TRANSOL CORPORATION LIMITED

ABN 73 089 224 402

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(ABN 73 089 224 402)

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

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Activities Report

Review of Operations – Technology

Highlights:

- Successful installation of the CLTNet computerised driver licence theory testing system in over 100 testing centres for the New Zealand Transport Agency
- Negotiations finalised with Quick-links.net Pty Ltd to expand the exclusive distribution rights of the CORUS Web 2.0 collaboration platform worldwide
- CLTNet online education service website live in New Zealand
- Commenced sales activity with New Zealand Government departments
- Commenced live trials of "CORUS" version 3 of the Quick Web 2.0 collaboration platform within Australian Universities
- Commercial release of "CORUS" Web 2.0 collaboration platform

During the year, the Company made significant advancements in the rollout of its web services platforms delivering education, assessment and collaboration services into international markets. The Company's products are positioned in market segments with growth opportunities internationally.

CLTNet System – Computerised Theory Testing System (100% owned subsidiary)

During the year, the Company's Computerised Theory Testing System ("CTT") was installed and tested at five driver licence testing centres operated by the New Zealand Transport Agency (NZTA). During the first stage implementation, over 4000 learner driver tests were completed by learner drivers and the project was delivered on budget, with the NZTA approving the installation of a further 100 testing centres.

The installation of the CLTNet CTT and commencement of live testing at 100 NZTA testing centres was delivered on time and on budget.

The CTT system replaced paper tests that had not changed in 10 years. The public would learn the answers to the test papers, rather than the road code and road rules, and the NZTA introduced the CTT system to address this problem and accurately tests the learner driver's knowledge of the road code.

As at June 2010, just over 100,000 computerised theory tests had been completed and the Company has received positive feedback on the effectiveness of the CTT system. As expected following the introduction of CTT, the national pass rate reduced from 70% to a low of 42%, proving that learner drivers were not learning the road code. After 10 months of CTT testing, during which time learner drivers have been using the CLTNet education and practice test website to learn the road code and rules, the national pass rate increased to above 55%. These results demonstrate that the CLTNet systems are delivering results which meet the NZTA's key objectives.

The CCT installation project was a technical challenge for the Company in that its implementation occurred across the entire NZTA Agent network, and each Agent operated their own independent network and computer systems. The successful implementing was an achievement for the Company as it was the largest implementation to date. The NZTA commissioned the system into a "business as mode usual" and is currently operating as a core service delivery platform across the NZTA's agency network.

In conjunction with the NZTA roll out, the Company launched its education and practice test website in New Zealand - www.roadcodepractice.co.nz. The website 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 driver licence. The public has free access to the educational resources and can purchase practice tests in bundles of 5, 10 and 20, with test prices ranging from NZ$12.50 to NZ$20.00.

Above: www.roadcodepractice.co.nz homepage

The Company's success in this market opened up opportunities in other markets and applications for the CTT system and web services.

Quick-Links (Aust) Pty Ltd (70% owned subsidiary)

During the year, CLTNet Pty Ltd negotiated revised funding arrangements and terms for the Distribution Agreement between Quick-Links (Aust) Pty Ltd and Quick-Links.net Pty Ltd, the owner of "CORUS".

Under the new terms of the Distribution Agreement, Quick-links (Aust) Pty Ltd has the exclusive worldwide sales and marketing rights to CORUS. Prior to these negotiations, Quick-links (Aust) Pty Ltd was limited to Australian and New Zealand territories. The new terms do not change the overall funding commitment of CLTNet Pty Ltd to Quick-links (Aust) Pty Ltd, which is by way of monthly instalments of AUD$25,000 up to a maximum of AUD$300,000 in total.

During the year, Quick-Links (Aust) Pty Ltd commenced commercial trials of CORUS. In one such trial, CORUS was used in a collaborative research project involving three universities and a number of private enterprises. Feedback from the trials was positive, and after the implementation of further improvements and beta testing, Quick-Links Pty Ltd prepared for the commercial release of CORUS by migrating the platform to a specialised "Software as a Service" hosting platform located in the United States. The new hosting platform is designed to scale and can service large volumes of customers, which is required for CORUS to compete in the global marketplace.

Above: CORUS homepage

During the year, CORUS (www.corus-share.com) was commercially launched as a fully hosted web service. The initial release and marketing activities has been exclusively web based, and initial uptake was in line with expectations. Early adoption of the service is coming from businesses involved in marketing services, design, IT and architecture. These early subscribers are paying between USD$19 and USD$79 per month.

The Company expects market interest and subscriber sales to build over the coming year as the Company expands its marketing activities to attract subscribers in both the domestic and global markets.

Review of Operations – Digital Music

Highlights:

- Terms Sheet signed to acquire up to 80% interest in Valleyarm Digital Pty Ltd

The Company entered into a terms sheet to earn up to an 80% interest in Valleyarm Digital Pty Ltd (“Valleyarm”).

Valleyarm specialises in the digital distribution, publishing and online marketing of music and video content focused primarily on content and services within the Asia Pacific Region. Valleyarm incorporates a unique solution emphasising an “Asia-Out” “Asia-In” model providing digital music content, sub-publishing and touring services which enable Asian content owners to monetise content external from their homeland, and to provide an Asian gateway for western acts and labels to monetise their content in non-traditional markets.

Valleyarm is a global digital distribution and music marketing business operating in the wholesale supply of digital music and video content to digital music service providers, as well as a chart reporting company on top 30 music sales for the South East Asian region. Emerging from a collective of music industry experts, Valleyarm aims to be Asia Pacific’s leading digital distributor, publisher and marketer of independent music and video content.

The transaction

The Company has agreed to loan Valleyarm up to AUD$300,000 as a special purpose loan specifically for the purposes of establishing and commercialising the business. The terms are:

- earn a 70% interest in Valleyarm upon execution of the transaction documents, upon which time, the Company will provide a loan of AUD$200,000

- earn an additional 10% (for an 80% interest) in the event that Valleyarm meets or exceeds set milestones, whereby the Company will provide a further loan of AUD$100,000. The loan will be repayable from earnings made from the Valleyarm business

Valleyarm was formally launched at the Music Matters conference held in Hong Kong on 26 – 28 May 2010. Valleyarm has existing offices in Australia and partners throughout Asia, the Middle East, UK and Europe.

Biogenic Methane Enhancement Technology (50% owned subsidiary)

Highlights:

- Acquisition of shareholding in Enhanced Biogenic Methane Pty Ltd and further Deed of Variation negotiated
- Exclusive Australian licence to patent pending biogenic methane enhancement technology negotiated
- Secured access to a demonstration site via a Joint Venture Agreement with Regal Resources Limited (ASX:RER) with existing test wells and infrastructure
- Binding Terms Sheet signed with Red Sky Energy Limited

During the year, the Company entered into a Binding Term Sheet with Enhanced Biogenic Methane Pty Ltd ("EBM") to acquire 20% of the issued capital of EBM, and further entered into a Deed of Variation, the terms of which are:

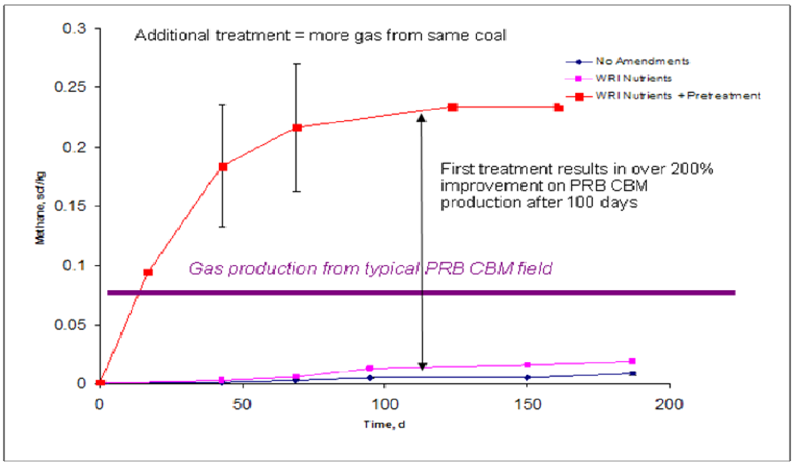
- the Company to acquire up to 50% of the issued capital of EBM through a secured $500,000 loan facility (previously a $300,000 loan for 20%)

- the Company is entitled to a 2.5% royalty on all well head production. Previously the Company had no royalty entitlements

- the Company not to issue any shares and options to purchase 100% of EBM. Previously, the Company held an option to acquire 100% of EBM via the issuing of 300 million shares and 300 million five year options

EBM holds the exclusive Australian and Northern Ireland licence to the patent pending biogenic methane enhancement (BME) technology granted by the Western Research of Institute, University of Wyoming, USA, who are at the forefront of this technology.

BME accelerates the natural biogenic process that produces methane known as coal seam gas. BME works by artificially stimulating the micro-organisms called methanogens that consume hydrogen and carbon from the coal and emit methane. BME technology works best on lignite (brown coal), low rank black coals and oil shale. Lower ranked coals present greater levels of volatiles and hydrogen, which if all converted to methane would yield gas quantities several times that of traditional coal seam gas.



Many treatments of same coal possible … 'harvesting' concept

Typical hydrogen content of low rank coals and oil shale is 5% by weight. If all this hydrogen could be converted to methane, gas content of coal would be 10 times that of traditional coal seam gas (CSG)

EMB plans to deploy this technology at Oak Park, west of Melbourne Victoria. The BME trial at Oak Park has been facilitated through a joint venture arrangement between EBM and Regal Resources Limited ("Regal"). EBM has access to a demonstration site located at Oak Park, within EL 4507 (subject to regulatory approval) via a 50 / 50 Joint Venture Agreement with Regal. The Oak Park demonstration site enables access to an existing well that penetrates the Maddingley coal seam. EBM also has access to a suite of monitoring wells surrounding the trial well. The joint venture will also provide access to the 1 billion tonnes of brown coal / lignite within the tenement area.

During the year, EBM also entered into a Binding Terms Sheet with Red Sky Energy Limited ("Red Sky") which sets out that, subject to a successful trial at Oak Park:

- Red Sky will fund a single well demonstration project, at an estimated cost of $600,000, within its exploration leases in either Queensland or New South Wales

- EBM is to refund a portion of the demonstration project cost to Red Sky from the sale of its share of production

- EMB will be entitled to a 25% farm-in interest and receive a production royalty in the demonstration project and future joint venture opportunities that involve the deployment of the BME technology via sub-licensing

- EBM also entered into a Non Binding Term Sheet with a private party that will enable deployment of the licensed BME technology in parts of Europe

During the year, EBM progressed its plans for the trial of BME technology at Oak Park, Victoria. Baseline chemistry and microbiology analysis of the coal and formation water in the target seam has presented encouraging results. DNA analysis of the organisms present in the coal continues with the results expected to assist EBM to refine the second and third phases of the trial. DNA information enables the technology to target specific gas forming anaerobic organisms.

EBM has engaged GHD to assist with its regulatory approval process. Following the completion of a detailed risk assessment and subsequent documentation, EBM hopes to make a formal submission to the regulator in Q4 2010. As a result of staff changes at GHD, a delay has been incurred in the finalisation of documentation. EBM anticipates the Victorian Government to be in a position to grant approval for the BME trial in Q4 2010.

Engineering design for the well head and down hole sections is complete. EBM has engaged the services of the Carnot Group, Melbourne, to undertake design and sourcing requirements. Engineering infrastructure should be completed in Q4 2010. Concurrently, a drilling contractor will be mobilised to the well at Oak Park and commence re-opening the bottom sections of the well before inserting a perforated liner and screen to maximise coal surface contact. The liner is required to counter the swelling characteristics of the coal and ensure the technology has optimum contact surface area of the coal.

