

BLAZE INTERNATIONAL LIMITED  
AND CONTROLLED ENTITIES

ABN 15 074 728 019

ANNUAL REPORT

FOR THE YEAR ENDED  
30 JUNE 2008



**BLAZE**<sup>®</sup>  
International Limited

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## CORPORATE DIRECTORY

**Directors**

Vincent Hyde (Non Executive Chairman)  
 Bazil Roberts (Non Executive Director)  
 Cecil Che-Cheun Lee (Non Executive Director)

**Company Secretary**

Vincent Hyde

**Registered Office**

800 Canning Highway  
 Applecross WA 6153  
 Telephone: (08) 9315 1700  
 Facsimile: (08) 9315 3299

**Head Office**

Level 7  
 257 Collins Street  
 Melbourne VIC 3000  
 Telephone: 61 3 8617 4200  
 Facsimile: 61 3 8617 4242

**Website**

[www.blazelimited.com.au](http://www.blazelimited.com.au)  
[www.famous3D.com](http://www.famous3D.com)

**Auditors**

HLB Mann Judd  
 15 Rheola Street  
 West Perth WA 6005

**Share Registry**

Computershare Investor Services Pty Ltd  
 45 St George's Terrace  
 Perth WA 6000  
 Telephone: 61 8 9323 2000  
 Facsimile: 61 8 9323 2033

**Home Securities Exchange**

ASX Limited  
 Exchange Plaza  
 2 The Esplanade  
 Perth WA 6000

ASX Code: BLZ

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
AND CONTROLLED ENTITIES  
DIRECTORS' REPORT**

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2008.

**DIRECTORS**

The names of the directors in office and at any time during, or since the end of, the year are:

Mr Vincent Kenneth Hyde  
Mr Peter John Hartshorne (resigned 11 April 2008)  
Mr Bazil Roberts  
Mr Cecil Che-Cheun Lee (appointed 19 July 2007)

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

**COMPANY SECRETARY**

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

Mr Vincent Hyde – Mr Hyde, also a director of the Company was appointed company secretary on 1 June 2007. Particulars on Mr Hyde are detailed under Information on Directors.

**PRINCIPAL ACTIVITIES**

The principal activities of the Group during the financial year were software development, the provision of services for entertainment, telecommunication & Internet applications, and mineral exploration. Blaze has three distinct areas of business:

- Famous 3D: This fully developed suite of animation tools provides low-cost solutions to capture facial expressions with lip synchronization to bring animated characters to life.
- PIXe: PIXe is a unique compression technology that Blaze is continuing to develop and commercialise.
- Exploration for economic mineral reserves, in particular uranium, through the company's wholly owned controlled entity, Yeelirrie Minerals Pty Ltd.

No significant change in the nature of these activities occurred during the financial year.

**OPERATING RESULTS**

The loss of the Group for the financial year after providing for income tax amounted to \$631,287 (2007: Profit of \$3,575,193).

**DIVIDENDS PAID OR RECOMMENDED**

The directors recommend that no dividend be paid for the year ended 30 June 2008, nor have any amounts been paid or declared by way of dividend since the end of the previous financial year.

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
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DIRECTORS' REPORT (Continued)**

**REVIEW OF OPERATIONS**

**PIXE and KEMELEON**

PIXE is a pre-compression filter that works alongside industry standard CODECS to improve the compression attributes of video transmission, especially targeting low bandwidth mobile and wireless sectors of the market.

Kemeleon is a Multimedia Messaging Platform and Service that utilises the original Famous 3d animation engine to produce character based MMS messages. Our initial target markets being Asian Mobile Telephony operators.

Both PIXE and Kemeleon have continued to perform below expectations and have struggled to gain industry and commercial acceptance.

The Board are of the view that significant resources and funds would be required to further enhance both products and are, therefore, evaluating the future directions of these businesses.

**Yeelirrie Uranium Project**

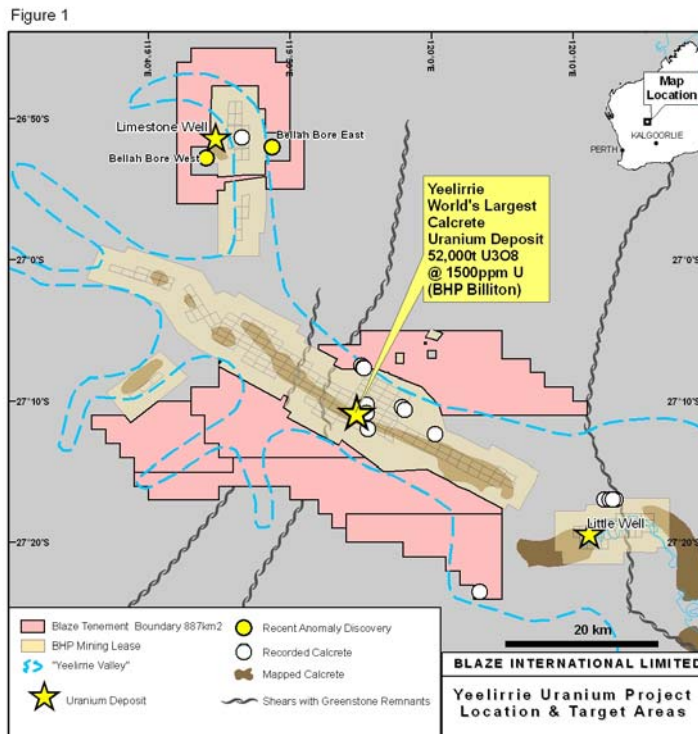
Blaze is confident about the potential of their Yeelirrie tenements to host calcrete uranium mineralization. The Blaze Yeelirrie tenements contain extensions and palaeo catchment drainage areas from the world's largest calcrete hosted uranium deposit (reported 52,000 tonnes of U<sub>3</sub>O<sub>8</sub> at a grade of 1500ppm U<sub>3</sub>O<sub>8</sub>), owned by BHP Billiton ("BHPB").

The Blaze tenement covers a net area in excess of 880 square kilometres, with potential to host calcrete uranium mineralisation.

**Location**

The Blaze Yeelirrie property is located around 70 kilometres south of the town of Wiluna, 110 kilometres northeast of Sandstone and 90 kilometres northwest of Leinster in the Murchison Mineral Field of Western Australia and adjoins BHP Billiton's Yeelirrie Mining Leases which hosts the world's largest calcrete deposit (reported 52,000 tonnes of U<sub>3</sub>O<sub>8</sub> at a grade of 1500ppm U<sub>3</sub>O<sub>8</sub>). The property is accessible by minor roads that take-off from the Goldfields Highway and the Agnew-Sandstone and Sandstone-Wiluna roads.  
(Refer to Figure 1).

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
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DIRECTORS' REPORT (Continued)**



### Geology and Uranium Mineralisation

Uranium mineralization in the area is present within calcrete that has formed along drainage lines. Intense leaching of the weathered Archean granite bedrock produced ground waters that contain potassium, uranium and vanadium. Previous exploration in the general area was undertaken mainly during the 1970s.

Detailed systematic exploration was undertaken in the evaluation of the Yeelirrie deposit. Work outside the Yeelirrie deposit was limited and sporadic in nature. Exploration potential of Blaze's Yeelirrie property for uranium mineralisation arises from two geological situations. The first of these is extensions to the main drainage system that contains the Yeelirrie uranium deposit. Away from the main drainage channel, there is evidence that evaporative concentration of ground waters may have occurred on tributaries to the main drainage.

Blaze initially acquired and processed 400 metre line spaced airborne radiometric and magnetic data for the Yeelirrie area, which has now been interpreted in conjunction with Landsat TM data. The evidence suggests that much of the Yeelirrie landholdings are highly prospective for calcrete hosted uranium deposits, either along the main Yeelirrie drainage channel or in tributaries to the main channel.

The calcrete hosted uranium mineralisation at BHPB's Yeelirrie deposit constitutes the target model for the type of deposit for which exploration will be undertaken in the Yeelirrie property area.

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
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DIRECTORS' REPORT (Continued)**

**Aeromagnetic / Radiometric Survey**

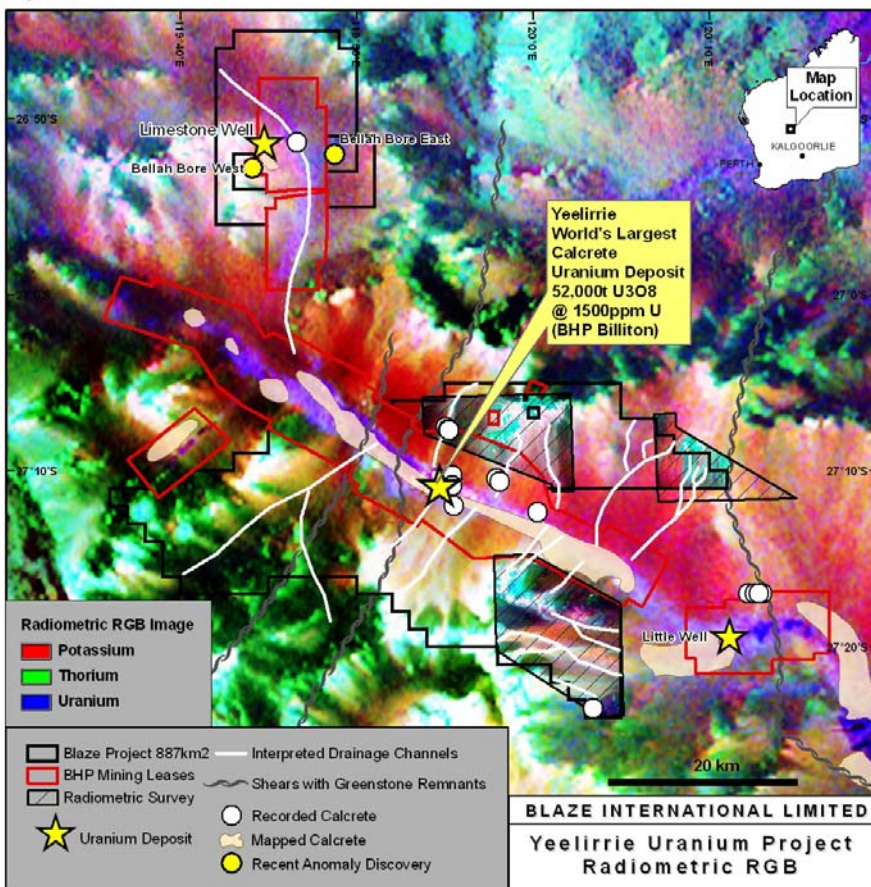
During the financial year Blaze commissioned a detailed aeromagnetic / radiometric over tributaries of the main Yeelirrie channel. See Figure 1 for the survey locations and Table I for survey specifications.

