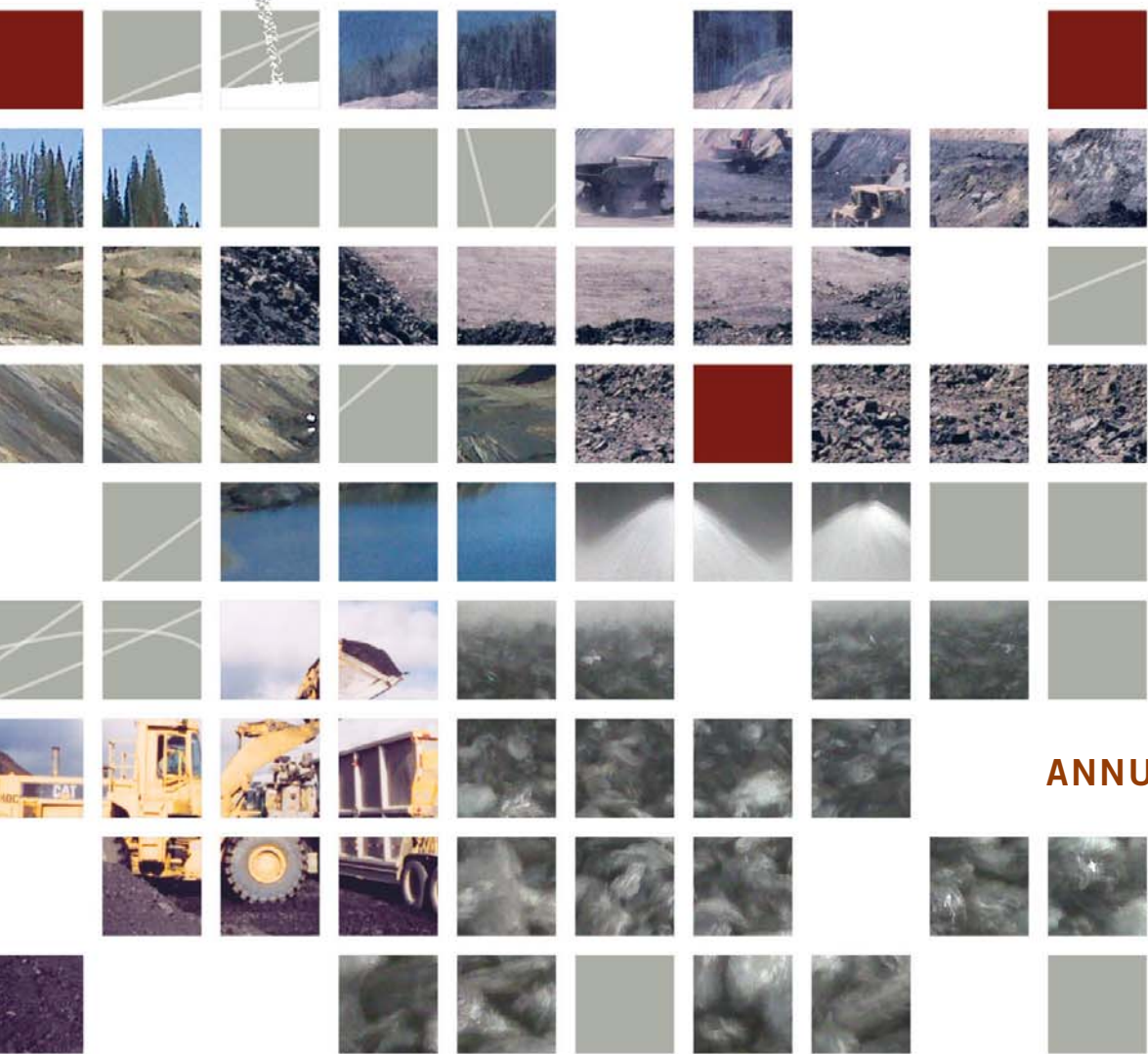




ACN 126 398 294



ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009

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CORPORATE DIRECTORY

DIRECTORS

Mr Jeff Bennett
(Chairman)
Mr John Holmes
(Executive Director)
Mr David Prentice
(Non-Executive Director)
Mr Stephen Anastos
(Non-Executive Director)
Mr T. Arthur Palm
(Non-Executive Director)

COMPANY SECRETARY

Ms Suzie Foreman

REGISTERED OFFICE

Jameson Resources Limited
Level 2, 79 Hay Street
SUBIACO WA 6005
Telephone: (08) 9200 4473
Facsimile: (08) 9200 4463

AUDITORS

HLB Mann Judd
15 Rheola Street
WEST PERTH WA 6005

SHARE REGISTRAR

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Telephone: (08) 9315 2333

STOCK EXCHANGE LISTING

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: JAL

CHAIRMAN'S LETTER

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report of Jameson Resources Limited (JAL). During the past 12 months, the company has moved forward in the exciting new direction of coal exploration and development. The Company is very pleased to be going through the final stages of its feasibility study to acquire 100% of the development rights to the Basin Coal Mine in British Columbia, Canada, from Compliance Energy Corporation. I take this opportunity to thank the Directors for their efforts in providing shareholders with this new opportunity.

The Company is in the final stages of completion on a feasibility study to recommission the Basin Coal Mine project under the existing 250,000 tpa mining permit with a rapid staged expansion to up to one million tonnes per annum. Pending successful outcome of the study, production could commence within 12 months.

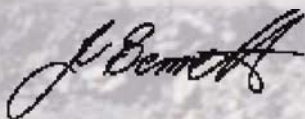
A resource estimate on the project during the year has substantially upgraded the project from 19 Mt to 123 Mt of bituminous thermal coal. The classification includes 87 Mt measured/indicated and 36 Mt inferred using an incremental strip ratio cutoff 8:1 (BCM: tonne in-situ). Further drilling will be undertaken in the fourth quarter of 2009 to quantify reserves for the potential production scenario of 1 million tonnes per annum.

Coal has underpinned the ongoing growth of the global economy providing a reliable, cost efficient fuel to the electricity sector and a vital raw material, coking coal, to the steel industry. World thermal coal trade is forecast to grow 6% to 730 million tonnes on the back of stronger global economic growth in 2010 driven particularly by Asia. Western Canada is considered a politically stable and reliable supplier of thermal coal to the seaborne thermal coal trade. Jameson is positioning itself to take advantage of the forecast increase in thermal and PCI coal prices over the next few years.

The company is in a sound financial position having raised sufficient funds during the year through placements to overseas institutional and sophisticated investors. Funds will be used to complete the feasibility study and also provide the first tranche of working capital required for recommissioning of the project.

On behalf of the Board I would like to thank our shareholders for their support together with the staff, contractors and consultants, who have contributed to the early growth of Jameson Resources Limited.

Yours Faithfully,



Jeff Bennett
Chairman – Jameson Resources Ltd.

DIRECTORS' REPORT

Information on Directors

The directors of Jameson Resources Limited ("Jameson" or "the Company") submit herewith the financial report of the company and its subsidiaries for the financial year ended 30 June 2009. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

1. DIRECTORS

The names and details of the Company's directors in office since the financial year end until the date of the report are as follows. Directors were in office for the entire period unless otherwise stated.

Mr Jeff Bennett
 Mr John Holmes
 Mr David Prentice
 Mr Stephen Anastos
 Mr T. Arthur Palm (appointed 12 August 2009)

INFORMATION ON DIRECTORS

Jeff Bennett Non-Executive Chairman

Qualifications BComm CPA

Experience Mr Bennett has over 20 years experience in the resource, transport, IT and service industries. Mr Bennett has held senior financial positions at Intermoco Limited, Simoco Pacific, BHP, and Shell. His experience extends to corporate finance, capital markets, acquisitions and divestments and risk management.

John Holmes Executive Technical Director

Qualifications BSc MAIG

Experience Mr John Holmes is a geologist with 20 years experience in exploration throughout Australia for a range of commodities including gold, nickel, and base metals. Mr Holmes brings to Jameson considerable experience from grass roots exploration through to resource definition and development, gained through senior and exploration management roles with a number of mid to large capital Australian mining companies. Mr Holmes has been involved with the discovery and development of numerous gold deposits in the North Eastern Goldfields, Murchison and Glengarry regions of Western Australia. Mr Holmes has responsibility for the day-to-day management of the Companies exploration and project evaluation activities.

David Prentice Non-Executive Director

Qualifications Grad.Dip.BA, MBA

Experience Mr Prentice's career includes 21 years experience in commercial management and business development within the natural resources sector, working for some of Australia's leading resource companies.

DIRECTORS' REPORT

Information on Directors

Stephen Anastos Non-Executive Director

Qualifications Dip (Finsia)

Experience Mr Anastos spent 12 years as a stockbroker with a national broking firm. During that time he gained valuable experience in capital raisings, corporate advice and company structuring. As a broker Mr Anastos was acutely involved in first stage development of Aquarius Platinum Limited and Anvil Mining Limited. Mr Anastos has also been a cofounder of numerous companies and advised on the establishment of Mirabela Nickel Limited and Orchard Petroleum.

T. Arthur Palm Non-Executive Director (appointed 12 August 2009)

Qualifications B.S. Mining Engineering, MBA

Experience Mr Palm is a professional mining engineer with 30 years of mining related operational experience, including responsibilities in open-pit and underground coal mining in North America. Mr Palm has recently focused on consulting activities with Mencon LLC, providing operations support, engineering and environmental services, and technical support to the mining industry. He recently completed a comprehensive feasibility study and assisted in mine development for a new coal mining operation in the western United States.

Directorships of other listed companies

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

| Name | Company | Period of directorship |
|-----------------|--------------------------------------|------------------------------------|
| Jeff Bennett | Intermoco Limited | 7 December 2006 - 1 May 2008 |
| | Entellect Solutions Limited | 20 May 2008 - date |
| John Holmes | - | - |
| David Prentice | Sunset Energy Limited | 23 January 2007 - date |
| | Red Fork Energy Limited | 20 April 2004 - date |
| | Kalgoorlie Boulder Resources Limited | 14 January 2005 – 28 November 2007 |
| | Gleneagle Gold Limited | 18 February 2003 - 4 March 2008 |
| Stephen Anastos | - | - |
| T. Arthur Palm | - | - |

COMPANY SECRETARY

The following person has held the position of company secretary during or at the end of the financial year:

Ms Suzie Foreman

Ms Foreman is a Chartered Accountant with over 10 years of experience within the UK and Australia. Ms Foreman has 8 years' combined experience with KPMG and a boutique accounting firm specialising in the areas of audit, advisory and corporate services. Ms Foreman has extensive skills in the areas of financial and management reporting, due diligence and ASX corporate compliance. Ms Foreman is a director of Athena Corporate Pty Ltd and had been involved in the listing of ten exploration companies on the ASX and AIM markets in the last four years with capital raisings exceeding \$65 million. Ms Foreman is also Company Secretary to ASX listed entity Red Fork Energy Limited.

DIRECTORS' REPORT

Review of Operations

2. CORPORATE STRUCTURE

Jameson Resources Limited is a public company listed on the ASX (Code: JAL) and is incorporated and domiciled in Western Australia. Jameson Resources Limited and its wholly owned subsidiaries NWPC Pty Ltd and NWP Coal Canada Ltd are collectively referred to as Jameson, or the Group, as the context requires.

3. PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was mineral exploration. There were no significant changes in the nature of the Group's principal activities during the financial year.

3. OPERATING RESULTS

The loss of the Group after providing for income tax amounted to \$617,920 (2008:\$300,071)

4. DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

5. REVIEW OF OPERATIONS

Corporate

On 19 December 2008, the Company announced that it had entered into an agreement to acquire 100% of the issued capital of NWPC Pty Ltd ("NWPC"). In addition, the Company advised that it has assumed an option to acquire 100% of certain rights in the Basin Coal Mine Project ("Option") in British Columbia, Canada from Compliance Energy Corporation ("CEC"). CEC holds an exclusive mining agreement to develop the Basin Coal Mine.

The Option is exercisable by:

- the payment of C\$150,000 in cash (which was been paid by the Company);
- a further payment of C\$1,000,000 in cash ("Initial Option Payment") and the issue of 7,407,408 Shares ("First Tranche") (both of which have been satisfied by the Company);
- the payment of C\$3,100,000 cash and the issue of a further 7,407,408 Shares upon the earlier of the completion of a positive bankable feasibility study on the Basin Coal Mine project or 31 May 2010 ("Second Tranche"); and
- the issue of 7,407,408 Shares upon the earlier of the commencement of commercial coal production or 31 May 2012 ("Third Tranche").

In order to fund the deposit, initial option payment and working capital for due diligence and feasibility study the following capital raisings were made during the year:

- On 23 December 2008 the Company issued 1,666,667 fully paid ordinary shares at a price of \$0.12 each to raise \$200,000 (before costs of the issue) ("First Capital Raising") with investors receiving one free attaching unlisted option with an exercise price of \$0.20 and an expiry date of 30 November 2010, to fund the initial option payment;
- On 7 May 2009 the Company completed an issue of 12,750,000 shares at \$0.12 each (with one free attaching unlisted option with an exercise price of \$0.20 and an expiry date of 30 April 2010, raising \$1,530,000 (before costs of the issue) ("Second Capital Raising"). The placement was conducted by Capital Investment Partners ("CIP") and Chess Capital Partners ("Chess Capital") who received a capital raising success fee each of 1,000,000 unlisted options in Jameson exercisable at \$0.20 on or before 30 November 2010.

DIRECTORS' REPORT

Review of Operations

- On 30 June 2009 the Company finalised a further placement of 6,770,000 shares at \$0.25 each raising \$1,692,500 providing the first tranche of working capital required for the feasibility study and recommissioning of the Basin Coal Mine.

