



**AND CONTROLLED ENTITIES**

**ABN 15 074 728 019**

**ANNUAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2010**

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## **CORPORATE DIRECTORY**

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### **Directors**

Robert Collins (Non-Executive Chairman)  
Michael Scivolo (Non-Executive Director)  
Sol Majteles (Non-Executive Director)

### **Company Secretary**

David Zukerman

### **Registered Office**

Level 1  
8 Parliament Place  
West Perth WA 6005

### **Auditors**

HLB Mann Judd  
Level 4  
130 Stirling Street  
Perth WA 6000

### **Home Securities Exchange**

ASX Limited  
Exchange Plaza  
2 The Esplanade  
Perth WA 6000

### **Share Registry**

Advanced Share Registry Limited  
150 Stirling Highway  
Nedlands WA 6009  
Telephone: +61 8 9323 2000  
Facsimile: +61 8 9323 2033

### **Website**

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

ASX Code: BLZ

## **DIRECTORS' REPORT**

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Your Directors present their report on the company and its controlled entities for the financial year ended 30 June 2010.

### **DIRECTORS**

The names of the Directors in office at any time during, or since the end of the year and until the date of this report are:

Vincent Hyde	Executive Chairman (Resigned 20 October 2009)
Bazil Roberts	Non-Executive Director (Resigned 20 October 2009)
Cecil Che-Cheun Lee	Non-Executive Director (Resigned 20 October 2009)
Robert Collins	Non-Executive Chairman (Appointed 20 October 2009)
Michael Scivolo	Non-Executive Director (Appointed 20 October 2009)
Sol Majteles	Non-Executive Director (Appointed 20 October 2009)

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

### **COMPANY SECRETARY**

Vincent Hyde resigned on 20 October 2009.

David Zukerman was appointed Company Secretary on 20 October 2009.

### **PRINCIPAL ACTIVITIES**

The principal activity of the Consolidated Entity during the financial year was mineral exploration

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

### **OPERATING RESULTS**

The loss of the Consolidated Entity for the financial year after providing for income tax amounted to \$867,481 (2009: \$530,401).

### **DIVIDENDS PAID OR RECOMMENDED**

The Directors recommend that no dividend be paid for the year ended 30 June 2010, nor have any amounts been paid or declared by way of dividend since the end of the previous financial year.

**REVIEW OF OPERATIONS**

**Yeelirrie Valley Uranium Project**

**Introduction**

The Yeelirrie Valley Uranium Project is located in the Murchison Mineral Field of Western Australia, about 650km northeast of Perth, and 430km north of Kalgoorlie. The nearest settlements are Wiluna (population 680) which is 70km to the north, Sandstone (population 120) which is 110km to the southwest, and Leinster (population 1100) which is 110km to the southeast. Land use in the region comprises rangelands pastoralism and mining, with BHP Billiton's Mount Keith nickel mine located 63km to the east.

The Yeelirrie Valley licences lie immediately adjacent to BHP Billiton's (BHPB) Yeelirrie uranium deposit. The Yeelirrie deposit, which is centred at 12 Mile Bore, contains over 52,000 tonnes of uranium oxide (U<sub>3</sub>O<sub>8</sub>) which BHPB intends to exploit over a 20-40 year mine life. The deposit is hosted in calcrete within a modern drainage channel. Blaze International Limited's Yeelirrie Valley Project licences contain a number of sites that could host uranium mineralisation, including:

- a) extensions to the Yeelirrie drainage channel and its calcrete deposits;
- b) tributaries to the Yeelirrie channel; and
- c) the source rocks for the uranium within the Yeelirrie deposit.

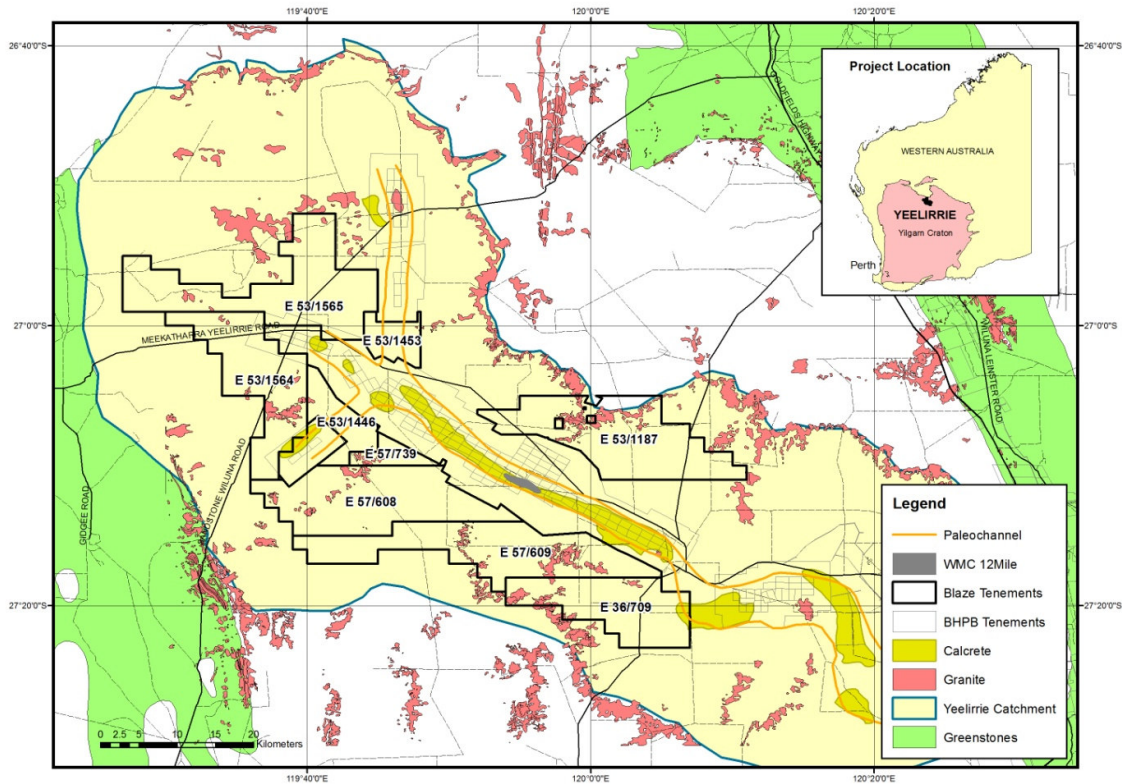
The climate at Yeelirrie is semi-arid, with an average annual rainfall of 238 mm and annual evaporation rates exceeding 2,400mm. There is a broad temperature range, from a minimum of -5.1°C in July to maximum of 46°C in February.

**Tenure**

The Yeelirrie Valley Uranium Project comprises seven granted Exploration Licences and two Exploration Licence Applications covering an aggregate area of 1194.8 km<sup>2</sup> as shown below and Figure 1. The minimum annual expenditure for the group of licences is \$320,000 per annum. The earliest licence to expire does so in March 2011.

Licence No.	Area (blocks)	Area (km <sup>2</sup> )	Reduction	Date granted	Renewal date	Minimum expenditure	Status	Held by
E36/709	44	134.2		29/12/2009	28/12/2014	\$44,000	LIVE	Yeelirrie Minerals Pty Ltd
E53/1453	16	35.2		21/09/2009	20/09/2014	\$20,000	LIVE	Colour Minerals Pty Ltd
E53/1187	70	197.7		24/07/2007	23/07/2012	\$70,000	LIVE	Yeelirrie Minerals Pty Ltd
E53/1446	26	49.7		14/07/2009	13/07/2014	\$26,000	LIVE	Colour Minerals Pty Ltd
E53/1564	51	155.8		21/09/2009	09/07/2010		PENDING	Yeelirrie Minerals Pty Ltd
E53/1565	69	211.0		21/09/2009	09/07/2010		PENDING	Yeelirrie Minerals Pty Ltd
E57/608	70	192.3		16/12/2008	15/12/2013	\$70,000	LIVE	Yeelirrie Minerals Pty Ltd
E57/609	70	195.4		09/12/2008	08/12/2013	\$70,000	LIVE	Yeelirrie Minerals Pty Ltd
E57/739	11	23.4		5/10/2009	4/10/2014	\$20,000	LIVE	Yeelirrie Minerals Pty Ltd
	427	1194.7				\$320,000		

Table 1 – Licence schedule for the Yeelirrie Valley uranium project.



