

Annual Financial Report

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AIM RELEASE

30 September 2010

DISCOVERY METALS LIMITED
DIRECTORS AND FINANCIAL REPORT FOR THE YEAR ENDED
30 JUNE 2010

A complete copy of the Financial Report for the year ended 30 June 2010 is available on the Company's website at [http://www.discoverymetals.com.au/Reports & Announcements/ASX Announcements](http://www.discoverymetals.com.au/Reports&Announcements/ASXAnnouncements).

Your directors present their report on Discovery Metals Limited and its subsidiaries ('Consolidated Group') for the year ended 30 June 2010.

THE BOARD OF DIRECTORS

The directors of Discovery Metals Limited ('Company' or 'Discovery Metals') in office at any time during or since the end of the year are:

GORDON GALT (Date of Appointment 09.05.07)
B.Eng (Hons), B Comm, Grad Dip Applied Finance, MAusIMM, MAICD
Chairman of the Board and a member of the Audit and Financial Risk Committee

Gordon Galt is a mining engineer with post-graduate qualifications in finance. He has worked in senior management, technical and operational roles including as managing director of companies engaged in the development and operation of large resource projects. He is experienced across a wide range of commodities, including, coal, gold, copper/lead/zinc and magnesium. Gordon has also spent a period of time in banking and is currently engaged in funds management and corporate advisory work.

Throughout his career Gordon has demonstrated a track record of creating shareholder value through analysis of a Company's strategic position, followed by implementation of appropriate corporate strategies, fund raising and motivating teams of senior resource professionals.

Gordon currently holds the following listed company directorships:

- * Aquila Resources Ltd from August 2007 to present
- * Navigator Resources Ltd from August 2008 to present
- * Nucoal Resources Ltd from February 2010 to present
- * US Masters Holdings Ltd from July 2010 to present

STUART BRADLEY SAMPSON (Date of Appointment 01.02.08)
B.E. (Hons)(Mining) Qld, MBA Deakin, AMP Oxf, MAusIMM, GAICD
Managing Director

Brad Sampson has over 20 years International experience as a mining engineer. He has worked extensively in both open cut and underground mine operations and developments in Australia, Southern Africa and the Pacific. He previously held an executive role in Thiess Ltd and has been in general management roles with Gold Fields Limited at St Ives gold mine in Western Australia and at the Kloof operation in South Africa. He also held the position of General Manager-PNG for Emperor Mines Limited. Brad has also worked with Anglo American, Ross Mining NL and Comalco. Brad is a director of all Discovery Metals subsidiaries registered in Botswana and Mauritius.

MORRICE CORDINER (Date of Appointment 30.05.03)

LLB, ASIA

Non-Executive Director and Chairman of the Audit and Financial Risk Committee

Mr Cordiner is a corporate lawyer and has in excess of 15 years experience in the finance and resources industries. Morrice was a founding director of Discovery Metals and was instrumental in identifying the original projects and strategic alliance with Falconbridge Inc that formed the original assets of the Company in 2003. Over the last 6 years, Mr Cordiner has been involved in the successful development and financing of a number of junior listed resource companies with projects in gold, nickel, copper and zinc. He has been actively involved in raising funds for these ventures on the Australian Stock Exchange, the London AIM market and the Toronto Stock Exchange. Mr Cordiner was a founding and non-executive director of the ASX and TSX dual-listed gold explorer, Andean Resources Limited (December 2003 to November 2009) and a non-executive director the ASX listed zinc explorer, Meridian Minerals Limited (July 2008 to November 2009).

RIBSON GABONOWE (Date of Appointment 30.05.08)

BSc (Mining Engineering), MSc (Mineral Economics), MBA

Non Executive Director

Ribson Gabonowe is a Mining Engineer with over 25 years of experience in the mining industry. For twelve years to December 2006, Ribson was the Director of Mines of Botswana, responsible for administering the legal and fiscal framework governing mineral exploitation. In this role, Ribson was involved in negotiations of mineral agreements for copper, nickel, diamonds, coal and soda ash.

During the past five years Ribson held directorships in the following companies:

* Morupule Colliery (Pty) Ltd

* Botswana Diamond Valuing Company (Pty) Ltd

* BCL Limited (Pty) Ltd

Ribson is currently a director of Kukama Mining and Exploration, African Coal (Pty) Ltd, Atlas Minerals (Pty) Ltd and Gabor Consulting (Pty) Ltd. Mr Gabonowe is also a director of all Discovery Metals subsidiaries registered in Botswana.

