)	1,327,745	6,547,506
Issue of shares during the year	22	1,103,068	-	-	1,103,068
Transaction costs	22	(19,150)	-	-	(19,150)
Loss attributable to members of parent entity		-	(5,233,764)	-	(5,233,764)
Sub-total		22,315,213	(21,245,298)	1,327,745	2,397,660
Dividends paid or provided		-	-	-	-
At 30 June 2009		22,315,213	(21,245,298)	1,327,745	2,397,660

The accompanying notes form part of these financial statements

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

CASH FLOW STATEMENTS

For the year ended 30 June 2009

		CONSOLIDATED		PARENT	
	Note	2009	2008	2009	2008
		\$	\$	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES					
Other Cash Receipts		939,333	348,632	675,289	292,547
Interest Received		27,304	177,963	25,472	177,801
Payments to Suppliers and Employees		(1,208,249)	(1,313,450)	(1,134,168)	(925,362)
Net Cash used in Operating Activities	25	(241,612)	(786,855)	(433,407)	(455,014)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Exploration Assets		(1,761,197)	(2,232,122)	-	-
Purchase of Plant & Equipment		(6,244)	(106,362)	-	-
Purchase of Leasehold Improvements		(18,505)	-	(18,505)	-
Purchase of Office Equipment		(29,463)	-	-	-
Purchase of Computer Equipment		(32,670)	-	(31,778)	-
Purchase of Furniture & Fittings		(12,022)	-	(10,281)	-
Proceeds on Sale of Motor Vehicle		36,855	-	-	-
Investment in Subsidiary	13(b)	-	(194,587)	-	(194,587)
Purchase of Intangible Assets		(150,000)	(20,000)	-	(20,000)
Net Cash used in Investing Activities		(1,973,246)	(2,553,071)	(60,564)	(214,587)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from Issue of Shares		1,103,068	2,828,800	1,103,068	2,828,800
Loan to Associate		-	(50,000)	-	(50,000)
Loan to Subsidiary		-	-	(1,605,332)	(2,901,496)
Director Loan		131,975	-	-	-
Capital Raising Costs		(12,150)	(139,880)	(12,125)	(139,880)
Net Cash provided by (used in) Financing Activities		1,222,893	2,638,920	(514,389)	(262,576)
Net Increase/(Decrease) in Cash Held		(991,965)	(701,006)	(1,008,360)	(932,177)
Net Cash acquired in Liberty Mining International Pty Ltd Transaction	13(b)	-	55,582	-	-
Cash at Beginning of Financial Year		2,436,637	3,091,324	2,159,148	3,091,325
Effect of exchange rates on cash holdings in foreign currencies		(20,176)	(9,263)	-	-
Cash at End of Financial Year	9	1,424,496	2,436,637	1,150,788	2,159,148

The accompanying notes form part of these financial statements

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 1: Statement of Significant Accounting Policies

The financial report includes the consolidated financial statements and notes of Transol Corporation Limited and controlled entities ('Consolidated Group' or 'Group'), and the separate financial statements and notes of Transol Corporation Limited as an individual parent entity ('Parent Entity').

Basis of Preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in the financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue by the directors on 9 September 2009.

Accounting Policies

(a) Principles of Consolidation

A controlled entity is any entity Transol Corporation Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual voting rights are considered.

A list of controlled entities is contained in note 13 to the financial statements. All controlled entities have a June financial year end.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year ended. Where controlled entities have entered the consolidated group during the year, their operating results have been included from the date control was obtained.

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

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the Group, are shown separately within the Equity section of the Consolidated Balance Sheet and in the Consolidated Income Statement.

(b) Business Combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 1: Statement of Significant Accounting Policies (Continued)

(b) Business Combinations (Continued)

The purchase method requires the acquirer of the business to be identified and for the cost of acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

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

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

(c) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 1: Statement of Significant Accounting Policies (Continued)

(c) Income tax (Continued)

Tax Consolidation

Transol Corporation Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measures using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group notified the Australian Taxation Office that it had formed an income tax consolidated group to apply from 1 January 2004. The tax consolidated group has entered a tax funding arrangement where each company in the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Difference between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution, to the head entity.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufacturing products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs. The cost of mining stocks includes direct materials, direct labour, transportation costs and variable and fixed overhead costs relating to mining activities.

(e) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment loss. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all plant and equipment is depreciated on a straight-line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Plant and Equipment	Depreciation Rate
Plant and equipment	10 - 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 1: Statement of Significant Accounting Policies (Continued)

(e) Plant and Equipment (Continued)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(f) Financial Instruments

Recognition and Initial Measurement

Financial instruments incorporating financial assets and liabilities are recognised when the entity becomes a party to the contractual provisions of the instruments. Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and Subsequent Measurement

Financial Assets at Fair Value Through Profit and Loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated hedges. Realised and unrealised gains and losses arising from the changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans & 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.

Available-for-sale Financial Assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal repayments and amortisation.

Fair Value

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

Impairment

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

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 1: Statement of Significant Accounting Policies (Continued)

(f) Financial Instruments (Continued)

Derecognition

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

(g) Impairment of Assets

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

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

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

(h) Foreign Currency Transactions and Balances

Functional and Presentation Currency

The functional currency of the entity is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australia dollars which is the entity's functional and presentation currency.

Transaction and Balances

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

Exchange differences arising on the transaction of monetary items are recognised in the income statement, except where determined in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Group Companies

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

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

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 1: Statement of Significant Accounting Policies (Continued)

(h) Foreign Currency Transactions and Balances (Continued)

Exchange differences arising on the translation of foreign operations are transferred directly to the entity's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(i) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Equity-Settled Compensation

The Company operates a share-based compensation plan, being a share option scheme. The bonus element over the exercise price of the employee services rendered in exchange for the grant of options is recognised as an expense in the income statement. The total amount to be expenses over the vesting period is determined by reference to the fair value of the options granted.

Defined Contributions Plan

Contributions to defined contribution superannuation plans are expensed when incurred.

(j) Provisions

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

(k) Cash & Cash Equivalents

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

(l) Revenue and Other Income

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

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from license fees recognised on an accruals basis. Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 1: Statement of Significant Accounting Policies (Continued)

(m) Earnings/(Loss) Per Share

Basic earnings/(loss) per share is determined by dividing the operating loss after tax by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings/(loss) per share is determined by dividing the operating loss after tax adjusted for the effect of earnings on potential ordinary shares, by the weighted average number of ordinary shares (both issued and potentially dilutive) outstanding during the financial year. Dilutive EPS is the same as basic EPS, as the potential ordinary shares is not dilutive. Potential ordinary shares must be treated as dilutive when and only when the conversion to, calling of, or subscription for ordinary shares would decrease (or increase) net profit (or loss) from continuing operations per share.

(n) Borrowing Costs

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

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

(o) Goods and Services Tax (GST)

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

Receivable and payables in the balance sheet are shown inclusive of GST.

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

(p) Comparative Figures

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

(q) Going Concern Assumption

The Group experienced operating losses and negative operating cash flows during the year ended 30 June 2009. The continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due are subject to the Group being successful:

- In estimating revenue from its investment in the CLTNet project and sales strategies
- In establishing revenue from future investments; and/or
- In accessing additional capital.

The Group recently completed a rights issue in June 2009, raising \$975,868 from the issue of 487,933,963 ordinary shares. The directors believe the Group will be able to continue as a going concern and meet its debts and commitments as they fall due for the next 12 months.

The Group has prepared this financial report on the going concern basis which assumes the realisation of assets and the extinguishment of liabilities in the normal course of business at the amount stated in the financial statements.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 1: Statement of Significant Accounting Policies (Continued)

(r) Exploration and Evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - a. the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - b. exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, study, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any).

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(s) Development

Development expenditure is recognised at cost less accumulated amortisation and any impairment losses. Where commercial production in an area of interest has commenced, the associated costs are amortised over the estimated economic life of the mine, on a units-of-production basis.