**TABLE I – Airborne Survey Specifications**

Airborne Survey	Line Spacing	Line direction	Sensor Height	Total Line KM
Yeelirrie 1	100m	090-270	20m	1,644
Yeelirrie 2	100m	090-271	20m	2,196
Yeelirrie 3	100m	090-272	20m	1,139
				<b>12,712</b>

The radiometric data has clearly identified drainage tributaries of the main Yeelirrie channel that lie within Blaze's tenements (Refer to Figures 2 and 3).

Figure 2



**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
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DIRECTORS' REPORT (Continued)**

**Field Survey**

A field survey was carried out during the financial year. The objective was to locate uranium bearing calcrete deposits within Blaze's tenement holdings, outside of BHP Billiton's mining leases. A GR-100 G/E portable gamma ray scintillometer was in constant operation mode during the entire survey.

Important conclusions from this field work are listed below:

- Calcrete was observed in the main Yeelirrie drainage channel and within the tributaries to the main channel. There is potential for mineralised calcrete deposits to be found within the drainage systems of the Blaze tenements.
- A thin layer of sandy/ clayey soil will mask efficiently the radioactivity of an underlying source.
- Areas of granite outcrop are not considered target areas.
- The presence of an extensive sandy/ clayey cover severely impedes visual observation and exploration.
- Future exploration should include the use of a tractor or 4WD mounted small rig to test areas targeted from airborne radiometric data.

**Summary**

Blaze has several obvious opportunities to identify uranium mineralisation within its Yeelirrie Project. A thin layer of sandy/ clayey soil will mask efficiently the radioactivity of an underlying source. Ground inspection indicates that the calcrete is largely obscured by a veneer of sand, potentially limiting a uranium channel radiometric response.

Within the extensive area of Blaze's tenements, drilling has been sparse to non-existent. Interpreted tributary channels in the Yeelirrie catchment are veneered by deposits of aeolian sand that largely obscure the original geomorphology and any uranium channel radiometric response. It is concluded that there is potential for mineralised uranium calcrete deposits to be found in tributaries of the main Yeelirrie channel.

*The information in this announcement that relates to geophysical surveys has been reviewed by consultant Geophysicist Mr William Robertson, a Member of the Australian Society of Exploration Geophysicists, whose services are provided by Value Adding Geophysics. Mr Robertson has sufficient relevant experience in the styles of mineralisation and types of deposit under consideration, and in the activity he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code), and consents to the inclusion of the information in the form and context in which it appears.*

**FINANCIAL POSITION**

The net assets of the Group have decreased by \$631,287 from \$3,770,797 at 30 June 2007 to \$3,139,510 in 2008. This decrease resulted from the loss for the year.

**SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

No significant changes in the Group's state of affairs occurred during the financial year.

**AFTER BALANCE DATE EVENTS**

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.

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
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DIRECTORS' REPORT (Continued)**

**FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES**

The Company's objective is to maximise returns to shareholders from existing operations concerned with the development of the PIXe and Kemeleon technologies and/or the discovery of an economically mineable mineral resource. For further information on the status of those activities refer to the Review of Operations in the Directors Report.

Information about the likely developments in the operations of the entity and expected results in future financial years have not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

**ENVIRONMENTAL ISSUES**

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

**INFORMATION ON DIRECTORS**

**Mr Vincent Hyde**

- Chairman (Non-executive)

Experience

- Mr Hyde has over 40 years of banking and corporate advisory experience. He was the managing director of a merchant bank for many years and his responsibilities included the overall management and performance of operations in Australia, South East Asia, Republic of South Africa, United Kingdom, France, Germany and North America. Mr Hyde is an accountant by training and due to the varied nature of the projects he has been involved in he has had extensive dealings with lawyers, project managers, developers, utility companies and government.

Mr Hyde is a member of the Australian Institute of Export and the National Institute of Accountants.

Interest in Shares and Options

- Nil

Directorships held in other listed entities

- Prime Minerals Ltd (27 July 2006 to present)  
Ironbark Gold Ltd (28 March 2007 to present)  
Power Resources Ltd (18 May 2007 to present)

**Dr Peter Hartshorne**

(Resigned 11 April 2008)

Experience

- Managing Director (Executive)

- Mr Hartshorne is an IT executive with over 21 years international corporate experience. He began his career service with a valuable six year apprenticeship with McKinsey and Co. and in 1989 he became a Programme Director with Telstra, steering a series of projects during the delicate deregulation regime. In 1994 he founded Infinity International, a professional services firm specialising in Enterprise Customer Leadership. In November 2004, he was appointed CEO of the Company to oversee the future commercialisation of the PIXe and Famous 3d technologies.

Interest in Shares and Options

- 150,000 ordinary shares of Blaze International Limited

Directorships held in other listed entities

- Mr Hartshorne has not been a director of any other listed entities in the past three years.

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
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DIRECTORS' REPORT (Continued)**

<b>Mr Bazil Roberts</b>	- Director (Non-executive)
Experience	- Mr Roberts is currently general manager of PCS Pty Ltd which provides specialist project management solutions to Western Australian businesses. He also is a one third owner of Primavera Australia Pty Ltd. Primavera Australia Pty Ltd specializes in providing companies with project portfolio management software and services. Primavera serves a broad range of industries, including aerospace and defense, automotive, chemical processing, construction, energy, engineering, financial services, manufacturing, pharmaceuticals, professional services, software development, technology, telecommunications and utilities. He has extensive experience in the information technology sector through various management positions held at major banks.
Interest in Shares and Options	- Nil
Directorships held in other listed entities	- Mr Roberts has not been a director of any other listed entities in the past three years.
<b>Mr Cecil Lee</b>	- Director (Non-executive)
Qualifications	- CA, CPA
Experience	- Mr Lee has over thirty years of experience in a variety of commercial ventures in Hong Kong and the Peoples' Republic of China which has resulted in high level contacts in those areas, which will prove useful to Blaze International Ltd.
Interest in Shares and Options	- Nil
Directorships held in other listed entities	- Power Resources Ltd (4 June 2007 to present)

**REMUNERATION REPORT**

This report details the nature and amount of remuneration for each director of Blaze International Limited, and for the executives receiving the highest remuneration.

**Remuneration Policy**

The remuneration policy of Blaze International Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of Blaze International Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

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

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed and approved by the Board.

Non-executive directors, executive directors and senior executives receive a base salary (which is based on factors such as length of service and experience), which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles, as well as employer contributions to superannuation funds.

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
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DIRECTORS' REPORT (Continued)**

Executive directors can be employed by the Company on a consultancy basis, on Board approval, with remuneration and terms stipulated in individual consultancy agreements.

The Board reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries. In addition external consultants may be used to provide analysis and advice to ensure the directors and senior executives' remuneration is competitive in the market place.

The performance of executives is measured against criteria agreed with each executive and is based predominantly on forecast growth of the Company's profits and shareholder value. All bonuses and incentives must be linked to predetermined 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.

Directors and senior executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

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

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 subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Group. The Directors are not required to hold any shares in the Company under the Constitution of the Company, however, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

#### **Remuneration Committee**

During the year ended 30 June 2008, the Group did not have a separately established nomination or remuneration committee. Considering the size of the Group, the number of directors and the Group's early stages of its development, the Board is of the view that these functions could be efficiently performed with full Board participation.

#### **Remuneration Structure**

In accordance with best practice corporate governance, the structure of non-executive director and senior manager remuneration is separate and distinct.

#### **Directors' Remuneration**

The non-executive Directors are entitled to receive directors' fees of amounts as determined by the shareholders of the Company in general meeting. Pursuant to the Company's Constitution, the non-executive Directors of the Company are entitled to receive directors' fees in such amounts (as determined by the Directors) in aggregate not to exceed \$250,000, to be divided among non-executive Directors as the Directors may agree and in the absence of agreement then equally, until otherwise determined by shareholders in General Meeting. Non-executive Directors may also be remunerated for additional specialised services performed at the request of the Board and reimbursed for reasonable expense incurred by directors on Company business.