**Figure 1** – The licences of the Yeelirrie Valley Uranium Project, shown over the Yeelirrie valley. The Yeelirrie carnotite deposit is located in the centre of the map at 12 Mile Bore.

**Project Geology**

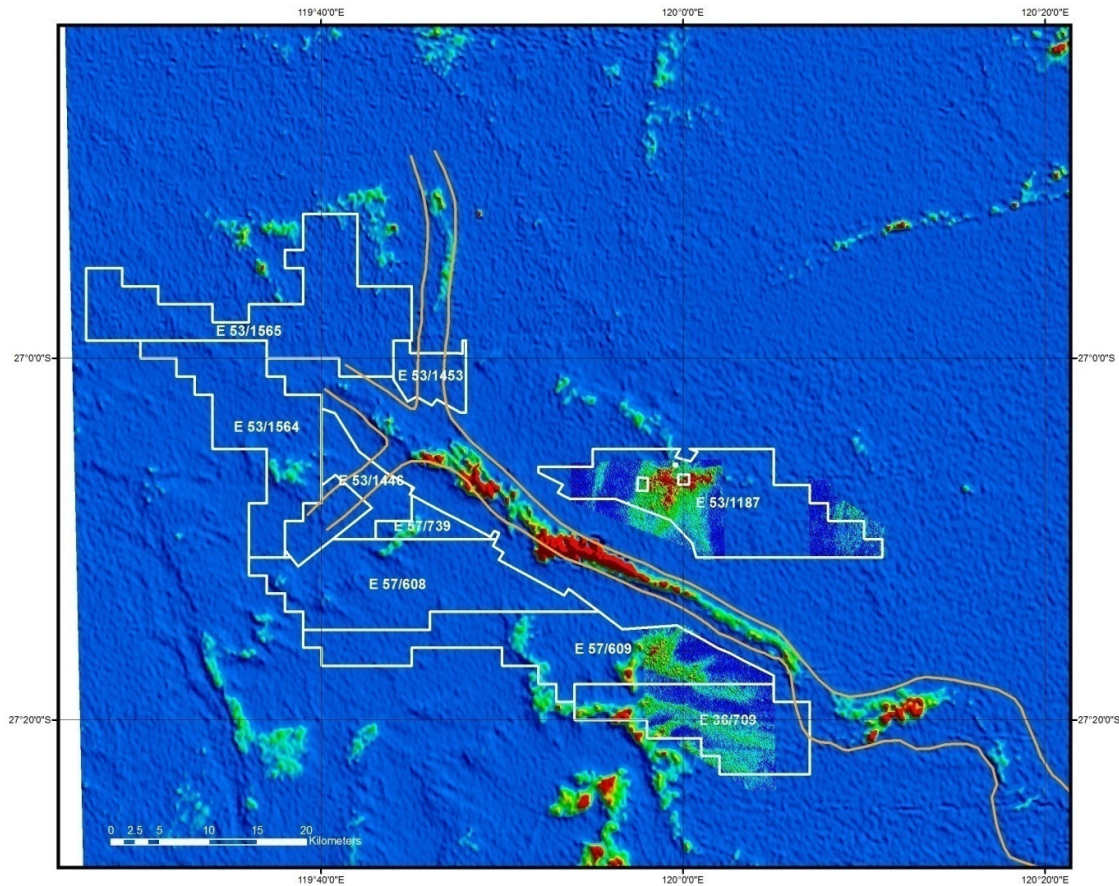
The licences of the Yeelirrie Valley Uranium Project surround the Yeelirrie uranium deposit. Granite rocks of the Archaean (3.5 to 2.5 billion years old) Yilgarn Craton are dissected by a modern ephemeral drainage channel system with locally strong calcrete development.

**Archaean and Proterozoic geology**

Archaean granites are exposed as breakaways and low relief hills around the periphery of the drainage system (Figure 1). The granites are generally very deeply weathered – in many cases recognition of the type of granite is impossible in outcrop. Where the type can be defined, biotite monzogranite is the most common lithology, with lesser feldspar-phyrlic porphyritic monzogranite. Leucocratic granite, sometimes described as ‘alaskite’ in other parts of the world, is also noted in the area. Foliated to gneissic granites are also exposed, and minor amphibolites are entrained within the granites.

Radiometric imagery (Figure 2) shows that the uranium content of the granites is by no means uniform. It appears that there are several phases of uraniferous granite in the Yeelirrie Valley both to the north and south of the Yeelirrie deposit. These uraniferous granites have not been distinguished as a discrete rock type during regional geological mapping performed by the Geological Survey of Western Australia.

The Archaean granite sequence is cross-cut by minor Proterozoic dolerite dykes.



**Figure 2** – U-channel radiometric data from the Yeelirrie Valley uranium project licences.

### **Tertiary and Quaternary geology**

The Yeelirrie Valley (Figure 1) is a broad, flat basin ringed by granitic breakaways, covering an area of around 3000 km<sup>2</sup>. The valley has a southeasterly orientation, measuring up to around 50km across and about 145km in length from the headwaters to Lake Miranda downstream. Total relief for the area is around 80m.

The Yeelirrie Valley is ringed by a series of breakaways. Individual scarps along the line of breakaways are up to 15m high. The breakaways are mostly comprised of deeply weathered kaolinised and silcretised rock that usually retains a granitic texture, with only minor exposures of fresh granite.

Between the breakaways and the central drainage channel, plains of alluvial, colluvial and aeolian material are only sparingly interrupted by outcrops of degraded granite and active ephemeral channels. Fans of granitic-sourced detritus splay out from the breakaways towards the central channel. These gradually become indistinct, melding with the sheetwash plains and the residual and aeolian sand plains.

The ephemeral channels themselves are broad with indistinct margins. The main central channel hosts the Yeelirrie uranium deposit within calcrete, and has a southeasterly orientation. Several ephemeral tributaries amalgamate immediately upstream from the deposit. Calcrete is developed in the flattest part of the central channel, from this confluence through to Lake Miranda, a distance of 115km. Around the Yeelirrie deposit, the calcrete forms a series of platforms and mounds over a width of 1-5km. The calcrete forms a single layer that is up to 20m thick but which is generally around 8m thick in the deposit.

**Uranium mineralisation at BHPB's Yeelirrie project**

BHPB's Yeelirrie uranium deposit is centred on 12 Mile Bore prospect and is hosted by outcropping to partially covered valley calcretes. The mineralisation occurs as carnotite within the calcrete.

The Yeelirrie deposit is reported to contain 52,500 tonnes of uranium oxide (U<sub>3</sub>O<sub>8</sub>) at an average grade of 0.15% (Table 2). BHPB intends to exploit the resource over a 20-40 year mine life.

	<b>Grade range (% U<sub>3</sub>O<sub>8</sub>)</b>	<b>Tonnage (Mt)</b>	<b>Average grade (% U<sub>3</sub>O<sub>8</sub>)</b>	<b>U<sub>3</sub>O<sub>8</sub> (t)</b>
Prime ore	>0.15	13	0.24	32,000
Intermediate ore	0.05-0.15	22	0.09	20,500
<b>TOTAL</b>		<b>35</b>	<b>0.15</b>	<b>52,500</b>

**Table 2 – Reported resources at Yeelirrie**

The ore body forms a flat sheet of mineralisation that is 9 km long and over 1 km wide. The mineralisation can occur in outcrop and extend to more than 14 metres depth; however the ore body is generally found between 4 and 8 metres depth, with approximately 90% of the ore below the static water table.