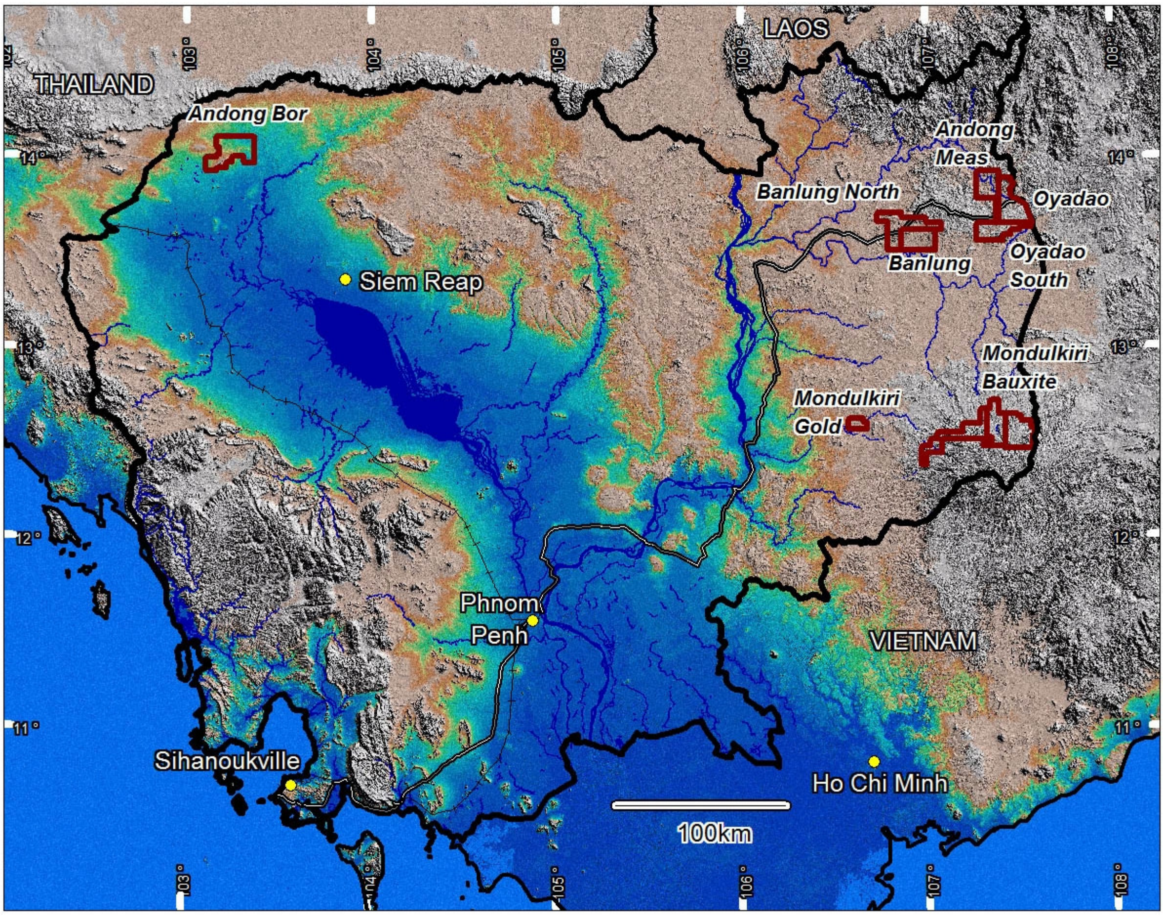
Review of Operations - Mining

Highlights:

- Signing of Joint Venture Agreement with Prairie Pacific Mining Corporation to fund exploration at the Banlung and Oyadao Projects in Ratanakiri Province, Cambodia
- Commencement of exploration program and receipt of results at Ratanakiri Province at the Oyadao and Banlung Projects, fully funded by joint venture partner Prairie Pacific Mining Corporation
- Airborne geophysical (magnetics and radiometrics) survey preliminary results received for Mondulkiri Gold Project in Mondulkiri Province
- Stream sediment sampling program completed at Mondulkiri Gold Project (results pending)
- Exploration underway at Mondulkiri Bauxite Project in Mondulkiri Province
- Maintenance of Exploration Licenses in Cambodia

Liberty Mining International Pty Ltd ("Liberty"), 100% owned subsidiary of the Company, has five projects located in the Kingdom of Cambodia:

- Banlung Project (includes Banlung and Banlung North project areas)
- Oyadao Project (includes Oyadao, Oyadao South and Andong Meas)
- Mondulkiri Gold Project
- Andong Bor Gold Project
- Mondulkiri Bauxite Project



Above: Cambodia Project Areas

Banlung and Oyadao Projects

During the year, Liberty commenced field exploration at its projects in Ratanakiri Province in the North East of Cambodia. The exploration is being funded through the joint venture with Prairie Pacific Mining Corporation ("Prairie"). The joint venture extends over the Company's Banlung, Banlung North, Oyadao and Oyadao South project areas.

The Prairie Joint Venture Agreement provides for upfront payments totalling US$1 million and then allows for Prairie to earn 51% within two years by spending US$2 million on exploration. Thereafter Prairie may earn up to 70% within two years by expending a further US$2million. The agreement allows Prairie to earn up to 90% by a further cash payment of US$1.5 million and 10% free carry Liberty through to mining.

During the year, Prairie spent in excess of US$1.2 million on its exploration program.

Highlights of Exploration Results

Border Prospect (Oyadao Project):

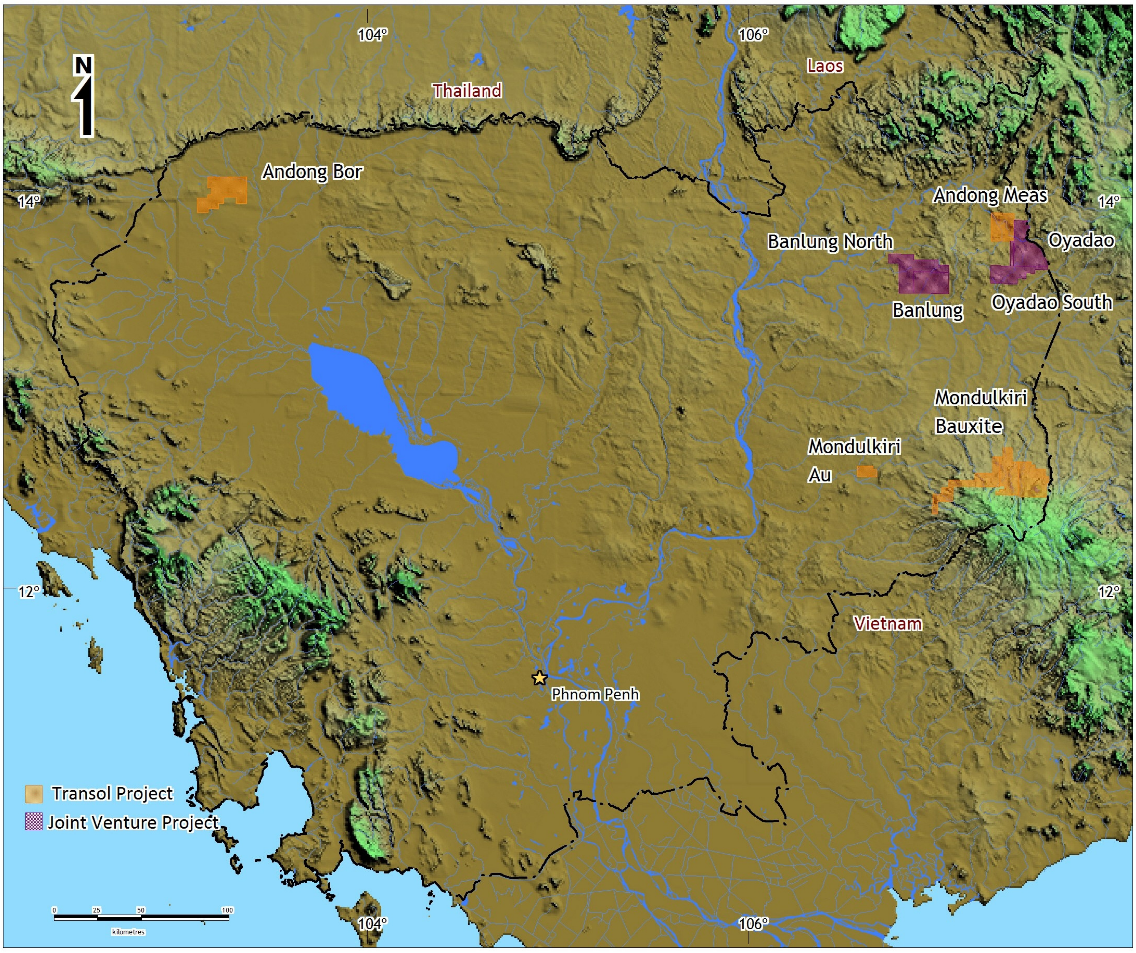
- OY0019D: **3m @ 8.91GPT Au** from 48.6m (including 1m @ 15.65GPT Au from 48.6m) and;
  6m at 3.53GPT Au from 58.6m (including 1m @11.75GPTAu from 59.6m)
- OY0021D: **1.9m @ 13.31GPT Au** from 25.0m (including 0.7m @ 24GPT Au from 26.2m)

Okalla Prospect (Banlung Project):

- BL0007D: **2m @ 1.33GPT Au** from 23m; and
  12m @ 2.71GPT Au from 30.8m
- BL0010D: **1m @ 3.85GPT Au** from 50m
- BL0012D: **2m @ 1.24GPT Au** from 60m; and
  3m @ 1.59GPT Au from 66m (including 1m @ 3.78GPT Au)
- BL0014D: **1m @ 1.98GPT Au** from 92m

Summary and Overview of Project Areas

An active exploration program has continued throughout the field season with Prairie completing auger soils and mapping on newer prospects, and drilling and trenching on more advanced prospects. Scout drilling of combined geochemical (soil and trench) and geophysical (IP) has confirmed mineralised systems within the project areas. Follow-up drilling is planned.



Above: Prairie Joint Venture Areas

Exploration planning includes detailed follow-up and re-interpretation of previous ground geophysics (IP and ground magnetic), trenching, soil auger sampling, mapping and scout diamond drilling. Work is currently focussed on the Okalla Prospect at Banlung where scout drilling has commenced, the Border Prospect at Oyadao where trenching is taking place and Oyadao South where grid mapping and soil sampling is under way.

Border Prospect (Oyadao Project)

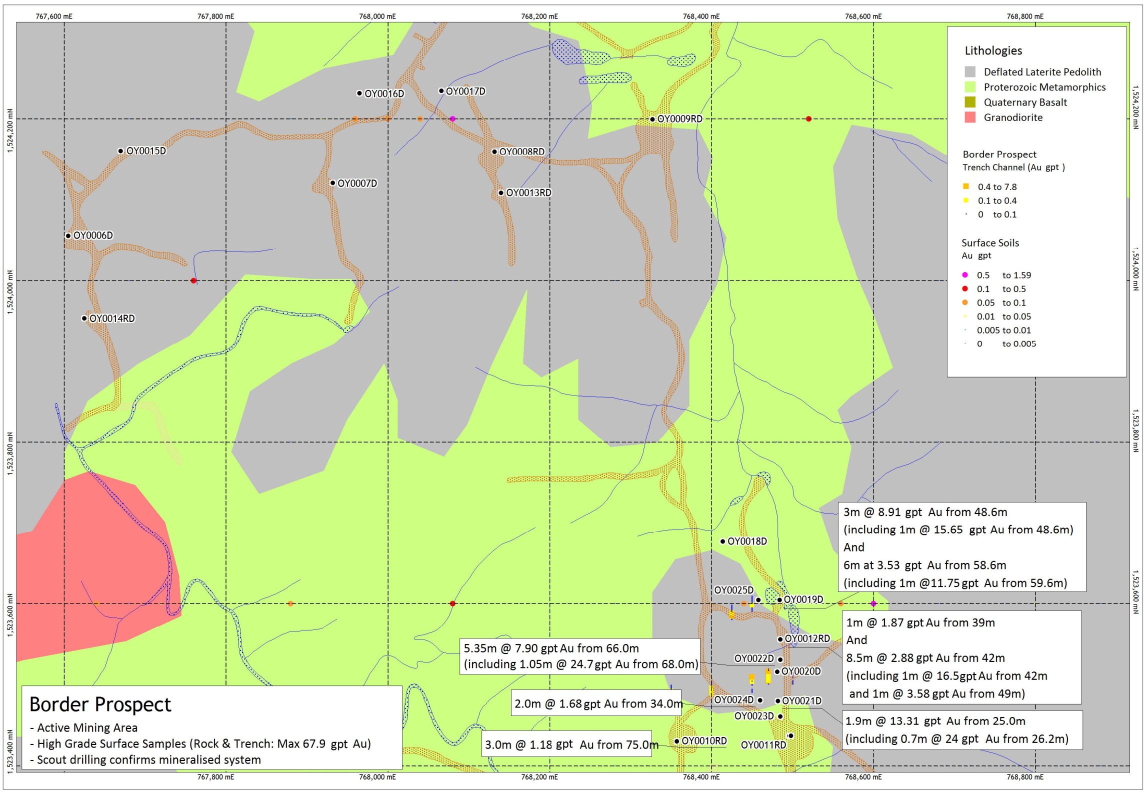
In a follow-up programme to test multiple targets from previous drilling, IP anomalies, soil geochemistry and trenching, a total of seven diamond drillholes (1494.5m) have been drilled. Success centred around follow-up of the mineralisation previously intersected in RC in hole OY0012RD. Immediate follow up of current results is under way (400m diamond drill core planned).

Hole No	Northing	Easting	Dip	Azimuth	Total Depth
OY0015D	1524162	767670	-60	360	150.90
OY0016D	1524233	767965	-60	180	100.60
OY0017D	1524236	768066	-60	180	103.45
OY0018D	1523680	768410	-60	180	103.45
OY0019D	1523606	768483	-60	180	80.80
OY0020D	1523515	768455	-60	180	53.35
OY0021D	1523487	768484	-60	360	50.30

Above: Border Prospect current programme drillhole locations

HoleNo		Interval	Results	Depth From (m)
OYD0015D			no significant results	
OYD0016D			no significant results	
OYD0017D			no significant results	
OYD0018D			no significant results	
OYD0019D		3m	8.91GPT Au*	48m
	Includes	1m	15.65GPT Au*	48m
		6m	3.53GPT Au	58.6m
	Includes	1m	11.75GPT Au	59.6m
OYD0020D			no significant results	
OYD0021D		1.9m	13.31GPT Au	25m
	Includes	0.7m	24GPT Au	26.2m

Above: Border Prospect current programme drillhole results summary. * Screen fire assay.



Above: Border prospect showing current scout drillholes and mineralised intervals

Border South Prospect (Oyadao Project)

Trenching and mapping around the central small pit (previous artisanal mining) identified a potential extension to mineralisation eastwards: 2m at 4.56GPT Au (including 1m at 7.89GPT Au).