As consideration for the acquisition of NWPC, the following securities were issued to the shareholders of NWPC:

- 5 million fully paid ordinary shares in the capital of Jameson ("Shares");
- 15 million performance shares, which are to convert to fully paid ordinary shares in the capital of Jameson on a one for one basis upon the achievement of the following milestones:
 - 5 million will convert upon the completion of a positive bankable feasibility study or decision to mine, on or before 31 May 2010;
 - 5 million will convert upon the commencement of commercial production on the Basin Coal Mine Project on or before 31 May 2012; and
 - 5 million will convert upon the earlier of the production of 500,000 tonnes of saleable coal on the Basin Coal Mine Project on or before 31 March 2013.

Basin Coal Mine – Canada

The Basin Coal Mine is located 30km northwest of Princeton, British Columbia, and is one of the closest thermal coal mines to the port of Vancouver.



Figure 1 – Location Map

DIRECTORS' REPORT

Review of Operations

The Basin coal project covers an area of 2172 Ha and includes 9 coal licences, 1 coal lease and 2 mining claims. The coal licences are currently held in Pacific West Coal (Holdings) Ltd, which is a holding company between CEC and the registered lease owners Pacific West Coal Ltd ("PWC"). CEC holds an exclusive Mining Agreement with PWC to develop the Basin Thermal Coal Mine Property. Jameson has entered into an option agreement with CEC to acquire 100% of the development rights, title and interests in the Basin Property.

A registered Mining Permit (Permit no. C-217) to produce up to 250,000 tonnes of coal per year was granted for a period of 25 years in August 2000. Potential to expand production under the existing permit remains.

CEC commenced trial coal mining at Basin in 2002 to supply product to a proposed mine mouth thermal coal fired power station. Mining ceased in 2006 when the provincial government abolished the use of coal power plants in British Columbia. Infrastructure such including a coal washing process plant facility, crusher, and other miscellaneous buildings and structures were left behind.

Norwest Corporation ("Norwest") is undertaking a feasibility study on behalf of the Company to recommission the project as a low cost open pit coal mine under the existing 250,000 tpa mining permit. Preliminary scoping studies and environmental assessment are also being undertaken to assess the viability of an expanded production scenario of up to one million tonnes per annum. Pending successful outcome of the study, production could commence within 12 months.

ResourceEye Service Inc ("ResourceEye") has completed a resource estimate on the project. Resources have been substantially upgraded from 19 Mt to 123 Mt of bituminous thermal coal. The classification includes 87 Mt measured/indicated and 36 Mt inferred using an incremental strip ratio cutoff 8:1 (BCM: tonne in-situ).

The resource estimate is reported in accordance with the requirements of Canadian National Instrument 43-101 ("NI43-101") and the Australian JORC code. The previous NI43-101 compliant resource (2002) is only considered to be a small portion of the main seam in an area of the property proposed for the existing open pit. The upgraded resource is a result of broadening the area of the resource study. Figure 2 shows the area of the resource classification within the project. Details of the resource are shown in Table 1.

TABLE 1 - Surface Resources (using an incremental cut off strip ratio of 8:1 BCM: tonne in-situ)

| Category | Seam | BCM | SG | Ash | Tonnes |
|-----------------------------------|--------------|-------------------|-------------|-------------|--------------------|
| Measured | Main | 25,656,400 | 1.72 | 48.2 | 44,005,000 |
| | Lower | 18,109,000 | 1.72 | 49.1 | 31,147,000 |
| Indicated | Main | 4,664,100 | 1.72 | 48.8 | 8,022,000 |
| | Lower | 2,160,800 | 1.72 | 49.1 | 3,717,000 |
| Total Measured / Indicated | Main | 30,320,500 | 1.72 | 48.3 | 52,027,000 |
| | Lower | 20,269,800 | 1.72 | 48.9 | 34,864,000 |
| Inferred | Main | 11,370,500 | 1.72 | 48.8 | 19,557,000 |
| | Lower | 9,958,300 | 1.72 | 49.1 | 17,128,000 |
| Grand Total All Categories | | 71,919,100 | 1.72 | 48.8 | 123,576,000 |

DIRECTORS' REPORT

Review of Operations

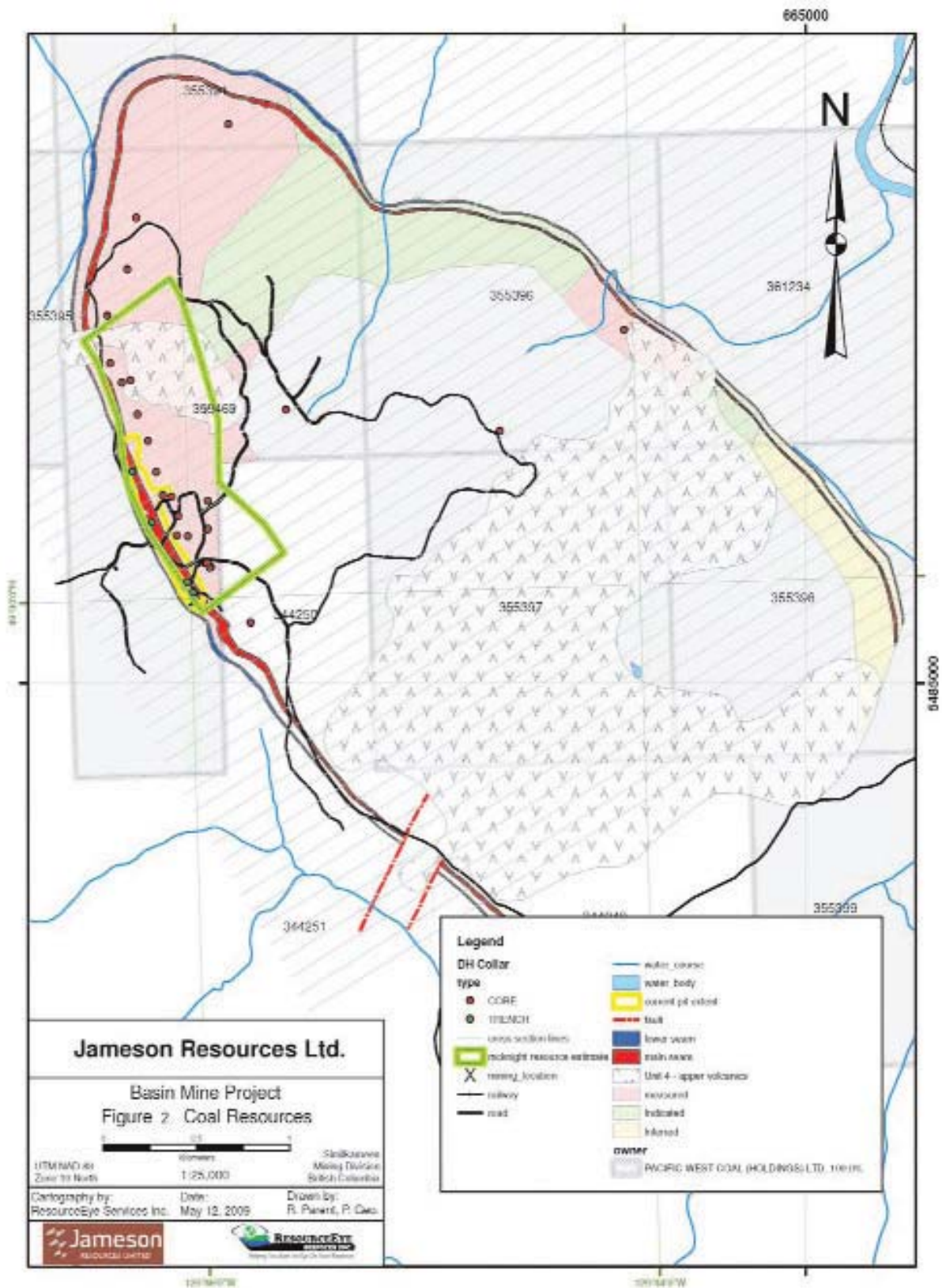


Figure 2 – Basin Coal Mine Project – Coal Resources

DIRECTORS' REPORT

The Coal resource estimate by ResourceEye has been classified as Measured Indicated Inferred based on the NI43-101 guidelines.

The coal resource estimate has been based on:

- A base data set consisting of information from 25 drillholes totalling 3,808 metres;
- Extensive geological investigations in the existing open pit coupled with a complete evaluation of the geology and all available historical information including maps and cross sections from previous exploration programs of the entire Basin geological structure;
- 8:1 strip ratio cutoff (BCM waste: tonne raw coal);
- Surface resources in two coal seams – Main Seam and Lower Seam;
- Due to the nature of plies within the thick seam, parting thicknesses were not modelled separately, with the exception of three bentonite horizons in the area of highest drilling density. The continuity and thickness (10 cm – 1.8 m) of these horizons enabled modelling of the bentonite beyond the limits of the current pit area; and,
- In the model, which extends beyond the limits of the pit area, the Main Seam is comprised, on average, of 22% parting material. This material may or may not be separable. Further mining studies will evaluate the issue of separable partings as it applies to a mining scenario.

Coal quality test work has been undertaken on a number of bulk samples from a trenching program across the main seam within the currently exposed pit. Three trenches were excavated across the main coal seam and coal plies were sampled to simulate the proposed selective mining process. All samples were sent to Birtley Coal and Minerals Testing Laboratories in Calgary ("Birtley"). Coal quality test work included proximate and ultimate analysis, screen size analysis, washability, liberation, and composite analysis.



Figure 3: Bulk Sampling Program – Main Seam (2009)

Norwest has composited the washability results obtained from the trenching program to achieve a simulated Run-of-Mine (ROM) material. Results from composite analysis at a simulated 12% product ash are projected in Table 1. Test work confirmed that the coal is an export quality thermal coal. Preliminary evaluation is also being undertaken to assess the marketability of the Basin coal as a potential PCI blend. The Company has retained the services of a leading independent expert in assessing metallurgical coal quality and marketability.

Results from the coal quality analysis test work are being used for the wash plant design. To date, positive results from the liberation tests indicate an estimated yield range from a reconfigured wash plant designed to produced a 12.5% ash product is between 50-55% for the main seam. The recommissioning study will assess the options for the 1Mtpa expansion case, including capital requirements to either upgrade the existing wash plant or build a new wash plant facility.

The Company is awaiting permitting approval to undertake a diamond drilling and trenching program to the north of the existing open pit. Results from this program will be utilised to quantify reserves from the currently defined 123Mt raw coal resource base for the proposed 1Mtpa staged expansion. Pre-feasibility studies on the 1 Mtpa expansion are being undertaken in parallel with the re-commissioning study.

Basin is the closest mainland coal project to the Western Canadian ports and has good rail and road access with significant available capacity. Preliminary studies have been undertaken on the various trucking routes from Basin to the proposed rail load facility. The existing infrastructure, including logging roads, loading facilities and rail, will significantly minimize the capital required to recommence operations.

Prospective buyers of thermal coal include international utilities and local cement manufacturers. Discussions with both potential overseas and domestic off-take partners have been positive, with interest confirmed in the thermal coal produced from the Basin Coal Mine.

It is anticipated to have the re-commissioning study under the existing 250,000 tpa mining permit completed early in the 4th Quarter 2009.

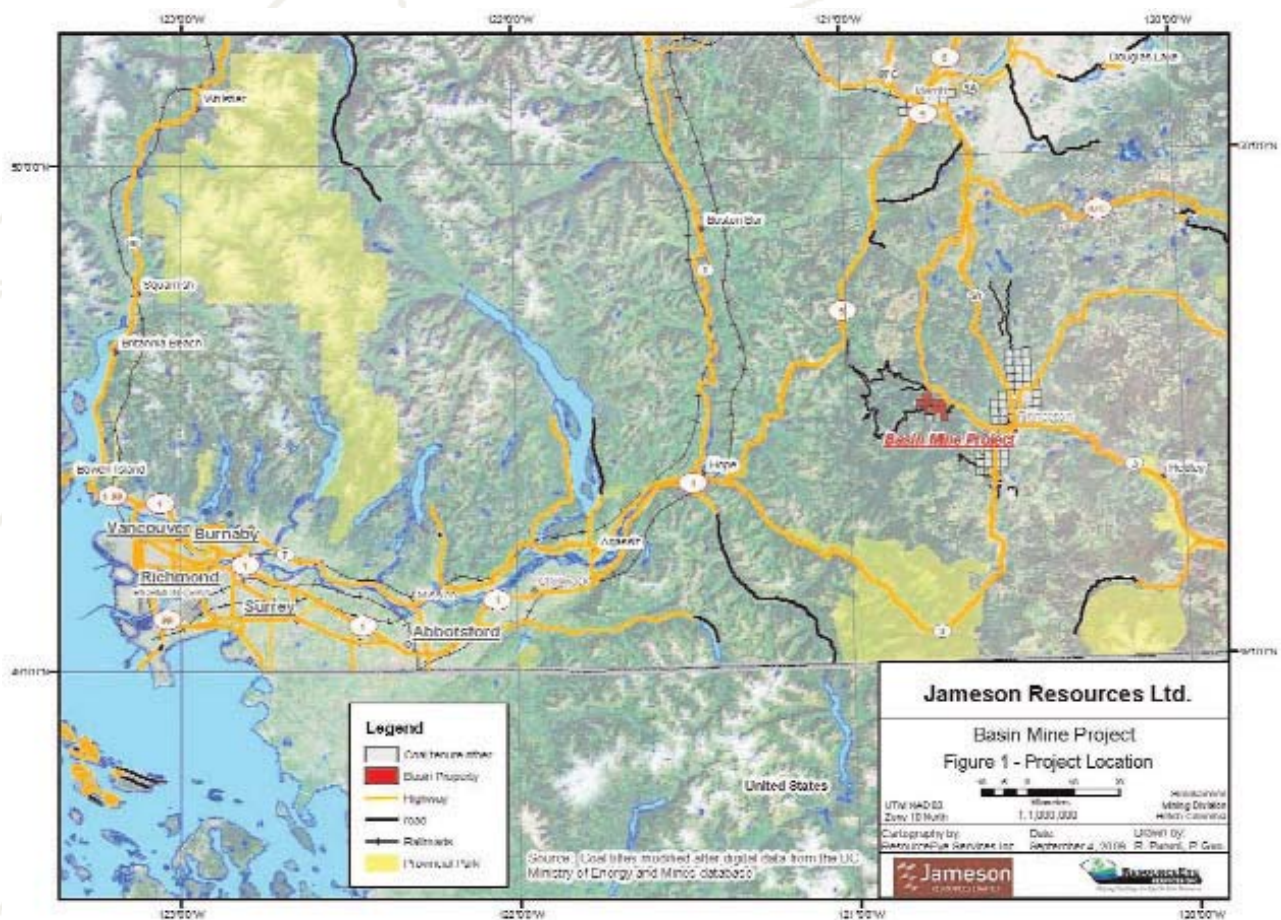


Figure 4 – Project Location and Transport Alternatives

DIRECTORS' REPORT

Canadian Coal Market

Canada is emerging as an alternative supplier for high quality thermal coal with its available port capacity.