Carnotite [K<sub>2</sub>(UO<sub>2</sub>)<sub>2</sub>(VO<sub>4</sub>)<sub>2</sub>·3H<sub>2</sub>O] is the only uranium mineral identified at Yeelirrie, and is one of the most recent minerals to be deposited. Carnotite forms thin films on surfaces and in voids within the calcrete. Tests have shown that radioactive disequilibrium is not a problem, meaning that the radiometric readings accurately depict the near surface extent of mineralization (Figure 2).

**Conceptual mineralisation models for the Yeelirrie Valley project**

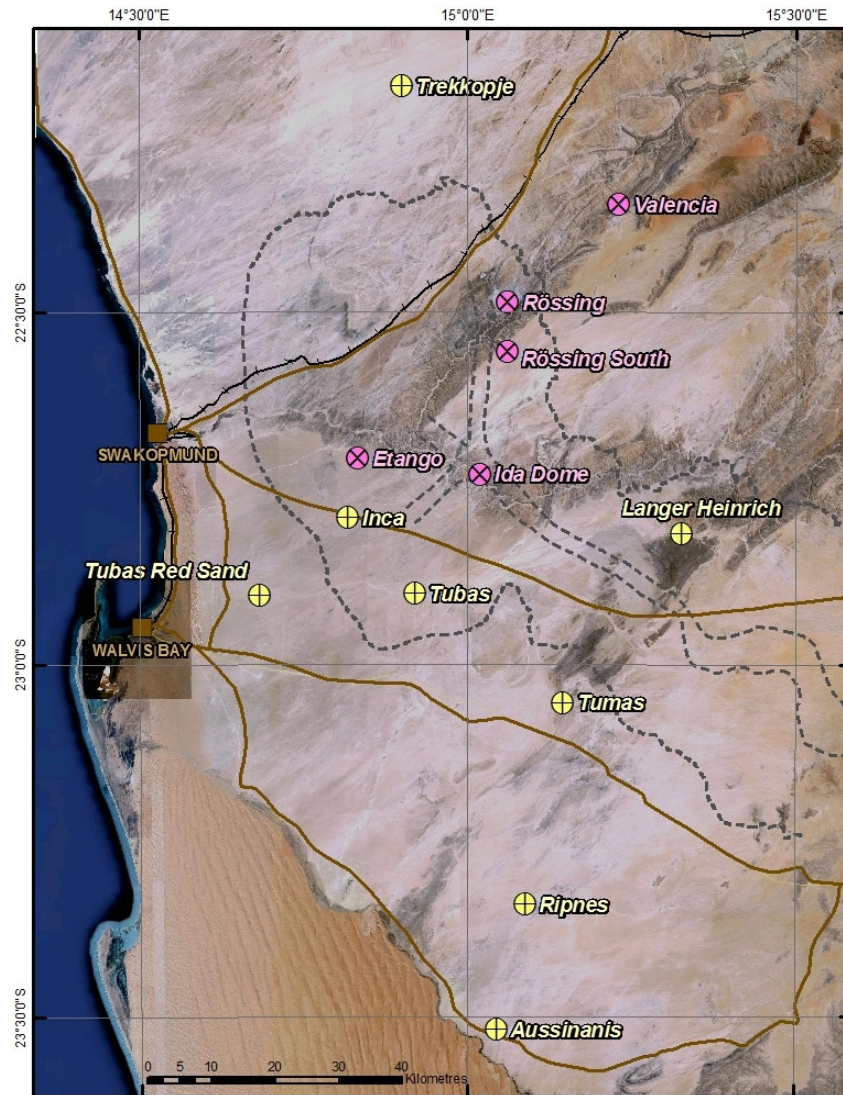
The Yeelirrie uranium deposit is an integral part of the drainage basin in which it occurs. The granites of the area are regarded as being the source of the uranium within the deposit. Uranium, which is highly mobile at room temperature conditions in the natural environment, has been leached from the granites and into the groundwater. These waters migrate into the central drainage channel. Subsequent evaporation has resulted in the precipitation of extensive calcrete and the concentration of uranium as carnotite.

Worldwide, there are two classic regions where calcrete uranium mineralisation develops: Western Australia and Namibia. Examples from Western Australia include Yeelirrie (BHP Billiton), Hinkler Well/Lake Way/Centipede (Toro Energy), Lake Maitland (Mega Uranium Ltd) and others. From Namibia, the best known is the Langer Heinrich deposit, which is presently under development by Paladin Energy Ltd (Table 3). Other examples include Trekkopje (AREVA), Tubas (Deep Yellow) and numerous occurrences (Table 3) along the Namib Desert coast from Swakopmund to the Angolan border.

**DIRECTORS' REPORT (CONTINUED)**

Deposit style	Country	Deposit	Company	Date of resource	RESERVES				RESOURCES						TOTAL	
					Proven		Probable		Measured		Indicated		Inferred			
					U <sub>3</sub> O <sub>8</sub> (tonnes)	Grade (%U <sub>3</sub> O <sub>8</sub> )	U <sub>3</sub> O <sub>8</sub> (tonnes)	Grade (%U <sub>3</sub> O <sub>8</sub> )	U <sub>3</sub> O <sub>8</sub> (tonnes)	Grade (%U <sub>3</sub> O <sub>8</sub> )	U <sub>3</sub> O <sub>8</sub> (tonnes)	Grade (%U <sub>3</sub> O <sub>8</sub> )	U <sub>3</sub> O <sub>8</sub> (tonnes)	Grade (%U <sub>3</sub> O <sub>8</sub> )	U <sub>3</sub> O <sub>8</sub> (tonnes)	Grade (%U <sub>3</sub> O <sub>8</sub> )
Calcrete-hosted	Australia	<b>Yeelirrie</b>	BHP Billiton	1980	?	?	?	?	?	?	?	?	?	?	<b>52,500</b>	<b>0.150</b>
	Namibia	<b>Langer Heinrich</b>	Paladin Energy Ltd	24-Sep-08	17,915	0.060	11,947	0.060	19,575	0.060	13,271	0.060	41,541	0.060	<b>104,250</b>	<b>0.060</b>
		<b>Trekkopje</b>	AREVA	Dec-09					1,004	0.015	48,907	0.015	3,654	0.013	<b>53,565</b>	<b>0.015</b>
		<b>Klein Spitzkoppe</b>	Atomredmetzoloto JSC										1,435	0.028	<b>1,435</b>	<b>0.028</b>
		<b>Aussinanis</b>	Deep Yellow Ltd	26-May-10							1,243	0.022	6,960	0.024	<b>8,203</b>	<b>0.023</b>
		<b>Inca</b>	Deep Yellow Ltd	22-Apr-10							2,268	0.039	4,083	0.040	<b>6,350</b>	<b>0.040</b>
		<b>Tubas Red Sand</b>	Deep Yellow Ltd	22-Apr-10							532	0.017	1,683	0.015	<b>2,215</b>	<b>0.016</b>
Granite-hosted	Namibia	<b>Rössing</b>	Rio Tinto	Dec-07	9,800	0.050	45,709	0.035	567	0.021	29,874	0.026	14,739	0.020	<b>100,689</b>	<b>0.032</b>
		<b>Rössing South (Zone 1)</b>	Extract Resources Ltd	2-Jul-09							10,886	0.053	54,880	0.044	<b>65,765</b>	<b>0.045</b>
		<b>Rössing South (Zone 2)</b>	Extract Resources Ltd	22-Jul-09									55,334	0.054	<b>55,334</b>	<b>0.054</b>
		<b>Ida Dome</b>	Extract Resources Ltd	6-Aug-08							140	0.025	11,248	0.021	<b>11,388</b>	<b>0.021</b>
		<b>Etango</b>	Bannerman Resources Ltd	Mar-10					12,100	0.022	52,200	0.022	9,100	0.021	<b>73,401</b>	<b>0.022</b>
		<b>Valencia</b>	Forsys Metals Corporation	Nov-09	3,265	0.017	24,174	0.015	3,673	0.015	30,570	0.013	3,810	0.013	<b>65,493</b>	<b>0.014</b>

**Table 3** – Comparison of resources and reserves for Yeelirrie and other calcrete-hosted uranium deposits from Namibia, as well as granite-hosted uranium deposits from the same region of Namibia.