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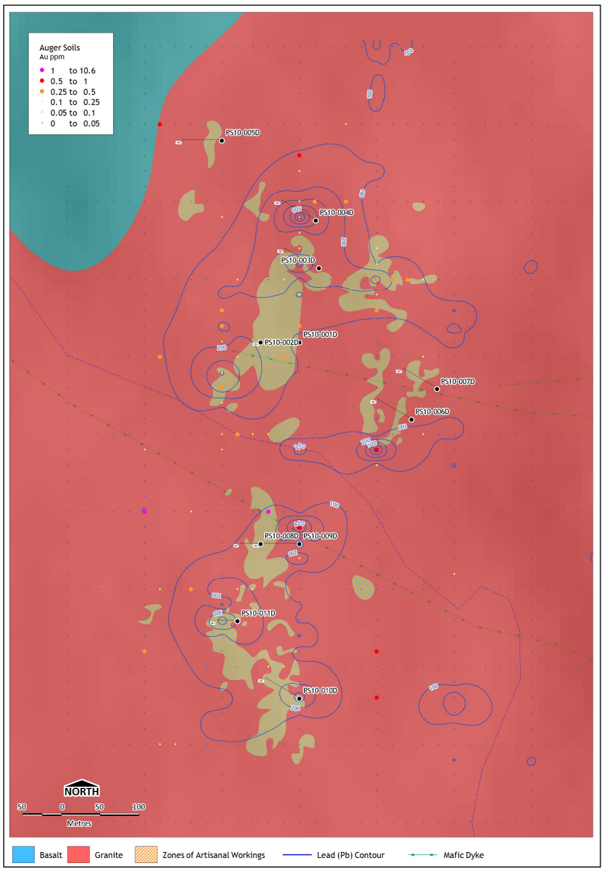
Phum Syarung Prospect (Oyadao South Project)

Detailed mapping and auger soils geochemistry have outlined artisanal workings of >500m strike length with coincident Au-Pb anomalism. An initial 1000m drill programme is planned. This is an active artisanal mining area with a total strike length of >500m. There is a strong correlation between Au mineralisation and visible galena in specimens. Despite significant near surface disturbance auger sampling was effective in outlining several discrete zones of anomalism, chiefly with Pb. A 1000m diamond drill programme is planned as an immediate follow-up of the combined Au-Pb auger anomalies and core zones of artisanal mining (non-colluvial). Further holes are planned as a second phase.

HoleNo	Northing	Easting	Dip	Azimuth	Total_Depth
PS10-001	1509620	758900	-60	270	100
PS10-002	1509620	758850	-60	90	100
PS10-003	1509716	758925	-60	300	100
PS10-004	1509777	758921	-60	300	100
PS10-005	1509880	758800	-60	270	100
PS10-006	1509520	759045	-60	300	100
PS10-007	1509559	759078	-60	300	100
PS10-008	1509360	758850	-60	270	50
PS10-009	1509360	758900	-60	270	100
PS10-010	1509160	758900	-60	300	100
PS10-011	1509260	758820	-60	270	50

Above: Phum Syarung Prospect Planned Drillholes

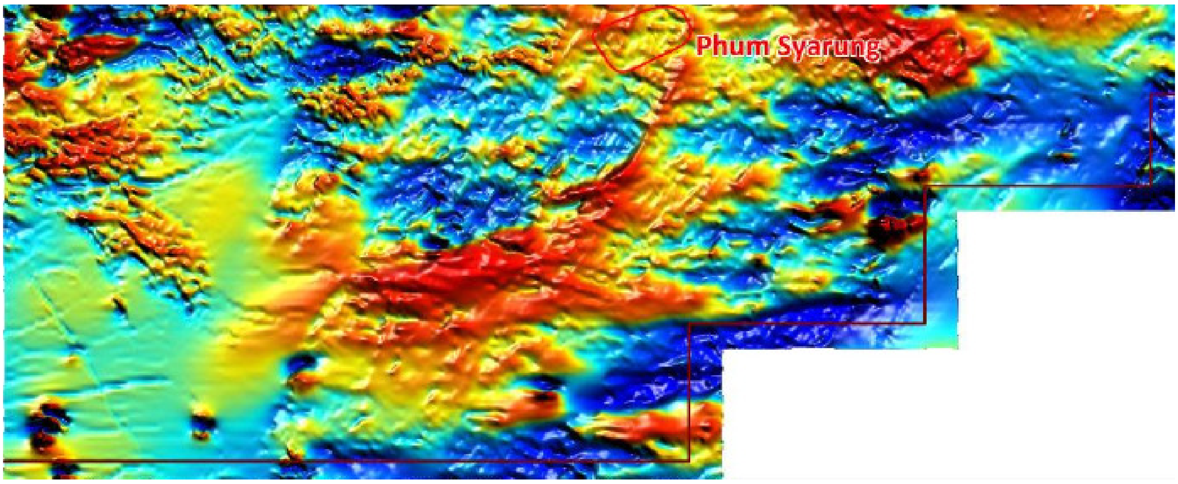


Above: Phum Syarung prospect fact mapping and Pb contours (auger)

Oyadao South Airborne Geophysics

A fixed wing airborne magnetic and radiometric survey was completed for the Oyadao South Project. Preliminary data shows several promising magnetic features worthy of follow-up.

Preliminary results have been received with final results forthcoming. Several distinct magnetic features are identifiable for immediate reconnaissance follow-up. A combined programme of traversing these features and systematic stream sediment sampling is planned in the immediate future.



Approx -300	0	Approx 200

Above: South Project Preliminary Aeromag: Total Magnetic intensity

Okalla Prospect (Banlung Project)

In a continuing follow-up programme to test multiple targets from IP, mapping, soil geochemistry and trenching, a total of 10 diamond drillholes (1494.5m) have been drilled.

The IP anomalies tested correlated well with hydrothermal sulphides over large intervals but this has not proven directly related to gold mineralisation. Gold mineralisation, where intersected, has been confined mostly to quartz and sulphide rich veining. Mapping did, however, highlight the fact that Okalla continues to exhibit high grade gold from rock samples over a broad area (highest 102ppm Au). A plan to test these anomalies and follow up broader intersections of mineralisation is under development.

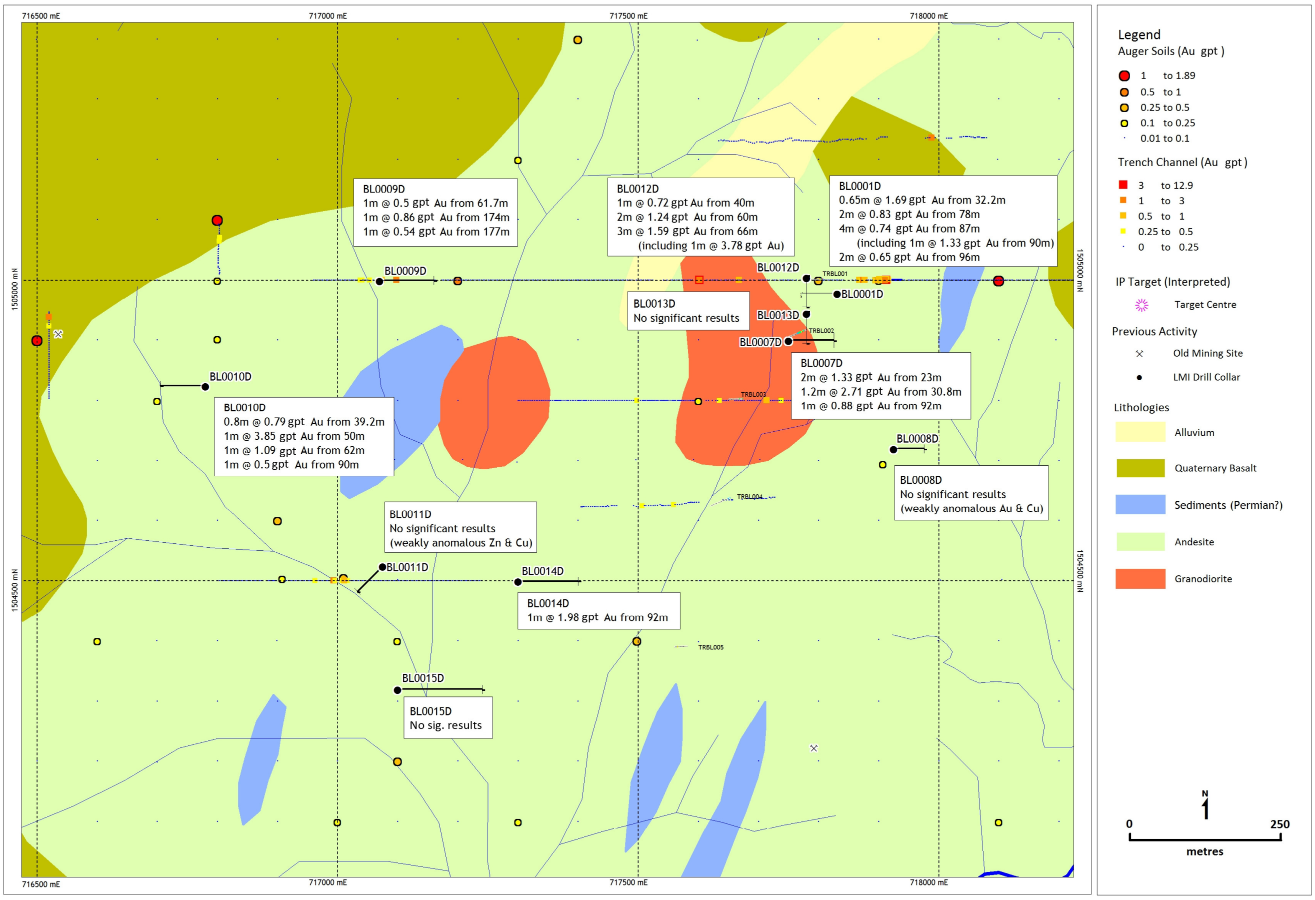
Drilling continues with six more holes planned (500m) as part of the current dry season programme.

Hole No	Northing	Easting	Dip	Azimuth	Total Depth (m)
BL0007D	1504900	717750	-60	90	150.6
BL0008D	1504720	717925	-60	90	100.05
BL0009D	1505000	717070	-60	90	180
BL0010D	1504825	716780	-60	270	150.2
BL0011D	1504525	717075	-60	225	120
BL0012D	1505005	717780	-60	180	100
BL0013D	1504945	717780	-60	180	100.05
BL0014D	1504500	717300	-60	90	203.8
BL0015D	1504320	717100	-60	90	280.4
BL0016D	1504500	717295	-60	90	109.4
Total					**1494.5**

Above: Okalla Prospect current programme drillhole locations

Hole No	Interval	Results	Depth From (m)
BL0007D	2m	1.16GPT Au	23m
	1.2m	2.9GPT Au	30m
BL0008D		no significant results	
BL0009D	1m	0.5GPT Au	62m
	1m	0.86GPT Au	174m
	1m	0.54GPT Au	177m
BL0010D	0.8m	0.70GPT Au	40m
	1m	3.85GPT Au	50m
	1m	1.09GPT Au	62m
	1m	0.5GPT Au	90m
BL0011D		no significant results	
BL0012D	1m	0.72GPT Au	40m
	2m	1.24GPT Au	60m
	3m	1.59GPT Au	66m
BL0013D		no significant results	
BL0014D	1m	1.98GPT Au	92m
BL0015D		Results Pending	
BL0016D		Results Pending	

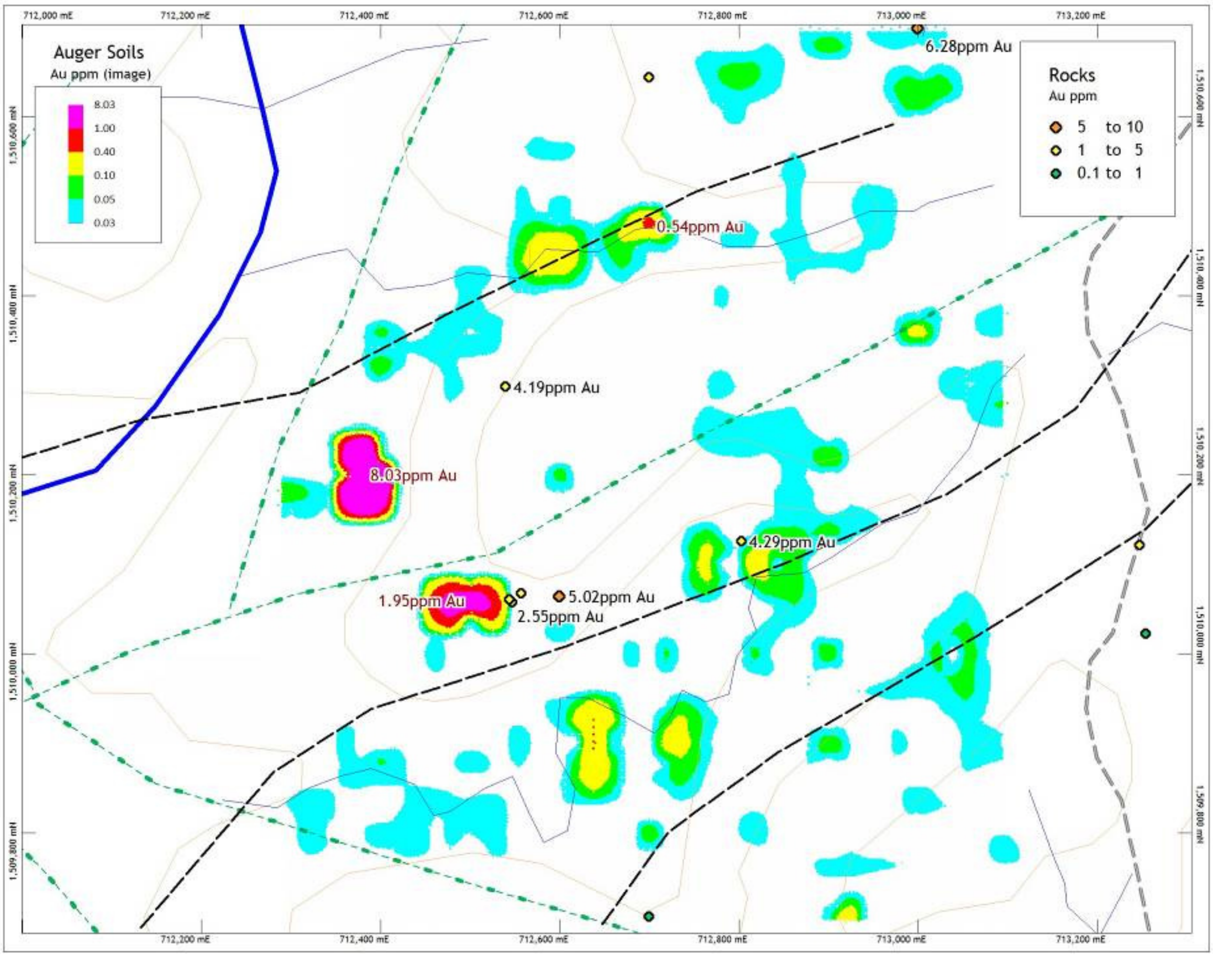
Above: Okalla Prospect Results Summary. Results from 30g fire assay ALS Chemex Laboratories



Above: Okalla Prospect showing current scout drillholes and mineralised intervals.