JEREMY READ (Date of Appointment 01.02.08)

BSc (Hons), MAusIMM

Non Executive Director (Managing Director from 01.07.03 to 01.02.08)

Jeremy Read has 22 years domestic and international minerals exploration experience and was previously the Manager of BHP Minerals Australian Exploration Team. Jeremy has extensive exploration experience for gold, nickel sulphides and base metals. He played an important role in the discovery of the Kabanga North Nickel deposit in Tanzania. Jeremy is skilled in developing new technical teams, management of technical/specialist service groups, project generation activities, risk management, multi-commodity mineral exploration, company listings and capital raisings. During his employment with BHP, he participated in the development of several significant strategic exploration alliances. Jeremy was the founding managing director of Discovery Metals from its incorporation in May 2003, until his appointment as a non-executive director on 1 February 2008 and secured the Boseto copper project for the Company. He is also the founding managing director of Meridian Minerals Limited.

JOHN SHAW (Date of Appointment 13.11.06)

BSc (Geological Engineering), FAusIMM, MCIM, FAICD, SME

Non Executive Director, chairman of the Remuneration and Compensation Committee and member of the Audit and Financial Risk Committee

John Shaw has over 40 years experience in exploration, development and operations of open cut and underground mines. John previously was Vice President of the Australian Operations of Placer Dome Asia Pacific Limited and managing director of Kidston Gold Mines. He is a former Chairman of Gallery Gold Limited (who developed the Mupane Gold Mine in NE Botswana), Zimbabwe Platinum Mines Limited, Tri Origin Minerals Limited, Albidon Limited and

Lodestone Exploration Limited. He is a non executive director of IAMGOLD Corporation and Quadra Australia Pty Ltd.

During the past five years John has held the following listed company directorships:

- * IAMGOLD Corporation from March 2006 to present
- * Albidon Limited from February 2008 to April 2009
- * Tri Origin Minerals Limited from October 2003 to February 2008
- * Lodestone Exploration Limited from May 2002 to November 2007
- * Gallery Gold Limited from November 2003 to March 2006

ROSLYNN SHAND (Date of Appointment 24.05.07)
BA, LLB, FCIS
Company Secretary

Roslynn Shand has a combined degree in Arts/Law from the University of Queensland, is a fellow of the Chartered Secretaries Australia and has considerable experience in the company secretarial area. She has been a company secretary for 20 years for entities in the financial, agricultural and mining sectors.

Principal Activity

The principal activity of the Company during the year was mineral exploration and in particular the continued development of its Boseto copper project in Botswana.

No significant change in the nature of the Consolidated Group's principal activity occurred during the year.

Dividends Paid or Recommended

The directors do not recommend the payment of a dividend for this financial year. No dividend has been declared or paid by Discovery Metals since the end of the previous financial year.

Operating Results

The result of the Consolidated Group amounted to an after-tax loss of \$4,661,265 (2009: loss \$4,436,900).

Number of Employees

There are 34 (2009: 28) full-time employees employed by the Consolidated Group in Australia and Botswana. All other roles are currently undertaken under contract arrangements, or by part-time employees.

Significant Changes in State of Affairs

No significant changes in the state of affairs of the Consolidated Group occurred during the year.

After Balance Date Events

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Group, the results of those operations or the state of affairs of the Consolidated Group in future financial years other than those noted in Note 25 in the Notes to the Financial Statements.

Future Developments

Other than as referred to in this report, further information as to likely developments in the operations of the Consolidated Group and the expected results of those operations would, in the opinion of the directors, be

speculative.

Review of Operations

The directors continued to operate the Consolidated Group in the best interests of the shareholders.

Financial Position

The net asset position of the Consolidated Group at 30 June 2010 was \$74,084,771 (30 June 2009: \$30,978,963).

The Consolidated Group has written off \$nil (30 June 2009: \$700,000) on exploration during the year.