In 2007, Canada produced 72.5mt of thermal and metallurgical coal. Approximately 44% of Canadian coal produced in 2007 was exported with estimates for 2008 rising to 47%. Metallurgical coal accounts for the majority of Canada's coal exports (90%) with the remainder being thermal coal. The biggest buyer in Canada's coal export market is Asia which accounts for 59% with smaller buyers coming from Europe, the UK and the US. 2008 estimates show Asia importing approximately 18.5 million tonnes of coal from Canada which is 500,000 tonnes up from 2007. In 2007, Japan and South Korea were the two leading buyers of Canadian coal with 10.6 million tonnes and 6.1 million tonnes respectively. Both countries have increased their import of Canadian coal over the years with Japan now taking 35% of Canada's coal, up from 21% in 2004 and South Korea which now accounts for 21%, up from 14% in 2004.

With Canada's coal export trade known for its stability and reliability, international coal buyers are increasingly looking to countries like Canada to diversify their sources of coal and secure supply.



Figure 5: Coal Mining on the Basin Coal Project (2005)

Ora Banda Project – Western Australia

The Ora Banda Project is located 65km north-west of Kalgoorlie in the historical gold mining district of Ora Banda. Both the geological and structural settings at Ora Banda are conducive for the development of significant gold mineralisation as evident by the numerous gold deposits in the immediate area, including Ora Banda, Enterprise, Mt Pleasant, and Grants Patch.

On 9 September 2009 the Company sold its interest in the Ora Banda Project. Refer to Section 7, After Balance Date Events below for further details.

Gascoyne Province - Errabiddy Project

The Errabiddy Project comprises two Exploration licences covering an area of 435km² in the Gascoyne Province of Western Australia. The Project is considered to be prospective for gold, nickel and uranium mineralisation.

The Company is currently reviewing the Errabiddy project in the context of its focus on the Basin Coal Mine Project with a view to divestment or joint venture.

Project Generation

The Company is continuing with the evaluation of several other coal projects in Western Canada.

6. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than detailed in the Review of Operations stated above there were no other significant changes in the state of affairs of the Company during the financial year.

7. AFTER BALANCE DATE EVENTS

On 22 July 2009, the Company announced an upgrade of Basin Thermal Coal Resource from 19 million to 117 million Tonnes substantially increasing potential for extended mine life.

On 12 August 2009, Mr T. Arthur Palm was appointed non-executive director of the Company.

On 9 September 2009 Jameson entered into a Sale and Purchase Agreement with a public unlisted Company, Winchester Resources Limited ("Winchester"), for the acquisition of its Ora Banda exploration tenements. The purchase consideration payable is \$10,000 plus 750,000 Winchester fully paid ordinary shares. The shares are payable upon Winchester successfully completing an initial public offer of shares on ASX and receiving conditional approval for the admission of Winchester to the official list of ASX on or before 9 March 2010 and approval by the shareholders of Winchester (if required).

Since the end of the financial year 1,970,834 options expiring 30 April 2010 were exercised into fully paid ordinary shares at \$0.20 each raising \$394,167.

Other than as detailed above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

8. MEETINGS OF DIRECTORS

The number of directors' meetings held during the financial year each director held office, and the number of meetings attended by each director are as follows:

| Directors Meetings | | |
|--------------------|---------------------------|-------------------|
| Director | Number Eligible to Attend | Meetings Attended |
| Jeff Bennett | 4 | 2 |
| John Holmes | 4 | 4 |
| David Prentice | 4 | 4 |
| Stephen Anastos | 4 | 4 |

The Company does not have a formally constituted audit committee as the board considers that the company's size and type of operation do not warrant such a committee.

9. FUTURE DEVELOPMENTS

It is anticipated to have the re-commissioning study under the existing 250,000 tpa mining permit completed by early in the 4th quarter 2009.

The Company is awaiting permitting approval to undertake a diamond drilling and trenching program to the north of the existing open pit. Drilling contractors have been engaged to commence the program. Pre-feasibility studies on the 1Mtpa expansion are being undertaken in parallel with the re-commissioning study. Results from this program will be utilised to quantify reserves from the currently defined 123Mt raw coal resource base as part of this study. The prefeasibility on the 1Mtpa expansion are anticipated by the end of 2009.

DIRECTORS' REPORT

The Company is in advanced discussions with both local and overseas off take partners for sale of the coal. It is anticipated that the Company will be in production at the permitted capacity within 12 months of decision to mine.

10. ENVIRONMENTAL ISSUES

The Company is aware of its environmental obligations with regards to its exploration activities and ensures that it will comply with all regulations when carrying out any exploration work. To undertake any exploration within the coal leases and licenses, a Notice Of Work ("NOW") is required from the British Columbian Ministry of Mines prior to the commencement of any exploration. The Company is awaiting approval of a NOW, lodged August 24th, 2009 to undertake a diamond drilling and trenching program to the north of the existing open pit.

A License to Cut application in conjunction with the NOW has also been lodged with the Forestry Department to harvest a small volume of timber from the proposed exploration areas.

Completion of the proposed program will be undertaken by consultants on behalf of Jameson Resources Limited. It is expected that the Site Manager will undertake all exploration activities in a safe and environmentally responsible manner in accordance with an environmental management plan for the program. Coordination of this plan with the Compliance Coal representative will be required as CEC still has responsibility for the site under the Small Mine permit. Efforts will be made to minimize disturbance at the drill hole and trench sites in order to minimize final reclamation requirements.

11. REMUNERATION REPORT

Remuneration Policy

The remuneration policy of Jameson Resources Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The board of Jameson Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors and executives to run and manage the Group.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Group is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

The executive directors receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Options are valued using the Black-Scholes method.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is currently at

\$250,000 as approved by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee option plan.

Performance based remuneration

The Company currently has no performance based remuneration component built into director and executive remuneration packages.

Company performance, shareholder wealth and director's and executive's remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. Currently, this is facilitated through the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The company believes the policy will be effective in increasing shareholder wealth. For details of directors and executives interests in options at year end, refer note 15 (f) of the financial statements.

Employment contracts of key management personnel

For details of service agreements between key management personnel and Jameson Resources Limited, refer note 15 of the financial statements.

(a) Compensation of Key Management Personnel

Remuneration Policy

The Board of Directors, mainly comprising of non-executive directors, is responsible for determining and reviewing compensation arrangements for the executive team. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. Remuneration of Directors is set out below. The Company has no specified executives.

| 2009 | Primary | Equity Compensation | Post-employment | Total |
|------------------|-------------------------------|--|---------------------------|---------------------------------------|
| | Base Salary and Fees \$ | Bonus and Non Monetary Benefits \$ | Value of Options \$ | Superannuation Contributions \$ |
| Directors | | | | |
| Jeff Bennett | 60,000 | - | - | 60,000 |
| John Holmes | 151,666 | - | - | 165,316 |
| David Prentice | 30,000 | - | - | 30,000 |
| Stephen Anastos | 30,000 | - | - | 32,700 |
| T. Arthur Palm * | - | - | - | - |
| Total | 271,666 | - | - | 16,350 |
| | | | | 288,016 |

*(appointed 12 August 2009)

(b) Compensation Options: Granted and vested during and since the financial year ended 30 June 2009

During and since the financial year ended 30 June 2009, no options were granted to Specified Directors of the Company.

DIRECTORS' REPORT

(c) Share and Option holdings

All equity dealings with directors have been entered into with terms and conditions no more favourable than those that the Company would have adopted if dealing at arm's length. The relevant interests of each director in share capital at the date of this report are as follows:-

| Directors | Number of Shares | Number of Options (iii) |
|---|------------------|-------------------------|
| Jeff Bennett (i) | 250,000 | 500,000 |
| John Holmes (ii) | 40,000 | 2,000,000 |
| David Prentice | 1,000,000 | 500,000 |
| Stephen Anastos | - | 500,000 |
| T. Arthur Palm (appointed 12 August 2009) | - | - |
| | 1,290,000 | 3,500,000 |

- (i) Hixon Pty Ltd, an entity controlled by Jeff Bennett holds 250,000 shares in the Company.
- (ii) Mr John Holmes holds 1,500,000 Options in his own right. In addition Zephyr Consulting Pty Ltd holds 500,000 options. John Holmes is a major shareholder of Zephyr Consulting Pty Ltd.
- (iii) Refer to note 15 (d) for terms of options granted to directors.

Performance income as a proportion of total income

No performance based bonuses have been paid to key management personnel during the financial year.

12. OPTIONS

At the date of this report unissued ordinary shares of the Company under option are:

| Expiry Date | Exercise Price | Number of Shares |
|------------------|----------------|------------------|
| 30 April 2010 | \$0.20 | 10,579,166 |
| 30 November 2010 | \$0.20 | 9,166,667 |

2,170,834 ordinary shares have been issued as a result of the exercise of options during or since the end of the financial year.

13. INDEMNIFYING OFFICERS OR AUDITOR

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every Officer, auditor or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer, auditor or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

The Company currently has a directors' and officers' liability insurance in place. A total premium of \$8,635 had been paid for cover period from 31 January 2009 to 31 January 2010. Under the terms of the policy, the Company is covered for a limit of up to \$5 million in aggregate against loss by reason of a wrongful act by the directors and officers during the period of insurance. No excess fee is payable for loss from such claims.

14. 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 these proceedings.

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

15. AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2009 has been received and can be found on page 16 of the annual report and forms part of this director's report.

16. NON-AUDIT SERVICES

The board of directors is satisfied that there were no non-audit services performed during the year by the Company's auditors.

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



John Holmes
Executive Director

Dated this 30th day of September 2009

The information pertaining to the technical content of this report has been reviewed by Mr John Holmes, who is a member of the Australian Institute of Geoscientists. Mr. Holmes is employed by Jameson Resources Ltd and has sufficient experience which is relevant to the style of mineralisation 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. Holmes consents to the inclusion in the report of the technical information in the form and context in which it appears.

The information in this report relating to mineralisation and exploration results that were used in the resource estimation that has been undertaken by Mr Ron Parent of ResourceEye Services Inc.. Mr. Parent, P.Geol. is a registered Professional Geoscientist with the Association of Professional Engineers and Geoscientists of British Columbia (APEGBC). Mr. Parent, P.Geol. has completed the Resource Estimation to NI43-101 and JORC reporting standards. Mr Parent, P.Geol. has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Qualified Person for the reporting of resources in accordance with the National Instrument 43-101 (NI43-101) standards. Mr Parent, P.Geol. consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Auditor's Independence Declaration

As lead auditor for the audit of the financial report of Jameson Resources Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of 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.

This declaration is in respect of Jameson Resources Limited.



Perth, Western Australia
30 September 2009

N G NEILL
Partner, HLB Mann Judd

INCOME STATEMENT

For the Year Ended 30 June 2009

| | | Consolidated Year Ended 30 June 2009 | Company Year Ended 30 June 2009 | Company Period Ended 30 June 2008 |
|--|------|--|---------------------------------------|--|
| | Note | \$ | \$ | \$ |
| Revenue | | 100,534 | 100,534 | 106,311 |
| Employee Benefits Expense | | (295,276) | (295,276) | (141,302) |
| Equity Based Payments | | - | - | (54,899) |
| Corporate and Compliance Fees | | (181,550) | (181,550) | (44,693) |
| Consultancy Expense | | (78,900) | (78,900) | (66,757) |
| Exploration Costs Expensed | | (29,650) | (29,650) | (67,318) |
| Impairment of Exploration and Evaluation | | (66,825) | (66,825) | - |
| Administration Expenses | | (14,914) | (14,914) | (3,865) |
| Depreciation and Amortisation | | (6,443) | (6,443) | (3,091) |
| Interest and Finance Expenses | | (2,176) | (2,176) | (1,065) |
| Other Expenses | | (42,720) | (42,720) | (23,392) |
| Total Expenditure | | (718,454) | (718,454) | (406,382) |
| Loss before income tax expense | 2 | (617,920) | (617,920) | (300,071) |
| Income tax expense | 4 | - | - | - |
| Net loss attributable to members | | (617,920) | (617,920) | (300,071) |
| Basic loss per share (cents per share) | 20 | (1.82) | (1.82) | (1.79) |

The accompanying notes form part of these financial statements.