Katieng Prospect (Banlung Project)

Auger sampling and mapping has identified several targets for follow up including max auger sample: 8.03 GPT Au and max rock chip 6.28 GPT Au. Recent trench sampling has also confirmed that altered and quartz veined sediments outlined from mapping are mineralised. A programme of further trenching is planned to extend and outline the core mineralised zone of the prospect and follow up the new targets identified by auger soils and detailed mapping.



Above: Katieng Prospect auger soils geochemistry (Au ppm) and rock sample assay results (Au ppm) showing major structures (black dashed lines) and interpreted mafic dykes (green lines)

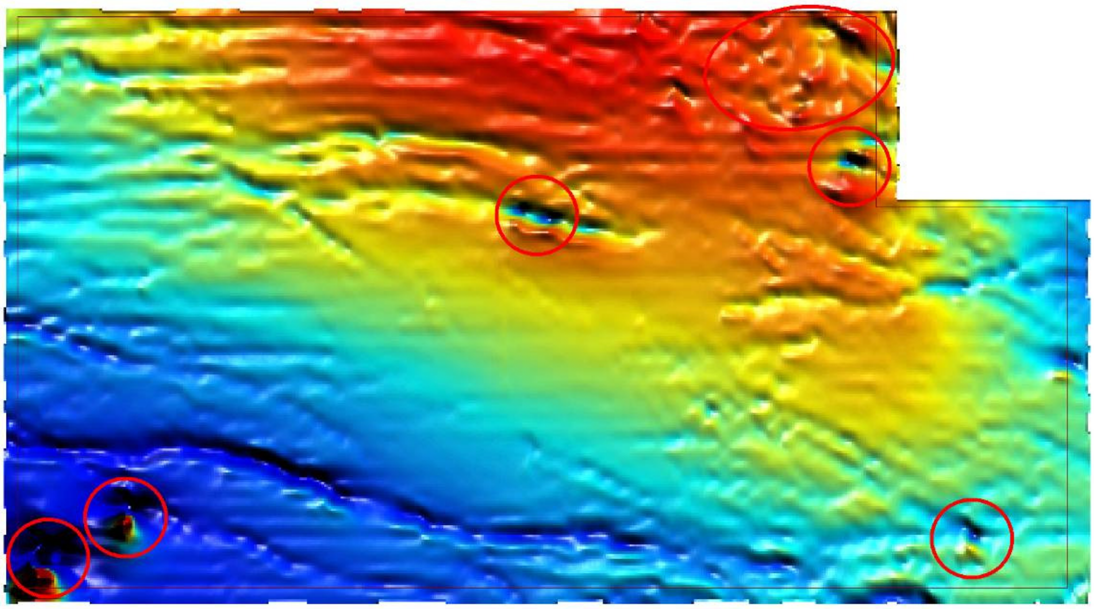
Mondulkiri Gold Project

Liberty received preliminary results from a recent aero magnetic survey on its 100% owned Mondulkiri Gold Project.

Liberty's Mondulkiri Gold Project is a 62.23km^2 license and covers a flat lying sequence of sediments intruded by late stage granites. Hornfelsed contacts in this geological setting are typical for gold occurrences in the region as shown in the work by OZ Minerals Limited immediately to the north east at the Okvau Project.

Several distinct magnetic features are identifiable within the Mondulkiri Gold Project for immediate reconnaissance follow-up.

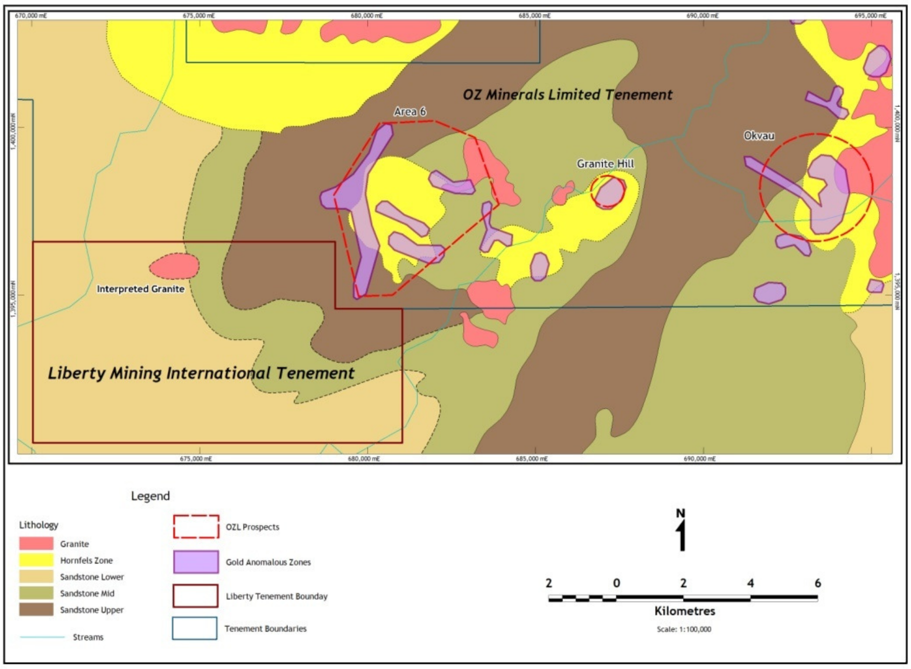
A detailed stream sediment sampling program has been completed (results pending) along with photo geological mapping and reconnaissance follow up of airomag anomalies.



Approx -300	0	Approx 200

Above: Mondulkiri Gold Project Preliminary Aeromag: Total Magnetic intensity (with magnetic features targeted for follow up reconnaissance.

On 18 March 2010, OZ Minerals' announced an initial JORC compliant inferred mineral resource at Okvau of 8.1 million tonnes at 2.3 g/t for 605,000 ounces of contained gold (at a 0.5 g/t cut off). OZ Minerals' considers the initial resource a foundation asset from which to build a resource base, and is "an indication of the potential for +2 million ounces of gold in the Okvau district.



Above: Mondulkiri Gold Project

Andong Bor Project

During the year, Liberty terminated its Joint Venture Agreement with Basileia Cambodia Co. Ltd ("Basileia") on its Andong Bor Gold Project in North Western Cambodia as Basileia was unable to meet its expenditure commitments under the terms of the joint venture.

The cash payments totalling US$400,000 that were paid to Liberty by Basileia under the joint venture will not be refunded.

The Project boasts carbonate replacement mineralisation associated with dacite porphyry and calcareous sediment sequence, and is the subject of significant interest from other third parties.

Project wide reconnaissance and mapping is planned during the current wet season as well as further detailed follow-up of previous Liberty work (mapping, trenching, soil sampling, rock chip sampling). After the wet season (December), airborne geophysics scout drilling are planned.

Mondulkiri Bauxite Project

The Mondulkiri Bauxite Project is 100% owned by Liberty subsidiary Maxum Metals Pty Ltd, and has the potential to host a significant bauxite resource and is contiguous with the bauxite project formerly held by BHP.

Initial field sampling has been completed on this project by means of auger sampling, with results pending.

Competent Persons Statement: The information contained in the report that relates to Exploration Results, Mineral Resources or Ore Reserves of the projects owned by Transol Corporation Limited is based on information reviewed by Mr. Don Horn, who the Company has contracted as a consultant. Mr. Don Horn is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Don Horn has given consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

DIRECTORS' REPORT

The Directors present their Annual Report of the Group for the Financial Year ended 30 June 2010.

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 Ralston is a member of the Company's Audit & Risk Committee and Remuneration Committee.

Mr Angus Edgar
(Appointed 28 May 2003)
(Executive Director)

Angus Edgar has been employed in the finance/stockbroking industry for 25 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 Regal Resources Limited, an entity listed on the ASX and Melbourne Capital Limited, a corporate advisory company. Mr Edgar holds no other listed Company Directorships nor has he held such position in the past three years. Mr Edgar is a member of the Company's Audit & Risk Committee and Remuneration Committee.

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. In July 2007, Liberty Mining International Pty Ltd become a 100% owned subsidiary of Transol Corporation Ltd, Mr Stanger has over 25 years' business experience in a wide range of industries, with a significant emphasis on exploration and mining.

Since 1987, Mr Stanger 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 listed on the 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 same year. Mr Stanger is a member of the Audit & Risk Committee and Remuneration Committee.

Mr Philip Jackson (Appointed 18 November 2009) (Non- Executive Director)	Mr Jackson is the Managing Director of Enhanced Biogenic Methane Ltd, which follows a successful period with Energy Infrastructure Resources Ltd (EIR) as General Manager, Development. Mr Jackson has over 20 years experience in coal seam gas exploration, resource management, environmental and risk management as well as a background in microbiology making Mr Jackson well suited to advancing the commercialisation of new hydrocarbon technologies and creating sustainable resources. Over the last three years, Mr Jackson has project managed a number of exploration and technology ventures including the SunState GTL Project, TRU Energy Queensland gas exploration program as well as a several other opportunities in Australia and overseas. Prior to working with EIR, Mr Jackson formed part of the CBM Asset Team in BHP Billiton whereby he was responsible for the development and maintenance of enterprise wide risk strategy and HSEC for CSM within BHP Billiton and directed and supported risk management for CSM projects. This included a very successful program in Inner Mongolia, Peoples Republic of China. Mr Jackson has reinforced his knowledge with a Master of Business Administration from the University of New England, a Post Graduate Diploma – Safety Management from Massey University, NZ, a Diploma of Air Pollution, Royal Society of Health (1984) and a Diploma of Public Health, Royal Society of Health.

Directors have been in office since the start of the 2009-2010 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 Corporation Limited 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
Phillip Jackson	-	-

Principal Activities

The principal activity of the economic entity during the 2009-2010 Financial Year was the assessment, further development and exploitation of the Company's computerised license testing system (CLTNet), the development of its digital music business, the development of biogenic methane technology and investment in mineral exploration assets.

Operating Results and Dividends

The consolidated loss of the economic entity after providing for income tax amounted to $32,694 (2009: loss of $6,221,837).

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.

Issue of Securities

During the 2009-2010 Financial Year and up to the date of this report no shares or options have been issued.

Share Options

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***
		Total – unlisted options	***47,000,000***

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

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.

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.

Environmental Issues

The economic entity's operations are not subject to significant environmental regulation 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 2010, the Company arranged Director's & 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.

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 his 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.

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 Group over the last five years to staff including Directors, Executives, Management and Employees did not have internal performance conditions nor were they tied to Group 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 6 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. On 28 August 2009, Mr Edgar's fee of $10,000 per month + GST was re-instated.

Details regarding Director and Specified Executive emoluments for the financial year ended 30 June 2010 are found below.

Remuneration of Key Management Personnel – 2010

Name of Directors & Executives	Short term employee benefits			Post employment benefits	Share-based payment			
2010	**Fees** $	**Travel & accom-modation** $	**Non-monetary benefits** $	**Super-annuation** $	**Options** $	**Shares** $	**Total** $	**Equity as % of annual remuner-ation**
Directors								
Martin Ralston	27,000	-	-	2,430	-	-	29,430	-
Angus Edgar	136,500	-	-	2,160	-	-	138,660	-
Richard Stanger	150,000	-	-	-	-	-	150,000	-
Phillip Jackson	-							
Greg Bound	90,000	-	-	-	-	-	90,000	-
Total Remuneration: Directors	**403,500**	**-**	**-**	**4,590**	**-**	**-**	**408,090**	**-**

Option Holdings of Directors and Specified Executives

	Balance at beginning of period 1 July 2009	**Granted as remunera-tion**	**Options Cancelled / Expired**	**Options Other**	**Balance at end of period** 30 June 2010	**Vested at 30 June 2009**	**Exercisable at 30 June 2010**
Directors							
Martin Ralston	-	-	-	-	-	-	-
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
Phillip Jackson	-	-	-	-	-	-	-
Greg Bound	-	-	-	-	-	-	-
Total	**93,590,606**	**-**	**-**	**-**	**93,590,606**	**93,590,606**	**93,590,606**

Short-term and Long term incentives; none

Shares Issued as Part of Remuneration for the Year Ended 30 June 2010

There were no shares issued as part of remuneration during the year ended 30 June 2010. 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 2010

None was received for year ended 30 June 2010.