Tenement Schedule

The Consolidated Group has an interest in the following tenements:

PROJECT	TENEMENT	MANAGER	AREA	GRANTED	EXPIRY	EXPENDITURE	COUNTRY	COMMITMENT or STATE
DIKOLOTI	P019/2004	Discovery	284	1-Jul-07	30-Jun-11	BWP 2.210m	BOTSWANA	NICKEL Metals Yr 7
DIKOLOTI	P020/2004	Discovery	89.6	1-Jul-07	30-Jun-11	BWP 2.210m	BOTSWANA	NICKEL Metals Yr 7
DIKOLOTI	P021/2004	Discovery	40.7	1-Jul-07	30-Jun-11	BWP 2.210m	BOTSWANA	NICKEL Metals Yr 7
DIKOLOTI	P022/2004	Discovery	197.4	1-Jul-07	30-Jun-11	BWP 2.210m	BOTSWANA	NICKEL Metals Yr 7
BOSETO	P98/2005	Discovery	630	1-Oct-05	30-Sep-10*	BWP 0.5m Yr	BOTSWANA	COPPER Metals 5
BOSETO	P99/2005	Discovery	893	1-Oct-05	30-Sep-10*	BWP 0.5m Yr	BOTSWANA	COPPER Metals 5
BOSETO	P100/2005	Discovery	757	1-Oct-05	30-Sep-10*	BWP 0.5m Yr	BOTSWANA	COPPER Metals 5
BOSETO	P101/2005	Discovery	426	1-Oct-05	30-Sep-10*	BWP 0.5m Yr	BOTSWANA	COPPER Metals 5
BOSETO	P102/2005	Discovery	557	1-Oct-05	30-Sep-10*	BWP 0.5m Yr	BOTSWANA	COPPER Metals 5
BOSETO	P103/2005	Discovery	463	1-Oct-05	30-Sep-10*	BWP 0.5m Yr	BOTSWANA	COPPER Metals 5
BOSETO	P104/2005	Discovery	731	1-Oct-05	30-Sep-10*	BWP 0.5m Yr	BOTSWANA	COPPER Metals 5
BOSETO	186/2008	Discovery	929	1-July-08	30-June-11	BWP 0.3m Yr	BOTSWANA	COPPER Metals 3
BOSETO	187/2008	Discovery	951	1-July-08	30-June-11	BWP 0.3m Yr	BOTSWANA	COPPER Metals 3
BOSETO	188/2008	Discovery	940	1-July-08	30-June-11	BWP 0.3m Yr	BOTSWANA	COPPER Metals 3
BOSETO	189/2008	Discovery	444	1-July-08	30-June-11	BWP 0.3m Yr	BOTSWANA	COPPER Metals 3

twelve months of their salary in the event of termination, with all granted options vesting immediately in the event of a takeover bid for the Company. Any options not exercised within 60 days of the date of termination lapse.

* For executives, the group will seek to emphasise payment for results through the incorporation of cash incentive payments based on the achievement of revenue targets and return on equity ratios. This will be implemented once the Company commences production in future years.

The performance of executives is measured against criteria agreed quarterly with the Managing Director and discussed annually by the Remuneration Committee. The criteria are based predominantly on the work required to grow the Company and to bring the Boseto copper project into production and therefore add to shareholders' value. As the Company has been in the exploration and feasibility phase, currently no short term bonus payment scheme is applicable to executives. Any future bonuses and incentives will be linked to predetermined performance criteria. The Remuneration Committee may however recommend that the Board exercise its discretion in relation to approving incentives, bonuses and options and make changes. Any such changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are entitled to participate in the Company's Director and Employee Share Plan (which replaced the previous option plan), which is the long term incentive portion of their remuneration. The Director and Employee Share Plan ('Share Plan') was approved by shareholders in February 2010 and links directors and executive incentives to the shareholder objectives in 4 tranches.

For directors and executive management ('Eligible Employees'), the shares will be subject to the following vesting conditions, and will only be able to be released from the Share Plan after these conditions have been satisfied:

(a) The shares will vest in four tranches and each tranche will be subject to the performance hurdles in (b) below. Any further tranches will be advised by the Company's Plan Committee.

(b) Each tranche of shares will not be able to be released from the Share Plan unless and until the following performance hurdles have been achieved:

(i) tranche one = The processing plant for the Boseto copper project has been built and commissioned and the plant has achieved an output of 10,000 tonnes of copper;

(ii) tranche two = The share price (as traded on ASX) has exceeded \$1.00 per share for more than 10 trading days (which need not be consecutive);

(iii) tranche three = The share price (as traded on ASX) has exceeded \$1.50 per share for more than 10 trading days (which need not be consecutive); and

(iv) tranche four = The share price (as traded on ASX) has exceeded \$2.00 per share for more than 10 trading days (which need not be consecutive).