Changes in factors such as estimates of proved and probably reserves that affect unit-of-production calculations are dealt with on a prospective basis.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 1: Statement of Significant Accounting Policies (Continued)

(t) Provision for Restoration and Rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of exploration and development activities undertaken. It is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of removing facilities, abandoning sites and restoring the affected areas. The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

The initial estimate of the restoration and rehabilitation provision relating to exploration development is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period.

Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

(u) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the assets, but not the legal ownership that is transferred to entities in the consolidated group, 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 lease liability and the lease interest expense for the period. Leased assets are depreciated on straight line basis over the shorter of their estimated useful lives or the lease term.

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

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

(v) Intangibles

Acquired both separately and from business combination

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on assets with finite lives, this expense is taken to an expense category in the income statement which is consistent with the nature of the intangible asset.

Intangible assets are tested for impairment where an indicator of impairment exists. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 1: Statement of Significant Accounting Policies (Continued)

(v) Intangibles (Continued)

Patent and Trade Licenses are recognised at cost of acquisition. Patents and Trade Licenses have a finite life and are carried at cost less any accumulated depreciation and any impairment losses. Patents and Trade Licenses are amortised over the license terms set out in each arrangement.

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Mining Agreements are considered to have an indefinite useful life. Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

Research and Development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have finite lives and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(w) Adoption of new and revised Accounting Standards

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those applicable future requirements and their impact on the Group follows:

AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1,2,4,5,7,101,107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136] (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, its impact on the Group will be unable to be determined. The following changes to accounting requirements are included:

- acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;
- contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;
- a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 1: Statement of Significant Accounting Policies (Continued)

(w) Adoption of new and revised Accounting Standards (Continued)

- there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Group's policy);
- dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;
- impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and
- where there is, in substance, no change to Group interests, parent entities inserted above existing groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.

The Group will need to determine whether to maintain its present accounting policy of calculating goodwill acquired based on the parent entity's share of net assets acquired or change its policy so goodwill recognised also reflects that of the non-controlling interest.

- AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's Board for the purposes of decision making. While the impact of this standard cannot be assessed at this stage, there is the potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, impairment calculations may be affected. Management does not presently believe impairment will result however.
- AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.

The Group does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Group's financial statements.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 1: Statement of Significant Accounting Policies (Continued)

(w) Critical Accounting Estimates and Judgements

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

Key Estimates – Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Exploration assets have been impaired \$4,186,957 to a carrying value of \$500,000 at reporting date, primarily due to the inconclusiveness of the results from drilling programs completed at reporting date. This also reflects the reduced exploration program which has been budgeted for the 2009/10 financial year, and the discontinued joint venture with Mandarin Equity (Cambodia) Ltd.

Impairment of \$1,050,862 has been recognised in respect of the goodwill on consolidation of the Liberty Mining International Group. The impairment charge has resulted from the underperformance of the Liberty Mining International Group and its associated exploration assets.

Key Judgements – Exploration and Evaluation Expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. Management believes that an impairment of the exploration and evaluation assets is necessary based on assessments of such indicators that have not led to the discovery of commercially viable resources. Apart from this, there are no key assumptions or sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period. At reporting date the carrying value of exploration and evaluation expenditure is \$500,000.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 2: Revenue

	Note	CONSOLIDATED		PARENT ENTITY	
		2009 \$	2008 \$	2009 \$	2008 \$
Revenue					
- Interest Received	2(a)	27,304	177,963	25,472	177,801
- Management Fee		-	-	663,964	-
- Software Maintenance Fee		39,722	-	39,722	-
- Professional Services		58,067	-	-	-
- License Fee		204,005	-	-	-
Total Revenue		329,098	177,963	729,158	177,801
Other Income					
- Tax Refundable		565,747	291,992	565,747	291,682
- Joint Venture Funds		-	55,775	-	-
- Other Income		435,899	865	18,765	865
Total Other Income		1,001,646	348,632	584,512	292,547
Total Revenue and Other Income		1,330,744	526,595	1,313,670	470,348
(a) Interest Revenue from:					
- Other persons		27,304	177,963	25,472	177,801
Total Interest Revenue		27,304	177,963	25,472	177,801

Note 3: Other Expenses

Expenses

Loss on sale of Assets	-	6,607	-	-
Travel Expenses	121,967	82,693	12,035	40,740
Operating Costs	127,828	-	20,558	-
Total Other Expenses	249,795	89,300	32,593	40,740
Occupancy Costs	131,126	53,907	68,001	-

Note 4: Impairments

Impairments

Impairment of Investments	4(a)	289,260	-	289,260	-
Impairment of Exploration Assets	4(b)	4,186,957	-	-	-
Impairment of Goodwill	4(c)	1,050,862	-	-	-
		5,527,079	-	289,260	-

- (a) As part of the Mandarin Equity (Cambodia) Ltd joint venture ("Mandarin Equity"), 200,000 shares with an implied value of \$289,260 were issued by Mandarin Equity as part of the transaction proceeds to Transol Corporation Limited. As this joint venture was discontinued, in conjunction with Mandarin Equity being an unlisted and illiquid traded company, the directors have impaired 100% of this investment, an amount totalling \$289,260.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 4: Impairments (Continued)

- (b) Exploration assets have been impaired \$4,186,957 to a carrying value of \$500,000 at reporting date, primarily due to the inconclusiveness of the results from drilling programs completed at reporting date. This also reflects the reduced exploration program which has been budgeted for the 2009/10 financial year, and the discontinued joint venture with Mandarin Equity (Cambodia) Ltd.
- (c) Impairment of \$1,050,862 has been recognised in respect of the goodwill on consolidation of the Liberty Mining International Group. The impairment charge has resulted from the underperformance of the Liberty Mining International Group and its associated exploration assets.

Note 5: Income Tax Expense

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
(a) The Components of Tax (Benefit)/Expense comprise:				
- Current Tax	(61,867)	63,984	-	-
- Recoupment of prior year tax losses	-	-	-	-
	(61,867)	63,984	-	-
(b) The Prima Facie Tax on Loss from Operations before Income Tax is reconciled to the Income Tax (Benefit)/ Expense as follows:				
Loss from Operations	(6,316,430)	(1,459,649)	(5,233,764)	(1,235,369)
Prima Facie Tax Receivable on Loss from Operations before Income Tax at 30% (2007:30%)				
- Consolidated Group	(1,894,929)	(437,895)	-	-
- Parent Entity	-	-	(1,570,129)	(370,611)
Add: Tax Effect Of:				
- Other Non-Allowable Items	1,686,760	15,073	1,621,415	14,953
- Tax losses not brought to account as future income tax benefits	244,225	493,130	-	425,966
	36,056	70,308	51,286	70,308
Less: Tax Effect Of:				
- Other Allowable Items	36,056	70,308	35,727	70,308
- Recoupment of prior year tax losses not previously brought forward	-	-	15,559	-
Income Tax Attributable to Entity	-	-	-	-
(Over)/under provision for income tax in prior period	(61,867)	63,984	-	-
Income Tax (Benefit)/Expense Attributable to Entity	(61,867)	63,984	-	-
Future income tax benefits not brought to account as assets:				
Tax Losses - Revenue	2,122,952	1,580,440	1,104,675	1,425,920
The applicable weighted average effective tax rates are as follows:	-	-	-	-

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 6: Key Management Personnel (KMP)

Refer to the Remuneration Report contained in the Director's Report for details of the remunerations paid or payable to each member of the Group's key management personnel for the year ended 30 June 2009 and 30 June 2008. The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
Short-term employee benefits	388,000	333,250	238,000	333,250
Post-employment benefits	4,590	5,693	4,590	5,693
Share-based payments	-	680,076	-	680,076
	392,590	1,019,019	242,590	1,019,019

(a) Names and Positions held of consolidated group and parent entity key management personnel in office at any time during the financial year are:

Key Management Person	Position	Key Management Person	Position
Mr. Martin Ralston	Non-Executive Director	Mr. Angus Edgar	Executive Director
Mr. Andrew Metcalfe	Non-Executive Director – Resigned 18 December 2007	Mr. Richard Stanger	Executive Director – Appointed 15 October 2007
Mr. Greg Bound	Executive Director CLTNet Pty Ltd – Appointed 22 July 2008		