Remuneration of Key Management Personnel – 2009

Name of Directors & Executives	Short term employee benefits			Post employment benefits	Share-based payment			
2009	**Fees** $	**Travel & accom-modation** $	**Non-monetary benefits** $	**Super-annuation** $	**Options** $	**Shares** $	**Total** $	**Equity as % of annual remuner-ation**
Directors								
Martin Ralston	27,000	-	-	2,430	-	-	29,430	-
Angus Edgar	124,000	-	-	2,160	-	-	126,160	-
Richard Stanger	150,000	-	-	-	-	-	150,000	-
Andrew Metcalfe	-	-	-	-	-	-	-	-
Greg Bound	87,000	-	-	-	-	-	87,000	-
Total Remuneration: Directors	**388,000**	**-**	**-**	**4,590**	**-**	**-**	**392,590**	**-**

Option Holdings of Directors and Specified Executives

	Balance at beginning of period 1 July 2008	**Granted as remunera-tion**	**Options Cancelled/ Expired**	**Options Other**	**Balance at end of period** 30 June 2009	**Vested at 30 June 2010**	**Exercisable at 30 June 2009**
Directors							
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
Greg Bound	-	-	-	-	-	-	-
Total	**93,890,606**	**-**	**(300,000)**	**-**	**93,590,606**	**93,590,606**	**93,590,606**

Option Holdings of Directors and Specified Executives (continued)

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

** 9,599,999 options held by Angus Edgar 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 remuneration package of which 10 million of these options vested on 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.

End of Remuneration Report

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	**Director's Meetings**
Number of Meetings held:	10
Number of Meetings attended:	
Martin Ralston	10
Angus Edgar	10
Richard Stanger	10
Phillip Jackson (Appointed 18 November 2009)	6

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 the Company 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 2010 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: 1 September 2010

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	**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

Recommendation	Recommendation adopted?	Section
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
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

Recommendation	Recommendation adopted?	Section
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

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 conformity 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.

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.

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.

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.

Bentleys
Thinking ahead

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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 2010 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

GORDON ROBERTSON
PARTNER

Dated in Melbourne on this 31st day of August 2010

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2010

	Note	Consolidated 2010 $	2009 $
Continuing operations			
Revenue	5	**234,791**	329,098
Other Income	5	**1,665,699**	1,001,646
Administration and corporate expense		**(297,939)**	(205,956)
Advertising and marketing		**(29,422)**	-
Legal and professional fees		**(402,349)**	(729,233)
Depreciation expense	6	**(19,659)**	(12,380)
Employee benefits expense		**(470,704)**	(466,626)
Finance costs	6	**(2,847)**	(7,647)
Occupancy costs		**(131,445)**	(131,126)
Other expenses		**(214,701)**	(249,795)
Exploration costs expensed	6	**-**	(286,132)
Inventory write-down		**-**	(31,200)
Provision for non-recovery of intercompany loans and investment		**(227,702)**	-
Impairments	7	**(205,000)**	(5,527,079)
Loss before income tax		**(101,278)**	(6,316,430)
Income tax benefit	8	**-**	61,867
Loss for the year from continuing operations		**(101,278)**	(6,254,563)
Other comprehensive income/(deficit)			
Exchange differences on translation of foreign operations		(11,805)	710,699
Other comprehensive income/(deficit) for the period net of income tax		(11,805)	710,699
Total comprehensive deficit		**(113,083)**	**(5,543,864)**
Loss attributable to:			
Owners of the parent		**(32,694)**	(6,253,037)
Non-controlling interests		**(68,584)**	(1,526)
		(101,278)	(6,254,563)
Comprehensive deficit attributable to:			
Owners of the parent		(44,499)	(5,542,338)
Non-controlling interests		(68,584)	(1,526)
		(113,083)	(5,543,864)
Loss per share		**Cents**	Cents
Basic loss per share	11	(0.00)	(1.34)
Diluted loss per share	11	(0.00)	(1.34)
Dividends per share (cents per share)		-	-

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
As at 30 June 2010

	Note	Consolidated 2010 $	2009 $
Assets			
Current Assets			
Cash and cash equivalents	12	**694,162**	1,424,496
Trade and other receivables	13	**44,348**	71,906
Other current assets	20	**50,290**	79,496
Total Current Assets		**788,800**	1,575,898
Non-Current Assets			
Trade and other receivables	15	**97,298**	-
Property and equipment	17	**126,925**	111,760
Exploration assets	18	**548,368**	500,000
Intangible assets	19	**-**	205,000
Total Non-Current Assets		**772,591**	816,760
Total Assets		**1,561,391**	2,392,658
Liabilities			
Current Liabilities			
Trade and other payables	21	**272,317**	982,626
Provision for income tax	22	**-**	-
Provisions	23	**2,886**	5,656
Total Current Liabilities		**275,203**	988,282
Non-Current Liabilities			
Trade and other payables	21	**3,334**	8,439
Total Non-Current Liabilities		**3,334**	8,439
Total Liabilities		**278,537**	996,721
Net Assets		**1,282,854**	1,395,937
Equity			
Issued Capital	25	**22,315,213**	22,315,213
Reserves	26	**1,623,280**	1,635,085
Accumulated losses		**(22,585,529)**	(22,552,835)
Parent interest		**1,352,964**	1,397,463
Non-controlling interest		**(70,110)**	(1,526)
Total Equity		**1,282,854**	1,395,937

The accompanying notes form part of these financial statements

STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2010

	Note	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY							
		Share Capital	**Cost of issue of Share Capital**	**Foreign Currency Translation Reserve**	**Option Reserve**	**Accumulat-ed Losses**	**Total**	**NON-CONTROLL-ING EQUITY INTEREST**	**TOTAL EQUITY**
		$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
CONSOLIDATED									
Balance at 1 July 2008		**21,566,797**	**(335,502)**	**(403,359)**	**1,327,745**	**(16,299,798)**	**5,855,883**	**-**	**5,855,883**
Loss attributable to members of the company		-	-	-	-	(6,253,037)	**(6,253,037)**	-	**(6,253,037)**
Loss attributable to non-controlling interests		-	-	-	-	-	**-**	(1,526)	**(1,526)**
Exchange differences on translation of foreign controlled entities	26	-	-	710,699	-	-	**710,699**	-	**710,699**
Total comprehensive deficit		**-**	**-**	**710,699**	**-**	**(6,253,037)**	**(5,542,338)**	**(1,526)**	**(5,543,864)**
Issue of shares during the year	25	1,103,068	-	-	-	-	**1,103,068**	-	**1,103,068**
Transaction costs	25	-	(19,150)	-	-	-	**(19,150)**	-	**(19,150)**
Balance at 30 June 2009		**22,669,865**	**(354,652)**	**307,340**	**1,327,745**	**(22,552,835)**	**1,397,463**	**(1,526)**	**1,395,937**
Balance at 1 July 2009		**22,669,865**	**(354,652)**	**307,340**	**1,327,745**	**(22,552,835)**	**1,397,463**	**(1,526)**	**1,395,937**
Loss attributable to members of the group		-	-	-	-	(32,694)	**(32,694)**	-	**(32,694)**
Loss attributable to non-controlling interests		-	-	-	-	-	**-**	(68,584)	**(68,584)**
Exchange differences on translation of foreign controlled entities	26	-	-	(11,805)	-	-	**(11,805)**	-	**(11,805)**
Total comprehensive deficit		**-**	**-**	**(11,805)**	**-**	**(32,694)**	**(44,499)**	**(68,584)**	**(113,083)**
Balance at 30 June 2010		**22,669,865**	**(354,652)**	**295,535**	**1,327,745**	**(22,585,529)**	**1,352,964**	**(70,110)**	**1,282,854**

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

For the year ended 30 June 2010

		Consolidated	
		2010	2009
	Note	**$**	$
Cash Flows from Operating Activities			
Payments to suppliers and employees		**(2,077,029)**	(1,208,249)
Interest paid		**(2,847)**	-
Interest received		**27,790**	27,304
Other Income		**216,228**	939,333
Proceeds from farm-in		**1,610,027**	-
Net Cash flows Used in Operating Activities	34	**(225,831)**	**(241,612)**
Cash Flows from Investing Activities			
Purchase of plant and equipment		**(82,163)**	(98,904)
Purchase of intangibles		**-**	(150,000)
Exploration assets		**(48,368)**	(1,761,197)
Proceeds from disposal of assets		**48,150**	36,855
Net Cash Flows Used in Investing Activities		**(82,381)**	(1,973,246)
Cash Flows from Financing Activities			
Proceeds from Issue of Shares		**-**	1,103,068
Capital Raising Costs		**-**	(12,150)
Loans to subsidiaries		**(325,000)**	-
Loans (to)/from directors		**(79,975)**	131,975
Repayment of borrowings		**(5,342)**	-
Net Cash Flows from Financing Activities		**(410,317)**	1,222,893
Net Decrease in Cash Held		(718,529)	(991,965)
Add Opening Cash and Cash Equivalents		**1,424,496**	2,436,637
Foreign exchange loss		**(11,805)**	(20,176)
Closing Cash and Cash Equivalents	12	**694,162**	1,424,496

The accompanying notes form part of these financial statements

1. General Information

Transol Corporation Limited (the Company) is a limited company incorporated in Australia. The addresses of its registered office and principal place of business are disclosed in Note 35 to the annual report

2. Adoption of new and revised Accounting Standards

2.1 Standards and Interpretations affecting amounts reported in the current period

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements for disclosure purposes only. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in section 2.2.

Standards affecting presentation and disclosure

AASB 101 *Presentation of Financial Statements* (as revised in September 2007), 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*	AASB 101 (September 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard has required the presentation of a third statement of financial position at 1 July 2008, because the entity has applied new accounting policies retrospectively (see below).
AASB 8 *Operating Segments*	AASB 8 is a disclosure Standard that has resulted in a redesignation of the Group's reportable segments (see note 27).
AASB 2009-2 *Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments*	The amendments to AASB 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.
Amendments to AASB 107 *Statement of Cash Flows* (adopted in advance of effective date of 1 January 2010)	The amendments (part of AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*) specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows. Consequently, cash flows in respect of development costs that do not meet the criteria in AASB 138 *Intangible Assets* for capitalisation as part of an internally generated intangible asset (and, therefore, are recognised in profit or loss as incurred) have been reclassified from investing to operating activities in the statement of cash flows. Prior year amounts have been restated for consistent presentation.

AASB 3 *Business Combinations* (as revised in 2008)

AASB 3(2008) has been adopted in the current year. Its adoption has affected the accounting for business combinations in the current period.

In accordance with the relevant transitional provisions, AASB 3(2008) has been applied prospectively to business combinations for which the acquisition date is on or after 1 July 2009. The impact of the adoption of AASB 3(2008) *Business Combinations* has been:

- to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree.
- to change the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the 'measurement period' (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognised in profit or loss;
- here the business combination in effect settles a pre-existing relationship between the Group and the acquiree, to require the recognition of a settlement gain or loss; and
- to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

AASB 127 *Consolidated and Separate Financial Statements* (as revised in 2008)

The revisions to AASB 127(2008) principally affect the accounting for transactions or events that result in a change in the Group's interests in its subsidiaries. The adoption of the revised Standard has affected the accounting for the Group's disposal of part of its interest in Subone Limited in the year (see below).

AASB 127(2008) has been adopted for periods beginning on of after 1 July 2009 and has been applied retrospectively (subject to specified exceptions) in accordance with the relevant transitional provisions. The revised Standard has affected the Group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in a change in control. In prior years, in the absence of specific requirements in A-IFRS, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit or loss. Under AASB 127(2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires that the Group derecognise all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost, with the gain or loss arising recognised in profit or loss.

Amendments to AASB 128 *Investments in Associates*

The principle adopted under AASB 127(2008) (see above) that a loss of control is recognised as a disposal and re-acquisition of any retained interest at fair value is extended by consequential amendment to AASB 128 in AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127*; therefore, when significant influence is lost, the investor measures any investment retained in the former associate at fair value, with any consequential gain or loss recognised in profit or loss.

Amendments to AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*

As part of AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project,* AASB 120 has been amended to require that the benefit of a government loan at a below-market rate of interest be treated as a government grant. This accounting treatment was not permitted prior to these amendments.

2.2 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* *	1 January 2010	30 June 2011
AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions	1 January 2010	30 June 2011
AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues	1 February 2010	30 June 2011
AASB 124 Related Party Disclosures (revised December 2009), AASB 2009-12 Amendments to Australian Accounting Standards	1 January 2011	30 June 2012
AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9	1 January 2013	30 June 2014
AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement	1 January 2011	30 June 2012
Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010	30 June 2011

* AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* specify amendments resulting from the IASB's annual improvement project to various Australian accounting standards and interpretations. As permitted, the group has early adopted most of the amendments in AASB 2009-5 (refer note 2.2). However, the amendments to AASB 117 *Leases* have not been early adopted. Adoption of these amendments will potentially result in the reclassification of several leases over land as finance leases. The amendments, which apply retrospectively to unexpired leases from 1 July 2010, remove the guidance from AASB 117 which effectively prohibited the classification of leases over land as finance leases. It is not practical to provide a reasonable estimate of the impact of this amendment until a detailed review of existing leases has been completed.