**Figure 3** – The Namibian uranium fields, showing alaskite-hosted uranium oxide deposits (pink) and calcrete-hosted carnotite deposits (yellow). For comparison, the outline of the Yeelirrie channel and catchment area is shown to scale in dashed grey lines. See Table 3 for resources.

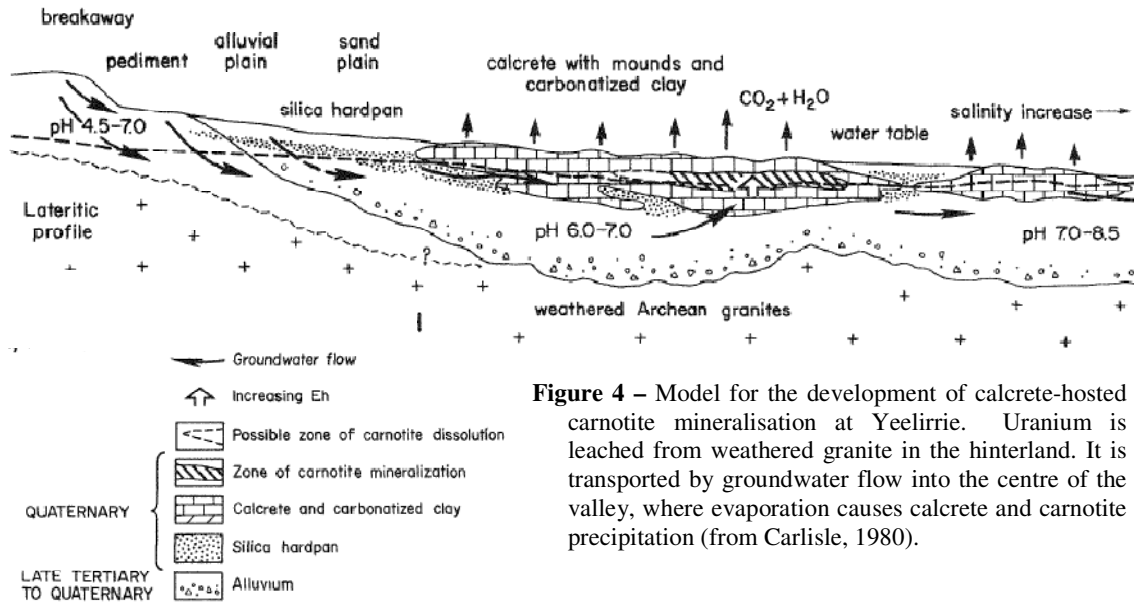
A major contrast between Namibia and Western Australia is that the more mature Namibian uranium fields are host to both the calcrete hosted carnotite deposits, and to the granite (or alaskite) hosted uranium oxide deposits in the hinterland. These include Rössing (Rio Tinto), Rössing South (Extract Resources), Etango (Bannerman Resources), Valencia (Forsys Metals Corp.) and a number of others. In Western Australia, uranium oxide deposits have not, to date, been discovered in proximity to the calcrete hosted deposits.

One of our targets at Yeelirrie Valley will be alaskite-hosted uranium oxide mineralisation in the hinterland to the Yeelirrie calcrete-hosted carnotite deposit.

**Calcrete-hosted carnotite deposits**

Carnotite-bearing calcretes are derived by the lateral transport of Ca, Mg, U, V, and K in meteoric groundwaters. The calcretes are deposited in the central portions of large stable drainage systems, typically where groundwaters converge in areas of low relief. Evaporation leads to the deposition of carnotite in the capillary zone above slowly moving groundwaters. As evaporation is a major process in the development of these deposits, the regions in which they occur invariably have highly arid climates.

Source areas for the uranium in calcrete-hosted carnotite deposits are generally very large, deeply weathered and granitic. The source granites are variably anomalous in uranium content. Whilst they do not necessarily contain uranium ores, the more intensely explored Namibian uranium fields are known to host several **major** alaskite-hosted uranium oxide deposits.



**Figure 4 – Model for the development of calcrete-hosted carnotite mineralisation at Yeelirrie.** Uranium is leached from weathered granite in the hinterland. It is transported by groundwater flow into the centre of the valley, where evaporation causes calcrete and carnotite precipitation (from Carlisle, 1980).

**Alaskite-hosted uranium oxide deposits**

The alaskite-hosted uranium oxide deposits of Namibia are large tonnage, low grade deposits. The uranium is hosted within highly leucocratic, light-coloured granites known as ‘alaskites’ that have intruded and cross-cut the host metamorphic, gneissic, and granitic sequences. At some deposits (e.g. Rössing, Valencia), these alaskites have formed locally (from migmatites) due to high pressure and temperature conditions, whereas at others (e.g. Valencia) the alaskites have simply intruded and cross-cut the host sequence.

The mineralised alaskites comprise predominantly quartz and feldspar with a very low proportion of other minerals. Uranium occurs in fine-grained accessory minerals, predominantly as the uranium oxide mineral uraninite [UO<sub>2</sub>] but also as the secondary mineral uranophane [Ca(UO<sub>2</sub>)Si<sub>2</sub>O<sub>7</sub>·6H<sub>2</sub>O].

Some of the granites within the Yeelirrie catchment are anomalously radioactive. These are regarded as an important source of uranium for the valley calcretes. Although true alaskites have not been noted, most of the granitic rocks at Yeelirrie are leucocratic like the alaskites in the Namibian granite-hosted deposits. The grade and distribution of uranium within these granites needs to be examined in detail throughout the Yeelirrie Valley project area.

**Exploration history**

Exploration in the Yeelirrie Valley area has been almost entirely focussed on the central channel calcrete mineralisation around 12 Mile Bore. Exploration for uranium in the granite sequence has been minimal, and there has been only cursory investigation of other channels within the valley.