(b) Options & Rights Holdings

Number of Options Held in Transol Corporation Limited by Key Management Personnel

		Granted as	Net		Total	Total Vested	Total Vested
	Balance 1	Compen-	Change	Balance 30	Vested 30	30 June	& Un-
2009	July 2008	sation	Other	June 2009	June 2009	2009	exercisable
Key Management Personnel							
Mr. Martin Ralston	300,000	-	(300,000)	-	-	-	-
Mr. Angus Edgar	58,723,930	-	-	58,723,930	58,723,930	58,723,930	-
Mr. Richard Stanger	34,866,676	-	-	34,866,676	34,866,676	34,866,676	-
Mr. Greg Bound	-	-	-	-	-	-	-
	93,890,606	-	(300,000)	93,590,606	93,590,606	93,590,606	-

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 6: Key Management Personnel (Continued)

(b) Options & Rights Holdings

Number of Options Held in Transol Corporation Limited by Key Management Personnel

						Total Vested & exercisable 30 June 2008	Total Vested & Un- exercisable 30 June 2008
2008	Balance 1 July 2007	Granted as Compen- sation	Net Change Other	Balance 30 June 2008	Total Vested 30 June 2008		
Key Management Personnel							
Mr. Martin Ralston	-	-	-	-	-	-	-
Mr. Andrew Metcalfe	-	-	-	-	-	-	-
Mr. Angus Edgar	27,123,931	-	31,599,999	58,723,930	58,723,930	58,723,930	-
Mr. Richard Stanger	-	25,000,000	9,866,676	34,866,676	24,866,676	24,866,676	-
	27,123,931	25,000,000	41,466,675	93,590,606	83,590,606	83,590,606	-

(c) Shareholdings

Number of Shares held in Transol Corporation Limited by Key Management Personnel

2009	Balance 1 July 2008	Granted as Compensation	Options Exercised	Net Change Other	Balance 30 June 2009
Mr. Martin Ralston	237,500	-	-	-	237,500
Mr. Angus Edgar	65,190,982	-	-	133,786,788	198,977,770
Mr. Richard Stanger	19,333,336	-	-	20,133,334	39,466,670
Mr. Greg Bound	-	-	-	-	-
	84,761,818	-	-	153,920,122	238,681,940

2008	Balance 1 July 2007	Granted as Compensation	Options Exercised	Net Change Other	Balance 30 June 2008
Mr. Martin Ralston	237,500	-	-	-	237,500
Mr. Andrew Metcalfe	50,000	-	-	-	50,000
Mr. Angus Edgar	23,990,982	-	-	41,200,000	65,190,982
Mr. Richard Stanger	-	-	-	19,333,336	19,333,336
	24,278,482	-	-	60,533,336	84,811,818

Refer to the Directors' Report for additional information on Director remuneration.

(d) Other Transactions with Key Management Personnel

Disclosures relating to other transactions and balances between the consolidated and parent entity with Key Management Personnel are set out in Note 27.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 7 Auditors Remuneration

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
Remuneration of the auditor of the parent entity for:				
- Auditing or reviewing the financial report	76,482	45,000	76,482	45,000
	76,482	45,000	76,482	45,000

The Auditor of Transol Corporation Limited and its Controlled Entities is Bentley's Melbourne Partnership Chartered Accountants

Note 8: Earnings Per Share

	CONSOLIDATED	
	2009	2008
	\$	\$
(a) Reconciliation of earnings to profit or loss		
Loss attributable to members after tax	(6,253,037)	(1,523,633)
Loss used to calculate basic EPS	(6,253,037)	(1,523,633)
Loss used to calculate diluted EPS	(6,253,037)	(1,523,633)
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	468,014,608	363,641,362
Weighted average number of options outstanding	227,416,261	202,072,699

The above potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares for the purpose of diluted earnings per share because they are out of the money.

Note 9: Cash and Cash Equivalents

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
Cash & Cash Equivalents				
Cash at Bank and In Hand	1,424,496	2,436,637	1,150,788	2,159,148
	1,424,496	2,436,637	1,150,788	2,159,148
Reconciliation Of Cash				
Cash at the end of the financial year as shown in the cash flow statements is reconciled to items in the balance sheet as follows:				
Cash and Cash Equivalents	1,424,496	2,436,637	1,150,788	2,159,148
	1,424,496	2,436,637	1,150,788	2,159,148

The effective interest rate for 30 June 2009 was 5.69% (2008: 7.00%).

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 10: Trade and Other Receivables

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
CURRENT				
Trade Receivables	64,450	-	-	-
Other Receivables	7,456	98,853	-	88,491
Amounts receivable from:				
Wholly-owned subsidiaries	-	-	701,401	-
	71,906	98,853	701,401	88,491
NON-CURRENT				
Amounts Receivable from:				
Wholly-owned subsidiaries				
- Liberty Mining International Pty Ltd	-	-	5,015,198	3,853,994
- Transol Mining & Exploration Company Pty Ltd	-	-	272	-
- Maxum Metals Pty Ltd	-	-	60	-
- CLTNet Pty Ltd	-	-	6,817	-
Subsidiary companies				
- Quick Links Pty Ltd	-	50,000	200,000	50,000
	-	50,000	5,222,347	3,903,994
Provision for Impairment	-	-	(5,015,198)	-
	-	50,000	207,149	3,903,994
Provision for Impairment				
Opening Balance	-	-	-	-
Amount taken up 2009	-	-	(5,015,198)	-
Closing Balance	-	-	(5,015,198)	-

There are no balances within trade and other receivables that contain assets that are impaired and are past due. It is expected that these balances will be received in full and when due. All assets are assessed for impairment and are provided for in full where impairment exists.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 10: Trade and Other Receivables (Continued)

Credit Risk – Trade and Other Receivables

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties other than those receivables specifically provided for and mentioned within Note 10. The class of assets described as Trade and Other Receivables is considered to be the main sources of credit risk related to the Group.

Transol Corporation Limited has significant exposure to one of its wholly-owned subsidiaries, Liberty Mining International Pty Ltd. At 30 June 2009 a provision for impairment of \$5,015,198 has been made against the long term inter-company loan.

On a geographical basis, the Group has a significant credit risk exposure in Australia, Cambodia and New Zealand given the substantial operations in those regions. The Group's exposure to credit risk for receivables at reporting date in those regions is as follows:

	CONSOLIDATED		PARENT ENTITY	
	2009 \$	2008 \$	2009 \$	2008 \$
Australia	-	138,491	908,550	138,491
Cambodia	7,456	10,362	-	3,853,994
New Zealand	64,450	-	-	-
	71,906	148,853	908,550	3,992,485

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided thereon. Amounts are considered as 'past due' when the debt has not been settled with the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trading terms (as detailed in the table) are considered to be high credit quality.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 10: Trade and Other Receivables (Continued)

Credit Risk – Trade and Other Receivables

			Past due but not impaired			
	Gross Amount	Past due and	< 30	31-60	>90	Within initial
	\$	Impaired	\$	\$	\$	Trade Terms
		\$				\$
CONSOLIDATED						
2009						
Trade Receivables	64,450	-	64,450	-	-	-
Other Receivables	7,456	-	7,456	-	-	-
Total	71,906	-	71,906	-	-	-
2008						
Other Receivables	98,853	-	98,853	-	-	-
Total	98,853	-	98,853	-	-	-
PARENT						
2009						
Wholly-owned subsidiaries	701,401	-	701,401	-	-	-
Total	701,401	-	701,401	-	-	-
2008						
Other Receivables	138,491	-	138,491	-	-	-
Total	138,491	-	138,491	-	-	-

Note 11: Inventories

	Note	CONSOLIDATED		PARENT ENTITY	
		2009	2008	2009	2008
		\$	\$	\$	\$
CURRENT					
At Cost					
Finished Goods		31,200	31,200	31,200	31,200
Write-down of inventory		(31,200)	-	(31,200)	-
Net Carrying Value		-	31,200	-	31,200