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
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DIRECTORS' REPORT (Continued)**

**Non-Executive Director Remuneration**

*Objective*

The Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

*Structure*

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The remuneration of non-executive directors is reviewed 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 at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Group. However, to align director's interests with shareholders interests, the directors are encouraged to hold shares in the company.

Non-executive directors receive a base salary (which is based on factors such as length of service and experience), which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles, as well as employer contributions to superannuation funds.

**Senior Manager and Executive Director Remuneration**

*Objective*

The company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the company and so as to:

- Reward executives for company and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of executives with those of shareholders;
- Link reward with the strategic goals and performance of the company; and
- Ensure total remuneration is competitive by market standards

*Structure*

Remuneration consists of the following key elements:

- Fixed remuneration
- Variable Remuneration

**Fixed remuneration**

The level of fixed remuneration is set so as to provide a base level of remuneration, which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Board and the process consists of a review of companywide, business unit and individual performance, relevant comparative remuneration in the market and internal and, where appropriate, external advice on policies and practice. Where necessary, independent advice on the appropriateness of remuneration packages is obtained.

**Variable remuneration – Long Term Incentive (LTI)**

*Objective*

The objective of the LTI plan is to reward executives and senior managers in a manner, which aligns this element of remuneration with the creation of shareholder wealth.

As such LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Company's performance.

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
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DIRECTORS' REPORT (Continued)**

*Structure*

LTI grants to executives are delivered in the form of options. The issue of options as part of the remuneration packages of directors is an established practice of junior public listed companies and, in the case of the Company, has the benefit of conserving cash whilst properly rewarding each of the directors. There have been no options granted this year.

**Company Performance, Shareholder Wealth and Directors and Executives Remuneration**

The table below shows the gross revenue, losses and earnings per share for the last five years for the listed entity.

	2004	2005	2006	2007	2008
Revenue	209,576	143,694	312,126	162,648	288,760
Net Profit (Loss)	(293,722)	(1,705,272)	(9,219,223)	3,575,193	(631,287)
Earnings (loss) Per Share - cents	(0.3)	(1.14)	(4.58)	1.40	(0.17)

**Details of Remuneration for the year ended 30 June 2008**

The remuneration for each director of the Group during the year was as follows:

2008	Salary, Fees and Commissions \$	Super Contribution \$	Cash Bonus \$	Non-cash Benefits \$	Options \$	Other \$	Total \$	Performance Related %
<b>Directors</b>								
Mr P Harley	979	-	-	-	-	-	979	-
Mr P Hartshorne	30,592	-	-	-	-	-	30,592	-
Mr V Hyde	35,773	-	-	-	-	-	35,773	-
Mr B Roberts	22,592	-	-	-	-	-	22,592	-
Mr C Lee	18,721	-	-	-	-	-	18,721	-
	108,657	-	-	-	-	-	108,657	-
<b>2007</b>								
<b>Directors</b>								
Mr P Harley	41,250	3,712	-	-	-	-	44,962	-
Mr P Hartshorne	49,500	-	-	-	-	-	49,500	-
Mr P Landau	16,670	1,500	-	-	-	-	18,170	-
Mr V Hyde	6,875	-	-	-	-	-	6,875	-
Mr B Roberts	1,575	-	-	-	-	-	1,575	-
	115,870	5,212	-	-	-	-	121,082	-
<b>Specified Executive</b>								
Mr I Jacobs	90,000	8,100	-	-	-	-	98,100	-

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
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DIRECTORS' REPORT (Continued)**

**Options issued as part of remuneration for the year ended 30 June 2008**

Options may issued to directors and executives as part of their remuneration. Options are not issued based on performance criteria, but are issued to directors and executives of Blaze International Limited and its subsidiaries to increase goal congruence between executives, directors and shareholders.

	<b>Granted Number</b>	<b>Options Granted as Part of Remuneration \$</b>	<b>Total Remuneration Represented by Options %</b>	<b>Options Exercised</b>	<b>Options Lapsed</b>	<b>Total</b>
<b>Directors</b>						
Mr V Hyde	-	-	-	-	-	-
Mr P Hartshorne	-	-	-	-	-	-
Mr B Roberts	-	-	-	-	-	-
Mr P Harley	-	-	-	-	-	-
Mr P Landau	-	-	-	-	-	-
	-	-	-	-	-	-

**MEETING OF DIRECTORS**

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

<b>Director</b>	<b>Board Meetings</b>		<b>Audit and Compliance Committee</b>	
	<b>Number eligible to attend</b>	<b>Number Attended</b>	<b>Number eligible to attend</b>	<b>Number Attended</b>
Mr V Hyde	4	4	-	-
Mr P Hartshorne	3	3	-	-
Mr B Roberts	4	4	-	-
Mr C Lee	4	4	-	-

**INDEMNIFYING OFFICERS OR AUDITOR**

During the financial year the Company has paid premiums to insure the Directors against certain liabilities arising out of their conduct while acting as an officer of the Company. The company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. Under the terms and conditions of the insurance contract the premium paid cannot be disclosed.

**OPTIONS**

At the date of this report, the unissued ordinary shares of Blaze International Limited under option are as follows:

- 112,500,000 options exercisable at \$0.05 each on or before 31 August 2010

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
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DIRECTORS' REPORT (Continued)**

**ENVIRONMENTAL REGULATION AND PERFORMANCE**

The Blaze Group does not have any manufacturing facilities and its operations are not subject to any significant environmental regulation.

**PROCEEDINGS ON BEHALF OF COMPANY**

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

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

**CORPORATE GOVERNANCE**

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Blaze International Limited support and have adhered to the principles of Corporate Governance. The Company's corporate governance statement is contained in the Corporate Governance section of the Financial Report.

**AUDITOR**

HLB Mann Judd continues in office in accordance with Section 327 of the Corporations Act 2001.

**Non-Audit Services**

The following non-audit services were provided by our auditors, HLB Mann Judd. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act.

The directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the integrity and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

HLB Mann Judd received or are due to receive the following amounts for the provision of non-audit services:

Taxation Advice - \$2,374

**Auditor's Declaration of Independence**

The auditor's independence declaration for the year ended 30 June 2008 has been received and can be found on page 15.

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



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**Mr Vincent Hyde**  
**Director**

Dated this 30<sup>th</sup> day of September 2008



Accountants | Business and Financial Advisers

### **Auditor's Independence Declaration**

As lead auditor for the audit of the financial report of Blaze International Limited for the year ended 30 June 2008, 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 Blaze International Limited.



**Perth, Western Australia**  
**30 September 2008**

**W M CLARK**  
**Partner, HLB Mann Judd**

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
AND CONTROLLED ENTITIES  
INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	Consolidated		Parent Entity	
		2008 \$	2007 \$	2008 \$	2007 \$
Revenue	3	288,760	162,648	35,298	20,675
Cancellation of unallotted shares and options	4	-	4,375,000	-	4,375,000
Cost of sales		-	(1,273)	-	-
Operating expenses	4	(751,906)	(605,328)	(376,739)	(360,323)
Administrative expenses	4	(143,530)	(322,311)	(128,584)	(213,923)
Marketing expenses		(4,332)	(21,561)	(4,332)	(21,561)
Depreciation and amortisation expenses		(18,904)	(11,982)	(14,139)	(6,609)
Finance costs		(1,375)	-	(1,335)	-
Impairment of receivable		-	-	-	(101,078)
Profit (Loss) before income tax		(631,287)	3,575,193	(489,831)	3,692,181
Income tax benefit	5	-	-	-	-
Profit (Loss) attributable to members of the parent entity		(631,287)	3,575,193	(489,831)	3,692,181
<b>Earnings per share</b>					
Basic earnings per share (cents per share)	8	(0.17)	1.40		

The accompanying notes form part of these financial statements.

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
AND CONTROLLED ENTITIES  
BALANCE SHEET  
AS AT 30 JUNE 2008**

	Note	Consolidated		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	9	319,358	1,132,204	315,762	1,133,237
Trade and other receivables	10	144,469	137,463	25,931	17,223
Other current assets	11	17,248	21,573	17,248	20,630
<b>Total Current Assets</b>		<b>481,075</b>	<b>1,291,240</b>	<b>358,941</b>	<b>1,171,090</b>
<b>Non-Current Assets</b>					
Trade and other receivables	10	-	-	433,147	112,569
Financial assets	12	-	-	2,478,750	2,478,750
Plant and equipment	14	28,762	24,079	20,810	11,363
Deferred exploration expenditure	15	3,770,565	3,643,382	-	-
<b>Total Non-Current Assets</b>		<b>3,799,327</b>	<b>3,667,461</b>	<b>2,932,707</b>	<b>2,602,682</b>
<b>Total Assets</b>		<b>4,280,402</b>	<b>4,958,701</b>	<b>3,291,648</b>	<b>3,773,772</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade and other payables	17	78,613	125,625	71,170	63,463
<b>Total Current Liabilities</b>		<b>78,613</b>	<b>125,625</b>	<b>71,170</b>	<b>63,463</b>
<b>Non-Current Liabilities</b>					
Deferred tax liability	18	1,062,279	1,062,279	-	-
<b>Total Non-Current Liabilities</b>		<b>1,062,279</b>	<b>1,062,279</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>1,140,892</b>	<b>1,187,904</b>	<b>71,170</b>	<b>63,463</b>
<b>Net Assets</b>		<b>3,139,510</b>	<b>3,770,797</b>	<b>3,220,478</b>	<b>3,710,309</b>
<b>EQUITY</b>					
Issued capital	19	28,725,309	28,725,309	28,725,309	28,725,309
Reserves	20	1,639,951	1,639,951	1,639,951	1,639,951
Accumulated losses		(27,225,750)	(26,594,463)	(27,144,782)	(26,654,951)
<b>Total Equity</b>		<b>3,139,510</b>	<b>3,770,797</b>	<b>3,220,478</b>	<b>3,710,309</b>

The accompanying notes form part of these financial statements.