**Discovery and exploration of the Yeelirrie uranium deposit**

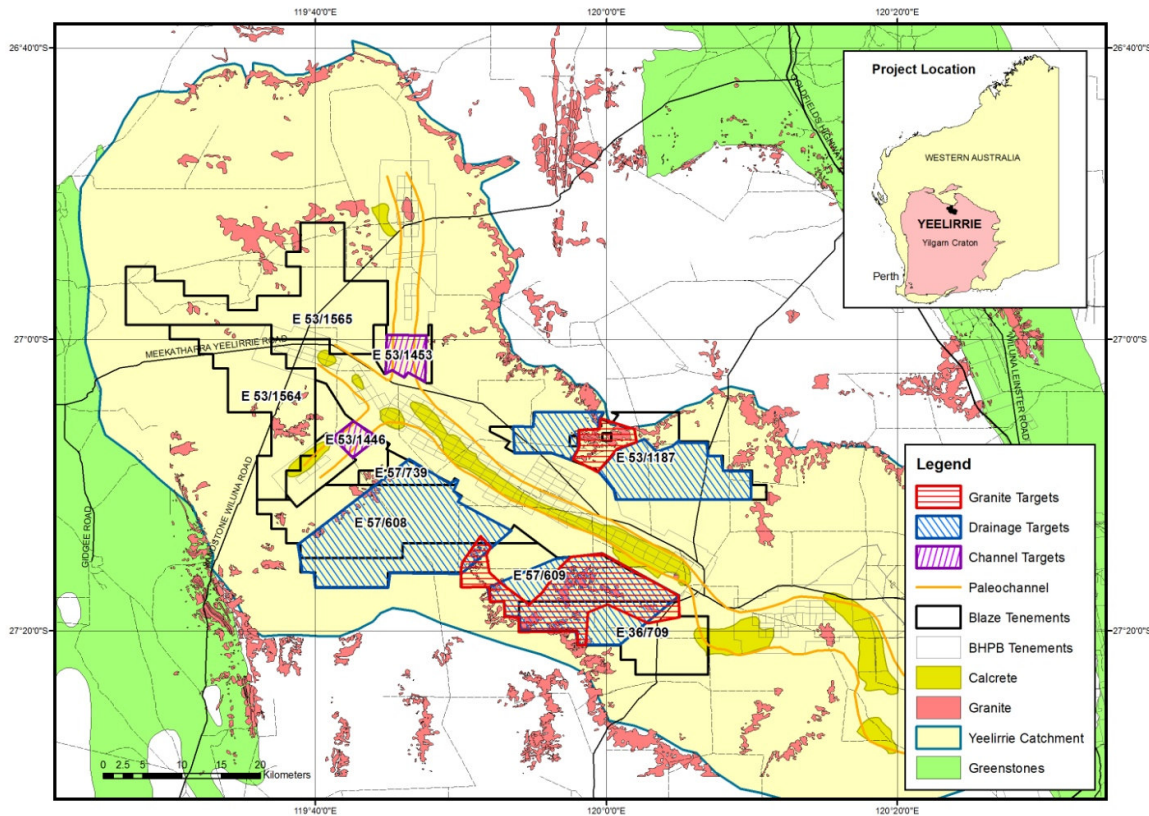
In 1970, regional radiometric surveys defined a large and intense anomaly in the Yeelirrie Valley drainage system. Shallow auger drilling by Western Mining Corporation in 1971 showed a large body of carnotite mineralisation hosted by calcrete. Over the subsequent 12 years, over 6,000 drillholes comprising reverse circulation (RC) and diamond drilling defined a sizeable resource of 35Mt of 0.15% U<sub>3</sub>O<sub>8</sub>, for 52,500t of U<sub>3</sub>O<sub>8</sub>. Permission to mine was refused under the three mines policy which limited uranium exports during the 1980s. WMC continued exploration with some test slot mining and subsequent site rehabilitation. BHP Billiton acquired the project in 2005 with their takeover of WMC.

Following the West Australian government's commitment in 2008 to allow uranium mining in the state, BHP Billiton reactivated the Yeelirrie project. Little additional drilling has been required, with most work focussing on meeting and exceeding modern environmental, mining and transportation concerns. The project is presently in the pre-feasibility stage.

**Exploration potential**

Mineralisation at Yeelirrie shows a very strong response in radiometric data. Similarly, a number of granites and other areas of calcrete throughout the region show strong responses.

Radiometric surveys are an excellent method for locating exposed uranium mineralisation, but are extremely limited in defining mineralisation under cover. Generally, around 30cm of non-radiogenic cover (such as regular soil) is enough to obscure the radiogenic signature of underlying mineralisation. Given the low relief of the Yeelirrie Valley and the strongly weathered nature of outcrop, the potential for buried mineralisation of a number of styles is considered to be high.



**Figure 5 – Initial targets identified throughout the Yeelirrie Valley project area.**

### **Channel Targets**

We are fortunate to have coverage of much of the area surrounding BHP's tenure at Yeelirrie. Licences E 57/1446 & 1453 cover tributaries leading to the main mineralised channel, upstream from the mineralisation at 12 Mile Bore. Although there is little radiometric response, field checking has shown that sand and soil cover these channels. This provides the opportunity for buried calcrete-hosted carnotite mineralisation within these licence areas. These two leases represent **high priority exploration targets** for buried mineralisation of a similar nature to BHP's 12 Mile Bore deposit.

### **Drainage Targets**

A review of the exploration data indicates that radiometric values are elevated in a number of the more recent creek lines and drainages throughout the Yeelirrie catchment area. This is especially true within E57/1187 on the northern side of the Yeelirrie palaeochannel. Elevated radiometric data is also present in active tributary channels to the south of 12 Mile Bore also. These targets will be better defined through remote sensing imagery as well as highlighting further targets of this type.

### **Granite Targets**

The granites surrounding, and forming the basement of, the Yeelirrie Valley project area are anomalously radioactive. These are considered to be an important source of uranium for the calcrete-hosted carnotite deposits at 12 Mile Bore. In particular, a number of uranium-rich granites are identified using the radiometric data. Public records show that some of the granitic lithologies found at and around Yeelirrie are similar to those from alaskite-hosted uranium deposits in other parts of the world. Fresh exposures of these granites will require sampling through drilling in order to penetrate the uranium-depleted carapace of weathered material near surface.

### **Headwater Targets**

Historically, various workers have noted the 'calcification' of the bedrock granite surrounding Yeelirrie. This may represent a medium for the concentration of uranium after its liberation from the fresh granite but prior to its mobilization into the valley groundwaters and calcretes.

The mechanics of this *in situ* concentration mechanism in the headwaters of the drainage system requires further investigation, but the calcified weathered granites will be identified in outcrop. It is expected that their distribution will lie in areas of outcropping granite around the margins of the valley.

### **Conclusions**

The Yeelirrie Valley Uranium Project, which surrounds BHP Billiton's Yeelirrie deposit, is highly prospective for uranium for the following reasons:

- a) The project is located immediately adjacent to BHPB's Yeelirrie uranium deposit, one of the largest uranium deposits in the world.
- b) The project may contain lateral extensions to the calcrete-hosted carnotite mineralisation of Yeelirrie deposit.
- c) The project may contain other buried zones of calcrete-hosted carnotite mineralisation in other tributary drainages.
- d) Granite- or alaskite-hosted uranium oxide mineralisation may lie within the Yeelirrie Valley project area. Such mineralisation could be the source of the uranium in the Yeelirrie deposit.
- e) Outside of the Yeelirrie deposit, the Yeelirrie Valley has undergone only minimal exploration for uranium mineralisation.

### **FINANCIAL POSITION**

The net assets of the Consolidated Entity have decreased by \$643,019 from \$3,757,529 at 30 June 2009 to \$3,114,510 in 2010.

## **DIRECTORS' REPORT (CONTINUED)**

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### **CORPORATE ACTIVITIES**

On 20 October 2009, all Directors on the Board were replaced with those Directors listed on page 4.

On 10 May 2010, the Company issued 40,000,000 ordinary fully paid shares for cash consideration of \$240,000 and on the same date issued 40,000,000 options exercisable at \$0.016 on or before 31 March 2014 for nil consideration.

### **SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

No significant changes in the Consolidated Entity's state of affairs occurred during the financial year, other than the following:

On 20 October 2009, the Board of Directors, Officers and Management of the Company changed and the registered principal office was relocated to West Perth, Western Australia.

During the past 2 years, the Company essentially focused on mineral exploration and in December 2009 the Directors applied to the Australian Securities Exchange to have the Company reclassified as a mining company. This request was granted with effect from 20 January 2010.

### **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 Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years other than the following:

On 20 July 2010, the Company issued 148,365,388 ordinary fully paid shares for cash consideration of \$964,375 and on the same date issued 74,182,694 options exercisable at \$0.03 on or before 30 January 2014 for nil consideration.