Inventories have been assessed for impairment, and have been carried at their net realisable value.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 12: Financial Assets

	Note	CONSOLIDATED		PARENT ENTITY	
		2009	2008	2009	2008
		\$	\$	\$	\$
NON-CURRENT					
Available-For-Sale Financial Assets	12 (i)	-	-	-	-
Other Investments	12 (ii)	-	-	458,192	457,957
Total Non-Current Financial Assets		-	-	458,192	457,957
(i) Available-For-Sale-Financial Assets					
Comprise:					
Unlisted Investments, at Cost					
- Shares in Other Corporations		-	-	289,260	-
Less: Impairment Provision		-	-	(289,260)	-
		-	-	-	-
(ii) Other Investment Assets Comprise:					
- Shares in Subsidiaries, at cost		-	-	458,192	457,957
		-	-	458,192	457,957

Note 13: Controlled Entities

(a) Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)*	
		2009	2008
Parent Entity:			
Transol Corporation Limited	Australia		
Subsidiaries of Transol Corporation Limited:			
Liberty Mining International Pty Ltd	Australia	100	100
Transol Mining & Exploration Company Pty Ltd	Australia	100	100
Maxum Metals Pty Ltd	Australia	100	100
CLTNet Pty Ltd	Australia	100	-
CLTNet NZ Pty Ltd	Australia	100	-
QL (Aust) Pty Ltd	Australia	70	-
Liberty Mining International (Cambodia) Pty Ltd	Cambodia	100	100
Liberty Mining International Pty Ltd	Cambodia	100	-
Maxum Metals Pty Ltd	Cambodia	100	-
Transol Mining & Exploration Company Pty Ltd	Cambodia	100	-
CLTNet NZ Ltd	New Zealand	100	-
QL Pty Ltd (NZ)	New Zealand	100	-

*Percentage of voting power is in proportion to ownership

During the 2009 financial year all new entities in the group were incorporated by the Group.

During the 2008 financial year Maxum Metals Pty Ltd and Transol Mining & Exploration Company Pty Ltd were incorporated for AUD \$2 each.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 13: Controlled Entities (Continued)

(b) Acquisition of Subsidiaries

Liberty Mining International Pty Ltd and Liberty Mining International (Cambodia) Pty Ltd

On 23 July 2007, shareholders approved the acquisition of the issued share capital in Liberty Mining International Pty Ltd, and its 100% subsidiary Liberty Mining International (Cambodia) Pty Ltd, from Great Australian Resources Limited for consideration of \$150,000 and 20,000,000 ordinary shares and 10,000,000 options with a 2 cent strike expiring 31 May 2011.

The major classes of assets and liabilities comprising the acquisition of the companies as at the date of acquisition are as follows:

	2008 \$
Cash and Cash Equivalents	55,582
Prepayments	950
Fixed Assets	71,447
Loan Receivables	1,518,198
Exploration Assets	25,289
Trade Creditors	(12,855)
Loans Payable	(1,583,542)
Net Assets Acquired	<u>75,069</u>

Loans receivable to the value of \$1,518,198 were booked by Transol Corporation Ltd as an asset as part of the transaction when acquiring the Liberty Mining International Group.

	2008 \$
Consideration Paid	
- Cash	150,000
- Ordinary Shares (20,000,000 at \$0.04)	800,000
- Options (2 cent strike, 31 May 2011) (10,000,000)	300,000
- Costs associated to the transaction	44,587
Total Consideration	<u>1,294,587</u>
Foreign exchange movement since date of acquisition	<u>(168,656)</u>
Goodwill on Consolidation	<u>1,050,862</u>

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 14: Plant and Equipment

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
PLANT AND EQUIPMENT				
Plant & Equipment:				
At Cost	153,398	103,572	61,093	2,791
Accumulated Depreciation	(41,638)	(23,426)	(12,410)	(1,124)
Total Plant and Equipment	111,760	80,146	48,683	1,667

(a) Movements in Carrying Amounts

Movements in carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

	Plant & Equipment	Total
	\$	\$
CONSOLIDATED:		
Balance at 1 July 2007	2,668	2,668
Additions	79,281	79,281
Depreciation Expense	(1,803)	(1,803)
Balance at 30 June 2008	80,146	80,146
Additions	98,906	98,906
Disposals	(54,912)	(54,912)
Depreciation Expense	(12,380)	(12,380)
Balance at 30 June 2009	111,760	111,760
PARENT ENTITY:		
Balance at 1 July 2007	2,668	2,668
Depreciation Expense	(1,001)	(1,001)
Balance at 30 June 2008	1,667	1,667
Additions	58,302	58,302
Depreciation Expense	(11,286)	(11,286)
Balance at 30 June 2009	48,683	48,683

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 15: Exploration and Evaluation Assets

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
Exploration and Evaluation Expenditure Capitalised				
Opening Balance 1 July	2,330,029	-	-	-
Net Exploration & Evaluation Expenditure Capitalised	2,356,928	2,330,029	-	-
Accumulated Impairment Loss	(4,186,957)	-	-	-
Net Carrying Value	500,000	2,330,029	-	-
Closing Balance 30 June	500,000	2,330,029	-	-
Total Exploration and Evaluation Assets	500,000	2,330,029	-	-

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and mining of the existing mining agreement. During the financial year, costs amounting to \$2,356,928 (2008: \$2,330,029) have been capitalised.

Impairment

During the period, the Group has reviewed identified indicators of impairment in the value of the exploration expenditure and associated goodwill carried in the books of the Group's 100% owned subsidiary, Liberty Mining International Pty Ltd. Ultimate recovery of exploration costs and associated goodwill is dependent upon the Group maintaining appropriate funding through success in its resource exploration activities or by capital raising, or sale or farm-out of its resource exploration tenement interest to support continued exploration activities.

The Group has assessed such indicators that have not led to the discovery of commercially viable resources, and as such, the directors have concluded that the exploration expenditure and associated goodwill will be impaired at 30 June 2009, and have a carrying value of \$500,000.

Exploration assets have been impaired \$4,186,957 (2008: Nil) to a carrying value of \$500,000 at reporting date, primarily due to the inconclusiveness of the results from drilling programs completed at reporting date. This also reflects the reduced exploration program which has been budgeted for the 2009/10 financial year, and the discontinued joint venture with Mandarin Equity (Cambodia) Ltd.

Note 16: Intangibles

Goodwill in Controlled Entity (refer to Note 13)	-	1,050,862	-	-
Trademarks and Licenses	205,000	55,000	55,000	55,000
Total Intangibles	205,000	1,105,862	55,000	55,000

Impairment

During the period, the consolidated Group has reviewed identified indicators of impairment in the value of the exploration expenditure and associated goodwill carried in the books of the Group's 100% owned subsidiary, Liberty Mining International Pty Ltd. Ultimate recovery of exploration costs and associated goodwill is dependent upon the Company maintaining appropriate funding through success in its resource exploration activities or by capital raising, or sale or farm-out of its resource exploration tenement interest to support continued exploration activities.