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
AND CONTROLLED ENTITIES  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2008**

**Consolidated**

	Share Capital Ordinary \$	Unallotted Shares \$	Retained Earnings \$	Option Reserve \$	Total \$
<b>Balance at 1 July 2006</b>	25,135,338	3,800,000	(30,169,656)	1,836,201	601,883
Loss attributable to members of parent entity	-	-	3,575,193	-	3,575,193
Shares issued during the year	3,600,000	-	-	-	3,600,000
Cancellation of unallotted shares	(10,029)	(3,800,000)	-	-	(3,810,029)
Cancellation of unallotted options	-	-	-	(575,000)	(575,000)
Options issued during the year	-	-	-	378,750	378,750
<b>Balance at 30 June 2007</b>	28,725,309	-	(26,594,463)	1,639,951	3,770,797
Loss attributable to members of parent entity	-	-	(631,287)	-	(631,287)
<b>Balance at 30 June 2008</b>	<b>28,725,309</b>	<b>-</b>	<b>(27,225,750)</b>	<b>1,639,951</b>	<b>3,139,510</b>

**Parent Entity**

	Share Capital Ordinary \$	Unallotted Shares \$	Retained Earnings \$	Option Reserve \$	Total \$
<b>Balance at 1 July 2006</b>	25,135,338	3,800,000	(30,347,132)	1,836,201	424,407
Loss attributable to members of parent entity	-	-	3,692,181	-	3,692,181
Shares issued during the year	3,600,000	-	-	-	3,600,000
Cancellation of unallotted shares	(10,029)	(3,800,000)	-	-	(3,810,029)
Cancellation of unallotted options	-	-	-	(575,000)	(575,000)
Options issued during the year	-	-	-	378,750	378,750
<b>Balance at 30 June 2007</b>	28,725,309	-	(26,654,951)	1,639,951	3,710,309
Loss attributable to members of parent entity	-	-	(489,831)	-	(489,831)
<b>Balance at 30 June 2008</b>	<b>28,725,309</b>	<b>-</b>	<b>(27,144,782)</b>	<b>1,639,951</b>	<b>3,220,478</b>

The accompanying notes form part of these financial statements.

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
AND CONTROLLED ENTITIES  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	Consolidated		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers		114,193	141,632	-	2,117
Payments to suppliers and employees		(780,231)	(1,015,249)	(507,273)	(562,058)
Interest received		35,298	19,553	35,298	18,558
Interest and other costs of finance paid		(1,375)	-	(1,335)	-
GST and R&D tax recovered/(paid)		132,918	98,911	-	(16,447)
Net cash used in operating activities	9 (i)	<u>(499,197)</u>	<u>(755,153)</u>	<u>(473,310)</u>	<u>(557,830)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Advances to controlled entities		-	-	(320,578)	(213,647)
Purchase of property, plant and equipment		(23,587)	(19,910)	(23,587)	(9,795)
Cash acquired on acquisition of controlled entity	9(iii)	-	100	-	-
Exploration expenditure		(290,062)	(102,453)	-	-
Net cash used in investing activities		<u>(313,649)</u>	<u>(122,263)</u>	<u>(344,165)</u>	<u>(223,442)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from issue of shares		-	1,500,000	-	1,500,000
Net cash provided by financing activities		<u>-</u>	<u>1,500,000</u>	<u>-</u>	<u>1,500,000</u>
Net increase/(decrease) in cash held		(812,846)	622,584	(817,475)	718,728
Cash at beginning of financial year		1,132,204	509,620	1,133,237	414,509
Cash at end of financial year	9	<u>319,358</u>	<u>1,132,204</u>	<u>315,762</u>	<u>1,133,237</u>

The accompanying notes form part of these financial statements.

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

**Note 1: Going Concern**

**Going concern**

The financial statements are prepared on a going concern basis, notwithstanding the reduction in cash reserves during the year ended 30 June 2008 by \$812,846 to \$319,358 at balance date.

At balance date, the Group has total assets of \$4,280,402 including its interest in the 100% owned Yeelirrie uranium project in Western Australia. The recent change of government in Western Australia to the pro-uranium mining Liberal government has seen renewed interest in the sector providing numerous opportunities going forward. The Directors have received increased interest from third parties in the Yeelirrie project together with the very recent appearance on the Group's share register of an astute investor as a substantial shareholder.

The ability of the Group to continue as a going concern depends upon the generation of additional cash inflows, through one or more of the following options:

- Joint venture in uranium mining
- Share placement

The Group's existing projections show that anticipated cash inflows from further successful capital raisings together with substantial savings in outflows and overheads due to streamlining subsidiaries activities will enable the Group to fund its activities for at least the next twelve months from the date of signing these financial statements. However, there is uncertainty associated with the key assumptions in those cash flow projections.

Any inability to obtain these additional cash inflows may have a material adverse effect on the Company's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary if the Company does not continue as a going concern.

**Note 2: 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.

The company is a listed public company, incorporated in Australia and operating in Australia.

**(b) Adoption of New and Revised Standards**

**Changes in accounting policies on initial application of Accounting Standards**

In the year ended 30 June 2008, 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 annual reporting periods beginning on or after 1 July 2007. 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 adopted the following Standards as listed below which only impacted on the Group's financial statements with respect to disclosure:

- AASB 101 'Presentation of Financial Instruments' (revised October 2006)
- AASB 7 'Financial Instruments: Disclosures'

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 2008. 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.

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2008**

**Note 2: Statement of Significant Accounting Policies (continued)**

**(c) Statement of Compliance**

The financial report was authorised by the Board of Directors for issue on 30 September 2008.

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).

**(d) Principles of Consolidation**

A controlled entity is any entity Blaze International Limited has the power to control the financial and operating policies so as to obtain benefits from its activities.

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

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

Where controlled entities have entered or left the Group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

**(e) Income Tax**

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

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

**(e) Income Tax (continued)**

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

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

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

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2008**

**Note 2: Statement of Significant Accounting Policies (continued)**

**(f) Plant and Equipment**

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

***Depreciation***

The depreciable amount of all fixed assets including capitalised leased assets is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Computer and Office Equipment	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

**(g) Financial Instruments**

***Recognition***

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2008**

**Note 2: Statement of Significant Accounting Policies (continued)**

***Financial assets at fair value through profit and loss***

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

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

***Held-to-maturity investments***

These investments have fixed maturities, and it is the Group's intention to hold these investments to maturity. Any held-to-maturity investments held by the Group are stated at amortised cost using the effective interest rate method.

***Available-for-sale financial assets***

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

***Financial liabilities***

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

***Derivative instruments***

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

***Fair value***

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

***Impairment***

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

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2008**

**Note 2: Statement of Significant Accounting Policies (continued)**

**(h) Impairment of Assets**

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

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

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

**(i) Investment in Associates**

Investments in associated companies are recognised in the financial statements by applying the equity method of accounting where significant influence is exercised over an investee. Significant influence exists where the investor has the power to participate in the financial and operating policy decisions of the investees but does not have control or joint control over these policies. The equity method of accounting recognises the Group's share of past acquisition reserves of its associates

**(j) Intangibles**

***Goodwill***

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

***Patents and trademarks***

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life ranging from 15 to 20 years.

***Research and development***

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

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

**(k) Foreign Currency Transactions and Balances**

***Functional and presentation currency***

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2008**

**Note 2: Statement of Significant Accounting Policies (continued)**

***Transaction and balances***

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

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

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

***Group companies***

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

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained profits are translated at the exchange rates prevailing at the date of the transaction.

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

**(l) Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

**(m) Provisions**

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

**(n) Cash and Cash Equivalents**

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

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2008**

**Note 2: Statement of Significant Accounting Policies (continued)**

**(o) Revenue**

Revenue from the sale of goods is recognised upon delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

**(p) Goods and Services Tax (GST)**

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

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

**(q) Deferred Exploration Expenditure**

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 amortised 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 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

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2008**

**Note 2: Statement of Significant Accounting Policies (continued)**

**(r) Comparative Figures**

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

**(s) Critical accounting estimates and judgements**

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

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	Consolidated		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
<b>Note 3: Revenue</b>					
Operating activities					
– licence fees		120,544	126,973	-	-
– service fees		-	2,282	-	2,117
– export market development grant		-	9,370	-	-
– interest received from other persons		35,298	19,553	35,298	18,558
– other revenue		132,918	4,470	-	-
Total Revenue		288,760	162,648	35,298	20,675

**Note 4: Profit/(Loss) for the year**

(a)

**Expenses**

Operating expenses					
Employee related costs		396,134	454,779	188,220	245,541
Travel		2,260	12,556	2,260	12,262
Rent		54,528	37,000	52,200	37,000
Insurance		26,320	34,083	25,377	28,969
Other		272,664	66,910	108,682	36,551
Total operating expenses		751,906	605,328	376,739	360,323
Administrative expenses					
Consulting fees		52,182	208,667	40,182	113,247
Shareholder expenses		48,913	58,484	48,913	58,484
Legal fees		143	5,971	143	3,467
Audit fees		35,238	27,351	35,238	27,351
Other		7,054	21,838	4,108	11,374
Total administrative expenses		143,530	322,311	128,584	213,923