### **ENVIRONMENTAL ISSUES**

The Consolidated Entity'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 AND COMPANY SECRETARY**

**Robert Collins** Chairman (Non-Executive) – Appointed 20 October 2009

Robert Collins has served on a number of ASX listed industrial and mining company boards and owned a large West Perth accounting practice serving the corporate sector. He is currently the Non-Executive Chairman of Prime Minerals Limited and Power Resources Limited and was appointed on 20 October 2009. During the past year he was not a member of any Board Committees. He has no interest in any shares or options of the Company at the date of this Report.

**Michael Scivolo** Director (Non-Executive) – Appointed 20 October 2009

Michael Scivolo is a Certified Practising Accountant with 35 years experience in accounting and taxation. He is a partner of Perth accounting firm Alessandrino Scivolo. He is currently a Director of Sabre Resources Limited (since 3 October 2006), Victory West Moly Limited (since 5 February 2007), Power Resources Limited and Prime Minerals Limited since 20 October 2009. During the past year he was not a member of any Board Committees. He has no interest in any shares or options of the Company at the date of this Report.

## **DIRECTORS' REPORT (CONTINUED)**

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### **Sol Majteles**

Director (Non-executive) – Appointed 20 October 2009

Sol Majteles is a partner at leading Perth law firm Lavan Legal and has more than 35 years experience in financing, securities and commercial law. He has extensive experience in listed companies and currently serves on the board of Power Resources Limited and Prime Minerals Limited (since 20 October 2009) as well as being Chairman of Australia Metals Limited (a director since 1987). He was also a director of Equatorial Coal Limited from 24 December 2001 to 5 November 2009. During the past year he was not a member of any Board Committees. He has no interest in any shares or options of the Company at the date of this Report.

### **COMPANY SECRETARY**

#### **David Zukerman**

Company Secretary – Appointed 20 October 2009

David Zukerman has an accounting and finance background. He has held a number of public company directorships in Australia and Asia during the past twenty five years. During the past three years (since August 2003) he has served, and continues as a Director of Golden Deeps Limited, Metals Australia Limited and Sabre Resources Limited. He is also currently Company Secretary of Prime Minerals Ltd and Power Resources Ltd.

### **REMUNERATION REPORT**

Currently the Company does not have any officers or senior executives other than the Directors.

Directors receive a fixed fee (plus statutory superannuation where appropriate) with Directors being remunerated for any professional services conducted for the Company. Directors did not receive any benefits in the form of share-based payments during the year under review.

There are no retirement schemes for any Directors or any loans or any other type of compensation.

Board policy on the remuneration for the Company is influenced by comparing fees paid to directors in other companies within the exploration industry, and then set at a level to attract qualified people, to accept the responsibilities of directorship. No Directors, executive or employee has an employment contract.

Being an exploration company, with no earnings, a relationship is yet to be established between an emolument policy and the Company's performance.

#### **Remuneration Committee**

During the year ended 30 June 2010, the Consolidated Entity did not have a separately established nomination or remuneration committee. Considering the size of the Consolidated Entity, the number of directors and the Consolidated Entity's early stages of its development, the Board is of the view that these functions could be efficiently performed with full Board participation.

#### **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.

**DIRECTORS' REPORT (CONTINUED)****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.

	2006	2007	2008	2009	2010
Revenue	312,126	162,648	288,760	(32,428)	12,806
Net Profit/(Loss)	(9,219,223)	3,575,193	(631,287)	(530,401)	(867,481)
Earnings/(Loss) Per Share - cents	(4.58)	1.40	(0.17)	(0.11)	(0.16)

**Details of Remuneration for the year ended 30 June 2010**

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

2010	Salary, Fees and Commissions \$	Super Contributions \$	Cash Bonus \$	Non- Cash Benefits \$	Options \$	Total \$	Performance Related %
<b>Directors</b>							
V Hyde	77,403	-	-	-	-	77,403	-
B Roberts	15,000	-	-	-	-	15,000	-
C Lee	15,000	-	-	-	-	15,000	-
R Collins	20,918	-	-	-	-	20,918	-
M Scivolo	17,432	1,569	-	-	-	19,001	-
S Majteles	17,432	1,569	-	-	-	19,001	-
	163,185	3,138	-	-	-	166,323	-
<b>2009</b>							
	Salary, Fees and Commissions \$	Super Contributions \$	Cash Bonus \$	Non- Cash Benefits \$	Options \$	Total \$	Performance Related %
<b>Directors</b>							
V Hyde	70,000	-	-	-	-	70,000	-
B Roberts	20,000	-	-	-	-	20,000	-
C Lee	22,500	-	-	-	-	22,500	-
	112,500	-	-	-	-	112,500	-

## DIRECTORS' REPORT (CONTINUED)

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

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.

2010	Granted	Options Granted as Part of Remuneration \$	Total Remuneration Represented by Options %	Options Exercised	Options Lapsed	Total
<b>Directors</b>						
V Hyde	-	-	-	-	-	-
B Roberts	-	-	-	-	-	-
C Lee	-	-	-	-	-	-
R Collins	-	-	-	-	-	-
M Scivolo	-	-	-	-	-	-
S Majteles	-	-	-	-	-	-
	-	-	-	-	-	-

### MEETING OF DIRECTORS

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

Director	Board Meetings	
	Number Eligible to Attend	Number Attended
V Hyde	3	2
B Roberts	3	3
C Lee	3	3
R Collins	6	6
M Scivolo	6	6
S Majteles	6	5

### 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. This insurance cover expired on 30 April 2010 and was not renewed.

**OPTIONS**

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

- 375,000,000 options exercisable at \$0.03 each on or before 30 January 2014
- 40,000,000 options exercisable at \$0.016 each on or before 31 March 2014

The Directors do not hold any interests in shares and/or options of the Company as at the date of this report. No options have been issued to Directors or shares issued as a result of exercise of an option up to the date of this report.

**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 Annual 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.

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

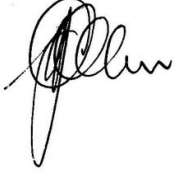
Taxation Compliance Services - \$10,513

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.

**Auditor's Declaration of Independence**

The auditor's independence declaration for the year ended 30 June 2010 has been received and can be found on page 20.

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

A handwritten signature in black ink, appearing to read 'R Collins', written over a horizontal line.

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**Robert Collins**  
**Non-Executive Chairman**

Dated this 1<sup>st</sup> day of September 2010

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Blaze International Limited for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Blaze International Limited.



**Perth, Western Australia  
1 September 2010**

**M R W OHM  
Partner, HLB Mann Judd**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED  
30 JUNE 2010**

	Note	Consolidated 2010 \$	Consolidated 2009 \$
Revenue	2	12,806	(32,428)
Accounting and audit fees	3	(57,944)	(60,506)
ASX and ASIC fees	3	(35,038)	(14,538)
Consulting fees	3	(30,545)	(997)
Depreciation expense	3	(8,416)	(14,244)
Employee benefits expense	3	(166,323)	(118,510)
Exploration expenditure written off	3	(96,797)	(8,658)
Legal fees	3	(53,717)	(8,909)
Management fees	3	(213,616)	(63,340)
Occupancy costs	3	(105,181)	(34,660)
Promotions	3	(31,552)	(10,534)
Share registry fees	3	(22,039)	(27,665)
Other expenses	3	(59,119)	(135,412)
<b>Loss before income tax benefit</b>		<b>(867,481)</b>	<b>(530,401)</b>
Income tax benefit	4	-	-
<b>Net loss for the year</b>		<b>(867,481)</b>	<b>(530,401)</b>
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		<b>(867,481)</b>	<b>(530,401)</b>
Basic loss per share (cents)	7	<b>(0.16)</b>	(0.11)

Diluted loss per share has not been disclosed as the entity does not have on issue any shares which are potentially dilutive.