Impairment of \$1,050,862 (2008: Nil) has been recognised in respect of the goodwill on consolidation of the Liberty Mining International Group. The impairment charge has resulted from the underperformance of the Liberty Mining International Group and its associated exploration assets.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 16: Intangibles (Continued)

	Trademarks & Licences \$	Goodwill in Controlled Entity \$	Total \$
CONSOLIDATED			
Year ended 30 June 2008			
Balance at beginning of year	35,000	-	35,000
Additions	20,000	1,050,862	1,070,862
Closing Carrying Value at 30 June 2008	55,000	1,050,862	1,105,862
Year ended 30 June 2009			
Balance at the beginning of year	55,000	1,050,862	1,105,862
Additions	150,000	-	150,000
Impairment Loss	-	(1,050,862)	(1,050,862)
Closing Carrying Value at 30 June 2009	205,000	-	205,000
PARENT			
Year ended 30 June 2008			
Balance at beginning of year	35,000	-	35,000
Additions	20,000	-	20,000
Closing Carrying Value at 30 June 2008	55,000	-	55,000
Year ended 30 June 2009			
Balance at the beginning of year	55,000	-	55,000
Additions	-	-	-
Impairment Loss	-	-	-
Closing Carrying Value at 30 June 2009	55,000	-	55,000

Note 17: Other Assets

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
CURRENT				
Prepayments	11,709	4,400	11,709	-
Withholding Tax	250	62	-	-
Unexpired Interest Charges	1,108	-	1,108	-
GST Refundable	66,429	-	-	-
	79,496	4,462	12,817	-
Cash Advances				
- Director Advances	-	76,895	-	-
- Consultant Advances	-	14,331	-	-
Total Cash Advances	-	91,226	-	-
Total Other Assets	79,496	95,688	12,817	-

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 18: Trade & Other Payables

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
CURRENT				
Unsecured Liabilities				
Trade Payables	254,552	167,277	108,506	122,741
Sundry Payables & Accrued Expenses	728,074	141,271	113,769	27,200
	982,626	308,548	222,275	149,941
NON-CURRENT				
Sundry Payables & Accrued Expenses	8,439	-	8,439	-
	8,439	-	8,439	-

Note 19: Provision for Income Tax

CURRENT

Provision for Income Tax				
Opening Balance at beginning of year	63,984	-	-	-
Additional Provisions (reversed)/raised during the year	(63,984)	63,984	-	-
Balance at end of the year	-	63,984	-	-

Deferred tax assets are not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(c) occur. Refer to Note 5 for further information.

Note 20: Provision for Employee Entitlements

CURRENT

Provision for annual leave	5,656	-	5,656	-
	5,656	-	5,656	-

Note 21: Contingent Liabilities & Contingent Assets

There are no contingent assets or liabilities as at 30 June 2009 (30 June 2008: NIL).

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 22: Issued Capital

	CONSOLIDATED		PARENT ENTITY	
	2009 \$	2008 \$	2009 \$	2008 \$
975,867,926 (2008: 424,333,963) fully paid ordinary shares	22,315,213	21,231,295	22,315,213	21,231,295
	22,315,213	21,231,295	22,315,213	21,231,295

(a) Ordinary Shares	CONSOLIDATED & PARENT ENTITY			
	2009 No.	2009 \$	2008 No.	2008 \$
At the beginning of reporting period	424,333,963	21,231,295	273,533,966	17,632,375
Shares issued during year				
23 July 2007	-	-	20,000,000	800,000
14 December 2007	-	-	22,000,000	110,000
14 December 2007	-	-	108,799,997	2,828,800
23 April 2009	63,600,000	127,200	-	-
3 June 2009	310,238,157	620,476	-	-
12 June 2009	177,695,806	355,392	-	-
Capital Raising Costs	-	(19,150)	-	(139,880)
At Reporting Date	975,867,926	22,315,213	424,333,963	21,231,295

On 23 July 2007 Transol Corporation Ltd issued 20,000,000 fully paid ordinary shares to Great Australian Resources for capital in Liberty Mining International at \$0.04 each.

On 14 December 2007, the Company issued 108,799,997 shares at an issue price of 2.6 cents per share and 54,399,999 free attaching options exercisable at 2 cents on or before 31 May 2011 pursuant to a professional placement.

The loan converts into 22 million ordinary shares and 22 million options (with a two cent strike price and expiring on 22 May 2011) at the discretion of the holder which was exercised on 14 December 2007.

On 23 April 2009, the Company issued 63,600,000 shares at an issue price of 0.2 cents per share pursuant to a professional placement.

On 1 May 2009, the Company issued a prospectus for an offer to apply for one share for each share held at an issue price of 0.2 cents per Share. The offer was partly underwritten by Serec Pty Ltd, a company associated with Mr Angus Edgar, a director of the Company. The agreed underwritten shortfall in acceptances was up to \$200,000 (100,000,000 shares).

On 3 June 2009 310,238,157 shares were issued under the prospectus at 0.2 cents per share, with an additional 177,695,806 shares issued on the 12 June 2009. Under the terms of the prospectus, Serec Pty Ltd underwrote 68,595,806 shares at 0.2 cents per share.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. There is no par value on ordinary shares.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 22: Issued Capital (Continued)

Capital risk management

Management controls the capital of the group in order to provide shareholders with returns through capital growth in the medium to long term and ensure that the group can fund its operations and continue as a going concern.

At 30 June 2009 and 30 June 2008 the group's capital represents ordinary shares. Refer to earlier section of Note 22 for further information. Transol Corporation Limited does not have any externally imposed capital requirements.

Management recognises that the group's capital will fluctuate in accordance with market conditions and must be effectively managed by assessing the entity's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders, share buy backs and share issues.

There has been no change in strategy adopted by management to control the capital of the Group since the prior year. Transol Corporation Limited does not have any debt at 30 June 2009.

Note 23: Reserves

(a) Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

(b) Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options.

	Note	CONSOLIDATED		PARENT ENTITY	
		2009 \$	2008 \$	2009 \$	2008 \$
Foreign Currency Translation Reserve					
Balance at beginning of financial year		(403,359)	-	-	-
Adjustment from translation of foreign controlled entities		710,699	(403,359)	-	-
Balance at end of financial year		307,340	(403,359)	-	-
Option Reserve					
Balance at beginning of financial year		303,468	303,468	303,468	303,468
Options Issued		-	-	-	-
Balance at end of financial year		303,468	303,468	303,468	303,468
Options Premium Reserve					
Balance at beginning of financial year		1,024,277	-	1,024,277	-
Options Issued		-	1,024,277	-	1,024,277
Balance at end of financial year		1,024,277	1,024,277	1,024,277	1,024,277
Total Reserves		1,635,085	924,386	1,327,745	1,327,745

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 24: Segment Reporting

	Mining Exploration		CLT Net		Management Services		Eliminations		Consolidated Group Continuing Operations	
Primary Reporting – Business Segments	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
REVENUE										
Other Segments	418,966	56,248	262,072	-	1,313,670	470,347	(663,964)	-	1,330,744	526,595
Total Revenue from Ordinary Activities	418,966	56,248	262,072	-	1,313,670	470,347	(663,964)	-	1,330,744	526,595
RESULT										
Segment Result										
(Loss)/Profit before Income Tax	(5,947,469)	(224,280)	(150,445)	-	(5,233,764)	(1,235,370)	5,015,248	-	(6,316,430)	(1,459,650)
Income Tax Benefit/(Expense)	61,867	(63,984)	-	-	-	-	-	-	61,867	(63,984)
(Loss)/Profit after Income Tax	(5,885,602)	(288,264)	(150,445)	-	(5,233,764)	(1,235,370)	5,015,248	-	(6,254,563)	(1,523,634)
ASSETS										
Segment Assets	4,794,287	2,792,046	521,658	-	2,634,030	6,697,447	(5,557,317)	(3,261,077)	2,392,658	6,228,416
Total Assets	4,794,287	2,792,046	521,658	-	2,634,030	6,697,447	(5,557,317)	(3,261,077)	2,392,658	6,228,416
LIABILITIES										
Segment Liabilities	6,012,554	4,716,873	675,163	-	236,371	149,941	(5,927,366)	(4,494,281)	996,722	372,533
Total Liabilities	6,012,554	4,716,873	675,163	-	236,371	149,941	(5,927,366)	(4,494,281)	996,722	372,533

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 24: Segment Reporting (Continued)

Secondary Reporting – Geographical Segments	Segment Revenues from External Entities		Carrying Amount of Segment Assets	
	2009 \$	2008 \$	2009 \$	2008 \$
Geographical Location:				
Australia	1,534,607	526,595	7,877,331	10,726,790
Cambodia	418,029	-	4,725,317	2,631,029
New Zealand	262,072	-	290,785	-
Elimination/unallocated	(883,964)	-	(10,500,775)	(7,129,403)
	1,330,744	526,595	2,392,658	6,228,416

Accounting Policies

Segment revenues and expenses are those directly attributable to the segment and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