Australian key management personnel receive a superannuation guarantee contribution required by the Australian government, which is currently 9%, and do not receive any other retirement benefits. Botswana key management personnel receive a similar superannuation contribution payment. Individuals may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to key management personnel is valued at the cost to the Company and expensed during the year of the payment, or in the case of share options, in the year of the grant. Options are valued using the Black-Scholes methodology. Grants of shares are valued using Monte-Carlo methodology.

The Company's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. On advice from the Remuneration Committee, 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

subject to approval by shareholders. Fees for non-executive directors are not linked to the performance of the Consolidated 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 Director and Employee Share 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 and executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. This has been achieved by allocating share options to directors and key management upon commencement and based on the VWAP of the Company's share price in the period before the director or executive commenced with the Company.

Managing Director and Executives

The employment conditions of the Managing Director, Stuart Bradley (Brad) Sampson and other key executives are formalised in contracts of employment. The Managing Director and other executives are permanent employees of Discovery Metals group companies.

Brad Sampson is employed under an ongoing contract, which commenced on 1 June, 2010 which replaced his fixed term contract commencing on 1 February 2008. The employment contract stipulates a six (6) month resignation period. The Company may terminate the employment contract without cause by providing twelve (12) months written notice or making payment in lieu of notice, based on the individual's annual salary. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time. Any options not exercised within 60 days of the date of termination will lapse.

The Board, on advice from the Remuneration Committee, determines the proportion of fixed and variable compensation for each executive.

Key Management Personnel Remuneration

2010 Short term Post employment Share based benefits

Cash Non-Salary & Monetary Super- Shares or Name Fees Benefits annuation Other Options Total

\$ \$ \$ \$ \$ \$

Non- Executive Directors

Gordon Galt (1)	88,320	140,010	228,330		
Morrice Cordiner (2)	44,160	250,238	294,398		
Ribson Gabonowe (3)	44,368	70,005	114,373		
Jeremy Read	40,000	3,600	70,005	113,605	
John Shaw	43,600	70,005	113,605		

Executive Directors

Brad Sampson 401,604 4,531 25,000 162,856 593,991

Other key management personnel

Paul Fulton 270,000 4,531 50,000 143,060 467,592

Ross Gibbins 233,750 4,531 21,038 58,257 317,576

Nick Franey (4) 64,731 2,266 5,826 70,005 142,827

Notes:

Cash Bonuses are not payable until production commences and therefore 0% of directors and key management remuneration is related to performance.

Long service leave is not accrued until 5 years service has been reached.

Share Based Payments are valued using the Black-Scholes and Monte-Carlo methodologies.

(1) Mr Galts's director's fees are paid to Veromas Pty Limited in accordance with his contract.

(2) (Mr Cordiner's director's fees are paid to Mining Investors Australia Pty Limited in accordance with his contract.

(3) Mr Gabonowe's director's fees are paid to Gabor Consulting (Pty) Ltd in accordance with his contract.

(4) Mr Franey commenced employment on 6 April 2010.

Key Management Personnel Remuneration

2009 Short term Post employment Share based benefits benefits

Cash Non-Salary & Monetary Super- Share Name Fees Benefits annuation Other Options Total

\$\$\$\$\$\$

Non- Executive Directors

Gordon Galt 80,000 7,200 87,200

Morrice Cordiner (1) 44,160 5,993 50,153

Ribson Gabonowe (2) 44,160 33,000 77,160

Jeremy Read 40,000 3,600 33,000 76,600

John Shaw 43,600 43,600

Executive Directors

Brad Sampson 353,211 31,789 225,154 610,154

Other key management personnel

Paul Fulton 240,000 21,600 330,038 591,638
 Ross Gibbins (3) 146,667 13,200 58,320 218,187
 Christian Heili (4) 200,000 35,678 18,000 125,812 379,490
 Fred Nhiwatiwa (4) 150,000 27,600 15,000 41,075 233,675

Notes:

Cash Bonuses are not payable until production commences and therefore 0% of directors and key management remuneration is related to performance.

Long service leave is not accrued until 5 years service has been reached.

Share Options are valued using the Black-Scholes and Monte-Carlo methodologies.