3. Significant accounting policies

3.1 Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 31 August 2010.

3.2 Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Early adoption of Accounting Standards

The directors have elected under s.334(5) of the Corporations Act 2001 to apply Amendments to AASB 5 *Non-Current Assets Held for Sale and Discontinued Operations* and Amendments to AASB 107 *Statement of Cash Flows* in advance of their effective dates. The Standards are not required to be applied until annual reporting periods beginning on or after 1 January 2009. The impact of the adoption of these standards is disclosed in Note 2.1 to the financial statements.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the noncontrolling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the noncontrolling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

3.4 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3(2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 *Income Taxes* and AASB 119 *Employee Benefits* respectively*;*
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share based payment awards are measured in accordance with AASB 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 *Noncurrent Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

3.5 Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations.* Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

When a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

3.6 Investments in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

When a group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

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

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations.* The Group's share of the assets, liabilities, income and expenses of jointly controlled entities is combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising in a business combination (see 3.7 below).

When a group entity transacts with a jointly controlled entity of the Group, unrealised profits and losses

3.7 Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described at 3.5 above.

3.8 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3.9 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

3.9.1 Sale of goods
Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3.9.2 Rendering of services
Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period;
- servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold, taking into account historical trends in the number of services actually provided on past goods sold; and
- revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

3.9.3 Royalties and Licence Fee Revenue
Royalties and licence fee revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably). Royalties and license fees determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty and license fee arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

3.9.4 Dividend and Interest Revenue
Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.9.5 The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see 3.11 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.10 Foreign currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to noncontrolling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities not involving a change of accounting basis), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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

3.11 Borrowing Costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.12 Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government assistance which does not have conditions attached specifically relating to the operating activities of the entity is recognised in accordance with the accounting policies above.

3.13 Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Contributions to defined contribution superannuation benefit plans are recognised as an expense when the employees have rendered service entitling them to the contributions.

3.14 Share based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

The policy described above is applied to all equity-settled share-based payments that were granted after 7 November 2002 and vested after 1 January 2005. No amounts have been recognised in the financial statements in respect of other equity-settled shared-based payments.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

3.15 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.15.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.15.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax

liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.15.3 Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Additional information on accounting policies shall be included where the entity has other material tax balances not covered by the above analysis, such as in relation to tax deductible share-based payments.

3.16 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation rates and methods shall be reviewed at least annually and, where changed, shall be accounted for as a change in accounting estimate as illustrated in note 4.2.2. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognised in prior financial years shall not be changed, that is, the change in depreciation rate or method shall be accounted for on a 'prospective' basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.17 Intangible assets

3.17.1 Intangible assets acquired separately

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

3.17.2 Internally-generated intangible assets - research and development expenditure

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.17.3 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.18 Impairment of tangible and Intangible assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.19 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.20 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.20.1 <u>Onerous contracts</u>
Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

3.20.2 Restructurings
A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

3.20.3 Warranties
Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

3.20.4 Contingent liabilities acquired in a business combination
Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation recognised in accordance with AASB 118 *Revenue*.

3.21 Financial Assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3.21.1 Effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

3.21.2 Financial assets at FVTPL
Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘other gains and losses’ line item in the statement of comprehensive income. Fair value is determined in the manner described in note 30.

3.21.3 Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

3.21.4 AFS financial assets

Listed shares and listed redeemable notes held by the Group that are traded in an active market are classified as AFS and are stated at fair value. The Group also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Fair value is determined in the manner described in note 30. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

3.21.5 Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as ‘loans and receivables’. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3.21.6 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

3.21.7 Reclassification of financial assets

The Group has reclassified certain non-derivative financial assets out of held for trading (part of the

FVTPL category) to AFS financial assets. Reclassification is only permitted in rare circumstances and where the asset is no longer held for the purpose of selling in the short-term. In all cases, reclassifications of financial assets are limited to debt instruments. Reclassifications are accounted for at the fair value of the financial asset at the date of reclassification.

3.21.8 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3.22 Financial liabilities and equity instruments issued by the Group

3.22.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

3.22.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

3.22.3 Compound instruments

The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

3.22.4 Financial guarantee contract liabilities

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out at 3.9 above.

3.22.5 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

3.22.6 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the consolidated statement of comprehensive income. Fair value is determined in the manner described in note 30.7.

3.22.7 Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.22.8 Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

3.23 Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognised inclusive of GST.

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

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

3.24 Provision for restoration and rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of exploration or 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 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.

3.25 Going concern

The Group experienced operating losses and negative operating cash flows during the year ended 30 June 2010 and as such there is a material uncertainty about the consolidated Group's ability to continue as a going concern. 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 company being successful:

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

The Directors believe the Company 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.

3.26 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, studies, 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.

3.27 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposit 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 included in liabilities.

3.28 Comparative figures

When required by Accounting Standards, comparative figures have been restated to conform to changes in presentation for the current period.

3.29 Earnings/(Loss) per share (EPS)

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 period.

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 period. Dilutive EPS is the same as basic EPS, as the potential ordinary shares is not dilutive. Potential ordinary shares are only treated as dilutive when the conversion to, calling of, or subscription for ordinary shares would decrease (or increase) net profit (or loss) from continuing operations per share.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 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 indicator 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 and evaluation assets have been assessed for indicators of impairment and no indicators have been identified. Therefore exploration and evaluation assets have not been impaired at reporting date (2009: $4,186,957). Intangible assets – trademarks & licenses have been assessed for indicators of impairment and impaired for their full value of $205,000 (2009: $Nil). Intangible assets – goodwill were assessed for indicators of impairment in 2009 and impaired for their full value of $1,050,862 in that period. These assets related to goodwill on consolidation of the Liberty Mining International Group.

4.2 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

4.2.1 Exploration and Evaluation Assets

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached the stage which permits a reasonable assessment of the existence of reserves. Assessment of indicators of impairment is made at reporting date and exploration and evaluation assets have not been impaired at reporting date (2009: $4,186,957).

4.2.2 Useful lives and depreciation rates of plant and equipment

The Group reviews the estimated useful live of plant at each annual reporting date and the depreciation rates used for the current financial reporting period range between 3% and 50% calculated based on the estimated useful life.

Note 5: Revenue

		Consolidated	
		2010	2009
		$	$
Revenue			
- Interest Received	(a)	**27,790**	27,304
- Software Maintenance Fee		**-**	39,722
- Professional Services		**207,001**	58,067
- License Fee		**-**	204,005
Total Revenue		**234,791**	329,098
Other Income			
- Profit on disposal of plant & equipment		**811**	-
- Tax Refundable		**-**	565,747
- Joint Venture Funds		**1,599,033**	-
- Other Income		**65,855**	435,899
Total Other Income		**1,665,699**	1,001,646
Total Revenue and Other Income		**1,900,490**	1,330,744
(a) Interest Revenue from:			
- Other persons		**27,790**	27,304
Total Interest Revenue		**27,790**	27,304

Note 6: Loss for the year

	Consolidated	
	2010	2009
	$	$
Expenses		
Depreciation	**19,659**	12,380
Operating lease costs	**93,924**	75,888
Finance costs - external	**2,847**	7,647
Travel Costs	**105,601**	109,932
Operating Costs	**109,101**	139,813
Exploration expenditure	**-**	286,132
Loss on disposal of plant and equipment	**-**	18,057

Note 7: Impairments

		Consolidated	
		2010	2009
		$	$
Impairments			
Impairment of Investments		**-**	289,260
Impairment of Exploration Assets		**-**	4,186,957
Impairment of Goodwill		**-**	1,050,862
Impairment of Intangible Assets - Trademarks & Licenses		**205,000**	-
		205,000	5,527,079

Exploration assets have been assessed for indicators of impairment at reporting date. No impairment has been recognised in the current period (2009: $4,186,957) as there were no indicators of impairment.

Note 8: Income Tax Benefit

		CONSOLIDATED	
		2010	2009
		$	$
Components of Tax Benefit			
Current		**-**	(61,867)
Recoupment of prior year tax losses		**-**	-
		-	(61,867)
Prima Facie Tax on Loss from Operations before Income Tax is reconciled to the Income Tax Benefit as follows:			
Loss from Operations		**(101,278)**	(6,316,430)
Prima Facie Tax Receivable on Loss from Operations before Income Tax at 30% (2009:30%)		**(30,383)**	(1,894,929)
Add:	Tax Effect of		
	Other Non-Allowable Items	**118,566**	1,686,760
	Tax losses not brought to account as future income tax benefits	**430,329**	244,225
		518,512	36,056
Less:	Tax Effect of		
	Other Allowable Items	**30,436**	36,056
	Other non-assessable	**488,076**	-
Income Tax Attributable to Entity		**-**	-
Over provision for income tax in prior period		**-**	(61,867)
Income Tax Benefit Attributable to Entity		**-**	(61,867)
Future income tax benefits not brought to account as assets: Tax Losses - Revenue		**3,588,583**	2,122,952
The applicable weighted average effective tax rates are as follows:		**0.00%**	0.00%

Note 9: 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 2010 and 30 June 2009. The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

		CONSOLIDATED	
		2010	2009
		$	$
Short-term employee benefits		**403,500**	388,000
Post-employment benefits		**4,590**	4,590
Share-based payments		**-**	-
		408,090	392,590

9.1 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**
Mr. Martin Ralston	Non-Executive Director/Chairman
Mr. Angus Edgar	Executive Director
Mr. Richard Stanger	Executive Director – Appointed 15 October 2007
Mr. Greg Bound	Executive Director CLTNet Pty Ltd – Appointed 22 July 2008
Mr. Phillip Jackson	Non-Executive Director - Appointed 18 November 2009

9.2 Options & Rights Holdings

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

2010	Balance 1 July 2009	Granted as Compensation	Exercised	Net Change Other	Balance 30 June 2010	Total Vested 30 June 2010	Total Vested & Exercisable 30 June 2010	Total Vested & Un-exercisable 30 June 2010
Key Management Personnel								
Mr. Martin Ralston	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-
Mr. Phillip Jackson	-	-	-	-	-	-	-	-
	93,590,606	-	-	-	93,590,606	93,590,606	93,590,606	-

2009	Balance 1 July 2008	Granted as Compensation	Exercised	Net Change Other	Balance 30 June 2009	Total Vested 30 June 2009	Total Vested & Exercisable 30 June 2009	Total Vested & Un-exercisable 30 June 2009
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	-

9.3 Shareholding

2010	Balance 1 July 2009	Granted as Compensation	Options Exercised	Net Change Other	Balance 30 June 2010
Key Management Personnel					
Mr. Martin Ralston	237,500	-	-	-	237,500
Mr. Angus Edgar	198,977,770	-	-	-	198,977,770
Mr. Richard Stanger	39,466,670	-	-	-	39,466,670
Mr. Greg Bound	-	-	-	-	-
Mr. Phillip Jackson	-	-	-	-	-
	238,681,940	-	-	-	238,681,940
2009	**Balance 1 July 2008**	**Granted as Compensation**	**Options Exercised**	**Net Change Other**	**Balance 30 June 2010**
Key Management Personnel					
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

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

9.4 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 29.

Note 10: Auditor's Remuneration

		Consolidated	
		2010	2009
		$	$
Audit or review of the Financial Report		**33,330**	76,482
		33,330	76,482

The Auditor of Transol Corporation Limited and its Controlled Entities is Bentleys Melbourne Partnership Chartered Accountants

Note 11: Earnings Per Share

	CONSOLIDATED	
	2010	2009
	$	$
(a) Reconciliation of earnings to profit or loss		
Loss for the year from continuing operations	**(101,278)**	(6,254,563)
Loss attributable to non-controlling interests	**(68,584)**	(1,526)
Loss attributable to members after tax	**(32,694)**	(6,253,037)
Loss used to calculate basic EPS	**(32,694)**	(6,253,037)
Loss used to calculate diluted EPS	**(32,694)**	(6,253,037)
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**975,867,926**	468,014,608
Weighted average number of options outstanding	**227,416,261**	227,416,261

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 12: Cash and Cash Equivalents

	CONSOLIDATED	
	2010	2009
	$	$
12.1 Cash and Cash Equivalents		
Cash at Bank and In Hand	**694,162**	1,424,496
	694,162	1,424,496
12.2 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	**694,162**	1,424,496
	694,162	1,424,496

The effective interest rate for 30 June 2010 was 3.60% (2009: 5.69%).

Note 13: Trade and Other Receivables

	CONSOLIDATED	
	2010	2009
	$	$
CURRENT		
Trade Receivables	**44,348**	**64,450**
Other Receivables	-	**7,456**
	44,348	**71,906**

Trade and other receivables disclosed above are classified as loans and receivables and are therefore measures at amortised costs.

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.

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 30. 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 2010 a provision for impairment of $800,628 (2009:$5,105,198) has been made against the long term inter-company loan in the parent entity. These loans are eliminated on consolidation and are not shown in the consolidated financial statements.

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	
	2010	2009
	$	$
Australia	**37,431**	-
Cambodia	**6,433**	7,456
New Zealand	**484**	64,450
	44,348	71,906

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.