The accompanying notes form part of this financial report.

**STATEMENT OF FINANCIAL POSITION  
AS AT  
30 JUNE 2010**

	Note	Consolidated 2010 \$	Consolidated 2009 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	8	199,720	778,296
Trade and other receivables	9	23,928	7,001
Other current assets	10	19	25,079
<b>Total Current Assets</b>		<b>223,667</b>	810,376
<b>Non-Current Assets</b>			
Property, plant and equipment	13	3,906	14,518
Deferred exploration expenditure	14	4,089,870	4,046,094
<b>Total Non-Current Assets</b>		<b>4,093,776</b>	4,060,612
<b>Total Assets</b>		<b>4,317,443</b>	4,870,988
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	16	140,654	51,180
<b>Total Current Liabilities</b>		<b>140,654</b>	51,180
<b>Non-Current Liabilities</b>			
Deferred tax liability	17	1,062,279	1,062,279
<b>Total Non-Current Liabilities</b>		<b>1,062,279</b>	1,062,279
<b>Total Liabilities</b>		<b>1,202,933</b>	1,113,459
<b>Net Assets</b>		<b>3,114,510</b>	3,757,529
<b>EQUITY</b>			
Issued capital	18	29,819,441	29,594,979
Reserves	19	1,918,701	1,918,701
Accumulated losses		(28,623,632)	(27,756,151)
<b>Total Equity</b>		<b>3,114,510</b>	3,757,529

The accompanying notes form part of this financial report.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED  
30 JUNE 2010**

	<b>Issued Capital \$</b>	<b>Accumulated Losses \$</b>	<b>Option Reserves \$</b>	<b>Total Equity \$</b>
<b>Consolidated</b>				
<b>Balance at 1 July 2008</b>	28,725,309	(27,225,750)	1,639,951	3,139,510
Part acquisition of subsidiary	102,000	-	63,750	165,750
Shares issued during the year	816,000	-	215,000	1,031,000
Capital raising costs	(48,330)	-	-	(48,330)
Total comprehensive loss for the year	-	(530,401)	-	(530,401)
<b>Balance at 30 June 2009</b>	29,594,979	(27,756,151)	1,918,701	3,757,529
Shares issued during the year	240,000	-	-	240,000
Capital raising costs	(15,538)	-	-	(15,538)
Total comprehensive loss for the year	-	(867,481)	-	(867,481)
<b>Balance at 30 June 2010</b>	<b>29,819,441</b>	<b>(28,623,632)</b>	<b>1,918,701</b>	<b>3,114,510</b>

The accompanying notes form part of this financial report.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED  
30 JUNE 2010**

	Note	Consolidated 2010 \$	Consolidated 2009 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(746,722)	(397,432)
Interest received		<u>8,402</u>	-
Net cash used in operating activities	8	<u>(738,320)</u>	(397,432)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Advances to controlled entities		-	-
Receipt from sale of plant and equipment		<u>6,000</u>	-
Exploration expenditure		<u>(70,718)</u>	(126,300)
Net cash used in investing activities		<u>(64,718)</u>	(126,300)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares and options		<u>240,000</u>	1,031,000
Payment of share issue costs		<u>(15,538)</u>	(48,330)
Net cash provided by financing activities		<u>224,462</u>	982,670
Net increase/(decrease) in cash held		<u>(578,576)</u>	458,938
Cash at beginning of financial year	8	<u>778,296</u>	319,358
Cash at end of financial year	8	<u><u>199,720</u></u>	<u>778,296</u>

The accompanying notes form part of this financial report.

**Note 1: Statement of Significant Accounting Policies**

**(a) Basis of Preparation**

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

The company is a listed public company, incorporated in Australia and operating in Australia. The financial report is presented in Australian dollars. The Group has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the Group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

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

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

In the year ended 30 June 2010, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies other than those set out below.

During the year, certain accounting policies have changed as a result of new or revised accounting standards which became operative for the annual reporting period commencing on 1 July 2009.

The affected policies and standards are:

- Principles of consolidation – revised AASB 127 *Consolidated and Separate Financial Statements and changes made by AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity and Associate*
- Segment reporting – new AASB 8 *Operating Segments*
- Financial Instruments – revised 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 2010. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

**(c) Statement of Compliance**

The financial report was authorised by the Board of Directors for issue on 1 September 2010.

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).

**Note 1: Statement of Significant Accounting Policies (Continued)**

**(d) Basis 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 11 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.

*Changes in accounting policy*

The group has changed its accounting policy for transactions with non-controlling interests and the accounting for loss of control, joint control or significant influence from 1 July 2009 when a revised AASB 127 *Consolidated and Separate Financial Statements* became operative.

Previously transactions with non-controlling interests were treated as transactions with parties external to the group. Disposals therefore resulted in gains and losses in profit and loss and purchases resulted in the recognition of goodwill. On disposal or partial disposal, a proportionate interest in reserves attributable to the subsidiary was reclassified to profit or loss or directly to retained earnings.

Previously when the group ceased to have control, joint control or significant influence over an entity, the carrying amount of the investment at the date control, joint control or significant influence ceased became its cost for the purposes of subsequently accounting for the retained interests in associates, jointly controlled entity or financial assets.

The group has applied the new policy prospectively to transactions occurring on or after 1 July 2009. As a consequence, no adjustments were necessary to any of the amounts previously recognised in the financial statements.

**(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 date or reporting date.

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED  
30 JUNE 2010**

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**Note 1: Statement of Significant Accounting Policies (Continued)**

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.

**(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.

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.

**Note 1: Statement of Significant Accounting Policies (Continued)**

**(g) Financial Instruments**

**Financial assets**

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

*(i) Financial assets at fair value through profit or loss*

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

*(ii) Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

*(iii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

*(iv) Available-for-sale investments*

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

**Note 1: Statement of Significant Accounting Policies (Continued)**

**(g) Financial Instruments (Continued)**

**Derecognition of financial assets and financial liabilities**

*(i) Financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
  - a) has transferred substantially all the risks and rewards of the asset, or
  - b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

*(ii) Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**Impairment of financial assets**

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

*(i) Financial assets carried at amortised cost*

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

**Note 1: Statement of Significant Accounting Policies (Continued)**

**(g) Financial Instruments (Continued)**

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

*(ii) Financial assets carried at cost*

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

*(iii) Available-for-sale investments*

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

**(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.

**Note 1: Statement of Significant Accounting Policies (Continued)**

**(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.

**(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.

***Transactions 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.

**Note 1: Statement of Significant Accounting Policies (Continued)**

***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 statement of financial position. 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 statement of financial position.

**(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).

**Note 1: Statement of Significant Accounting Policies (Continued)**

**(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 statement of financial position 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:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
  - 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
  - exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

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

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

**Note 1: 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 application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

*Exploration and evaluation costs carried forward*

The recoverability of the carrying amount of exploration and evaluation costs carried forward has been reviewed by the directors. In conducting the review, the recoverable amount has been assessed by reference to the higher of “fair value less costs to sell” and “value in use”. In determining value in use, future cash flows are based on:

- Estimates of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- Estimated production and sales levels;
- Estimate future commodity prices;
- Future costs of production;
- Future capital expenditure; and/or
- Future exchange rates.

Variations to expected future cash flows, and timing thereof, could result in significant changes to the impairment test results, which in turn could impact future financial results.

**(t) Going Concern**

In the year ended 30 June 2010, the Group recorded a net loss of \$867,481 and a net cash outflow of \$578,576. At 30 June 2010, the Group had cash available of \$199,720 and exploration commitments of \$320,000.