- (1) Mr Cordiner's director's fees are paid to Mining Investors Australia Pty Limited in accordance with his contract. Mining Investors was paid \$5,993 for consulting services associated with a capital placement.
- (2) Mr Gabonowe's director's fees are paid to Gabor Consulting (Pty) Ltd in accordance with his contract.
- (3) Mr Gibbins commenced employment on 1 November 2008.
- (4) Botswana based key executive personnel are provided with housing, a car and medical and life insurance as part of their employment contracts.

Options issued as part of remuneration for the year ended 30 June 2010

Options were issued to directors and executives as part of their remuneration. The options were not issued on performance criteria, but are issued to the majority of directors and executives of Discovery Metals and its subsidiaries to increase goal congruence between executives, directors and shareholders.

Options Granted as Remuneration (current year)

Terms & Conditions for Each Grant

Vested	Granted	Grant Date	Grant \$	Date	Value per Exercise	Exercise	First	Last
No.	No.	Option at	Price	Exercise	Exercise			

Non- Executive Directors

Morrice	0	1,000,000	03/12/09	\$0.37	\$0.50	24/11/10	12/12/11
Cordiner							

Director and Employee Share Plan

Shares Issued to Plan Trust Company to be held until Vesting (current year)

Shares for directors and executives are issued to the Plan Trust Company and will be released to the executives when vesting occurs, subject to performance and other criteria. There is no earliest date for vesting and the shares are issued and not subject to expiry. Following approval of the Director and Employee Share Plan by shareholders on 24 February 2010, the shares were issued to the Plan Trust Company on 31 March 2010.

Tranche 1 Tranche 2 Tranche 3 Tranche 4

10,000t ASX share ASX share ASX share

Share Rights Copper price exceeds price exceeds price exceeds
 produced \$1.00 \$1.50 \$2.00

Value per right at \$0.76 \$0.74 \$0.6990 \$0.6619
 grant

Non- Executive
 Directors

Gordon Galt 500,000 500,000 500,000 500,000
 Morrice Cordiner 250,000 250,000 250,000 250,000
 Ribson Gabonowe 250,000 250,000 250,000 250,000
 Jeremy Read 250,000 250,000 250,000 250,000
 John Shaw 250,000 250,000 250,000 250,000

Executive Directors

Brad Sampson 500,000 500,000 500,000 500,000

Other key management
 personnel

Paul Fulton 250,000 250,000 250,000 250,000
 Ross Gibbins 125,000 125,000 125,000 125,000
 Nick Franey 250,000 250,000 250,000 250,000

Shares Issued on Exercise of Compensation Options
 Options exercised during the year that were granted as compensation in prior
 periods.

No. of Amount Amount
 Ordinary Paid per Share Unpaid per
 Shares Share
 Issued

Non- Executive Directors

Gordon Galt 1,000,000 30 cents 0
 Gordon Galt 800,000 35 cents 0
 John Shaw 500,000 30 cents 0
 John Shaw 500,000 35 cents 0

Options value as a portion of total remuneration
Options Total
Granted as Part Remuneration
of Represented Options Options
Remuneration by Options Exercised Lapsed
\$ % \$ (\$)

Non- Executive Directors

Gordon Galt 140,010 61% 372,200 0

Morrice Cordiner 250,238 85% 0 0

Ribson Gabonowe 70,005 61% 0 0

Jeremy Read 70,005 62% 0 0

John Shaw 70,005 62% 150,000 0

Executive Directors

Brad Sampson 162,856 27% 0 0

Other key management personnel

Paul Fulton 143,060 31% 0 0

Ross Gibbins 58,257 18%

Nick Franey 70,005 49% 0 0

Meetings of Directors

During the financial year, nine (9) meetings of directors were held.
Attendances by each director during the year were as follows:

Directors' Meetings

Number eligible to attend Number attended

Non- Executive Directors

Gordon Galt 9 9

Morrice Cordiner 9 8

Ribson Gabonowe 9 8

Jeremy Read 9 9

John Shaw 9 8

Executive Directors

Brad Sampson 9 9

As well as formal meetings of directors, executive and non-executive directors are in frequent communication by way of telephone and email.

Indemnifying Officers

The Company has agreed to indemnify the directors and officers of the Company

against all liabilities to another person (other than the Company) that may arise from their position as directors and officers of the Company. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. The liabilities insured include legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. A premium has been paid to cover directors and officers of the Consolidated Group.