(b) **Significant revenue and expenses**

Gain on cancellation of unallotted shares and options		-	4,375,000	-	4,375,000
Impairment of inter-company receivable		-	-	-	(101,078)

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2008**

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>Note 5: Income Tax Benefit</b>				
<b>(a) Income Tax Benefit:</b>				
Current tax (expense)/benefit	-	-	-	-
Deferred tax (expense)/benefit relating to the origination and reversal of temporary differences	-	-	-	-
Income tax benefit from research and development expenditure	-	-	-	-
<b>Total tax benefit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Prima facie income tax expense on pre-tax accounting result from operations reconciles to the income tax benefit in the financial statements as follows:

Profit (Loss) from operations	<b>(631,287)</b>	3,575,193	<b>(489,831)</b>	3,692,181
Income tax expense calculated as 30%	<b>(189,386)</b>	1,072,558	<b>(146,949)</b>	1,107,654
Non-deductible expenses				
Non-assessable adjustments	<b>(39,875)</b>	(1,312,500)	-	(1,312,500)
Other deferred tax assets and tax liabilities not recognised	<b>(122,684)</b>	-	<b>(15,856)</b>	-
Benefit of tax losses recognised for the first time	<b>(9,832)</b>	-	-	-
Unused tax losses and tax offsets not recognised as deferred tax assets	<b>361,818</b>	239,942	<b>162,805</b>	204,846
Other	<b>(41)</b>	-	-	-
<b>Income tax attributable to operating loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

**(b) Unrecognised deferred tax balances**

The following deferred tax assets and (liabilities) have not been brought to account as assets:

Deferred tax assets comprise:

Tax losses – revenue	<b>3,044,442</b>	2,658,113	<b>602,665</b>	454,923
Net temporary differences - capital	-	2,670,030	-	-
Impairment of receivables	<b>536,862</b>	-	<b>536,862</b>	-
Impairment of investments	<b>6,750,033</b>	-	<b>6,750,033</b>	-
Depreciation timing differences	<b>16,021</b>	-	<b>4,705</b>	-
Business related costs	<b>27,804</b>	-	-	-
Share issue expenses	<b>30,875</b>	-	<b>30,875</b>	-
Accrued expenses and liabilities	<b>6,883</b>	-	<b>4,500</b>	-
	<b>10,412,920</b>	5,328,143	<b>7,929,640</b>	454,923

Deferred tax liabilities comprise:

Exploration expenditure capitalised	<b>68,698</b>	-	-	-
	<b>68,698</b>	-	-	-

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	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>Note 5: Income Tax Benefit (Continued)</b>				
<b>(c) Income tax expense not recognised directly in equity</b>				
Share issue expenses	76,057	-	76,057	-
	76,057	-	76,057	-
	76,057	-	76,057	-

**Note 6: Key Management Personnel Compensation**

**(a) Directors**

The following persons were directors of Blaze International Limited during the financial year:

Mr P Hartshorne	Managing Director	– Executive (Resigned 11 April 2008)
Mr V Hyde	Chairman	– Non-Executive
Mr B Roberts	Director	– Non-Executive
Mr C Lee	Director	– Non-Executive

**(b) Other key management personnel**

Mr I Jacobs	General Manager	– Contract ceased on 28 February 2008
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**(c) Key management personnel compensation**

	Consolidated		Parent Entity	
	2008	2007	2007	2006
	\$	\$	\$	\$
Short-term employee benefits	108,657	205,870	108,657	205,870
Post-employment benefits	-	13,312	-	13,312
Share-based payments	-	-	-	-
	108,657	219,182	108,657	219,182
	108,657	219,182	108,657	219,182

The company has transferred the detailed remuneration disclosures to the directors' report in accordance with the Corporations Amendment Regulations 2006 (No. 4).

**(d) Equity instrument disclosures relating to key management personnel**

**(i) Options provided as remuneration and shares issued on exercise of such options**

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the directors' report on pages 9 to 13.

**(ii) Option holdings**

The numbers of options over ordinary shares in the company held during the financial year by each director of Blaze International Limited, including their personally related parties, are set out below:

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**Note 6: Key Management Personnel Compensation (continued)**

(iii) Shareholdings

The numbers of shares in the company held during the financial year by each director of Blaze International Limited, including their personally related parties, are set out below:

<b>2008</b>	<b>Balance at the start of the year</b>	<b>Granted during the year as Compensation</b>	<b>Balance on resignation</b>	<b>Other changes during the year</b>	<b>Balance at the end of the year</b>
<i>Directors</i>					
Mr V Hyde	-	-	-	-	-
Mr B Roberts	-	-	-	-	-
Mr C Lee (Appointed 19/7/2007)	-	-	-	-	-
Mr P Hartshorne (Resigned 11 April 2008)	150,000	-	(150,000)	-	-
	<u>150,000</u>	<u>-</u>	<u>(150,000)</u>	<u>-</u>	<u>-</u>
<i>Specified Executive</i>					
Mr I Jacobs (Contract ceased on 28 February 2008)	1,000,000	-	-	-	1,000,000
<b>2007</b>	<b>Balance at the start of the year</b>	<b>Granted during the year as Compensation</b>	<b>Received during the year on the exercise of options</b>	<b>Other changes during the year</b>	<b>Balance at the end of the year</b>
<i>Directors</i>					
Mr V Hyde (Appointed 18/4/2007)	-	-	-	-	-
Mr B Roberts (Appointed 1/6/2007)	-	-	-	-	-
Mr C Lee (Appointed 19/7/2007)	-	-	-	-	-
Mr P Harley (Resigned 1/6/2007)	-	-	-	-	-
Mr P Hartshorne	150,000	-	-	-	150,000
Mr P Landau (Resigned 18/4/2007)	-	-	-	-	-
	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
<i>Specified Executive</i>					
Mr I Jacobs	1,000,000	-	-	-	1,000,000

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	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>Note 7: Auditor's Remuneration</b>				
Remuneration of the auditor of the parent entity for:				
– auditing or reviewing the financial report	32,864	27,351	32,864	27,351
– taxation services	2,374	20,477	2,374	20,477
	<b>35,238</b>	<b>47,828</b>	<b>35,238</b>	<b>47,828</b>
	<b>35,238</b>	<b>47,828</b>	<b>35,238</b>	<b>47,828</b>

**Note 8: Earnings per Share**

	Consolidated	
	2008	2007
	\$	\$
(a) Reconciliation of Earnings to Profit or Loss		
Profit (Loss)	<b>(631,287)</b>	3,575,193
	<b>(631,287)</b>	3,575,193
(b)	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	<b>365,759,056</b>	255,622,070
	<b>365,759,056</b>	255,622,070

Diluted EPS not disclosed as potential ordinary shares are not dilutive.

Note	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>Note 9: Cash and Cash Equivalents</b>				
Cash at bank and in hand	319,358	381,533	315,762	382,566
Short-term bank deposits	-	750,671	-	750,671
	<b>319,358</b>	1,132,204	<b>315,762</b>	1,133,237
	<b>319,358</b>	1,132,204	<b>315,762</b>	1,133,237

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

Reconciliation of cash:  
Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to items in the balance sheet as follows:-

Cash and cash equivalents	319,358	1,132,204	315,762	1,133,237
	<b>319,358</b>	1,132,204	<b>315,762</b>	1,133,237
	<b>319,358</b>	1,132,204	<b>315,762</b>	1,133,237

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	Note	Consolidated		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
<b>Note 9: Cash and Cash Equivalents (con't)</b>					
<b>(i) Reconciliation of cash flow from operations with loss after income tax</b>					
Profit/(Loss) after income tax		(631,287)	3,575,193	(489,831)	3,692,181
Non-cash flows in profit					
Depreciation		18,904	11,982	14,139	6,609
Mining tenement expenditure written off		162,879	-	-	-
Impairment of receivable		-	1,477	-	101,078
Cancellation of unallotted shares and options		-	(4,375,000)	-	(4,375,000)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries					
(Increase)/decrease in trade and other receivables		(7,006)	104,488	(8,708)	(15,502)
(Increase)/decrease in other assets		4,325	5,319	3,382	(20,630)
Increase/(decrease) in trade payables and accruals		(47,012)	(78,612)	7,708	53,434
Cashflow from operations		(499,197)	(755,153)	(473,310)	(557,830)

**(ii) Non-cash financing and investing activities**

There were no non-cash financing and investing activities that occurred during the year.

**(iii) Acquisition of Controlled Entity**

During the year the company acquired 100% interest in Colour Minerals Pty Ltd. Details of the transaction are:

	2008
	\$
Purchase consideration	1
Being:	
Cash consideration	1
Issue of shares and options	-
	1
Assets and liabilities held at acquisition date:	
Cash	-
Mining tenements, exploration and evaluation expenditure	-
	-
Deferred tax liability	-
Parent entity interest	-
	-

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**Note 9: Cash and Cash Equivalents (continued)**

Additionally, if the company elects, at its sole discretion, to proceed with further expenditure on the tenements held by Yeerlie Minerals Pty Ltd following first pass exploration spend of \$500,000 on the tenements or deals on the tenements by way of sale, farm out or similar, the company will, subject to shareholder and regulatory approvals, issue to the vendor as additional purchase consideration a further 25,000,000 shares and 62,500,000 options at an exercise price of 5 cents each expiring on 31 August 2010.