BALANCE SHEET

As at 30 June 2009

| | Note | Consolidated 2009 \$ | Company 2009 \$ | Company 2008 \$ |
|---|------|----------------------------|-----------------------|-----------------------|
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | 5 | 3,169,060 | 3,169,060 | 2,379,848 |
| Trade and other receivables | 6 | 81,386 | 77,804 | 45,121 |
| Other assets | 7 | 15,132 | 15,132 | 31,713 |
| TOTAL CURRENT ASSETS | | 3,265,578 | 3,261,996 | 2,456,682 |
| NON CURRENT ASSETS | | | | |
| Other assets | 7 | - | 500,000 | - |
| Deferred exploration and evaluation expenditure | 8 | 3,487,777 | 3,000,169 | 218,243 |
| Plant and equipment | 9 | 18,076 | 18,076 | 24,519 |
| TOTAL NON CURRENT ASSETS | | 3,505,853 | 3,518,245 | 242,762 |
| TOTAL ASSETS | | 6,771,431 | 6,780,241 | 2,699,444 |
| LIABILITIES | | | | |
| CURRENT LIABILITIES | | | | |
| Trade and other payables | 10 | 293,375 | 236,811 | 37,878 |
| Loans from controlled entities | | - | 18,802 | - |
| TOTAL CURRENT LIABILITIES | | 293,375 | 255,613 | 37,878 |
| TOTAL LIABILITIES | | 293,375 | 255,613 | 37,878 |
| NET ASSETS | | 6,478,056 | 6,524,628 | 2,661,566 |
| EQUITY | | | | |
| Issued capital | 12 | 7,079,164 | 7,079,164 | 2,674,399 |
| Reserves | 13 | 316,883 | 363,455 | 287,238 |
| Accumulated losses | 14 | (917,991) | (917,991) | (300,071) |
| TOTAL EQUITY | | 6,478,056 | 6,524,628 | 2,661,566 |

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT

For the Year Ended 30 June 2009

| | | Consolidated 30 June 2009 | Company 30 June 2009 | Company Period Ended 30 June 2008 |
|---|---------|------------------------------|-------------------------|---|
| | Note | \$ | \$ | \$ |
| Cash Flows from Operating Activities | | | | |
| - Interest received | | 134,058 | 134,058 | 70,413 |
| - Payments to suppliers and employees | | (578,918) | (596,562) | (287,335) |
| - Project generation | | - | - | (67,318) |
| <i>Net cash used in operating activities</i> | 21 (ii) | (444,860) | (462,504) | (284,240) |
| Cash Flows from Investing Activities | | | | |
| - Payments for exploration assets | | (2,126,490) | (2,115,158) | (115,040) |
| - Payments for plant and equipment | | - | - | (27,610) |
| - Payments for intercompany | | - | 18,802 | - |
| - Cash acquired on acquisition of subsidiary | 21 (iv) | 12,490 | - | - |
| <i>Net cash used in investing activities</i> | | (2,114,000) | (2,096,356) | (142,650) |
| Cash Flows from Financing Activities | | | | |
| - Proceeds from issue of shares | | 3,462,500 | 3,462,500 | 3,060,001 |
| - Payments for share issue costs | | (114,428) | (114,428) | (253,263) |
| <i>Net cash provided by financing activities</i> | | 3,348,072 | 3,348,072 | 2,806,738 |
| Net increase in cash and cash equivalents | | 789,212 | 789,212 | 2,379,848 |
| Cash and cash equivalents at beginning of reporting year | | 2,379,848 | 2,379,848 | - |
| Cash and cash equivalents at 30 June 2009 | 21 (i) | 3,169,060 | 3,169,060 | 2,379,848 |

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2009

| Consolidated | Issued Capital | Accumulated Losses | Share Based Payment Reserve | Foreign Currency Reserve | Total |
|--|------------------|--------------------|-----------------------------|--------------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2008 | 2,674,399 | (300,071) | 287,238 | - | 2,661,566 |
| Share capital net of capital raising costs | 4,404,765 | - | - | - | 4,404,765 |
| Recognition of equity based payments | - | - | 76,217 | - | 76,217 |
| Foreign exchange translation | - | - | - | (46,572) | (46,572) |
| Loss attributable to members | - | (617,920) | - | - | (617,920) |
| Balance at 30 June 2009 | 7,079,164 | (917,991) | 363,455 | (46,572) | 6,478,056 |

| Company | Issued Capital | Accumulated Losses | Share Based Payment Reserve | Total |
|--|------------------|--------------------|-----------------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Balance at 5 July 2007 | - | - | - | - |
| Share capital net of capital raising costs | 2,674,399 | - | - | 2,674,399 |
| Recognition of equity based payments | - | - | 287,238 | 287,238 |
| Loss attributable to members | - | (300,071) | - | (300,071) |
| Balance at 30 June 2008 | 2,674,399 | (300,071) | 287,238 | 2,661,566 |
| Balance at 1 July 2008 | 2,674,399 | (300,071) | 287,238 | 2,661,566 |
| Share capital net of capital raising costs | 4,404,765 | - | - | 4,404,765 |
| Recognition of equity based payments | - | - | 76,217 | 76,217 |
| Loss attributable to members | - | (617,920) | - | (617,920) |
| Balance at 30 June 2009 | 7,079,164 | (917,991) | 363,455 | 6,524,628 |

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 30 June 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The financial report has also been prepared on a historical cost basis unless otherwise stated.

The company is a listed public company, incorporated and operating in Australia. The entity's principal activities are mineral exploration.

(b) Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2009, the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2009. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

(c) Going Concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The consolidated entity had cash assets of \$3.2 million as at 30 June 2009 and experienced net cash outflows from operating activities of \$444,860 for the year then ended. As at 30 June 2009, pursuant to the option to purchase agreement with CEC, the consolidated entity has commitment to pay \$3.4 million (C\$3.1 million) for the final option payment to acquire the Basin Coal project by 31 May 2010.

The ability of the Company and the Group to continue to pay its debts as and when they fall due is dependent upon the Company successfully raising additional share capital and ultimately developing its Basin Coal Project.

The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

- The re-commissioning study for mining the project under the existing 250,000 tpa mining permit is due to be completed by early in the 4th quarter 2009 and a pre feasibility on the 1Mtpa expansion is anticipated by the end of the 1st quarter 2010. In light of the Company's current exploration projects, and a positive re-commissioning study outcome, the Directors believe that the additional capital required can be raised in the market;
- The Company is in advanced discussions with both local and overseas off take partners for sale of the coal.

Based on the above, the Company is confident that it will successfully raise additional funds via debt or equity to meet its financial obligations in the future period.

Should the Company be unable to raise additional funds, there is significant uncertainty whether the consolidated entity will be able to continue as a going concern.

Should the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor the amounts and classification of liabilities that may be necessary should the consolidated entity be unable to continue as a going concern.

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 30 June 2009

(d) Statement of Compliance

The financial report was authorised for issue on 30 September 2009.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(e) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values 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.

Share-based payment transactions:

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black and Scholes model, using the assumptions detailed in Note 17.

The Company measures the cost of cash-settled share-based payments at fair value at the grant date using the Black and Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in Note 17.

(f) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(g) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

(h) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

(i) Impairment of assets

The Company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 30 June 2009

determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

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. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(iii) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(j) Income tax

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 30 June 2009

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

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

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

(k) Other taxes

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

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

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

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

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

(l) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated over the estimated useful life of the assets as follows:

Plant and equipment – over 5 to 15 years (*straight line basis*)

Computer equipment – 3 years (*diminishing value*)

Leasehold improvements – term of the lease (*straight line basis*)

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

(i) Impairment

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

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 30 June 2009

The recoverable amount of plant and equipment 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 an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value. An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the income statement in the cost of sales line item.

(ii) Derecognition and disposal

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

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(m) Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

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. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(n) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 30 June 2009

(o) Provisions

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

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(p) Employee leave benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(q) Share-based payment transactions

(i) Equity settled transactions:

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

There is currently an Employee Share Option Plan (ESOP), in place to provide these benefits to directors, senior executives and employees.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in Note 16.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Jameson Resources (market conditions) if applicable.

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

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects

- (i) the extent to which the vesting period has expired and
- (ii) the Group's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

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

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 30 June 2009

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 20).

(r) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(s) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(t) 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 (for 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

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 30 June 2009

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 has been 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.

(u) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Jameson Resources Limited and its subsidiaries as at 30 June each year (the Group). 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 financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists 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 acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of subsidiaries for the period from their acquisition.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet.

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 30 June 2009

| | Consolidated Year Ended 30 June 2009 \$ | Company Year Ended 30 June 2009 \$ | Company Period Ended 30 June 2008 \$ |
|---|--|---|---|
| 2. EXPENSES | | | |
| Loss before income tax has been determined after following specific expenses: | | | |
| Share based payments expense | | | |
| - Issued to directors and employees | - | - | 54,899 |
| Total share based payments expense | - | - | 54,899 |
| Project generation costs expensed | 96,475 | 96,475 | 67,318 |
| Depreciation and amortisation | | | |
| - Depreciation expense | 3,170 | 3,170 | 1,611 |
| - Amortisation | 3,273 | 3,273 | 1,480 |
| Total depreciation and amortisation expense | 6,443 | 6,443 | 3,091 |
| 3. AUDITORS' REMUNERATION | | | |
| The auditor of Jameson Resources Limited is HLB Mann Judd | | | |
| Amounts received or due and receivable to the auditor for: | | | |
| - Auditing or reviewing the financial report | 22,800 | 22,800 | 16,500 |
| - Other non services (provision of Investigating Accountants Report) | - | - | 5,500 |
| | 22,800 | 22,800 | 22,000 |

| | Consolidated Year Ended 30 June 2009 \$ | Company Year Ended 30 June 2009 \$ | Company Period Ended 30 June 2008 \$ |
|--|--|---|---|
| 4. INCOME TAX | | | |
| a. The components of tax expense comprise: | | | |
| Current tax | - | - | - |
| Deferred tax | - | - | - |
| | - | - | - |

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 30 June 2009

| | Consolidated Year Ended 30 June 2009 \$ | Company Year Ended 30 June 2009 \$ | Company Period Ended 30 June 2008 \$ |
|--|--|---|---|
| 4. INCOME TAX (Continued) | | | |
| b. The prima facie tax benefit on loss before income tax is reconciled to the income tax as follows: | | | |
| Prima facie tax benefit on profit before income tax at 30% | (185,376) | (185,376) | (90,021) |
| Add: | | | |
| Tax effect of: | | | |
| - Revenue losses not recognised | 171,542 | 171,542 | 170,645 |
| - Share based payments | - | - | 16,470 |
| - Other deferred tax balances not recognised | 14,814 | 14,814 | - |
| - Other non-allowable items | 1,594 | 1,594 | 1,147 |
| | 2,574 | 2,574 | 98,241 |
| Less: | | | |
| Tax effect of: | | | |
| - Exploration and evaluation expenditure deductible for income tax purposes not recognised | 2,574 | 2,574 | 65,473 |
| - Other deferred tax balances not recognised | - | - | 32,768 |
| Income tax attributable to entity | - | - | - |
| The applicable weighted average effective tax rates is as follows: | 0% | 0% | 0% |
| c. The following deferred tax balances at 30% have not been recognised: | | | |
| Deferred Tax Assets: | | | |
| Carry forward revenue losses | 342,171 | 342,171 | 170,645 |
| Capital raising costs | 162,559 | 162,559 | 117,635 |
| Provisions and accruals | 11,934 | 11,934 | 5,378 |
| Property, plant and equipment | 341 | 341 | 871 |
| Other | - | 23,100 | - |
| | 517,005 | 540,105 | 294,529 |

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 30 June 2009

| | Consolidated Year Ended 30 June 2009 \$ | Company Year Ended 30 June 2009 \$ | Company Period Ended 30 June 2008 \$ |
|----------------------------------|--|---|---|
| 4. INCOME TAX (Continued) | | | |
| Deferred Tax Liabilities: | | | |
| Exploration expenditure | 48,000 | 48,000 | 65,473 |
| Other | 712 | 712 | 10,972 |
| | <u>48,712</u> | <u>48,712</u> | <u>76,445</u> |

The tax benefits of the above Deferred Tax Assets will only be obtained if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- the Company continues to comply with the conditions for deductibility imposed by law; and
- no changes in income tax legislation adversely affect the company in utilising the benefits.

The above Deferred Tax Liabilities have not been recognised as they have given rise to the carry forward revenue losses for which the Deferred Tax Asset has not been recognised.

| | Consolidated 2009 \$ | Company 2009 \$ | Company 2008 \$ |
|-------------------------------------|----------------------------|-----------------------|-----------------------|
| 5. CASH AND CASH EQUIVALENTS | | | |
| Current | | | |
| Cash at Bank | 1,762,588 | 1,762,588 | 52,108 |
| Short term deposits | 1,406,472 | 1,406,472 | 2,327,740 |
| | <u>3,169,060</u> | <u>3,169,060</u> | <u>2,379,848</u> |

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

6. TRADE AND OTHER RECEIVABLES

| | | | |
|----------------|---------------|---------------|---------------|
| Current | | | |
| GST Receivable | 28,376 | 24,794 | 9,223 |
| Other Debtors | 53,010 | 53,010 | 35,898 |
| | <u>81,386</u> | <u>77,804</u> | <u>45,121</u> |

There are no impaired trade debtors.

Other debtors are non-interest bearing and are normally settled on 60-day terms.