Credit Risk – Trade and Other Receivables

			Past due but not impaired			
	Gross Amount	**Past due and Impaired**	**< 30**	**31-60**	**>90**	**Within initial Trade Terms**
	$	**$**	**$**	**$**	**$**	**$**
CONSOLIDATED						
2010						
Trade Receivables	**44,348**	-	**-**	-	-	**44,348**
Total	**44,348**	-	**-**	-	-	**44,348**
2009						
Trade Receivables	**64,450**	-	**-**	-	-	**64,540**
Other Receivables	**7,456**	-	**-**	-	-	**7,456**
Total	**71,906**	-	**-**	-	-	**71,906**

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

Note 14: Inventories

		CONSOLIDATED	
		2010	2009
		$	$
CURRENT			
At Cost			
Finished Goods		**-**	**31,200**
Write-down of inventory		**-**	**(31,200)**
Net Carrying Value		**-**	**-**

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

Note 15: Trade and Other Receivables

	CONSOLIDATED	
	2010	2009
	$	$
NON-CURRENT		
Amounts receivables from:		
- Associated companies	**150,000**	-
- Provision for impairment - associated companies	**(52,702)**	-
- Other entities	**175,000**	-
- Provision for impairement - other entities	**(175,000)**	-
Total Non-Current Trade and Other Receivables	**97,298**	**-**

Movement in the provision for impairment and receivables is as follows:

	Opening Balance 01.07.09	**Change for the year**	**Amounts Written Off**	**Closing Balance 30.06.10**
	$	$	$	$
Non-Current Associated Companies	-	**52,702**	-	**52,702**
Non-Current Other Entities	-	**175,000**	-	**175,000**
	-	**227,702**	-	**227,702**

There were no provisions for impairment and receivables as at 30 June 2009 and no movements in provisions during the year ended 30 June 2009.

Note 16: Controlled Entities

16.1 Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)*	
		2010	2009
Parent Entity:			
Transol Corporation Limited	Australia		
Subsidiaries of Transol Corporation			
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**	100
CLTNet NZ Pty Ltd	Australia	**100**	100
QL (Aust) Pty Ltd	Australia	**80**	70
Liberty Mining International (Cambodia) Pty	Cambodia	**100**	100
Liberty Mining International Pty Ltd	Cambodia	**100**	100
Maxum Metals Pty Ltd	Cambodia	**100**	100
Transol Mining & Exploration Company Pty Ltd	Cambodia	**100**	100
CLTNet NZ Ltd	New Zealand	**100**	100
QL Pty Ltd (NZ)	New Zealand	**100**	100
Valleyarm Digital Pty Ltd	Australia	**70**	-

*Percentage of voting power is in proportion to ownership

During the 2010 financial year all new entities in the group were incorporated by the Group.

16.2 Investment in Associated Entity

A 22.5% interest in Enhanced Biogenic Methane Ltd ("EBM") was acquired during the year for $290. On 22 June 2010, the Company entered into a Deed of Variation to acquire 50% EBM through a $500,000 secured loan facility specifically for the purposes of establishing and commercialising the business. As at 30 June 2010 $150,000 of the loan had been advanced to EBM (see note 15). Due to the losses incurred by EBM during the year, the investment of $290 was written down to $Nil.

16.3 Acquisition of Subsidiaries

A 70% interest in Valleyarm Digital Pty Ltd ("Valleyarm") was acquired on 25 May 2010 and the Company has agreed to loan Valleyarm $300,000 as a special purpose loan specifically for the purposes of establishing and commercialising the business.

The major class of assets comprising the acquisition of the company at the date of acquisition was:

	2010 $
Cash and cash equivalents	70
Net assets acquired	70
Consideration paid	-

No cash was paid for the acquisition of 70% of the Issued Capital of Valleyarm, but the Company has agreed as a consequence to loan Valleyarm $300,000.

Note 17: Plant and Equipment

	CONSOLIDATED	
	2010	2009
	$	$
Plant & Equipment:		
Cost	**189,722**	153,399
Accumulated Depreciation	**(62,797)**	(41,639)
Total Plant and Equipment	**126,925**	111,760

17.1 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:

	CONSOLIDATED	
	2010	
	$	**$**
	Plant & Equipment	**Total**
Balance at 1 July 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**
Additions	82,163	**82,163**
Disposals	(47,339)	**(47,339)**
Depreciation Expense	(19,659)	**(19,659)**
Balance at 30 June 2010	126,925	**126,925**

Note 18: Exploration and Evaluation Assets

		CONSOLIDATED	
		2010	2009
		$	$
Exploration and Evaluation Assets			
Opening Balance 1 July		**500,000**	2,330,029
Net Exploration & Evaluation Expenditure Capitalised		**48,368**	2,356,928
Accumulated Impairment Loss		**-**	(4,186,957)
Net Carrying Value		**548,368**	500,000
Closing Balance 30 June		**548,368**	500,000
Total Exploration and Exploration Assets		**548,368**	500,000

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 $48,368 (2009: $2,356,928) have been capitalised.

Impairment

At each reporting date the Group reviewed identified indicators of impairment in the value of the exploration expenditure carried in the books of the Group's 100% owned subsidiary, Liberty Mining International Pty Ltd. Ultimate recovery of exploration 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 determined that no exploration and evaluation assets are impaired for the current period and that an impairment loss of $nil (2009: $4,186,957) should be charged.

Note 19: Intangible Assets

	CONSOLIDATED	
	2010	2009
	$	$
Goodwill		
Cost	**1,050,862**	1,050,862
Accumulated impaired losses	**(1,050,862)**	(1,050,862)
Net carrying value	**-**	-
Trademarks and Licences		
Cost	**205,000**	205,000
Accumulated impaired losses	**(205,000)**	-
Net carrying value	**-**	**205,000**

	Goodwill	**Trademarks and Licences**
Year ended 30 Jun 2009		
Balance at the beginning of the year	**1,050,862**	**55,000**
Additions	**-**	**150,000**
Disposals	**-**	**-**
Amortisation charge	**(1,050,862)**	**-**
Impaired Losses	**-**	**205,000**
Year ended 30 June 2010		
Balance at the beginning of the year	**-**	**205,000**
Additions	**-**	**-**
Disposals	**-**	**-**
Amortisation charge	**-**	**(205,000)**
Impaired Losses	**-**	**-**

Impairment

During the period, the consolidated Group has reviewed identified indicators of impairment in the value of the trademarks and licenses in QL (Aust) Pty Ltd and has impaired their full amount of $205,000 during the period.

During the previous period, impairment of $1,050,862 was recognised in respect of the goodwill on consolidation of the Liberty Mining International Group. The impairment resulted from the underperformance of the Liberty Mining International Group and its associated exploration assets.

Note 20: Other Assets

		CONSOLIDATED	
		2010	2009
		$	$
CURRENT			
Prepayments		**28,688**	11,709
Deposits		**7,000**	-
Withholding Tax		**250**	250
Unexpired Interest Charges		**990**	1,108
GST Refundable		**13,362**	66,429
		50,290	79,496

Note 21: Trade and Other Payables

	CONSOLIDATED	
	2010	2009
	$	$
CURRENT		
Unsecured Liabilities		
Trade Payables	**54,718**	254,552
Sundry Payables & Accrued Expenses	**217,599**	728,074
	272,317	982,626
NON-CURRENT		
Unsecured Liabilities		
Sundry Payables & Accrued Expenses	**3,334**	8,439
	3,334	8,439

Note 22: Provision For Income Tax

		CONSOLIDATED	
		2010	2009
		$	$
CURRENT			
Provision for Income Tax			
Opening Balance at beginning of year		**-**	63,984
Additional Provisions (reversed)/raised during the year		**-**	(63,984)
Balance at end of the year		**-**	-

Deferred tax assets are not brought to account. The benefits of the deferred tax assets will only be realised if the conditions for deductibility are met.

Note 23: Provision for Employee Entitlements

		CONSOLIDATED	
		2010	2009
		$	$
CURRENT			
Provision for annual leave		**2,886**	5,656
		2,886	**5,656**

Note 24: Contingent Liabilities & Contingent Assets

There are no contingent assets or liabilities as at 30 June 2010 (30 June 2009: Nil).

Note 25: Issued Capital

		CONSOLIDATED	
		2010	2009
		$	$
975,867,926 (2009: 975,867,926) fully paid ordinary shares		**22,315,213**	22,315,213
		22,315,213	22,315,213

25.1 Ordinary Shares

	CONSOLIDATED			
	2010	**2010**	2009	2009
	No.	**$**	No.	$
At the beginning of reporting period	**975,867,926**	**22,315,213**	424,333,963	21,231,295
Shares issued during year				
23-Apr-09	**-**	**-**	63,600,000	127,200
3-Jun-09	**-**	**-**	310,238,157	620,476
12-Jun-09	**-**	**-**	177,695,806	355,392
Capital Raising Costs	**-**	**-**	-	(19,150)
At the end of tthe reporting period	**975,867,926**	**22,315,213**	975,867,926	22,315,213

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.

25.2 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 2010 and 30 June 2009 the Group's capital represents ordinary shares. Refer to earlier section of Note 25 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 2010.

Note 26: Reserves

		CONSOLIDATED	
		2010	**2009**
		$	**$**
Foreign Currency Translation Reserve			
Balance at beginning of financial year		**307,340**	(403,359)
Adjustment from translation of foreign controlled entities		**(11,805)**	710,699
Balance at end of financial year		**295,535**	307,340
Option Reserve			
Balance at beginning of financial year		**1,327,745**	1,327,745
Options Issued		**-**	-
Balance at end of financial year		**1,327,745**	1,327,745
Total reserves		**1,623,280**	**1,635,085**

26.1 Foreign Currency Translation Reserve

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

26.2 Option Reserve

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

Note 27: Segment Reporting

27.1 Segment Information

The Group has adopted AASB 8 *Operating Segments* with effect from 1 July 2009. Operating segments have been identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and assess their performance. In contrast AASB 114 *Segment Reporting* required the group to identify 2 sets of segments (business and geographical), using a risks and returns approach. The Group's reportable segments under AASB 8 *Operating Segments* have been identified as:

Mining Exploration
CLTNet
Digital Music and Video
Management Services

Information on the Group's reportable segments is shown below. Amounts reported for the prior year have been restated to comply with the requirements of AASB 8.

27.2 Segment revenues

	External sales		Inter-segment (i)		Total	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**	**$**	**$**
Continuing operations						
Mining Exploration	1,599,916	418,966	-	-	1,599,916	418,966
CLTNet	189,291	262,072	-	-	189,291	262,072
Digital Music and Video	17,794	-	-	-	17,794	-
Management Services	93,489	649,706	326,225	663,964	419,714	1,313,670
Total of all segments	1,900,490	1,330,744	326,225	663,964	2,226,715	1,994,708
Eliminations					(326,225)	(663,964)
Total Revenue					1,900,490	1,330,744

(i) Inter-segment sales are recorded at amounts equal to competitive market prices charged to external customers for similar goods.

27.3 Segment result

	2010	**2009**
	$	**$**
Continuing operations		
Mining Exploration	994,518	(6,225,704)
CLTNet	(535,963)	(509,848)
Digital Music and Video	(91,007)	-
Management Services	(468,826)	419,122
Total of all segments	(101,278)	(6,316,430)
Loss before tax	(101,278)	(6,316,430)
Income tax benefit	-	61,867
Loss for the year from continuing operations	(101,278)	(6,254,563)

27.4 Segment assets and liabilities

	Assets		Liabilities	
	2010	2009	2010	2009
	$	$	$	$
Mining Exploration	661,471	4,794,287	5,079,057	6,012,553
CLTNet	78,808	521,658	819,078	675,163
Digital Music and Video	30,870	-	144,629	-
Management Services	1,412,741	2,634,030	72,274	236,371
Total of all segments	2,183,890	7,949,975	6,115,038	6,924,087
Eliminations	(622,546)	(5,557,317)	(5,836,501)	(5,927,366)
Consolidated	1,561,344	2,392,658	278,537	996,721

27.5 Other segment information

	Depreciation		Additions to non-current assets		Impairment	
	2010	2009	2010	2009	2010	2009
	$	$	$	$	$	$
Mining Exploration	8,860	12,380	119,732	2,415,230	-	5,527,079
CLTNet	-	-	-	205,000	205,000	-
Digital Music and Video	-	-	-	-	-	-
Management Services	10,799	-	108,097	-	-	-
Total of all segments	19,659	12,380	227,829	2,620,230	205,000	5,527,079

27.6 Revenue from major products and services

	2010	2009
	$	$
Joint Venture Receipts	1,599,033	-
Professional Services and License Fees	207,001	262,072
Other	66,666	475,621
	1,872,700	737,693
Interest Received	27,790	27,304
Tax Refundable	-	565,747
	1,900,490	1,330,744

27.7 Geographical information

The Group operates in four geographical locations.

	Consolidated		Consolidated	
	2010	2009	**2010**	2009
	$	$	**$**	$
	Revenue from external customers		**Non-current assets**	
Australia	93,489	649,706	141,057	111,760
New Zealand	189,291	262,072	631,534	205,000
Cambodia	1,599,916	418,966	-	500,000
Asia	17,794	-	-	-
	1,900,490	**1,330,744**	**772,591**	**816,760**

27.8 Major Customers

During the current reporting period revenues of US$1,000,000 were received from Prairie Pacific Mining Corporation pursuant to a joint venture arrangement.

Note 28: 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 31 August 2010 by the Board of Directors.