	Note	Consolidated		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
<b>Note 10: Trade and Other Receivables</b>					
<b>CURRENT</b>					
Trade receivables		40,484	34,133	8,056	-
Allowance for impairment of receivables		(500)	(500)	-	-
		<b>39,984</b>	<b>33,633</b>	<b>8,056</b>	-
Other receivables		104,485	103,830	17,875	17,223
		<b>144,469</b>	<b>137,463</b>	<b>25,931</b>	<b>17,223</b>
<b>NON-CURRENT</b>					
Amounts receivable from wholly-owned entities		-	-	2,222,686	1,902,108
Allowance for impairment of receivables		-	-	(1,789,539)	(1,789,539)
		-	-	<b>433,147</b>	<b>112,569</b>
<b>Note 11: Other Assets</b>					
<b>CURRENT</b>					
Prepayments		17,248	21,573	17,248	20,630
<b>Note 12: Financial Assets</b>					
<b>Available for sale financial assets</b>					
Unlisted investments, at cost					
- shares in controlled entities		-	-	24,978,860	24,978,860
- less: accumulated impairment		-	-	(22,500,110)	(22,500,110)
		-	-	<b>2,478,750</b>	<b>2,478,750</b>

The fair value of unlisted available-for-sale financial assets cannot be reliably measured as variability in the range of reasonable fair value estimates is significant. As a result, all unlisted investments are reflected at cost.

The ultimate recoupment of the carrying value of shares in controlled entities is dependent upon the successful development and commercial exploitation and/or sale of the relevant areas of interest in which those controlled entities are undertaking exploration activities.

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**Note 13: Controlled Entities**

(a) **Controlled Entities Consolidated**

	Country of Incorporation	Percentage Owned (%)*	
		2008	2007
Parent Entity:			
Blaze International Limited	Australia	100	100
Ultimate Parent Entity:			
Blaze International Limited	Australia	100	100
Subsidiaries of Blaze International Limited:			
BSoftware International Pty Ltd	Australia	100	100
BSoftware Pty Ltd	Australia	100	100
Beam R&D Pty Ltd	Australia	100	100
Freekick Pty Ltd	Australia	100	100
MH Publishers Pty Ltd	Australia	100	100
Famous 3D Pty Ltd	Australia	100	100
101 Ware Pty Ltd	Australia	100	100
Software Licensing & Marketing Inc	USA	100	100
BIL Inc	USA	100	100
Radbeam No 1 Pty Ltd	Australia	100	100
Radbeam No 2 Pty Ltd	Australia	100	100
Stenwork Pty Ltd	Australia	100	100
Penashe R&D Pty Ltd	Australia	100	100
PIXe Pty Ltd	Australia	100	100
Yeelirrie Minerals Pty Ltd	Australia	100	100
Colour Minerals Pty Ltd	Australia	100	-

\* Percentage of voting power is in proportion to ownership

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	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>Note 14: Plant and Equipment</b>				
Plant and equipment:				
At cost	140,155	116,568	45,668	22,082
Accumulated depreciation	(111,393)	(92,489)	(24,858)	(10,719)
	28,762	24,079	20,810	11,363
At Directors' Valuation	103,183	103,183	-	-
Accumulated depreciation	(103,183)	(103,183)	-	-
	-	-	-	-
<b>Total Plant and equipment</b>	<b>28,762</b>	<b>24,079</b>	<b>20,810</b>	<b>11,363</b>

**(a) Movements in Carrying Amounts**

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

	Plant and Equipment \$
<b>Consolidated:</b>	
Balance at the beginning of year	24,079
Additions	23,587
Disposals	-
Depreciation expense	(18,904)
Carrying amount at the end of year	28,762
<b>Parent Entity:</b>	
Balance at the beginning of year	11,363
Additions	23,586
Disposals	-
Depreciation expense	(14,139)
Carrying amount at the end of year	20,810

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	Note	Consolidated		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
<b>Note 15: Deferred exploration expenditure</b>					
Expenditure brought forward		3,643,382	-	-	-
Tenements acquired upon acquisition of controlled entity		-	3,540,929	-	-
Expenditure incurred during year		290,062	102,453	-	-
Expenditure written off during year		(162,879)	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Expenditure carried forward		3,770,565	3,643,382	-	-
		<hr/>	<hr/>	<hr/>	<hr/>

The ultimate recoupment of the mining tenements, exploration and evaluation expenditure carried forward is dependent upon the successful development and commercial exploitation and/or sale of the relevant areas of interest, at amounts at least equal to book value.

**Note 16: Intangible Assets**

Intellectual property		8,824,144	8,824,144	-	-
Accumulated impairment		(8,824,144)	(8,824,144)	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>

**Note 17: Trade and Other Payables**

**CURRENT**

Unsecured liabilities:

Trade payables		56,170	48,089	56,170	44,417
Sundry payables and accrued expenses		22,443	77,536	15,000	19,046
		<hr/>	<hr/>	<hr/>	<hr/>
		78,613	125,625	71,170	63,463
		<hr/>	<hr/>	<hr/>	<hr/>

**Note 18: Deferred Tax Liability**

Deferred tax liability arising on acquisition of controlled entity

		1,062,279	1,062,279	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		1,062,279	1,062,279	-	-
		<hr/>	<hr/>	<hr/>	<hr/>

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	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>Note 19: Issued Capital</b>				
Ordinary fully paid ordinary shares (a)	<u>28,725,309</u>	<u>28,725,309</u>	<u>28,725,309</u>	<u>28,725,309</u>
<b>(a) Ordinary Shares</b>				
	2008	2008	2007	2007
	\$	No.	\$	No.
Balance at beginning of year	28,725,309	365,759,056	25,135,338	215,959,642
Shares issued during year				
– 28 February 2007 (i)	-	-	1,500,000	75,000,000
– 28 February 2007 (ii)	-	-	(10,029)	(200,586)
– 19 April 2007 (iii)	-	-	2,100,000	75,000,000
Balance at end of year	<u>28,725,309</u>	<u>365,759,056</u>	<u>28,725,309</u>	<u>365,759,056</u>

- (i) On 28 February 2007 the company issued 75,000,000 ordinary shares at 2 cents each, raising \$1,500,000.
- (ii) On 28 February 2007 the company cancelled 200,586 unallotted ordinary shares outstanding under the prior share purchase plan at 5 cents each.
- (iii) On 19 April 2007 the company issued 75,000,000 ordinary shares at an issue price of 2.8 cents each, as part consideration for the acquisition of Yeelirrie Minerals Pty Ltd.

**(b) Share Options**

Date of Expiry	Exercise Price	1 July 2007	Issued during the year	Cancelled during the year	Expired during the year	Exercised during the year	30 June 2008
31/8/2010	\$0.05	112,500,000	-	-	-	-	112,500,000
		<u>112,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,500,000</u>

- (i) For information relating to the Blaze International Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 24.
- (ii) For information relating to share options issued to executive directors during the financial year, refer to Note 24.

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**Note 19: Issued Capital (continued)**

**(c) Capital Risk Management**

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. This strategy is to ensure that the Group's gearing ratio remains adequate. The gearing ratio's for the year ended 30 June 2008 and 30 June 2007 are as follows:

	Consolidated		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
Total trade payables	56,170	48,089	56,170	44,417
Less: cash and cash equivalents	(319,358)	(1,132,204)	(315,762)	(1,133,237)
Net debt	(263,188)	(1,084,115)	(259,592)	(1,088,820)
Total equity	3,139,510	3,770,797	3,220,478	3,710,309
Total capital	2,876,322	2,686,682	2,960,886	2,621,489
Gearing ratio	(9%)	(40%)	(9%)	(42%)

Note	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$

**Note 20: Reserves**

Option premium (i)	1,380,299	1,380,299	1,380,299	1,380,299
Employee share options (iii)	259,652	259,652	259,652	259,652
	<b>1,639,951</b>	<b>1,639,951</b>	<b>1,639,951</b>	<b>1,639,951</b>

*(i) Option premium reserve*

*Nature and purpose of reserve*

The option premium reserve is used to accumulate proceeds received from the issue of options and the value of options issued as consideration for the acquisition of non-current assets.

*Movements in reserve*

Opening balance 1 July	1,380,299	1,001,549	1,380,299	1,001,549
Value of options issued on acquisition of Yeelirrie Minerals Ltd	-	378,750	-	378,750
Closing balance 30 June	<b>1,380,299</b>	<b>1,380,299</b>	<b>1,380,299</b>	<b>1,380,299</b>

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**Note 20: Reserves (Continued)**

(ii) *Employee share options reserve*

*Nature and purpose of reserve*

The employee share option reserve is used to records items recognised as expenses on valuation of employee share options

*Movements in reserve*

Nil

**Note 21: Contingent Liabilities and Contingent Assets**

The Directors are not aware of any contingent liabilities or contingent assets as at 30 June 2008. There has been no change in these liabilities or assets since the last annual reporting date.

**Note 22: Capital and Leasing Commitments**

There is no capital or leasing commitments as at 30 June 2008.

There is \$132,000 of exploration expenditure for Yeerlirrie Minerals Pty Ltd committed as at 30 June 2008.

As discussed in Note 9 (iii), the company is committed to the issue of further shares and options in respect of the company's purchase of Colour Minerals Pty Ltd should specified expenditure milestones be reached and events occur.