7. OTHER ASSETS

| | | | |
|--------------------------|--------|---------|--------|
| Current | | | |
| Prepayments | 15,132 | 15,132 | 31,713 |
| Non Current | | | |
| Investment in subsidiary | - | 500,000 | - |

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 30 June 2009

| | Consolidated 2009 \$ | Company 2009 \$ | Company 2008 \$ |
|---|----------------------------|-----------------------|-----------------------|
| 8. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE | | | |
| Costs carried forward in respect of areas of interest in: | | | |
| Exploration and evaluation phases – at cost | 3,487,777 | 3,000,169 | 218,243 |
| Brought forward | 218,243 | 218,243 | - |
| Consideration for the exploration assets acquired during the period | 2,622,941 | 2,622,941 | 150,000 |
| Exploration expenditure capitalised during the period | 255,460 | 255,460 | 68,243 |
| Write offs during the year | (29,650) | (29,650) | - |
| Impairment of exploration and evaluation assets | (66,825) | (66,825) | - |
| Acquired through subsidiary | 487,608 | - | - |
| At reporting date | 3,487,777 | 3,000,169 | 218,243 |

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas.

| | Consolidated 2009 \$ | Company 2009 \$ | Company 2008 \$ |
|--|----------------------------|-----------------------|-----------------------|
| 9. PLANT & EQUIPMENT | | | |
| <i>Plant and Equipment</i> | | | |
| Plant and equipment at cost | 9,634 | 9,634 | 11,245 |
| Less: accumulated depreciation | (3,170) | (3,170) | (1,611) |
| | 6,464 | 6,464 | 9,634 |
| <i>Leasehold Improvements</i> | | | |
| Leasehold Improvements at cost | 14,885 | 14,885 | 16,365 |
| Less: accumulated amortisation | (3,273) | (3,273) | (1,480) |
| | 11,612 | 11,612 | 14,885 |
| Total Plant and Equipment | 18,076 | 18,076 | 24,519 |
| Movements in Plant and Equipment | | | |
| Balance at beginning of the year | 24,519 | 24,519 | - |
| Additions | - | - | 27,610 |
| Disposals | - | - | - |
| Depreciation and amortisation expense | (6,443) | (6,443) | (3,091) |
| Balance at end of the year | 18,076 | 18,076 | 24,519 |
| Movements in Leasehold Improvements | | | |
| Balance at beginning of the year | 14,885 | 14,885 | 16,365 |
| Additions | - | - | - |
| Disposals | - | - | - |
| Depreciation and amortisation expense | (3,273) | (3,273) | (1,480) |
| Balance at end of the year | 11,612 | 11,612 | 14,885 |

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 30 June 2009

| | Consolidated 2009 \$ | Company 2009 \$ | Company 2008 \$ |
|-------------------------------------|----------------------------|-----------------------|-----------------------|
| 10. TRADE AND OTHER PAYABLES | | | |
| Current | | | |
| Trade creditors | 75,370 | 18,806 | 16,284 |
| Other creditors and accruals | 218,005 | 218,005 | 21,594 |
| | <u>293,375</u> | <u>236,811</u> | <u>37,878</u> |

11. AMOUNTS UNDER CONTRACT

NWP Coal Canada Limited has entered into an option to purchase agreement with CEC, pursuant to which Jameson Resources will be granted the sole and exclusive right and option to acquire all of the respective rights, title and interest in the Basin Coal Project upon:

- the payment of C\$150,000 in cash (which was been paid by the Company);
- a further payment of C\$1,000,000 in cash (“Initial Option Payment”) and the issue of 7,407,408 Shares (“First Tranche”) (both of which have been satisfied by the Company);
- the payment of C\$3,100,000 cash and the issue of a further 7,407,408 Shares upon the earlier of the completion of a positive bankable feasibility study on the Basin Coal Mine project or 31 May 2010 (“Second Tranche”); and
- the issue of 7,407,408 Shares upon the earlier of the commencement of commercial coal production or 31 May 2012 (“Third Tranche”).

| | Consolidated 2009 \$ | Company 2009 \$ | Company 2008 \$ |
|--|----------------------------|-----------------------|-----------------------|
| 12. ISSUED CAPITAL | | | |
| (a) 59,294,076 (2008: 25,500,001) fully paid ordinary shares | 7,079,164 | 7,079,164 | 2,674,399 |
| (b) 15,000,000 (2008: nil) performance shares | - | - | - |
| (c) 21,716,667 (2008:5,500,000) options | - | - | - |

(a) *Movements in fully paid ordinary shares on issue:*

| | As at 30 June 2009 Number | As at 30 June 2009 \$ | As at 30 June 2008 Number | As at 30 June 2008 \$ |
|----------------------------|---------------------------------|-----------------------------|---------------------------------|-----------------------------|
| Fully paid ordinary shares | <u>59,294,076</u> | <u>7,079,164</u> | <u>25,500,001</u> | <u>2,674,399</u> |

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 30 June 2009

| | As at 30 June 2009 Number | As at 30 June 2009 \$ | As at 30 June 2008 Number | As at 30 June 2008 \$ |
|---|---------------------------------|-----------------------------|---------------------------------|-----------------------------|
| 12. ISSUED CAPITAL (Continued) | | | | |
| Consolidated and Company | | | | |
| At Beginning of the Period | 25,500,001 | 2,674,399 | - | - |
| Movements in ordinary shares on issue | | | | |
| At 5 July 2007 – issued on registration | - | - | 1 | 1 |
| Seed capital issued at \$0.02 each on 20 September 2007 | - | - | 8,000,000 | 160,000 |
| Seed capital issued at \$0.10 each on 9 October 2007 | - | - | 5,000,000 | 500,000 |
| Shares issued at \$0.20 each on 18 December 2007 pursuant to Prospectus | - | - | 12,000,000 | 2,400,000 |
| Shares issued at \$0.20 each in consideration for acquisition of mineral tenements | - | - | 500,000 | 100,000 |
| Placement at \$0.12 per share as funding for first payment of option over coal project | 1,666,667 | 200,000 | - | - |
| Shares issued at \$0.10 each in consideration for acquisition of controlled entity | 5,000,000 | 500,000 | - | - |
| Shares issued at \$0.10 each for option over coal project | 7,407,408 | 740,741 | - | - |
| Placement at \$0.12 per share to provide for working capital | 12,750,000 | 1,530,000 | - | - |
| Placement at \$0.25 per share to provide for working capital | 6,770,000 | 1,692,500 | - | - |
| Shares issued on exercise of options | 200,000 | 40,000 | - | - |
| Capital raising costs | - | (298,476) | - | (485,602) |
| At End of Reporting Period | 59,294,076 | 7,079,164 | 25,500,001 | 2,674,399 |

(b) Movements in performance shares on issue:

| | Consolidated As at 30 June 2009 Number | Company As at 30 June 2009 Number |
|--|---|--|
| At the beginning of the reporting period | - | - |
| Performance shares issued during the period: | | |
| Issued in consideration for acquisition of controlled entity (i) | 15,000,000 | 15,000,000 |
| At reporting date | 15,000,000 | 15,000,000 |

- (i) Performance shares will be converted to ordinary shares on a one for one basis on conditions that the following milestones are met: -
- 5 million will convert upon the completion of a positive bankable feasibility study or decision to mine, on or before 31 May 2010;
 - 5 million will convert upon the commencement of commercial production on the Basin Coal Mine Project on or before 31 May 2012; and
 - 5 million will convert upon the earlier of the production of 500,000 tonnes of saleable coal on the Basin Coal Mine Project on or before 31 March 2013.

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 30 June 2009

12. ISSUED CAPITAL (continued):

(c) Movements in options on issue:

| Company and Consolidated | As at 30 June 2009 Number | As at 30 June 2009 \$ | As at 30 June 2008 Number | As at 30 June 2008 \$ |
|---|---------------------------------|-----------------------------|---------------------------------|-----------------------------|
| At the beginning of the reporting period | 5,500,000 | - | - | - |
| Options issued during the period: | | | | |
| - Options exercisable at 20 cents on or before 30 April 2010 for nil consideration | 12,750,0000 | - | - | - |
| - Options exercisable at 20 cents on or before 30 November 2010 for nil consideration | 3,666,667 | - | 5,500,000 | - |
| - Options exercised | (200,000) | - | - | - |
| At reporting date | 21,716,667 | - | 5,500,000 | - |

(d) Terms of Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held.

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

(e) Terms of Options

At the end of reporting period, there are 21,716,667 options over unissued shares as follows:

- 9,166,667 unlisted options exercisable at 20 cents on or before 30 November 2010
- 12,550,000 unlisted options exercisable at 20 cents on or before 30 April 2010

| | Consolidated 2009 \$ | Company 2009 \$ | Company 2008 \$ |
|--|----------------------------|-----------------------|-----------------------|
| 13. RESERVES | | | |
| Equity Based Payment Reserve (a) | 363,455 | 363,455 | 287,238 |
| Foreign Currency Translation Reserve (b) | (46,572) | - | - |
| | 316,883 | 363,455 | 287,238 |
| (a) Equity Based Payments Reserve: | | | |
| Balance at the beginning of the year | 287,238 | 287,238 | - |
| Options issued to directors | - | - | 54,899 |
| Options issued to consultants | 76,217 | 76,217 | 232,339 |
| Balance at the end of the year | 363,455 | 363,455 | 287,238 |
| (b) Foreign Currency Translation Reserve: | | | |
| Balance at the beginning of the year | - | - | - |
| Foreign exchange differences | (46,572) | - | - |
| Balance at the end of the year | (46,572) | - | - |

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 30 June 2009

13. RESERVES

Equity Based Payments Reserve:

This reserve is used to record the value of equity benefits provided to employees, directors and consultants as part of their remuneration. Refer to note 16 for further details of these plans.

Foreign Currency Translation Reserve

Foreign currency translation reserve records exchange differences arising on translation of the Company's functional currency (Canadian Dollars) into presentation currency at balance date.

| | Consolidated 2009 \$ | Company 2009 \$ | Company 2008 \$ |
|---|----------------------------|-----------------------|-----------------------|
| 14. ACCUMULATED LOSSES | | | |
| Accumulated losses at the beginning of the reporting period | (300,071) | (300,071) | - |
| Net loss attributable to members | (617,920) | (617,920) | (300,071) |
| Accumulated losses at the end of the reporting period | (917,991) | (917,991) | (300,071) |

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 30 June 2009

15. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of key management personnel

The following persons were directors of Jameson Resources Limited during the financial year:-

| | |
|-----------------|------------------------------|
| Jeff Bennett | Non-Executive Chairman |
| John Holmes | Executive Technical Director |
| David Prentice | Non-Executive Director |
| Stephen Anastos | Non-Executive Director |

(b) Remuneration policy of key management personnel

The objective of the Company's executive reward framework is set to attract and retain the most qualified and experienced directors and senior executives. The board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness
- Acceptability to shareholders
- Performance linkage
- Capital management

Directors' fees

A director may be paid fees or other amounts as the directors determine where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. A director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Service agreements

Pursuant to an agreement executed on 19 October 2007, John Holmes provided services to the Company as an Executive Technical Director. The broad terms of this agreement include:

- Remuneration payable on and from 16 July 2007 at \$100,000 per annum plus superannuation; and
- Reimbursement of reasonable expenses in the carrying out of duties.

The remuneration payable was revised from \$100,000 to \$160,000 from 1 October 2008 and to \$200,000 per annum effective 1 May 2009, consistent with the increased scale of activities of the Company and commitments required of the Executive director resulting from the acquisition of the Canadian Basin Coal project.

The agreement may be terminated by either party by providing 3 months written notice and upon payment of any outstanding fees for services rendered.

The Services Agreement continues for a period of 2 years with an option to extend for a further period of 1 year term unless terminated in accordance with the relevant provisions of the Services Agreement.

Pursuant to an agreement executed on 25 August 2008, Jeff Bennett provides services to the Company as a non-executive Chairman. The broad terms of this agreement include remuneration payable on and from the Listing Date of \$60,000 per annum.

The agreement may be terminated by either party by providing 3 months written notice and upon payment of any outstanding fees for services rendered.

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 30 June 2009

15. KEY MANAGEMENT PERSONNEL DISCLOSURES *(continued)*

Pursuant to an agreement executed on 25 August 2008, David Prentice provides services to the Company as a non-executive Director. The broad terms of this agreement include remuneration payable on and from the Listing Date of \$30,000 per annum.

The agreement may be terminated by either party by providing 3 months written notice and upon payment of any outstanding fees for services rendered.

Pursuant to an agreement executed on 25 August 2008, Stephen Anastos provides services to the Company as a non-executive Director. The broad terms of this agreement include remuneration payable on and from the Listing Date of \$30,000 per annum plus superannuation.

The agreement may be terminated by either party by providing 3 months written notice and upon payment of any outstanding fees for services rendered.

(c) Compensation of key management personnel by individual

| 2009 | Primary | | Equity | Post- | Total |
|-----------------|----------------------|---------------------------------|------------------|------------------------------|---------|
| | Base Salary and Fees | Bonus and Non Monetary Benefits | Compensation | employment | |
| Directors | \$ | \$ | Value of Options | Superannuation Contributions | \$ |
| Jeff Bennett | 60,000 | - | - | - | 60,000 |
| John Holmes | 151,666 | - | - | 13,650 | 165,316 |
| David Prentice | 30,000 | - | - | - | 30,000 |
| Stephen Anastos | 30,000 | - | - | 2,700 | 32,700 |
| Total | 271,666 | - | - | 16,350 | 288,016 |

| 2008 | Primary | | Equity | Post- | Total |
|-----------------|----------------------|---------------------------------|------------------|------------------------------|---------|
| | Base Salary and Fees | Bonus and Non Monetary Benefits | Compensation | employment | |
| Directors | \$ | \$ | Value of Options | Superannuation Contributions | \$ |
| Jeff Bennett | 32,260 | - | 7,883 | - | 40,143 |
| John Holmes | 96,301 | - | 31,533 | 8,667 | 136,501 |
| David Prentice | 17,500 | - | 7,883 | - | 25,383 |
| Stephen Anastos | 16,479 | - | 7,599 | 1,483 | 25,561 |
| Total | 162,540 | - | 54,898 | 10,150 | 227,588 |

(d) Compensation options: Granted and vested during the year Year Ended 30 June 2009

During the financial year ended 30 June 2009, there were no options granted to Specified Directors.

Period Ended 30 June 2008

During the financial year ended 30 June 2008, the company granted 3,500,000 options expiring 30 November 2010 exercisable at \$0.20 to Specified Directors as disclosed below.