Options

At 30 June 2010 there were 10,315,525 (2009: 35,660,569) unissued ordinary shares of Discovery Metals for which options were outstanding as detailed at Note 17 of the Financial Statements.

Proceedings on Behalf of Company

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

Non-audit Services

The board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- * all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- * the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

There were no fees for non-audit services paid or payable to the external auditors during the year ended 30 June 2010.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2010 has been received and can be found on page 49 of this combined report.

Signed in accordance with a resolution of the board of directors.

Brad Sampson Gordon Galt

Managing Director Chairman

Brisbane

Dated this 29th day of September, 2010

STATEMENT OF COMPREHENSIVE INCOME
For The Year Ended 30 June 2010

CONSOLIDATED GROUP PARENT ENTITY

Note 2010 2009 2010 2009
\$ \$ \$ \$

Revenues	3 762,562	553,065	1,935,807	1,478,530
Compliance expenses	(655,391)	(754,717)	(844,070)	(1,030,977)
Depreciation and amortisation	10 (91,504)	(69,463)	(35,237)	(13,092)
Exploration expenditure written off	11 0	(700,000)	0	(700,000)
Legal expenses	(303,894)	(188,659)	(282,412)	(183,518)
Rent	(187,458)	(168,527)	(153,375)	(131,598)
Salaries and consultants	(1,997,560)	(1,520,237)	(1,805,151)	(1,313,729)
Travel expenses	(571,397)	(287,467)	(523,048)	(266,224)
Share based payments	(1,032,889)	(895,480)	(891,156)	(854,405)
Interest expenses	0	(32)	0	(32)
Gain/(Loss) on foreign currency	57	(383)	0	(383)
Other expenses	(583,791)	(405,000)	(465,765)	(218,461)
Profit/(loss) before income tax expense	(4,661,265)	(4,436,900)	(3,064,407)	(3,233,889)
Income tax expense	5	0	0	0
Profit/(loss)	(4,661,265)	(4,436,900)	(3,064,407)	(3,233,889)
Other comprehensive income, net of tax	0	0	0	0
Total Comprehensive Income	(4,661,265)	(4,436,900)	(3,064,407)	(3,233,889)
Profit/(loss) attributable to members of the Consolidated Group	(4,661,265)	(4,436,900)	(3,064,407)	(3,233,889)
Total Comprehensive Income attributable to members of the Consolidated Group	(4,661,265)	(4,436,900)	(3,064,407)	(3,233,889)
Earnings per share:				
Basic earnings per share (cents per share)	7	(2.01)	(3.07)	
Diluted earnings per share (cents per share)	7	(2.01)	(3.07)	

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
For The Year Ended 30 June 2010

CONSOLIDATED GROUP PARENT ENTITY

Note 2010 2009 2010 2009
ASSETS \$ \$ \$ \$

CURRENT ASSETS

Cash & cash equivalents 8 39,340,219 8,732,079 37,336,498 5,934,808

Trade & other receivables 9 786,095 435,999 433,024 166,663

TOTAL CURRENT ASSETS 40,126,314 9,168,078 37,769,522 6,101,471

NON-CURRENT ASSETS

Plant and equipment 10 1,303,510 511,864 265,509 19,685

Exploration expenditure 11 33,882,987 22,828,658 - -

Other financial assets 12 - - 40,262,316 28,306,852

Related party loans 13 - - - -

Intangible assets 14 53,419 - 53,419 -

TOTAL NON-CURRENT ASSETS 35,239,916 23,340,523 40,581,244 28,326,537

TOTAL ASSETS 75,366,230 32,508,601 78,350,766 34,428,008

CURRENT LIABILITIES

Trade & other payables 15 972,325 1,372,269 1,966,655 350,644

Short-term provisions 16 309,134 157,369 196,793 105,021

TOTAL CURRENT LIABILITIES 1,281,459 1,529,638 2,163,448 455,665

TOTAL LIABILITIES 1,281,459 1,529,638 2,163,448 455,665

NET ASSETS 74,084,771 30,978,963 76,187,318 33,972,343

EQUITY

Issued capital	17 88,085,126	43,696,900	88,085,126	43,696,900
Reserves	18 6,580,813	3,201,966	3,460,112	2,568,956
Accumulated losses	19 (20,581,168)	(15,919,903)	(15,357,920)	(12,293,513)