**Note 23: Segment Reporting**

During the financial year the Group operated in two business segments (for primary reporting) being:

- (i) computer software and technology development for entertainment, communication and internet applications; and
- (ii) mineral exploration; and

principally one geographical segment (for secondary reporting) being Australia.

**Primary Reporting – Business Segments (2008)**

	Technology	Mineral Exploration	Corporate Unallocated	Total
	\$	\$	\$	\$
Segment revenue	253,463	-	35,298	288,761
Segment result	(465,004)	(164,908)	(1,375)	(631,287)
Segment assets	182,526	3,777,874	320,002	4,280,402
Segment liabilities	70,643	7,970	-	78,613
Other segment information				
Net cash flow used in operating activities	(533,120)	-	33,923	(499,197)
Net cash flow used in investing activities	(23,587)	(290,062)	-	(313,649)
Net cash flow used in financing activities	-	-	-	-

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**Note 23: Segment Reporting (Continued)**

**Primary Reporting – Business Segments (2007)**

	Technology \$	Mineral Exploration \$	Corporate Unallocated \$	Total \$
Segment revenue	143,095	-	19,553	162,648
Segment result	(819,225)	(135)	4,394,553	3,575,193
Segment assets	173,134	3,653,363	1,132,204	4,958,701
Segment liabilities	125,625	-	-	125,625
Other segment information				
Net cash flow used in operating activities	(774,706)	-	19,553	(755,153)
Net cash flow used in investing activities	(9,794)	(112,469)	-	(122,263)
Net cash flow used in financing activities	-	-	1,500,000	1,500,000

**Note 24: Share-based Payments**

There were no share-based payment arrangements at 30 June 2008.

**Note 25: Events After the Balance Sheet Date**

No matter or circumstances have arisen since the end of the reporting date and the date of this report which significantly affects or may significantly affect the results of the operations of the Company.

**Note 26: Related Party Transactions**

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

Transactions with related parties:

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	\$	\$	\$	\$
<b>Key Management Personnel</b>				
Rent paid to Infinity Labs Pty Ltd, a company related to Mr Hartshome, for the provision of office space and telecommunication facilities.	<b>17,000</b>	37,000	<b>17,000</b>	37,000
Consulting fees paid to Grange Consulting Group Pty Ltd, a company in which Mr Landau is an Executive, for the provision of corporate advisory, company secretarial and associated services.	-	18,017	-	18,017
Consulting fees paid to Lacka Consulting Group Pty Ltd, a company in which Mr Landau is an Executive, for the provision of corporate advisory, company secretarial and associated services.	-	36,000	-	36,000

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2008**

**Note 27: Financial Instruments**

(a) Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries and bills.

(i) Financial risk

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

Credit risk

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

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

Interest Rate Risk

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

Consolidated	Weighted Average Effective Interest Rate		Fixed Interest Rate Maturing												
			Floating Interest Rate		Within Year		1 to 5 Years		Over 5 Years		Non-interest Bearing		Total		
			2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	
<b>Financial Assets:</b>															
Cash at bank	5.0%	2.6%	319,358	381,533	-	-	-	-	-	-	-	-	-	319,358	381,533
Short-term bank deposits	Nil	5.3%	-	-	-	750,671	-	-	-	-	-	-	-	-	750,671
Receivables			-	-	-	-	-	-	-	-	144,469	137,463	144,469	137,463	
<b>Total Financial Assets</b>			<b>319,358</b>	<b>381,533</b>	<b>-</b>	<b>750,671</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>144,469</b>	<b>137,463</b>	<b>463,827</b>	<b>1,269,667</b>	
<b>Financial Liabilities:</b>															
Trade and other payables	-	-	-	-	-	-	-	-	-	-	78,613	125,625	78,613	125,625	
<b>Total Financial Liabilities</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78,613</b>	<b>125,625</b>	<b>78,613</b>	<b>125,625</b>	

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2008**

**Note 26: Financial Instruments (continued)**

Company	Weighted Average Effective Interest Rate		Fixed Interest Rate Maturing											
			Floating Interest Rate		Within Year				1 to 5 Years		Over 5 Years		Non-interest Bearing	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
<b>Financial Assets:</b>														
Cash at bank	5.0%	2.6%	315,762	382,566	-	-	-	-	-	-	-	-	315,762	382,566
Short-term bank deposits	Nil	5.3%	-	-	-	750,671	-	-	-	-	-	-	-	750,671
Receivables			-	-	-	-	-	-	-	-	25,931	17,223	25,931	17,223
<b>Total Financial Assets</b>			<b>315,762</b>	<b>382,566</b>		<b>750,671</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,931</b>	<b>17,223</b>	<b>341,693</b>	<b>1,150,460</b>
<b>Financial Liabilities:</b>														
Trade and other payables	-	-	-	-	-	-	-	-	-	-	71,170	63,463	71,170	63,463
<b>Total Financial Liabilities</b>											<b>71,170</b>	<b>63,463</b>	<b>71,170</b>	<b>63,463</b>

(ii) Liquidity risk

	2008		2007	
	Consolidated \$	Parent Entity \$	Consolidated \$	Parent Entity \$
Less than 1 month	9,493	9,493	24,882	18,781
1-3 months	43,079	43,079	69,063	44,682
3-12 months	26,041	18,598	31,680	-
1-5 years	-	-	-	-

(iii) Net Fair Values

For all assets and liabilities, their net fair value approximates their carrying values.

No financial assets and financial liabilities are readily traded on organised markets in standardised form.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date:

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2008**

**Note 27: Financial Instruments (continued)**

	2008		2007	
	Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
Financial Assets				
Loans and receivables	<b>144,469</b>	<b>144,469</b>	137,463	137,463
	<b>144,469</b>	<b>144,469</b>	137,463	137,463
Financial Liabilities				
Other loans and amounts due	-	-	-	-
	-	-	-	-

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
AND CONTROLLED ENTITIES  
DIRECTORS' DECLARATION**

1. In the opinion of the directors:
  - a) The financial statements and notes are in accordance with the Corporations Act 2001, including:
    - i) giving a true and fair view of the company's and Group's financial position as at 30 June 2008 and of their performance for the year then ended; and
    - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
  - b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2008.

This declaration is signed in accordance with a resolution of the Board of Directors.



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Mr Vincent Hyde  
Director

Dated this 30<sup>th</sup> day of September 2008



Accountants | Business and Financial Advisers

## INDEPENDENT AUDITOR'S REPORT

### To the members of BLAZE INTERNATIONAL LIMITED

#### Report on the Financial Report

We have audited the accompanying financial report of Blaze International Limited ("the company"), which comprises the balance sheet as at 30 June 2008, 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 16 to 45. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the 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(c), 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.

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**  
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 Email: [hlb@hlbwa.com.au](mailto:hlb@hlbwa.com.au). Website: <http://www.hlb.com.au>  
 Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of  HLB International, a world-wide organisation of accounting firms and business advisers

*Independence*

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

*Auditor's Opinion*

In our opinion:

- (a) the financial report of Blaze International Limited is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

*Continuation as a Going Concern*

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the company's existing projections show that the company will be able to fund its activities for at least twelve months from the date of the financial report, however, there is uncertainty associated with the key assumptions in those projections. 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 9 to 13 of the directors' report for the year ended 30 June 2008. 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 Blaze International Limited for the year ended 30 June 2008 complies with section 300A of the Corporations Act 2001.



**HLB MANN JUDD**  
Chartered Accountants



**W M CLARK**  
Partner

**Perth, Western Australia**  
**30 September 2008**

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
AND CONTROLLED ENTITIES  
CORPORATE GOVERNANCE STATEMENT**

The Board of Directors of Blaze International Limited is responsible for the corporate governance of the Group. The Board guides and monitors the business and affairs of Blaze International Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

In accordance with the Australian Securities Exchange (“ASX”) Corporate Governance Council’s (“CGC”) “Principles of Good Corporate Governance and Best Practice Recommendations” the Corporate Governance Statement must contain certain specific information and must disclose the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, that fact must be disclosed together with the reasons for the departure.

Blaze International Limited’s corporate governance practices were in place throughout the financial year ended 30 June 2008 and were compliant, unless otherwise stated, with the Corporate Governance Council’s principles and recommendations, which are noted below. Due to the relatively small size of the Blaze Group and its activities, the size of the Board has been restricted to four directors during the year. Consequently the Board as a whole is involved in matters where larger Boards would ordinarily operate through sub-committees. For these reasons too, some of the best practices recommended by CGC are not cost effective for adoption in a small company environment.

The Company acknowledges the requirement to report against the Revised Principles released 2 August 2007 in the annual report for the financial year ended 30 June 2009 and has elected not to make an early transition to the Revised Principles for the 2008 annual report

Principle 1.	Lay solid foundations for management and oversight
Principle 2.	Structure the Board to add value
Principle 3.	Promote ethical and responsible decision making
Principle 4.	Safeguard integrity in financial reporting
Principle 5.	Make timely and balanced disclosure
Principle 6.	Respect the rights of shareholders
Principle 7.	Recognise and manage risk
Principle 8.	Encourage enhanced performance
Principle 9.	Remunerate fairly and responsibly
Principle 10.	Recognise the legitimate interests of stakeholders

### **Structure and Composition of the Board**

The composition of the Board is determined in accordance with the following principles and guidelines:

- The Board shall comprise at least 3 directors, increasing where additional expertise is considered desirable in certain areas.
- The Board should comprise a majority of independent non-executive directors.
- The Chairperson should be a non-executive director.
- Directors should bring characteristics, which allow a mix of qualifications, skills and experience both nationally and internationally.