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 30 June 2009

15. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

The options were issued free of charge, and were valued at grant date using the Black & Scholes valuation model. The calculation of all options valued included the share price on the grant date of \$0.10 discounted at 30% due to lack of marketability, a volatility factor of approximately 60% and an annual risk-free rate of 7.0%. These options have vested immediately.

| | Granted Number | Vested Number | Grant Date | Value per Option at Date \$ | Date \$ | First Exercise Date | Last Exercise Date |
|------------------|------------------|------------------|------------|-----------------------------|---------|---------------------|--------------------|
| Directors | | | | | | | |
| Jeff Bennett | 500,000 | 500,000 | 20.09.07 | 0.0158 | 0.20 | 20.09.07 | 30.11.10 |
| John Holmes | 2,000,000 | 2,000,000 | 20.09.07 | 0.0158 | 0.20 | 20.09.07 | 30.11.10 |
| David Prentice | 500,000 | 500,000 | 20.09.07 | 0.0158 | 0.20 | 20.09.07 | 30.11.10 |
| Stephen Anastos | 500,000 | 500,000 | 30.10.07 | 0.0152 | 0.20 | 30.10.07 | 30.11.10 |
| | <u>3,500,000</u> | <u>3,500,000</u> | | | | | |

(e) Shares issued on exercise of compensation options

There were no shares issued on exercise of compensation options during the year.

(f) Option holdings of key management personnel

2009

| | Balance at 01.07.08 | Granted as Remuneration | Exercised | Bought & (Sold) | Balance at 30.06.09 | Total Vested at 30.06.09 | Total Exercisable at 30.06.09 |
|-----------------|---------------------|-------------------------|-----------|-----------------|---------------------|--------------------------|-------------------------------|
| Jeff Bennett | 500,000 | - | - | - | 500,000 | 500,000 | 500,000 |
| John Holmes (i) | 2,000,000 | - | - | - | 2,000,000 | 2,000,000 | 2,000,000 |
| David Prentice | 500,000 | - | - | - | 500,000 | 500,000 | 500,000 |
| Stephen Anastos | 500,000 | - | - | - | 500,000 | 500,000 | 500,000 |
| | <u>3,500,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,500,000</u> | <u>3,500,000</u> | <u>3,500,000</u> |

2008

| | Balance at beginning period | Granted as Remuneration | Exercised | Bought & (Sold) | Balance at 30.06.08 | Total Vested at 30.06.08 | Total Exercisable at 30.06.08 |
|-----------------|-----------------------------|-------------------------|-----------|------------------|---------------------|--------------------------|-------------------------------|
| Jeff Bennett | - | - | - | 500,000 | 500,000 | 500,000 | 500,000 |
| John Holmes (i) | - | - | - | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| David Prentice | - | - | - | 500,000 | 500,000 | 500,000 | 500,000 |
| Stephen Anastos | - | - | - | 500,000 | 500,000 | 500,000 | 500,000 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,500,000</u> | <u>3,500,000</u> | <u>3,500,000</u> | <u>3,500,000</u> |

- (i) Mr John Holmes holds 1,500,000 Options in his own right. In addition Zephyr Consulting Pty Ltd holds 500,000 options. John Holmes is a major shareholder of Zephyr Consulting Pty Ltd.

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 30 June 2009

15. KEY MANAGEMENT PERSONNEL DISCLOSURES *(continued)*

(g) Shareholdings of key management personnel

2009

| | Balance at 01.07.08 | Granted as Remuneration | On Exercise of Options | Bought & (Sold) (i) | Balance at 30.06.09 |
|-------------------|------------------------|----------------------------|---------------------------|------------------------|------------------------|
| Jeff Bennett (ii) | 250,000 | - | - | - | 250,000 |
| John Holmes | 40,000 | - | - | - | 40,000 |
| David Prentice | 1,000,000 | - | - | - | 1,000,000 |
| Stephen Anastos | - | - | - | - | - |
| | 1,290,000 | - | - | - | 1,290,000 |

2008

| | Balance at beginning period | Granted as Remuneration | On Exercise of Options | Bought & (Sold) (i) | Balance at 30.06.08 |
|-------------------|-----------------------------------|----------------------------|---------------------------|------------------------|------------------------|
| Jeff Bennett (ii) | - | - | - | 250,000 | 250,000 |
| John Holmes | - | - | - | 40,000 | 40,000 |
| David Prentice | - | - | - | 1,000,000 | 1,000,000 |
| Stephen Anastos | - | - | - | - | - |
| | - | - | - | 1,290,000 | 1,290,000 |

(i) The shareholdings were issued to directors on the same terms as promoters of the Company.

(ii) Hixon Pty Ltd, an entity controlled by Jeff Bennett holds 250,000 shares in the Company.

(h) Loans to key management personnel

No loans were made to key management personnel of the Company during the financial year.

(i) Other transactions and balances with key management personnel

During the year Zephyr Pty Ltd, a company associated with Mr John Holmes received \$78,900 (2008: \$67,499) as fees for the provision of office space, office fit-out, bookkeeping and office administration services.

These costs have not been included in directors' remuneration as these fees were not paid to individual directors in relation to the management of the affairs of the Company. All transactions were entered into on normal commercial terms.

16. EMPLOYEE BENEFITS

At 30 June 2009, Jameson Resources Limited had 1 (2008:1) employee.

Employee Incentive Option Plan

The Company's Employee Incentive Scheme provides for the Board to elect to offer Options to an employee having regard to the potential contribution of the employee to the Company and any other matters the Board considers relevant.

Each option is convertible to one ordinary share. The exercise price of the options, determined in accordance with the Rules of the Scheme, is the price determined by the Board and advised to the employee when Options are offered to the employee.

All options expire on the earlier of their termination date or 30 days following termination of the employee's employment. Options vest on granting, however exercise can be conditional upon the Company achieving certain performance hurdles as determined by the Board of directors.

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 30 June 2009

There are no voting or dividend rights attaching to the options. There are no voting rights attaching to the unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the options have been exercised.

No options have been issued under this scheme to date. Details of shares and options issued to Directors are included in the Remuneration Report.

17. SHARE BASED PAYMENT PLANS

Options are issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to all directors of Jameson Resources to increase goal congruence between executives, directors and shareholders. In addition options are issued to consultants of the Company for their services rendered.

The following table illustrates the number and weighted average exercise prices (WAEP) of and movements in share options issued during the year:

| | 2009 | | 2008 | |
|---|-------------------|------------------------------------|-------------------|------------------------------------|
| | Number of Options | Weighted Average Exercise Price \$ | Number of Options | Weighted Average Exercise Price \$ |
| Outstanding at beginning of the period | 5,500,000 | 0.20 | - | |
| Granted during the period | 2,000,000 | 0.20 | 5,500,000 | 0.20 |
| Outstanding at the end of the period | 7,500,000 | | 5,500,000 | |
| Exercisable at the end of the period | 7,500,000 | | 5,500,000 | |

- (i) 7,500,000 options outstanding at 30 June 2009 are represented by options exercisable at \$0.20 on or before 30 November 2010.
- (ii) Options outstanding at 30 June 2009 had a weighted average exercise price of \$0.20 (2008:\$0.20).
- (iii) Options outstanding at 30 June 2009 had a weighted average remaining life of 1.42 years (2008:2.42years).
- (iv) The weighted average fair value of options granted during the year was \$0.05 (2008:\$0.20).
- (v) Equity based payments on balance sheet is \$76,217 (2008:\$287,238 income statement), and relates, in full, to equity-settled share-based payment transactions.

The following table illustrates the parameters used in valuing options granted to Directors and Executives of the Company using Black & Scholes option pricing model for the financial years 2008 and 2009:

| | Consultants' Options expiring 30/11/2010 | Consultants' Options expiring 30/11/2010 | Directors' Options expiring 30/11/2010 |
|---|--|--|--|
| Weighted average share price at grant date | \$0.17 & \$0.25 | \$0.10 | \$0.10 |
| Expected volatility | 100% & 110% | 60% | 60% |
| Expected life of options (years) | 1 | 3 | 3 |
| Risk-free interest rate | 3.48% | 7% | 7% |
| Exercise price | \$0.20 | \$0.20 | \$0.20 |

The expected life of options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 30 June 2009

18. RELATED PARTY DISCLOSURES

Key management personnel

Disclosures relating to key management personnel are set out in note 16 and the Directors' Report.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are interest rate risk and credit risk.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

The Group's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Group. The Group also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the period under review, it has been the Group's policy not to trade in financial instruments

- Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

The Group is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The Group does not have short or long term debt, and therefore this risk is minimal.

(i) Currency Risk

The Group undertakes its exploration transactions denominated predominantly in Canadian currency. The Group's exposure to exchange rate fluctuation at this stage is not considered material due to the size of the expenditure incurred to date in Canada. The Group is reviewing its policies in relation to foreign currency to limit exposure to exchange rate fluctuations going forward until such time as revenues can be earned in Canada and adequate cash flows can be maintained in a Canadian currency account.

(ii) Interest Rate Risk

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts might not reconcile to the balance sheet.

30 June 2009

| | Weighted Average Effective Interest Rate % | Less than 1 month \$ | 1 to 3 months \$ | 3 months to 1 year \$ | 1 to 5 years \$ | Total \$ |
|-------------------------------------|--|-------------------------------|------------------------|-----------------------------|-----------------------|-------------|
| FINANCIAL ASSETS | | | | | | |
| Non-interest bearing | | 81,386 | - | - | - | 81,386 |
| Variable interest rates instruments | | 1,762,587 | - | - | - | 1,762,587 |
| Fixed interest rates instruments | | - | 1,406,472 | - | - | 1,406,472 |
| | 2.01% | 1,843,973 | 1,406,472 | - | - | 3,250,445 |
| FINANCIAL LIABILITIES | | | | | | |
| Non-interest bearing | | (204,261) | - | - | - | (204,261) |
| NET FINANCIAL ASSETS | | 1,639,712 | 1,406,472 | - | - | 3,046,184 |

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 30 June 2009

30 June 2008

| | Weighted Average Effective Interest Rate % | Less than 1 month \$ | 1 to 3 months \$ | 3 months to 1 year \$ | 1 to 5 years \$ | Total \$ |
|-------------------------------------|--|-------------------------------|------------------------|-----------------------------|-----------------------|-------------|
| FINANCIAL ASSETS | | | | | | |
| Non-interest bearing | | 45,121 | - | - | - | 45,121 |
| Variable interest rates instruments | | 52,108 | - | - | - | 52,108 |
| Fixed interest rates instruments | | - | 2,327,740 | - | - | 2,327,740 |
| | 7.5% | 97,229 | 2,327,740 | - | - | 2,424,969 |
| FINANCIAL LIABILITIES | | | | | | |
| Non-interest bearing | | (33,684) | - | - | - | (33,684) |
| NET FINANCIAL ASSETS | | 63,545 | 2,327,740 | - | - | 2,391,285 |

Net fair value of financial assets and liabilities

The carrying amount of cash and cash equivalents approximates fair value because of their short-term maturity.

(i) Interest Rate Sensitivity Analysis

At 30 June 2009, the effect on loss and equity as a result of changes in the interest rate, with all other variable remaining constant would be as follows:

| | 2009 \$ | 2008 \$ |
|---------------------------------|--------------------|-------------------|
| CHANGE IN LOSS | | |
| Increase in interest rate by 1% | Change (28,129) | Change (4,775) |
| Decrease in interest rate by 1% | 28,129 | 4,775 |
| CHANGE IN EQUITY | | |
| Increase in interest rate by 1% | Change (28,129) | Change 4,775 |
| Decrease in interest rate by 1% | 28,129 | (4,775) |

- Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group operates in the mining explorer sector, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables. The Group does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk.

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 30 June 2009

The Group's maximum exposure to credit risk at each balance date in relation to each class of recognised financial assets is the carrying amount, net of any provision for doubtful debts, of those assets as indicated in the balance sheet. The maximum credit risk exposure of the Group at 30 June 2009 is \$81,386 (2008:\$45,121). There are no impaired receivables at 30 June 2009 (2008: Nil).

• Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by monitoring forecast cash flows. The Group does not have any significant liquidity risk as the Group does not have any collateral debts.

Capital Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being mineral exploration, it does not have ready access to credit facilities and therefore is not subject to any externally imposed capital requirements, with the primary source of Group funding being equity raisings. Accordingly, the objective of the Group's capital risk management is to balance the current working capital position against the requirements to meet exploration programmes and corporate overheads. This is achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

| | Consolidated 2009 \$ | Company 2009 \$ | Company 2008 \$ |
|---|----------------------------|-------------------------|-------------------------|
| 20. LOSS PER SHARE | | | |
| (a) Loss used in the calculation of basic loss per share | (617,920) | (617,920) | (300,071) |
| | <i>Number of shares</i> | <i>Number of shares</i> | <i>Number of shares</i> |
| (b) Weighted average number of ordinary shares outstanding during the reporting period used in calculation of basic loss per share: | 34,041,888 | 34,041,888 | 16,717,453 |

The diluted earnings per share is not disclosed as the Company made a loss for the period.

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 30 June 2009

| | Consolidated Year Ended 30 June 2009 \$ | Company Year Ended 30 June 2009 \$ | Company Period Ended 30 June 2008 \$ |
|---|--|---|---|
| 21. CASH FLOW INFORMATION | | | |
| (i) Reconciliation of cash and cash equivalent:- | | | |
| Cash at Bank | 3,169,060 | 3,169,060 | 2,379,848 |
| (ii) Reconciliation of cash flows from operating activities with loss after income tax | | | |
| Loss after income tax | (617,920) | (617,920) | (300,071) |
| Add: Non cash items: | | | |
| - Depreciation | 6,443 | 6,443 | 3,091 |
| - Equity Remuneration | - | - | 54,899 |
| Changes in assets and liabilities | | | |
| - (Increase) in trade and other receivables | (36,265) | (32,683) | (71,004) |
| - Increase in trade and other payables | 202,882 | 181,656 | 28,845 |
| Net cash (outflows) from Operating Activities | (444,860) | (462,504) | (284,240) |

(iii) Non-cash financing and investing activities

During the year ended 30 June 2009, the following non-cash financing and investing activities occurred:-

- the Company issued 5,000,000 new ordinary shares at \$0.10 each and 15,000,000 performance shares as consideration for acquisition of NWPC Pty Ltd.
- 7,407,408 new ordinary shares were issued to Compliance Energy Corporation Limited (CEC) as an initial fee to acquire an option of CEC's Coal Basin project.
- Chess Capital Partners and Capital Investment Partners each received 1,000,000 unlisted options exercisable at \$0.20 on or before 30 November 2010 in consideration for their services as the Company's corporate advisors.