TOTAL EQUITY	74,084,771	30,978,963	76,187,318	33,972,343

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
For The Year Ended 30 June 2010

	Issued Share	Accumulated (Losses)	Option Reserve	Foreign Currency Translation	Total CONSOLIDATED GROUP Reserve
2009 \$ \$ \$ \$ \$					
Restated Balance at 1 July 2008	27,864,491	(11,483,003)	1,819,551	(912,525)	17,288,514
Currency Translation Differences				1,399,460	1,399,460
(Loss) for the year		(4,436,900)		(4,436,900)	
Shares issued during the year	16,257,115		16,257,115		
Transaction costs for shares issued		(424,706)			(424,706)
Cost of share based payments	895,480		895,480		

Restated Balance at 30 June 2009	43,696,900	(15,919,903)	2,715,031	486,935	30,978,963

2010					
Currency Translation Differences				2,345,958	2,345,958
(Loss) for the year		(4,661,265)		(4,661,265)	
Shares issued during the year	45,096,015		45,096,015		
Transaction costs for shares issued		(707,789)			(707,789)
Cost of share based payments	1,032,889		1,032,889		

Balance as at 30 June 2010	88,085,126	(20,581,168)	3,747,920	2,832,893	74,084,771

PARENT ENTITY

2009

Restated Balance at 1
July 2008 27,864,491 (9,059,624) 1,714,551 0 20,519,418

(Loss) for the year (3,233,889) (3,233,889)

Shares issued during
the year 16,257,115 16,257,115

Transaction costs for
shares issued (424,706) (424,706)

Cost of share based
payments 854,405 854,405

Restated Balance at
30 June 2009 43,696,900 (12,293,513) 2,568,956 0 33,972,343

2010

(Loss) for the year (3,064,407) (3,064,407)

Shares issued during
the year 45,096,015 45,096,015

Transaction costs for
shares issued (707,789) (707,789)

Cost of share based
payments 891,156 891,156

Balance as at 30 June
2010 88,085,126 (15,357,920) 3,460,112 0 76,187,318

STATEMENT OF CASH FLOW
For The Year Ended 30 June 2010

CONSOLIDATED GROUP PARENT ENTITY

Note 2010 2009 2010 2009
\$ \$ \$ \$

CASH FLOWS FROM
OPERATING ACTIVITIES

Receipts from
customers

GST receipts 205,576 118,635 205,576 118,635

Payments to suppliers (5,103,284) (3,241,786) (1,495,125) (1,914,771)
and employees

Interest received 671,122 545,206 502,996 270,671

Dikoloti operator's 82,191 0 82,191 0
fee

Interest paid 0 (32) 0 (32)

Refunds received 9,250 7,859 7,771 7,859

Net cash used in (4,135,146) (2,570,118) (696,591) (1,517,638)
operating activities 26

CASH FLOWS FROM
INVESTING ACTIVITIES

Payments for (11,054,329) (11,254,943) 0 0
exploration

Purchase of plant and (883,150) (201,255) (281,061) (15,518)
equipment

Investment in - (11,955,464) (13,807,393)
subsidiary companies

Payment of (53,419) - (53,419) -
Intangibles

Net cash used in (11,990,898) (11,456,198) (12,289,945) (13,822,911)
investing activities

CASH FLOWS FROM
FINANCING ACTIVITIES

Proceeds from issue 45,096,015 16,257,115 45,096,015 16,257,115
of shares

Share issue costs (707,789) (424,706) (707,789) (424,706)

Loans made to - - 0
subsidiary companies

Net cash provided by 44,388,226 15,832,409 44,388,226 15,832,409
financing activities

Net increase
(decrease) in cash 28,262,182 1,806,093 31,401,690 491,860
held

Cash at the beginning 8,732,079 5,526,526 5,934,808 5,442,948
of the period

Effect of exchange 2,345,958 1,399,460 - -
rates

Cash at the end of 8 39,340,219 8,732,079 37,336,498 5,934,808
the period

For further information contact:

Discovery Metals Limited
Brad Sampson
Managing Director
Tel: +617 3218 0200

Fairfax I.S. PLC

Ewan Leggat / Laura Littley
Tel: +44 (0)20 7598 5368

Conduit PR
Jos Simson/Emily Fenton
Tel: +44 (0) 20 7429 6603
Mobile: +44 (0)7899 870 450

Further information on the Company is available on its website:
www.discoverymetals.com.au

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