Business and Geographical Segments

Business Segments

The consolidated Group has the following business segment:

- CLTNet is a computerised license testing system
- Mining and exploration
- Head company and management services

Geographical Segments

The consolidated Group's business segments are located in Australia, Cambodia and New Zealand.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 25: Cash Flow Information

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
(a) Reconciliation of Cash Flow from operations with loss after Income Tax				
(Loss) after Income Tax	(6,254,563)	(1,523,634)	(5,233,764)	(1,235,369)
Cash flows excluded from loss attributable to operating activities:				
Non-Cash Flows in Loss:				
Depreciation	12,380	1,803	11,286	1,001
Write-off of Capitalised Expenditure	-	105,048	-	-
Loss on Sale of Assets	-	6,607	-	-
Share Options Expensed	-	680,725	-	680,725
Inventory Write-down	31,200	-	31,200	-
Net gain on Joint Venture	(289,260)	-	-	-
Provision for Impairment of Doubtful Debts	-	-	5,015,198	-
Impairment	5,527,079	-	289,260	-
(Increase)/Decrease in Trade & Term Receivables	50,009	(86,308)	(625,726)	(75,947)
(Increase)/Decrease in Prepayments	-	(3,636)	-	764
(Increase)/Decrease in Other Assets	-	(91,288)	-	-
Increase/(Decrease) in Trade Payables & Accruals	745,527	59,844	79,139	173,812
Increase/(Decrease) in Provisions	(63,984)	63,984	-	-
Cash Flow from Operations	(241,612)	(786,855)	(433,407)	(455,014)

CONSOLIDATED & PARENT ENTITY

	2009	2008
	\$	\$
(b) Non-cash Financing and Investing Activities		
During the financial year, a total of nil (2008: \$110,000) in convertible notes was converted to ordinary shares, extinguishing debt. During 2009 nil (2008: \$800,000) shares were issued during the year as part of non-cash capital raisings activities.		
The Ordinary Shares were issued as follows:		
Issue of 20,000,000 ordinary shares at 4 cents per share	-	800,000
Issue of 22,000,000 ordinary shares and 22,000,000 options with a strike price of 2 cents and an expiry of 22 May 2011.	-	110,000
Total Non-cash Financing and Investing Activities	-	910,000

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 26: Events After Balance Day

There has been no items, transactions and events of a material or unusual nature that have arisen in the interval between the end of the financial year and the date of this report, that have significantly affected the results of the operations of the Company, other than those detailed below.

The financial report was authorised for issue on 9 September 2009 by the Board of Directors.

On 14 July 2009, Transol Corporation Limited ("Transol") announced that it had executed a Letter Of Intent (LOI) with Prairie Pacific Mining Corporation ("Prairie") via its 100% owned subsidiary Liberty Mining International Pty Ltd ("Liberty"). The LOI provides for a joint venture arrangement whereby Liberty will receive payments of US\$1 million cash and maintain a 49% interest in both the Banlung and Oyadao gold and base metal projects.

For Prairie to earn its 51% equity it must expend a total of US\$2 million across both project areas within a 24 month period, in addition to making cash payments to Transol of US\$100,000 upon signing of the LOI and additional payments of US\$900,000 in the following instalments:

1. US\$300,000 on 31 August 2009;
2. US\$300,000 on 30 November 2009; and
3. US\$300,000 on 28 February 2010.

Prairie has the ability to spend a further US\$2 million (US\$ 4 million in total) within four years of signing the LOI to earn a further 19% equity in both project areas to hold a 70% interest. Prairie also has the option to purchase a further 20% equity in both projects by making a cash payment to Transol of US\$1.5 million. Upon this payment, Liberty will maintain a 10% ongoing free carried interest in both project areas and will be subject to certain sale rights in the event the projects are sold to a third party.

Transol will maintain its 100% interest in the following projects within Cambodia:

- Mondulkiri Gold and Base Metal Project (62km²)
- Mondulkiri Bauxite Project (823km²)

On 21 August 2009 Transol signed a Joint Venture Agreement with Basileia Cambodia Co Ltd ("Basileia") on the Andong Bor Gold Project in Oudor Meanchey Province, North Western Cambodia.

The Company received US\$120,000 on the signing of the Joint Venture Agreement and will receive a further US\$280,000 within 60 days upon commencement of the formal Joint Venture. Basileia will expend a minimum of US\$3 million on the project within 18 months from the date of commencing the Joint Venture to earn 90% interest in the tenement and Transol will be free carried thereafter on its 10% equity.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 27: Related Party Transactions

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.				
Transactions with Related Parties:				
(a) Key Management Personnel				
Capital raising services are provided to Transol Corporation Ltd by Melbourne Capital Limited, an entity with which Mr Angus Edgar is associated. Total Fees provided during the year were Nil (2008: \$139,880). All fees were provided during the year on normal commercial terms and conditions.	-	139,880	-	139,880
Rental and administrative expenses were charged to Melbourne Capital Limited, an entity with which Mr Angus Edgar is associated. Melbourne Capital Ltd shares an office space with Transol Corporation Ltd. Total Rental Income received \$10,081 (2008: Nil).	10,081	-	10,081	-
Rental and administrative expenses were charged to Regal Resources Limited, an entity with which Mr Angus Edgar is associated. Regal Resources Ltd shares an office space with Transol Corporation Ltd. Total Rental Income received \$8,684 (2008: Nil).	8,684	-	8,684	-
Regal Resources Limited, an entity associated with Mr Angus Edgar, received a placement of 63,600,000 shares at 2 cents per share in April 2009 (2008: Nil).	127,200	-	127,200	-
Mungala Investments Pty Ltd is an entity associated with Mr Angus Edgar and through which he provides Managing Director and CEO services.	100,000	120,000	100,000	120,000
Liberty Mining Corporation Pty Ltd is an entity associated with Mr Richard Stanger and through which he provides exploration consultancy services.	99,600	99,600	-	99,600
Underwriting services were provided to Transol Corporation Ltd by Serec Pty Ltd, an entity with which Mr Angus Edgar is associated. Total Fees provided during the year were \$7,000 (2008: Nil). All fees were provided during the year on normal commercial terms and conditions.	7,000	-	7,000	-
Liberty Capital Corporation Pty Ltd is an entity associated with Mr Richard Stanger and through which he provides project administration services.	50,400	50,400	-	50,400
Accosec Consultants Pty Ltd, an entity associated with Mr Andrew Metcalfe provided company secretarial and corporate administration services to the consolidated entity in the financial year ended 30 June 2008. Total fees provided during the year were Nil (2008: \$81,315). All fees were provided during the year on normal commercial terms and conditions.	-	81,315	-	81,315
Aztech Venture Partners is an entity associated with Mr Greg Bound through which he provides consultancy services specifically related to the CLTNet project.	87,000	-	87,000	-

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 27: Related Party Transactions (Continued)

	CONSOLIDATED		PARENT ENTITY	
	2009 \$	2008 \$	2009 \$	2008 \$
(b) Amounts unpaid at Year End				
Underwriting services provided by Serec Pty Ltd remain unpaid at year end 30 June 2009.	7,000	-	7,000	-
Exploration consultancy services provided by Liberty Mining Corporation Pty Ltd remain unpaid at year end 30 June 2009.	36,000	-	-	-
(c) Director Loans				
During the course of the 2008 year Mr Richard Stanger received cash advances in his capacity as Exploration Director. As at 30 June 2009 this advance was repaid in full. No interest is provided for on this loan.	-	76,895	-	-
Mr Richard Stanger has been providing short-term funding to Liberty Mining International Pty Ltd and its associated subsidiaries and is owed \$131,975 as at 30 June 2009. No interest is provided for on this loan.	131,975	-	-	-
(d) Inter-group Management Fees				
Transol Corporation Ltd charged a management fee for administrative costs incurred during the financial year. The arrangement was arms length and on commercial terms, both these amounts remain unpaid at 30 June 2009:				
CLTNet Pty Ltd	-	-	359,403	-
Liberty Mining International Pty Ltd	-	-	306,058	-

Note 28: Financial Risk Management

Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

a. Treasury Risk Management

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

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 28: Financial Risk Management (Continued)

b. Financial Risks

The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk.