During the year ended 30 June 2008, the Company issued 125,000 shares at \$0.20 to Mr Scott Wilson and 375,000 shares at \$0.20 to Murchison Resources Pty Ltd as consideration for the acquisition of mineral tenements.

(iv) Acquisition of Business

During the year, the Company acquired NWPC Pty Ltd. The purchase of the ordinary shares of NWPC Pty Ltd was satisfied by the issue of 5,000,000 new ordinary shares and the 15,000,000 performance shares in the Company.

The 15 million performance shares, will convert to fully paid ordinary shares in the capital of Jameson on a one for one basis upon the achievement of the following milestones:

- a) 5 million will convert upon the completion of a positive bankable feasibility study or decision to mine, on or before 31 May 2010;
- b) 5 million will convert upon the commencement of commercial production on the Basin Coal Mine Project on or before 31 May 2012; and
- c) 5 million will convert upon the earlier of the production of 500,000 tonnes of saleable coal on the Basin Coal Mine Project on or before 31 March 2013.

On 9th February 2009, the Company also acquired NWPC Pty Ltd's wholly owned subsidiary NWP Coal Canada Ltd as part of the acquisition. NWP Coal Canada Ltd was a dormant company with C\$1 of issued capital on the date of acquisition.

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 30 June 2009

21. CASH FLOW INFORMATION (Continued)

Details of acquisition are as follows:

Consideration

Cash and cash equivalent

Ordinary shares

Total consideration

\$

-

500,000

500,000

Fair value of net assets acquired

Current assets

- Cash and cash equivalents

- Receivables

Non-current assets

- Exploration assets

Current liabilities

- Payables

Net assets acquired

Goodwill arising on acquisition

\$

12,490

6,317

165,672

-

184,479

315,521

Net cash inflow on acquisition

Cash and cash equivalents consideration

Less: cash and cash equivalents acquired

-

(12,490)

(12,490)

22. SEGMENT REPORTING

(a) Primary Segment - Geographical Segments

The Consolidated Entity has the following geographical segments:

Canada

Canada is the location of the Company's Basin Coal Mine project.

Australia

Australia is the location of the central management and control of Jameson Resources Limited, including where Company secretarial services, accounting and cash management operations are performed. The Company also has exploration projects in Western Australia.

| 30 June 2009 Primary Reporting – Geographical Segments | \$ Canada | \$ Australia | \$ Eliminations | \$ Consolidated |
|---|--------------|-----------------|--------------------|--------------------|
| Revenues from ordinary activities | - | 100,534 | - | 100,534 |
| Segment results(loss) | - | (617,920) | - | (617,920) |
| Segment assets | 427,614 | 6,935,914 | (602,097) | 6,771,431 |
| Segment liabilities | (427,613) | (264,155) | 371,049 | (293,375) |
| Acquisitions of plant and equipment, exploration and evaluation, and other non-current segment assets | 239,005 | 3,295,227 | (184,475) | 3,349,757 |
| Depreciation and amortisation | - | (6,443) | - | (6,443) |

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 30 June 2009

(b) Secondary Segment - Business Segments

Mineral Exploration

The Group operates solely in the mineral exploration and production, with the Basin Coal Mine Project in the state of British Columbia in Canada and projects in Western Australia.

23. EVENTS SUBSEQUENT TO REPORTING DATE

On 22 July 2009, the Company announced upgrade of Basin Thermal Coal Resource from 19 million to 117 million Tonnes substantially increasing potential for extended mine life.

On 12 August, Mr T. Arthur Palm was appointed non-executive director of the Company.

On 9 September 2009 Jameson entered into a Sale and Purchase Agreement with a public unlisted Company, Winchester Resources Limited ("Winchester"), for the acquisition of its Ora Banda exploration tenements. The purchase consideration payable is \$10,000 plus 750,000 Winchester fully paid ordinary shares. The shares are payable upon Winchester successfully completing an initial public offer of shares on ASX and receiving conditional approval for the admission of Winchester to the official list of ASX on or before 9 March 2010 and approval by the shareholders of Winchester (if required).

Since the end of the financial year 1,970,834 options expiring 30 April 2010 were exercised into fully paid ordinary shares at \$0.20 each raising \$394,166.

Other than as detailed above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

24. CONTINGENCIES

As described in Note 21 and 27, the Company issued 15 million performance shares as part of consideration in acquiring NWPC Pty Ltd.

The conversion of Performance shares into ordinary shares in the Company is subject to the achievement of milestones set out in Note 27. Each Performance share will automatically convert into one ordinary share in the Company upon milestones achieved.

In addition, the Company assumed an exclusive option to acquire 100% of CEC's rights in the Basin Coal Mine Project, which terms are described in the Directors' Report.

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 30 June 2009

25. COMMITMENTS

(a) Exploration commitments

The Company will have minimum obligations pursuant to the terms and conditions of prospective tenement licenses in the forthcoming year of C\$45,813, for coal license, rental commitments and mineral claims.

Pursuant to the Mining Agreement with Pacific West Coal (PWC) who hold the rights to the Coal Basin tenements, the Company has a minimum royalty commitment of C\$15,000 per quarter payable. Upon commencement of mining a \$1.50 per tonne royalty will be payable to PWC on all coal and other products produced from the property. This will be credited against the royalty account which had a positive balance of C\$181,332 at 30 June 2009.

(b) Lease expenditure commitments

The Company has no operating lease commitments, as it is currently leasing premises on a monthly tenancy.

(c) Remuneration Commitments

There are no commitments for the payment of salaries and other remuneration under long-term employment.

26. INTEREST IN SUBSIDIARIES

The following companies are subsidiaries of Jameson Resources Limited.

| Name | Country of Incorporation | Percentage of equity interest held by Consolidated Entity | | Investment | |
|---------------------|--------------------------|---|------|------------|------|
| | | 2009 | 2008 | 2009 | 2008 |
| | | % | % | \$ | \$ |
| NWPC Pty Ltd | Australia | 100 | - | 500,000 | - |
| NWP Coal Canada Ltd | Canada | 100 | - | 1 | - |

27. BUSINESS COMBINATION

During the year, the Company acquired NWPC Pty Ltd ("NWPC"), a mining related company. The purchase of the ordinary shares of NWPC was satisfied by the issue of 5,000,000 new ordinary shares and 15,000,000 performance shares in the Company.

The 15 million performance shares, which shall convert to fully paid ordinary shares in the capital of Jameson on a one for one basis upon the achievement of the following milestones:

- 5 million will convert upon the completion of a positive bankable feasibility study on or before 31 May 2010;
- 5 million will convert upon the commencement of commercial production on the Basin Coal Mine Project on or before 31 May 2012; and
- 5 million will convert upon the earlier of the production of 500,000 tonnes of saleable coal on the Basin Coal Mine Project on or before 31 March 2013.

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 30 June 2009

27. BUSINESS COMBINATION (Continued)

The purchase price was allocated as follows:

| | |
|---|---------|
| | \$ |
| Value of 5,000,000 shares issued to NWPC shareholders | 500,000 |
| Other direct acquisition costs | - |

Net assets acquired in the business combination and the goodwill arising is as follows:

| | Acquiree's carrying amount before business combination \$ | Fair Value adjustments \$ | Fair value \$ |
|--|---|---------------------------------|------------------|
| Net assets acquired: | | | |
| Cash and cash equivalents | 12,490 | - | 12,490 |
| Receivables | 6,317 | - | 6,317 |
| Deferred exploration and evaluation expenditure | 165,672 | - | 165,672 |
| Payables | - | - | - |
| | 184,479 | - | 184,479 |
| Goodwill on consolidation | 315,521 | - | 315,521 |
| Total consideration | | | 500,000 |
| The goodwill on acquisition has been capitalised as exploration and evaluation expenditure refer Note 8. | | | |
| Cash inflow on acquisition is as follows: | | | |
| Net cash acquired with subsidiary | | | 12,490 |
| Cash paid | | | - |
| Net cash inflow | | | 12,490 |

DIRECTORS' DECLARATION

The directors of the Group declare that:

1. the financial statements and notes, as set out on pages 17 to 49, are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the Company and the consolidated entity; and
2. the Chief Executive Officer and Chief Financial Officer have each declared that:
 - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. in the directors' opinion there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

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



John Holmes
Executive Director

Dated this 30th day of September 2009

INDEPENDENT AUDITOR'S REPORT

To the members of
Jameson Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Jameson Resources Limited ("the company"), which comprises the balance sheet as at 30 June 2009, the income statement, statement of changes in equity, cash flow statement and notes to the financial statements for the year ended on that date, and the directors' declaration for both the company and the consolidated entity as set out on pages 17 to 50. The consolidated entity comprises the company and the entities it controlled at the end of the financial year 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 controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1(a), 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 ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

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

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

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

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

INDEPENDENT AUDITOR'S REPORT

Auditor's Opinion

In our opinion:

- (a) the financial report of Jameson Resources Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2009 and of their performance for the period 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(c).

Continuation as a Going Concern

Without qualification to the opinion expressed above, we draw attention to Note 1(a) in the financial report which indicates that the company will require additional sources of funding to enable it to carry out its objectives. If the company is unable to generate additional cash flows, there is significant uncertainty whether the company will continue as a going concern and, therefore, whether it will 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 on pages 12 to 14 of the directors' report for the period ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

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



HLB MANN JUDD
Chartered Accountant



N G NEILL
Partner

Perth, Western Australia
30 September 2009

Principle 1:

Lay solid foundations for management and oversight

1.1: Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

The Board of Directors is responsible for the overall Corporate Governance of the company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The primary responsibilities of the Board include responsibility for:

- oversight of the company, including its control and accountability systems,
- appointing and removing the chief executive officer (or equivalent),
- ratifying the appointment and, where appropriate, the removal of the chief financial officer (or equivalent) and the company secretary,
- input into and final approval of management's development of corporate strategy and performance objectives,
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance,
- monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available,
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures,
- approving and monitoring financial and other reporting.

The Board delegates the day to day responsibilities to its executive director. The Board's role is to oversee this function. Directors consider that the Company's procedures comply with Principle 1 of the Principles of Good Corporate Governance.

1.2: Companies should disclose the process for evaluating the performance of senior executives.

New senior executives are expected to participate fully and actively in management decision-making at the earliest possible to ensure appropriate understanding about the company's financial position, strategies, operations, risks management policies and the respective responsibilities and duties of the board and senior executives.

Due to the nature and size of the company, the company currently only has one senior executive. The directors consider that the company complies with the intention of Principle 1.2 of the Principles of Good Corporate Governance.

1.3: Companies should provide the information indicated in Guide to reporting on Principle 1

The company only has one senior executive for the reasons outlined in 1.2 above.

Any departures from best practice recommendations 1.1, 1.2 or 1.3 are included in those sections.

Principle 2:

Structure the board to add value

2.1: A majority of the board should be independent directors.

The names of the Directors of the Company in office at the date of this Statement are set out in the Directors' Report. Directors are appointed based on their experience and on independence of their decision-making and judgement.

In considering the status of directors as independent directors the company has regard to the following

An independent director is a non-executive director (ie is not a member of management) and:

- is not a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company.
- within the last three years has not been employed in an executive capacity by the company or another group member, or been a director after ceasing to hold any such employment.
- within the last three years has not been a principal of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provided.
- is not a material supplier or customer of the company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer.
- has no material contractual relationship with the company or another group member other than as a director of the company.

CORPORATE GOVERNANCE STATEMENT

- has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company.
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company.

Having regard to the above criteria, and the particular circumstances of the company and each director, the Directors consider that 3 directors are independent and 2 directors are not independent, therefore the company complies with Principle 2.1 of the Principles of Good Corporate Governance.

2.2: The chair should be an independent director.

Mr Bennett, the Chairman, is a non-executive of the company and is considered to be an independent director.

The Company therefore complies with Principle 2.2 of the Principles of Good Corporate Governance.

2.3: The roles of chair and chief executive officer should not be exercised by the same individual.

The functions of a chief executive officer are carried out by the Executive Director, Mr Holmes, and Mr Bennett is the Chairperson.

The Company complies with Principle 2.3 of the Principles of Good Corporate Governance.

2.4: The board should establish a nomination committee

The company does not have a formal nomination committee due to the scale and nature of the company's activities. The whole board meet to consider additional appointments to the Board, and the board has a formal procedure for nominating directors.

Directors consider that the company complies with the intentions of Principle 2.4 of the Principles of Good Corporate Governance.

2.5: Companies should disclose the process of evaluating the performance of the Board, its committee and individual directors.

New directors are expected to have a good deal of knowledge about the company and the industry within which it operates. The board will be provided full access to information it needs to discharge its responsibilities effectively to ensure all new directors are able to gain an understanding of:

- the company's financial, strategic, operational and risk management position
- the rights, duties and responsibilities of the directors
- the roles and responsibilities of senior executives
- the role of board committees

Directors consider that the company complies with Principle 2.5 of the Principles of Good Corporate Governance.

2.6: Provide the information indicated in Guide to reporting on Principle 2

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the Annual Report are disclosed in the Directors' Report included in the Annual Report.