Note 29: Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

		Consolidated 2010 $	2009 $
	Transactions with Related Parties:		
29.1	**KEY MANAGEMENT PERSONNEL**		
	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 $23,642 (2009: $10,081).	23,642	10,081
	Rental and administrative expenses were charged to Regal Resources Ltd, an entity in which Mr. Angus Edgar is associated. Regal Resources Ltd shares an office space with Transol Corporation Ltd. Total Rental Income received $37,629 (2009: $8,684).	37,629	8,684
	Regal Resources Ltd, an entity associated with Mr. Angus Edgar received a placement of 63,600,000 shares at 0.2 cents per share in April 2009.	-	127,200
	Fees paid to Mungala Investments Pty Ltd, an entity associated with Mr. Angus Edgar, through which he provides Managing Director and CEO services.	112,500	100,000
	Fees paid to Liberty Mining Corporation Pty Ltd, an entity associated with Mr. Richard Stanger, through which he provides exploration consultancy services.	130,500	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 Nil (2009: $7,000). All fees were provided during the year on normal commercial terms and conditions.	-	7,000
	Fees paid to Libery Capital Corporation Pty Ltd, an entity associated with Mr. Richard Stanger, through which he provides project administration services.	-	50,400
	Fees paid to Aztech Venture Partners, an entity associated with Mr. Greg Bound, through which he provides consultancy services specifically related to the CLTNet project.	90,000	87,000
	Loans receivable from Enhanced Biogenic Methane Ltd, an associated company.	150,000	-
29.2	**AMOUNTS UNPAID AT YEAR END**		
	Underwriting services provided by Serec Pty Ltd remain unpaid at year end 30 June 2010.	7,000	7,000
	Exploration consultancy services provided by Libery Mining Corporation Pty Ltd remain unpaid at year end 30 June 2010.	-	36,000
	CLTNet consultancy services provided by Aztech Venture Partners remain unpaid as at year end 30 Jun 2010.	7,500	-
29.3	**DIRECTOR LOANS**		
	Mr. Richard Stanger has been providing short-term funding to Liberty Mining International Pty Ltd and its associated subsidiaries and is owed $81,945 as at 30 June 2010. No interest is provided for on this loan.	81,945	131,975

Note 30: Financial Instruments

Financial Risk Management

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

30.1 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.

30.2 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.

30.3 Categories of Financial Instruments

The totals of each category of financial instruments are as follows:

		CONSOLIDATED	
		2010	2009
	Note	$	$
Financial Assets			
Cash and Cash Equivalents	12	**694,162**	1,424,496
Trade and Other Receivables - Current	13	**44,348**	71,906
Trade and Other Receivables - Non-Current	15	**97,298**	-
		835,808	**1,496,402**
Financial Liabilities			
Current Liabilities			
Trade and Other Payables	21	**272,317**	982,626
Non-Current Liabilities			
Trade and Other Payables	21	**3,334**	8,439
		275,651	**991,065**

30.4 Interest Rate Risk

The main risk is managed with a mixture of fixed and floating rates at 30 June 2010 the Company did not have any debt. For further details on interest rate risk refer to Note 30.9.

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		Interest Bearing	
	CONSOLIDATED		CONSOLIDATED	
	2010	2009	**2010**	2009
	%	%	**$**	$
Financial Assets:				
Cash & Cash Equivalents	**3.6**	5.69	**694,162**	1,424,496
Total Financial Assets			**694,162**	1,424,496

30.5 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. The Group holds amounts of currency required for trading in foreign currency bank accounts as required to meet commitments as and when they fall due. No hedging or forward exchange contracts were held at balance date. Refer to Note 30.9.

The following table shows the foreign currency risks on the financial assets and liabilities of the Group's operations denominated in currencies other than the functional currency of the operations.

2010

Consolidated	**AUD $**	**USD $**	**NZD $**	**Total AUD $**
Functional currency of Group entity				
Australian Dollar	5,557,760	n/a	n/a	5,557,760
US Dollar	n/a	(3,939,674)	n/a	(5,031,535)
NZ Dollar	n/a	n/a	(13,555)	(12,675)
Statement of financial position exposure	5,557,760	(3,939,674)	(13,555)	513,550

2009

Consolidated	**AUD $**	**USD $**	**NZD $**	**Total AUD $**
Functional currency of Group entity				
Australian Dollar	6,954,154	n/a	n/a	6,954,154
US Dollar	n/a	(5,119,922)	n/a	(6,364,063)
NZ Dollar	n/a	n/a	(3,075)	(2,474)
Statement of financial position exposure	6,954,154	(5,119,922)	(3,075)	587,617

30.6 Liquidity Risk

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

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meetings 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	
	2010	2009	**2010**	2009	**2010**	2009
	$	$	**$**	$	**$**	$
Trade and other payables	257,817	939,626	3,334	8,439	261,151	948,065
Amounts payable to related parties	14,500	43,000	-	-	14,500	43,000
Expenditure commitments	63,096	124,516	63,096	124,516	126,193	249,032
Total contractual/expected outflows	**335,414**	**1,107,142**	**66,430**	**132,955**	**401,844**	**1,240,097**
Cash and Cash Equivalents	694,162	1,424,496	-	-	694,162	1,424,496
Trade and other receivables	44,348	71,906	-	-	44,348	71,906
Total anticipated inflows	**738,510**	**1,496,402**	**-**	**-**	**738,510**	**1,496,402**
Net inflow/(outflow) on financial instruments	**403,097**	**389,260**	**(66,430)**	**(132,955)**	**336,666**	**256,305**

30.7 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.

30.8 Net Fair Values

Fair Value Estimation

The fair values of financial assets and financial liabilities approximate 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.

30.9 Sensitivity Analysis

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk and FX 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.

30.9.1 Interest Rate Sensitivity

				CONSOLIDATED	
				2010	2009
				$	$
Cash balance				694,162	1,424,496
Percentage change	+/-	0.50%			
Movement in profit and equity			+/-	3,471	7,122

30.9.2 FX Rate Sensitivity

USD Balances				(4,407,946)	1,640,925
Percentage change	+/-	20.00%			
Movement in profit and equity			+/-	881,589	328,185

No FX rate sensitivity has been disclosed on NZ balances as the movements are deemed to be insignificant.

Note 31: Expenditure Commitments

	CONSOLIDATED	
Minimum expenditure commitments contracted for under exploration licences not provided for in the financial statements:	**2010** **$**	2009 $
Not longer than 1 year	**63,096**	124,516
Longer than 1 year and not longer than 5 years	**63,096**	124,516
	126,193	249,032

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

Note 32: Lease Commitments

	CONSOLIDATED	
	2010	2009
	$	$
32.1 Operating lease commitments		
Not longer than 1 year	93,924	75,888
Longer than 1 year but not longer than 5 years	43,697	122,620
	137,620	198,508

The property lease is a non-cancellable lease with a three year term with rent payable monthly in advance with an option to renew at the end of the term. The lease agreement requires the rental to be increased by 4% per annum.

Note 33: Parent Entity

	PARENT	
	2010	2009
	$	$
33.1 Financial Position		
Current assets	1,175,214	1,865,006
Non-current assets	772,591	769,024
Total assets	**1,316,271**	**2,634,030**
Current liabilities	68,940	227,931
Non-current liabilities	3,334	8,439
Total liabilities	**72,274**	**236,370**
Net Assets	**1,243,997**	**2,397,660**
Issued capital	22,315,213	22,315,213
Options reserve	1,327,744	1,327,745
Retained earnings	(22,398,960)	(21,245,298)
Total Shareholders' equity	**1,243,997**	**2,397,660**
33.2 Financial Performance		
Loss for the year from continuing operations	(1,153,652)	(5,233,764)
Total comprehensive income for the year	(1,153,652)	(5,233,764)

Note 34: Cash flow information

	CONSOLIDATED	
	2010	2009
	$	$
RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH LOSS AFTER INCOME TAX		
Loss after Income Tax	**(101,278)**	(6,254,563)
Cash flows excluded from loss attributable to operating activities:		
Non-Cash flows in Loss:		
Depreciation	**19,659**	12,380
(Gain)/Loss on Sale of Assets	**(811)**	18,057
Inventory Write-down	**-**	31,200
Net gain on Joint Venture	**-**	(289,260)
Provision for impairment of intercompany loans and investments	**227,702**	-
Impairment of intangible assets	**205,000**	5,527,079
Decrease in Trade & Term Receivables	**73,743**	50,009
Increase in Prepayments	**(16,979)**	-
(Decrease)/Increase in Trade Payables & Accruals	**(630,097)**	727,470
Decrease in Provisions	**(2,770)**	(63,984)
Cash Flow from Operations	**(225,831)**	(241,612)

Note 35: 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

DIRECTORS' DECLARATION

The Directors of Transol Corporation Limited declare that:

(a) in the Directors' opinion the financial statements and notes on pages 32 to 81, and the remuneration disclosures that are contained in the Remuneration report in the Directors' Report, set out on pages 19 to 23, 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 2010 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

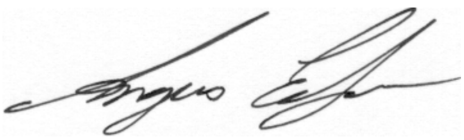
(c) the remuneration disclosures that are contained in the Remuneration report in the Directors' report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures*, the Corporations Act 2001 and the Corporations Regulations 2001; and

(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 2010, required by Section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors.

Dated at: 1 September 2010



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Director

Bentleys
Thinking ahead

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

We have audited the accompanying financial report of Transol Corporation Limited and controlled entities, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 (Continued)

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the Corporation Act 2001, provided to the directors of Transol Corporation Limited on 31 August 2010, would be in the same terms if provided to the directors as at the date of this auditor's report.

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 consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 3.25 in the financial report which indicates that the consolidated entity experienced operating losses and negative cash flows during the year ended 30 June 2010. These conditions, along with other matters as set forth in Note 3.25, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 23 of the directors' report for the year ended 30 June 2010. 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 for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

Bentleys	
BENTLEYS MELBOURNE PARTNERSHIP	**GORDON ROBERTSON**
CHARTERED ACCOUNTANTS	**PARTNER**

Dated in Melbourne on this 1st day of September 2010

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 31 August 2010.

Distribution of shareholders/optionholders

Category (number of securities)	ORDINARY SHARES (quoted)		
	Number of holders	**Number of shares**	**% of total**
1 -1,000	478	188,830	.02
1,001 - 5,000	233	612,988	.06
5,001 -10,000	100	800,222	.08
10,001 -100,000	422	21,840,507	2.24
100,001 - and over	517	952,425,379	97.60
TOTAL	**1,751**	**975,867,926**	**100.00**
Total Unmarketable Parcels $500.00 Basis price: $.003	**1,297**	**32,706,615**	**3.35**

Category (number of securities)	OPTIONS (quoted)		
	Number of	**Number of**	**% of total**
1 -1,000	1	5	.00
1,001 - 5,000	-	-	-
5,001 -10,000	1	10,000	.00
10,001 -100,000	70	3,986,796	1.76
100,001 - and over	135	223,419,460	98.24
TOTAL	**207**	**227,416,460**	**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 Limited	127,200,000	13.03
Bodie Investments Pty Ltd	56,000,000	5.74
Distinct Racing and Breeding Pty Ltd	31,850,000	3.26
Mungala Investments Pty Ltd	29,246,412	3.00
Peter Otta	27,820,000	2.78
Richard Stanger	26,166,672	2.68
Great Australian Resources Limited	20,000,000	2.05
Richard & Serena Stanger	12,500,000	1.28
Leon Pretorius	11,000,000	1.13
Eevo Pty Ltd	10,000,000	1.02
Northern Star Nominees Pty Ltd	10,000,000	1.02
Mitplan Investments Pty Ltd	10,000,000	1.02

Luis Sanchez	10,000,000	1.02
Michael Troon	8,700,000	0.89
Stephen Layton	6,690,000	0.69
Guina Nominees Pty Ltd	6,000,000	0.61
BT Portfolio Services Limited	6,000,000	0.61
Gibbs International Pty Ltd	5,960,502	0.61
MLWS No 1 Pty Ltd	5,750,000	0.59
TOTAL	**585,879,392**	**59.94**
Other	**389,988,534**	**40.06**
TOTAL BALANCE	**975,867,926**	**100.00**

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	56,000,000	5.74%

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
Jacobs Corporation Pty Ltd	12,000,000	5.28
Great Australian Resources Limited	10,000,000	4.40
Richard Stanger	9,666,668	4.25
Serec Pty Ltd	9,599,999	4.22
Sergio Cavaiuolo	9,137,001	4.02
Distinct Racing and Breeding Pty Ltd	8,300,000	3.65
HSBC Custody Nominees Australia Limited	6,042,000	2.66
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
Hawera Pty Ltd	3,333,333	1.47
Dixie Investments Pty Ltd	3,100,000	1.36
Supermax Pty Ltd	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
Matthew Barnett	2,375,000	1.04
TOTAL	**154,358,701**	**67.89**
Other	**73,057,560**	**32.11**
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.

CORPORATE DIRECTORY

Directors

Martin Ralston	Non-Executive Chairman
Angus Edgar	Executive Director
Richard Stanger	Executive Director
Phillip Jackson	Non-Executive Director (Appointed 18 November 2009)

Company Secretary

Adrien Wing

Registered & Principal Office

Level 14, 31 Queen Street
Melbourne VIC 3000
Australia

Auditors

Bentleys
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