The totals of each category of financial instruments, measured in accordance with AASB 139 as detailed the accounting policies to these financial statements, are as follows:

		CONSOLIDATED		PARENT ENTITY	
		2009	2008	2009	2008
	Note	\$	\$	\$	\$
Financial Assets					
Cash and Cash Equivalents	9	1,424,496	2,436,637	1,150,788	2,159,148
Trade and Other Receivables	10	71,906	148,853	701,401	3,942,485
		1,496,402	2,585,490	1,852,189	6,101,633
Financial Liabilities					
Trade and Other Payables	18	982,626	308,548	222,275	149,941
		982,626	308,548	222,275	149,941

Interest Rate Risk

The main risk is managed with a mixture of fixed and floating rates. At 30 June 2009 the Company did not have any debt. For further details on interest rate risk refer to Note 28 (i).

Foreign Currency Risk

The Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the group's measurement currency.

Liquidity Risk

The Group manages liquidity risk by monitoring forecast cash flows and raising additional capital when needed.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The consolidated Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated group.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 28: Financial Risk Management (Continued)

(i) Interest Rate Risk

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

	Weighted Average Effective Interest Rate				Notional Principle			
	CONSOLIDATED		PARENT ENTITY		CONSOLIDATED		PARENT ENTITY	
	2009 %	2008 %	2009 %	2008 %	2009 \$	2008 \$	2009 \$	2008 \$
Financial Assets:								
Cash & Cash Equivalents	5.69	7.00	5.69	7.00	1,424,496	2,436,637	1,150,788	2,159,148
Receivables					-	-	-	-
Total Financial Assets					1,424,496	2,436,637	1,150,788	2,159,148
	Non-Interest Bearing				Notional Principle			
	CONSOLIDATED		PARENT ENTITY		CONSOLIDATED		PARENT ENTITY	
	2009 %	2008 %	2009 %	2008 %	2009 \$	2008 \$	2009 \$	2008 \$
Financial Assets:								
Cash & Cash Equivalents					-	-	-	-
Receivables					71,906	148,853	701,401	3,942,485
Total Financial Assets					71,906	148,853	701,401	3,942,485

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 28: Financial Risk Management (Continued)

(i) Interest Rate Risk (Continued)

	Non-Interest Bearing				Notional Principle			
	CONSOLIDATED		PARENT ENTITY		CONSOLIDATED		PARENT ENTITY	
	2009 %	2008 %	2009 %	2008 %	2009 \$	2008 \$	2009 \$	2008 \$
Financial Liabilities:								
Trade and Other Payables					982,626	308,548	222,275	149,941
Total Financial Liabilities					982,626	308,548	222,275	149,941

(ii) Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- Preparing forward looking cash flow analysis in relation to its operational, investing and financing activities
- Maintaining a reputable credit file
- Managing credit risk related to financial assets
- Investing surplus cash with only major financial institutions

Cash flows realised from financial assets reflect managements' expectation as to the timing of realisation. Actual timing may therefore be different from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial liability and financial asset maturity analysis

CONSOLIDATED	Within 1 Year		1 to 5 Years		Total	
	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
Financial liabilities due for payment						
Trade and other payables	982,626	308,548	-	-	982,626	308,548
Amounts payable to related parties	43,000	-	-	-	43,000	-
Lease liabilities	82,731	-	132,885	-	215,616	-
Expenditure commitments	124,516	154,827	124,516	154,827	249,032	309,654
Total contractual/expected outflows	1,232,873	463,375	257,401	154,827	1,490,274	618,202

Financial assets – cash flows realisable

Trade and other receivables	71,906	148,853	-	-	71,906	148,853
Total anticipated inflows	71,906	148,853	-	-	71,906	148,853
Net (outflows) on financial instruments	(1,160,967)	(314,522)	(257,401)	(154,827)	(1,418,368)	(469,349)

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 28: Financial Risk Management (Continued)

PARENT ENTITY	Within 1 Year		1 to 5 Years		Total	
	2009	2008	2009	2008	2009	2008
Financial liabilities due for payment	\$	\$	\$	\$	\$	\$
Trade and other payables	222,275	149,941	-	-	222,275	149,941
Amounts payable to related parties	7,000	-	-	-	7,000	-
Lease liabilities	82,731	-	132,885	-	215,616	-
Total contractual/expected outflows	312,006	149,941	132,885	-	444,891	149,941
Financial assets – cash flows realisable						
Trade and other receivables	701,401	3,942,485	-	-	701,401	3,942,485
Total anticipated inflows	701,401	3,942,485	-	-	701,401	3,942,485
Net inflow/(outflows) on financial instruments	389,395	3,792,544	(132,885)	-	256,510	3,792,544

Net Fair Values

Fair Value Estimation

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

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In the regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments which are carried are amortised cost (ie trade receivable, held-to-maturity assets and loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the Group,

TRANSOL CORPORATION LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 28: Financial Risk Management (Continued)

	2009		2008	
	Net Carrying Value \$	Net Fair Value \$	Net Carrying Value \$	Net Fair Value \$
CONSOLIDATED				
Financial Assets				
Cash and Cash Equivalents	1,424,496	1,424,496	2,436,637	2,436,637
Trade and Other Receivables	91,906	91,906	148,853	148,853
Financial Assets	-	-	-	-
Total Financial Assets	1,496,402	1,496,402	2,585,490	2,585,490
Financial Liabilities				
Trade and Other Payables	991,065	991,065	308,548	308,548
Total Financial Liabilities	991,065	991,065	308,548	308,548
	2009		2008	
	Net Carrying Value \$	Net Fair Value \$	Net Carrying Value \$	Net Fair Value \$
PARENT				
Financial Assets				
Cash and Cash Equivalents	1,150,788	1,150,788	2,159,148	2,159,148
Trade and Other Receivables	908,550	908,550	3,992,485	3,992,485
Financial Assets	458,192	458,192	457,947	457,947
Total Financial Assets	2,517,530	2,517,530	6,609,580	6,609,580
Financial Liabilities				
Trade and Other Payables	230,714	230,714	149,941	149,941
Total Financial Liabilities	230,714	230,714	149,941	149,941

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 28: Financial Risk Management (Continued)

(iii) Foreign Currency Analysis

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Sensitivity Analysis

Interest Rate Risk

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
Change in Profit				
- Increase in interest rate by 0.5%	7,122	12,183	5,754	10,796
- Decrease in interest rate by 0.5%	(7,122)	(12,183)	(5,754)	(10,796)
Change in Equity				
- Increase in interest rate by 0.5%	7,122	12,183	5,754	10,796
- Decrease in interest rate by 0.5%	(7,122)	(12,183)	(5,754)	(10,796)

Interest bearing securities held by the Group during 2009 reduced by 41.5%.

Foreign Currency Risk

Interest Rate Risk

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
Change in Profit				
- Increase in USD/AUD rate by 20%	-	-	-	-
- Decline in USD/AUD rate by 20%	-	-	-	-
Change in Equity				
- Increase in USD/AUD by 20%	328,185	283,385	-	-
- Decline in USD/AUD rate by 20%	(328,185)	(283,385)	-	-

Liberty Mining International (Cambodia) Limited operates in US Dollars.

Note 29: Expenditure Commitments

Minimum expenditure commitments contracted for under exploration licences not provided for in the financial statements to the Ministry of Industry Mines and Energy (MIME) for training levies and land rental:

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
Not longer than 1 year	124,516	154,827	-	-
Longer than 1 year and not longer than 5 years	124,516	154,827	-	-
	249,032	309,654	-	-

Minimum expenditure commitments may, subject to negotiation and with approval, be avoided by sale, farm-out or relinquishment.