The majority of the directors are considered by the board to constitute independent directors. The company does not have fixed materiality thresholds.

Each Director has the right to seek independent professional advice at the Company's expense. However, prior approval of the Chair is required. Approval will not be unreasonably withheld.

No directors have fixed terms of office.

The company does not have a nomination committee for the reasons outlined in 2.4 above.

Any departures from best practice recommendations 2.1, 2.2, 2.3, 2.4, 2.5 or 2.6 are included in those sections.

The Board will review its composition on an annual basis to ensure that the Board has the appropriate mix of expertise and experience. Where a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board will select appropriate candidates with relevant qualifications, skills and experience.

Directors consider that the company complies with Principle 2.6 of the Principles of Good Corporate Governance.

Principle 3:

Promote ethical and responsible decision-making

3.1: Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:

3.1.1 the practices necessary to maintain confidence in the company's integrity

3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Board's policy for the Directors and management is to conduct themselves with the highest ethical standards. All Directors and employees will be expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

The Company has adopted a specific Code of Conduct which is in line with best practice. It is based on The Australian Institute of Company Directors' Code of Conduct. This code ensures the Board operates in a manner consistent with shareholder and community expectations and the relevant legislation.

Directors consider that the company complies with Principle 3.1 of the Principles of Good Corporate Governance.

3.2: Establish and disclose the policy concerning trading in company securities by directors, officers and employees.

The Company has adopted a share trading policy which is in line with the ASX Listing Rules and Corporations Act requirements.

The policy is as follows:

Directors and senior executives (officers) must not buy or sell shares or securities in the company if they possess information which, if disclosed publicly, might have a material effect on the price or value of the company's shares. Directors through the Company Secretary must notify the ASX of any change in their share holdings within 3 business days of the transaction taking place.

The Company maintains a policy that requires all directors to seek the chairman's approval prior to trading in the Companies securities.

No transaction should take place if the directors (or officers) are aware of any information which, if disclosed publicly, might have a material effect on the price or value of the company's shares.

Directors consider that the company complies with Principle 3.2 of the Principles of Good Corporate Governance.

3.3: Provide the information indicated in Guide to reporting on Principle 3.

This information is provided in this statement.

Directors consider that the company complies with Principle 3.3 of the Principles of Good Corporate Governance.

Principle 4:

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting

4.1: The board should establish an audit committee.

Due to the company's size and structure at present it is not considered appropriate to have a formal audit committee. The Board as a whole review the financial statements and consider the independence and competence of the Company's external auditor.

Directors consider that the company does not comply with Principle 4.1 of the Principles of Good Corporate Governance.

4.2: Structure the audit committee so that it consists of:

- only non-executive directors
- a majority of independent directors
- is chaired by an independent chair, who is not chairperson of the board
- at least three members.

Directors consider that Principle 4.2 of the Principles of Good Corporate Governance is not applicable.

4.3: The audit committee should have a formal charter.

Directors consider that Principle 4.3 of the Principles of Good Corporate Governance is not applicable

CORPORATE GOVERNANCE STATEMENT

4.4: Provide the information indicated in Guide to reporting on Principle 4.

Directors consider that the company does not comply formally with Principle 4.4 of the Principles of Good Corporate Governance, however the company has documented procedures in place for the selection and appointment of external auditors, and the Board as a whole reviews the integrity of the company's financial reporting process.

Principle 5:

Make timely and balanced disclosure

5.1: Establish written policies and disclose procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.

The Company has an established policy for continuous disclosure, which is designed to:

- Ensure that shareholders and the market are provided with full and timely information about its activities;
- Comply with the continuous disclosure obligations contained in the ASX Listing Rules and the applicable sections of the Corporations Act in Australia.
- Providing equal opportunity for all stakeholders to receive externally available information issued by Jameson Resources in a timely manner.

A summary of the policy is as follows:

All directors are required to have a general understanding of the matters that are to be, or not to be disclosed in accordance with the ASX Listing Rules.

All matters concerning compliance with the listing rules are to be reported to the chairman.

The Executive Director has primary responsibility for ensuring that the company complies with its disclosure obligations and is primarily responsible for deciding what information will be disclosed.

The Executive Director and the Company Secretary are responsible for promoting understanding of compliance and monitoring compliance.

Directors are required to maintain confidentiality of corporate information to avoid premature disclosure.

The Executive Director is responsible for media contact and comment, external communications such as analyst briefings and responses to shareholder questions.

Directors consider that the company complies with Principle 5.1 of the Principles of Good Corporate Governance.

5.2: Provide the information indicated in Guide to reporting on Principle 5.

This information is provided in this statement.

Directors consider that the company complies with Principle 5.2 of the Principles of Good Corporate Governance.

Principle 6:

Respect the rights of shareholders and facilitate the effective exercise of those rights

6.1: Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.

Information is communicated to shareholders as follows:

- notices of all meetings of shareholders;
- all documents that are released publicly are made available on the Company's website at www.jamesonresources.com.au

Directors consider that the company complies with Principle 6.1 of the Principles of Good Corporate Governance.

6.2: Provide the information indicated in the Guide to reporting on Principle 6.

This information is provided in this statement.

Directors consider that the company complies with Principle 6.2 of the Principles of Good Corporate Governance.

Principle 7:

Recognise and manage risk

7.1: The board or appropriate board committee should establish policies on material business risk oversight and management.

The Board monitors and if necessary, receives advice on areas of operational and financial risk, and considers strategies for appropriate risk management arrangements.

Specific areas of risk, which are identified, will be regularly considered at Board meetings include performance of activities, human resources, the environment and continuous disclosure obligations.

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.

Matters of risk management and compliance are currently addressed by the board as a whole at this stage of the development of the company.

Directors consider that the company complies with the intentions of Principle 7.2 of the Principles of Good Corporate Governance.

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 has received assurance in a declaration from the CEO equivalent (Executive director) and CFO equivalent (Company Secretary) for the reporting year ended 30 June 2009, that the company 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.

Directors consider that the company complies with the intentions of Principle 7.3 of the Principles of Good Corporate Governance.

7.4: Provide the information indicated in Guide to reporting on Principle 7.

This information is provided in this statement.

The board has not received the report from management under recommendations 7.2 and 7.3 due to the reasons outlined above.

Any departures from best practice recommendations 7.1, 7.2, 7.3 or 7.4 are included in those sections.

Directors consider that the company complies with intentions of Principle 7.4 of the Principles of Good Corporate Governance.

Principle 8:

Remunerate fairly and responsibly

8.1: The board should establish a remuneration committee

At this stage of the development of the company, the company does not have a formal remuneration committee in place.

Directors consider that the company does not comply with Principle 8.1 of the Principles of Good Corporate Governance although this non-compliance is not material.

8.2: Clearly distinguish the structure of non-executive directors' remuneration from that of executives.

The remuneration of each director is set out in the Directors' Report included in the Annual Report.

Directors consider that the company complies with Principle 8.2 of the Principles of Good Corporate Governance.

8.3: Provide the information indicated in Guide to reporting on Principle 8.

This information is provided in this statement.

Directors consider that the company complies with Principle 8.3 of the Principles of Good Corporate Governance.

ADDITIONAL SHAREHOLDER INFORMATION

A. CORPORATE GOVERNANCE

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the reporting period is contained within the Financial Report.

B. SHAREHOLDING

1. Substantial Shareholders

The names of the substantial shareholders listed on the company's register as at 16 September 2009:

| Shareholder | Number | Percentage of issued capital held |
|---------------------------------|-----------|-----------------------------------|
| Compliance Energy Corporation | 7,407,408 | 12.09% |
| Green Frog Nominees Nominee A/C | 2,625,000 | 4.28% |
| Nefco Nominees Pty Ltd | 2,616,667 | 4.27% |
| Mr Mathew Donald Walker | 2,500,000 | 4.08% |

2. Unquoted Securities

| Class of Equity Security | Number | Number of Security Holders |
|--|------------|----------------------------|
| 20 cents options expiring 30 November 2010 | 9,166,667 | 10 |
| 20 cents options expiring 30 April 2010 | 10,579,166 | 41 |

Names of persons holding greater than 20% of a class of unquoted securities:

| Class of Equity Security | Number | Holder |
|--------------------------------|-----------|---|
| 30 April 2010 options - \$0.20 | 2,500,000 | Fortis Clearing Sydney Nominees Pty Ltd |

3. Number of holders in each class of equity securities and the voting rights attached

There are 941 holders of ordinary shares. Each shareholder is entitled to one vote per share held.

There are 0 holders of listed options.

On a show of hands every shareholder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

4. Distribution schedule of the number of holders in each class of equity security as at 16 September 2009.

| Number Held as at 16 September 2009 | Class of Equity Securities |
|-------------------------------------|----------------------------|
| | Fully Paid Ordinary Shares |
| 1-1,000 | 28 |
| 1,001 - 5,000 | 202 |
| 5,001 - 10,000 | 339 |
| 10,001 - 100,000 | 281 |
| 100,001 and over | 91 |
| Totals | 941 |

ADDITIONAL SHAREHOLDER INFORMATION

5. *Marketable Parcel*

Holders of less than a marketable parcel:- fully paid shares 29

6. *Twenty largest holders of each class of quoted equity security*

The names of the twenty largest holders of each class of quoted equity security, the number of equity security each holds and the percentage of capital each holds (as at 16 September 2009) is as follows:

| Name | Number of Ordinary Fully Paid Shares Held | Held of Issued Ordinary Capital (%) |
|--|---|-------------------------------------|
| Compliance Energy Corporation | 7,407,408 | 12.09% |
| Green Frog Nominees Nominee A/C | 2,625,000 | 4.28% |
| Nefco Nominees Pty Ltd | 2,616,667 | 4.27% |
| Mr Mathew Donald Walker | 2,500,000 | 4.08% |
| Vienna Holdings Pty Ltd Ronjen Super Fund A/C | 1,800,000 | 2.94% |
| Karakoram No2 Pty Ltd | 1,753,600 | 2.86% |
| Eric McKenzie Nominees Pty Ltd <Peter Wilson Family A/C> | 1,338,165 | 2.18% |
| HSBC Custody Nominess Australia Limited | 1,249,600 | 2.04% |
| ANZ Nominees Limited | 1,242,000 | 2.03% |
| Mr Gavin Argyle | 1,014,202 | 1.66% |
| Mr David Prentice & Mrs Mirella Rosanna Prentice <D & M Prentice Family A/C> | 1,000,000 | 1.63% |
| Mr Richard Dongray & Mrs Joan Dongray <Super Fund A/c> | 975,000 | 1.59% |
| GAB Superannuation Fund Pty Ltd | 916,748 | 1.50% |
| Yogi Bear Investments Pty Ltd | 880,000 | 1.44% |
| Fortis Clearing Sydney Nominees Pty Ltd <Next Fin Settlement A/C> | 858,122 | 1.40% |
| Equibo Limited | 850,000 | 1.39% |
| Mr Arima Anastasios | 830,262 | 1.36% |
| National Nominees Limited | 826,090 | 1.35% |
| Fortis Clearing Sydney Nominees Pty Ltd <Settlement A/C> | 642,909 | 1.05% |
| Life's A Party <Lucas Super Fund A/C> | 603,667 | 0.99% |
| TOTALS: | 31,929,440 | 52.13% |

C. OTHER DETAILS

1. *Company Secretary*

The name of the company secretary is Suzie Foreman.

2. *Address and telephone details of the entity's registered and administrative office*

The address and telephone details of the registered and administrative office:

Level 2, 79 Hay Street
 SUBIACO WA 6005
 Telephone: + (61) 8 9200 4473
 Facsimile: + (61) 8 9200 4463

ADDITIONAL SHAREHOLDER INFORMATION

3. Address and telephone details of the office at which a register of securities is kept

The address and telephone number of the office at which a registry of securities is kept:

Security Transfer Registrars
770 Canning Highway
APPLECROSS WA 6153
Telephone: + (61) 8 9315 2333

4. Stock exchange on which the Company's securities are quoted

The Company's listed equity securities are quoted on the Australian Securities Exchange.

5. Restricted Securities

The Company issued the following restricted securities:

| Class of Equity Security | Number | Date Ceasing To Be Restricted Securities |
|--|---------------|---|
| Fully paid ordinary shares | 8,278,500 | 17 December 2009 |
| Fully paid ordinary shares | 12,407,408 | 9 February 2010 |
| 20 cents options expiring 30 November 2010 | 3,500,000 | 17 December 2009 |

6. Review of Operations

A review of operations is contained in the Directors' Report.

7. Consistency with business objectives

The Company has used its cash and assets in a form readily convertible to cash that it had at the time of listing in a way consistent with its stated business objectives.

Voting Rights

Ordinary Shares

In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

SCHEDULE MINERAL TENEMENTS

| Project | Tenement | Equity |
|----------------------------|------------|--------|
| Ora Banda - Orinda | P24/4389 | 80% |
| Ora Banda - Orinda | P24/4020 | 80% |
| Ora Banda - Orinda | P24/4021 | 80% |
| Ora Banda - Orinda | P24/4022 | 80% |
| Ora Banda - Orinda | P24/4023 | 80% |
| Ora Banda - Orinda | P24/4024 | 80% |
| Ora Banda - Windanya | P24/4028 | 80% |
| Ora Banda - Windanya | P24/4029 | 80% |
| Ora Banda - Windanya | P24/4030 | 80% |
| Ora Banda - Windanya | P24/4031 | 80% |
| Ora Banda – Christmas Reef | PLA24/4169 | 80% |
| Ora Banda – Christmas Reef | PLA24/4170 | 80% |
| Ora Banda – Christmas Reef | PLA24/4171 | 80% |
| Ora Banda – Christmas Reef | PLA24/4172 | 80% |
| Ora Banda – Christmas Reef | PLA24/4173 | 80% |



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