The Board has established a framework for the management of the Group including a system of internal control, a business risk management process and the establishment of appropriate ethical standards. The full Board holds regular meetings to discuss operational matters, plus strategy meetings and any extraordinary meetings at such other times as may be necessary to address any specific significant matters that may arise.

The Board reviews its composition on an annual basis to ensure that the Board has the appropriate mix of expertise and experience. When 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. External advisers may be used to assist in such a process. The Board will then appoint the most suitable candidate who must stand for election at the next general meeting of shareholders.

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
AND CONTROLLED ENTITIES  
CORPORATE GOVERNANCE STATEMENT (Continued)**

The ASX Corporate Governance Council's "Principles of Good Corporate Governance and Best Practice Recommendations" recommends the appointment of a Nomination Committee for prospective Board appointments. The Board considers that the Company and the Board are currently not of sufficient size to justify the establishment of a Nomination Committee.

The terms and conditions of the appointment and retirement of directors are not formally set out in a letter of appointment. However matters such as remuneration, expectations, terms, the procedures for dealing with conflicts of interest and the availability of independent professional advice are clearly understood by all directors, who are experienced public company directors.

The Board meets once a year to review its own performance. The non-executive directors are responsible for regularly evaluating the Executive Director. This evaluation is based on specific criteria, including the Company's business performance, whether long-term strategic objectives are being achieved and the development of management and personnel. The evaluation is taken into account in determining the Executive Director's remuneration.

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Director's Report. Directors of Blaze International Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered judgement.

The following directors of Blaze International Limited are considered to be independent:

<i>Name</i>	<i>Position</i>
V Hyde	Chairman and Non-Executive Director – appointed 18 April 2007
B Roberts	Non-Executive Director – appointed 1 June 2007
C Lee	Non-Executive Director – appointed 19 July 2007

Each director has the right to seek independent professional advice at the Company's expense. However, prior approval of the Chairman will be required, which will not be unreasonably withheld.

The term in office of each director in office at the date of this report is as follows:

<i>Name</i>	<i>Term in Office</i>
V Hyde	Since 18 April 2007
P Hartshorne	Since 1 November 2004
B Roberts	Since 1 June 2007
C Lee	Since 19 July 2007

### **Responsibilities of the Board**

The Board is responsible for setting the strategic direction and establishing the policies of the Group. It is responsible for overseeing the financial position, and for monitoring the business and affairs on behalf of the shareholders, by whom the Directors are elected and to whom they are accountable. The Board also addresses issues relating to internal controls and approaches to risk management.

### **Ethical standards**

The Board acknowledges the need for continued maintenance of the highest standards of corporate governance practice and ethical conduct by all Directors and employees of the Group. A fundamental theme of the Group's code of ethics is that all business affairs are conducted legally, ethically and with the strict observance of the highest standards of integrity and propriety. The Directors and management have the responsibility to carry out their functions with a view to maximising financial performance of the Group.

All directors and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group.

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
AND CONTROLLED ENTITIES  
CORPORATE GOVERNANCE STATEMENT (Continued)**

**Trading in Company securities by directors and employees**

The policy on trading in Company securities by directors and employees is that directors and employees are prohibited from dealing in the Company's shares or exercising options (i) for 4 weeks before and two days after the release of the Company's half-year and annual results to the ASX; or (ii) whilst in possession of price sensitive information not yet released to the market.

**Audit Committee**

The ASX Corporate Governance Council's "Principles of Good Corporate Governance and Best Practice Recommendations" recommends the appointment of an Audit Committee for focusing the Company on particular issues relevant to verifying and safeguarding the integrity of the Company's financial reporting. The Board considers that the Company and the Board are currently not of sufficient size to justify the establishment of an Audit Committee and all matters that would be addressed by committees are usually dealt with by the full Board of Directors.

**Continuous Disclosure and Communication with Shareholders**

The Chairman is responsible, in consultation with the Board, for interpreting and monitoring the Company's compliance with the continuous disclosure requirements of the ASX whilst the Company Secretary is responsible for all communications with ASX. It is not considered necessary to commit procedures and processes for compliance with ASX listing rules in writing given the small size of the Company, its workforce and the relatively simple nature of its activities. All directors and senior employees have a general understanding of the continuous disclosure requirements under the ASX listing rules, particularly as they relate to identification of matters that may have a material effect on the price of the Company's securities.

Communication with shareholders is conducted through the following mechanisms:

- Announcements lodged with ASX
- Half Yearly and Preliminary Final Reports
- Annual reports
- Annual general meetings

The Company also posts corporate information in the investor section of its Company website at [www.blazelimited.com](http://www.blazelimited.com)

**Remuneration**

The ASX Corporate Governance Council's "Principles of Good Corporate Governance and Best Practice Recommendations" recommends the appointment of a Remuneration Committee for focusing the Company on appropriate remuneration policies, which are designed to meet the needs of the Company and to enhance corporate and individual performance. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and level of performance and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board considers that the Company and the Board are currently not of sufficient size to justify the establishment of a Remuneration Committee and all matters that would be addressed by committees are usually dealt with by the full Board of Directors.

Details on the amount of remuneration and all monetary and non-monetary components for each of the directors and executives are provided in the Directors' Report. In relation to the payments of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of Blaze International Limited and the performance of the individual during the period.

There were no loans made to directors or executives during the period and there are no amounts owing by directors and executives at the year end.

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
AND CONTROLLED ENTITIES  
CORPORATE GOVERNANCE STATEMENT (Continued)**

**Risk Management**

The Board monitors and receives advice on areas of operational and financial risk and the control framework, and considers strategies for appropriate risk management arrangements. Procedures have been established at the Board and executive management levels that are designed to safeguard the assets and interests of the Group and to ensure the integrity of reporting. These include accounting, financial reporting and internal control procedures and policies.

**Financial reporting**

The Chief Executive Officer and the Group Accountant have declared to the Board that the Company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
AND CONTROLLED ENTITIES  
ASX ADDITIONAL INFORMATION**

**HOLDINGS AS AT 4 September 2008**

Number of Securities Held	FULLY PAID SHARES No. of Holders
1 to 1,000	68
1,001 to 5,000	184
5,001 to 10,000	123
10,001 to 100,000	555
100,001 and over	328
Total Number of Holders	1,258
Number of holders of less than a marketable parcel	760
Percentage of the 20 largest holders	53.14%
Total shares on issue	365,759,056

**Substantial Shareholders as at 4 September 2008**

	Number
Rulston Pty Ltd	28,200,000
Traders Macquarie Pty Ltd	21,475,793
Equitas Nominees Pty Ltd	20,800,000

**20 Largest Holders of Securities as at 4 September 2008:**

**Fully Paid Ordinary Shares**

	No.	%
1. Rulston Pty Ltd	28,200,000	7.71
2. Traders Macquarie Pty Ltd	21,475,793	5.87
3. Equitas Nominees Pty Ltd <Group A A/C>	20,800,000	5.69
4. Colburn Nominees Pty Ltd	18,000,000	4.92
5. Icerig Nominees Pty Ltd	12,668,266	3.46
6. Mandevilla Pty Ltd	12,636,364	3.45
7. Mr Godson Beka	12,534,061	3.43
8. Merrill Lynch (Australia) Nominees Pty Ltd <Berndale A/C>	10,000,000	2.73
9. Mr Vincenzo Brizzi & Mrs Rita Lucia Brizzi <Brizzi Family S/F A/C>	8,620,000	2.36
10. Brick Investments Pty Ltd	7,000,000	1.91
11. Startrend Investments Pty Ltd <Startrend Investments A/C>	7,000,000	1.91
12. RBC Dexia Investor Services Australia Nominees Pty Ltd <MCLI A/C>	6,095,510	1.67
13. Moubray Pty Ltd <Robert Hallas S/Fund A/C>	5,000,000	1.37
14. Eevo Pty Ltd	4,457,634	1.22
15. Mr Trevor Neil Hay	4,118,078	1.13
16. Fidelity & Security Nominees Pty Ltd	4,000,000	1.09
17. Carousel Nominees NSW Pty Ltd <Manning Family S/F A/C>	3,000,000	0.82
18. Lesuer Pty Ltd	3,000,000	0.82
19. Synthe Pty Ltd	2,967,000	0.81
20. William & Maria Mellios <The BMI A/C>	2,800,000	0.77
	194,372,706	

**BLAZE INTERNATIONAL LIMITED ABN 15 074 728 019  
AND CONTROLLED ENTITIES  
ASX ADDITIONAL INFORMATION**

**Unlisted Options as at 4 September 2008**

Details of unlisted option holders are as follows:

<b>Class of unlisted options</b>	<b>No of Options</b>	<b>No of Holders</b>
Options exercisable at 5 cents each on or before 31 August 2010	112,500,000	18
Holdings of more than 20% of this class		

**Voting Rights**

The Constitution of the company makes the following provision for voting at general meetings:

On a show of hands, every ordinary shareholder present in person, or by proxy, attorney or representative has one vote.

On a poll, every shareholder present in person, or by proxy, attorney or representative has one vote for any share held by the shareholder.

**Restricted Securities**

There are no restricted securities or securities subject to voluntary escrow.