TRANSOL CORPORATION LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

Note 30: Lease Commitments

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
Minimum expenditure commitments contracted for under:				
Finance lease commitments				
Not longer than 1 year	6,843	-	6,843	-
Longer than 1 year and not longer than 5 years	10,265	-	10,265	-
Minimum lease payments	17,108	-	17,108	-
Less: future finance charges	(1,820)	-	(1,820)	-
Present value of minimum lease payments	15,288	-	15,288	-

The finance lease on computer hardware and software, commenced in 2009, is on a 3 year zero residual lease. The equipment is financed via National Australia Bank Ltd with lease payments due monthly in advance.

	CONSOLIDATED		PARENT ENTITY	
	2009	2008	2009	2008
	\$	\$	\$	\$
Minimum expenditure commitments contracted for under:				
Operating lease commitments				
Not longer than 1 year	75,888	-	75,888	-
Longer than 1 year and not longer than 5 years	122,620	-	122,620	-
	198,508	-	198,508	-

The property lease is a non-cancellable lease with a three-year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that minimum lease payments shall be increased by 4% per annum. An option exists to renew the lease at the end of the term.

Note 31: Company details

The registered office and principal place of business of the Group is:

TRANSOL CORPORATION LIMITED

Level 14, 31 Queen Street

MELBOURNE VIC 3000

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

DIRECTORS' DECLARATION

The directors of Transol Corporation Limited declare that:

- (a) In the directors' opinion the financial statements and notes on pages 39 to 79, and the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report, set out on pages 17 to 26, are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2009 and of their performance, for the financial year ended on that date; and
 - (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.
- (b) The financial report also complies with International Financial Reporting Standards as disclosed in note 1; and
- (c) The remuneration disclosures that are contained in the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures*, the Corporations Act 2001 and the Corporations Regulations 2001; and
- (d) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer for the financial year ended 30 June 2009, required by Section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors.

Dated at 9 September 2009



Angus Edgar
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRANSOL CORPORATION LIMITED AND CONTROLLED ENTITIES

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

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF TRANSOL CORPORATION LIMITED AND CONTROLLED ENTITIES
(Continued)**

Independence

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

Auditor's Opinion

In our opinion:

- (a) the financial report of Transol Corporation Limited and controlled entities is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1(q) in the financial report which indicates that the consolidated entity experienced operating losses and negative cash flows during the year ended 30 June 2009. These conditions, along with other matters as set forth in Note 1(q), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 21 to 25 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 Transol Corporation Limited and controlled entities for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

Bentleys

**BENTLEYS MELBOURNE PARTNERSHIP
CHARTERED ACCOUNTANTS**

G. Robertson

**GORDON ROBERTSON
PARTNER**

Dated in Melbourne on this *9th* day of *September* 2009

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

ASX ADDITIONAL INFORMATION

Additional information required by the Listing Rules of the Australian Securities Exchange and which is not disclosed elsewhere in the Annual Report, is as follows. The information is made up to 20 August 2009.

Shareholder Distribution

The number of security investors holding less than a marketable parcel of securities (\$500.00 on 20 August 2009) is 1,140 holding 12,968,641 securities on a basis price of \$0.006.

Distribution of shareholders

Category (number of securities)	ORDINARY SHARES (quoted)		
	Number of holders	Number of shares	% of total
1 -1,000	477	189,596	0.02
1,001 - 5,000	237	626,647	0.06
5,001 -10,000	102	822,058	0.08
10,001 -100,000	414	20,175,458	2.07
100,001 - and over	446	954,054,167	97.76
TOTAL	1,676	975,867,926	100.00%

Category (number of securities)	OPTIONS (quoted)		
	Number of holders	Number of shares	% of total
1 -1,000	Nil	Nil	0.00
1,001 - 5,000	Nil	Nil	0.00
5,001 -10,000	1	10,000	0.01
10,001 -100,000	75	4,330,797	1.90
100,001 - and over	148	223,075,459	98.09
TOTAL	224	227,416,261	100.00%

Twenty Largest Shareholders

Shareholder	Quoted Ordinary Shares	
	Number of shares	% of ordinary shares
Serec Pty Ltd	164,995,806	16.91
Regal Resources Ltd	127,200,000	13.03
Bodie Investments Pty Ltd	50,000,000	5.12
Richard Stanger	38,666,672	3.96
Distinct Racing and Breeding Pty Ltd	31,850,000	3.26
Mungala Investments Pty Ltd	29,246,412	3.00
Bluebase Pty Ltd	25,000,000	2.56
Cangu Pty Ltd	25,000,000	2.56
Great Australian Resources Ltd	20,000,000	2.05
Geoff Barnes	15,000,000	1.54
HSBC Custody Nominees Aust Ltd	14,500,000	1.49
Jennifer Bath	13,000,000	1.33
John Francis Corr	10,723,076	1.10
Eevo Pty Ltd	10,000,000	1.02
Northern Star Nominees Pty Ltd	10,000,000	1.02
Mitpan Pty Ltd	10,000,000	1.02
Leon Pretorius	10,000,000	1.02
Jacqueline Anne Thomas	8,000,000	0.82
Fay Holdings Pty Ltd	7,500,000	0.77
Formaine Pty Ltd	7,500,000	0.77
TOTAL	628,181,966	64.35
Other	347,685,960	35.65
TOTAL BALANCE	975,867,926	100.00

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

ASX ADDITIONAL INFORMATION

Substantial Shareholders

The names of substantial shareholders of the quoted ordinary shares are:

Serec Pty Ltd	164,995,806	16.91%
Regal Resources Limited	127,200,000	13.03%
Bodie Investments Pty Ltd	50,000,000	5.12%

Twenty Largest Optionholders

Optionholder	Quoted Options	
	Number of options	% of options
Mungala Investments Pty Ltd	27,123,931	11.93
Bodie Investments Pty Ltd	25,000,000	10.99
Great Australian Resources Limited	10,000,000	4.40
Richard Stanger	9,666,668	4.25
Serec Pty Ltd	9,599,999	4.22
Hawera Pty Ltd	9,158,333	4.03
Distinct Racing and Breeding Pty Ltd	8,300,000	3.65
Ollies Family Restaurants Pty Ltd	7,470,000	3.28
Thorney Investments Pty Ltd	5,250,000	2.31
Stephen Layton	5,000,000	2.20
Roxtel Pty Ltd	4,000,000	1.76
Michael John Edgar	3,500,000	1.54
Dixie Investments Pty Ltd	3,100,000	1.36
Supermax Pty Ltd	3,000,000	1.32
Jennifer Bath	3,000,000	1.32
John Francis Corr	2,930,769	1.29
Eevo Pty Ltd	2,500,000	1.10
Transition Metals Pty Ltd	2,500,000	1.10
Jeffrey Hunt and MA Heard	2,500,000	1.10
Matthew Barnett	2,375,000	1.04
TOTAL	145,974,700	64.19
Other	81,441,561	35.81
TOTAL BALANCE	227,416,261	100.00

Voting Rights

On a show of hands, every shareholder present in person or by proxy holding ordinary shares in the Company shall have one vote and upon a poll each share shall have one vote. There are no voting rights attached to the options.

TRANSOL CORPORATION LIMITED

ABN 73 089 224 402 and Controlled Entities

CORPORATE DIRECTORY

Directors

Martin Ralston	Non-Executive Chairman
Angus Edgar	Executive Director
Richard Stanger	Executive Director

Company Secretary

Adrien Wing

Registered & Principal Office

Level 14, 31 Queen Street
Melbourne VIC 3000
Australia

Auditors

Bentleys Melbourne Partnership
Level 7, 114 William Street
Melbourne, VIC 3000
AUSTRALIA

Lawyers

Quinert Rodda and Associates Pty Ltd.
Level 19, 500 Collins Street
Melbourne, VIC 3000
AUSTRALIA

Share Registry

Security Transfer Registrars Pty Ltd.
Perth, WA 6000
AUSTRALIA
Telephone: +61 (0)8 9315 0933
Facsimile: +61 (0)8 9315 2233
Email: registrar@securitytransfer.com.au

Home Exchange

Australian Securities Exchange
Level 45, 525 Collins Street
Melbourne, VIC 3000
AUSTRALIA
(ASX code: TNC/TNCOA)

Website

www.transolcorp.com.au