As indicated in Note 24, subsequent to balance date the Company issued 148,365,388 ordinary fully paid shares for cash consideration of \$964,395 and on the same date issued 74,182,694 options exercisable at \$0.03 or on before 30 January 2014 for nil consideration.

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Company’s and Group’s assets and the discharge of their liabilities in the normal course of business. The Board considers that the Company is a going concern and recognises that additional funding is required to ensure that the Company can continue to fund its and the Group’s operations and further develop their mineral exploration and evaluation assets during the twelve month period from the date of this financial report.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED**  
**30 JUNE 2010**

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**Note 1: Statement of Significant Accounting Policies (Continued)**

Such additional funding as occurred in July 2010 (as disclosed in Note 24 of this report), can be derived from either one or a combination of the following:

- The placement of securities under the ASX Listing Rule 7.1 or otherwise;
- An excluded offer pursuant to the Corporations Act 2001; or
- The sale of assets

Accordingly, the Directors believe that subject to prevailing Group market conditions, the Company will obtain sufficient funding to enable it and the Group to continue as a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial report.

**(u) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Blaze International Limited.

*Change in accounting policy*

The Group has adopted AASB 8 *Operating Segments* from 1 July 2009. AASB 8 replaces AASB 114 *Segment Reporting*. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has not resulted in a change in the number of reportable segments presented by the Group as operating segments are reported in a manner that is consistent with internal reporting provided to the chief operating decision maker.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED**  
**30 JUNE 2010**

	<b>Consolidated 2010 \$</b>	<b>Consolidated 2009 \$</b>
<b>Note 2: Revenue</b>		
Operating activities		
Licence fees	-	(32,428)
Interest received	<b>8,402</b>	-
Profit on sale of assets	<b>3,804</b>	-
Other	<b>600</b>	-
	<hr/>	<hr/>
Total revenue	<b>12,806</b>	(32,428)

**Note 3: Loss for the year**

Other expenses		
Accounting and audit fees	<b>(57,944)</b>	(60,506)
ASX and ASIC fees	<b>(35,038)</b>	(14,538)
Consulting fees	<b>(30,545)</b>	(997)
Depreciation expense	<b>(8,416)</b>	(14,244)
Employee benefits expense	<b>(166,323)</b>	(118,510)
Exploration expenditure written off	<b>(96,797)</b>	(8,658)
Legal fees	<b>(53,717)</b>	(8,909)
Management fees	<b>(213,616)</b>	(63,340)
Occupancy costs	<b>(105,181)</b>	(34,660)
Promotions	<b>(31,552)</b>	(10,534)
Share registry fees	<b>(22,039)</b>	(27,665)
Other expenses	<b>(59,119)</b>	(135,412)
	<hr/>	<hr/>
Total other expenses	<b>880,287</b>	497,973

**Note 4: Income tax benefit**

**a) Income tax benefit**

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	-	-
	<hr/>	<hr/>
Total tax benefit	-	-

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED**  
**30 JUNE 2010**

	<b>Consolidated 2010 \$</b>	<b>Consolidated 2009 \$</b>
<b>Note 4: Income tax benefit (Continued)</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	(867,481)	(530,401)
Income tax expense calculated as 30%	(260,244)	(159,120)
Non-deductible expenses	3,510	-
Non-assessable adjustments	-	-
Non-deductible adjustments	-	28,418
Other deferred tax assets and tax liabilities not recognised	(26,606)	(88,170)
Unused tax losses and tax offsets not recognised as deferred tax assets	281,253	212,558
Adjustments in respect of current income tax of previous years	2,087	6,314
Other	-	-
Income tax attributable to operating loss	-	-
<b>b) Recognised deferred tax balances</b>		
The following deferred tax assets and (liabilities) have been brought to account:		
Deferred tax liabilities comprise:		
Deferred tax liability arising on acquisition of controlled entity	1,062,279	1,062,279
	1,062,279	1,062,279
<b>c) Unrecognised deferred tax balances</b>		
The following deferred tax assets and (liabilities) have not been brought to account as assets:		
Deferred tax assets comprise:		
Tax losses – revenue	3,538,253	3,256,999
Impairment of receivables	14,277	536,862
Impairment of investments	6,750,033	6,750,033
Depreciation timing differences	11,766	16,533
Share issue expenses	16,013	27,261
Accrued expenses and liabilities	5,430	4,650
	10,335,772	10,592,338
Deferred tax liabilities comprise:		
Exploration expenditure capitalised	114,764	101,632
Depreciation timing differences	1,172	-
Other	6	7,601
	115,942	109,233
<b>Income tax benefit not recognised directly in equity</b>		
Share issue expenses	95,214	90,553
	95,214	90,553

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED  
30 JUNE 2010**

**Note 5: Key management personnel compensation**

**a) Directors**

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

Vincent Hyde	Executive Chairman	Resigned 20 October 2009
Bazil Roberts	Non-Executive Director	Resigned 20 October 2009
Cecil Lee	Non-Executive Director	Resigned 20 October 2009
Robert Collins	Non-Executive Chairman	Appointed 20 October 2009
Michael Scivolo	Non-Executive Director	Appointed 20 October 2009
Sol Majteles	Non-Executive Director	Appointed 20 October 2009

	<b>Consolidated 2010</b>	<b>Consolidated 2009</b>
	\$	\$
<b>b) Key management personnel compensation</b>		
Short term employee benefits	<b>163,185</b>	112,500
Post employment benefits	<b>3,138</b>	-
Share based payments	-	-
	<b>166,323</b>	<b>112,500</b>

The Company has transferred the detailed remuneration disclosures to the Directors' Report in accordance with the Corporations Amendment Regulations 2006 (No. 4).

**c) Equity instrument disclosures relating to key management personnel**

- i) Options provided as remuneration and shares issued on exercise of such options  
Details of any 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 page 17.
- 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.

<b>2010</b>	<b>Balance at beginning of year</b>	<b>Granted during year as compensation</b>	<b>Balance on resignation</b>	<b>Other changes during year</b>	<b>Balance at end of year</b>
<b>Directors</b>					
Vincent Hyde	-	-	-	-	-
Bazil Roberts	-	-	-	-	-
Cecil Lee	-	-	-	-	-
Robert Collins	-	-	-	-	-
Michael Scivolo	-	-	-	-	-
Sol Majteles	-	-	-	-	-
	-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED  
30 JUNE 2010**

**Note 5: 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>2010</b>	<b>Balance at beginning of year</b>	<b>Granted during year as compensation</b>	<b>Balance on resignation</b>	<b>Other changes during year</b>	<b>Balance at end of year</b>
<b>Directors</b>					
Vincent Hyde	-	-	-	-	-
Bazil Roberts	-	-	-	-	-
Cecil Lee	-	-	-	-	-
Robert Collins	-	-	-	-	-
Michael Scivolo	-	-	-	-	-
Sol Majteles	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
<b>2009</b>					
<b>Directors</b>					
Vincent Hyde	-	-	-	-	-
Bazil Roberts	-	-	-	-	-
Cecil Lee	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
				<b>Consolidated 2010</b>	<b>Consolidated 2009</b>
				\$	\$

**Note 6: Auditor's remuneration**

Remuneration of the auditor of the parent entity for:

Auditing or reviewing the annual report	<b>27,500</b>	20,844
Taxation services	<b>10,513</b>	13,087
	<b>38,013</b>	33,931

**Note 7: Earnings per share**

Reconciliation of earnings to profit/(loss)

Profit/(loss)	<b>(867,481)</b>	(530,401)
	<b>No. 2010</b>	<b>No. 2009</b>

Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

<b>556,363,452</b>	464,124,441
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Diluted EPS not disclosed as potential ordinary shares are not dilutive.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED**  
**30 JUNE 2010**

	<b>Consolidated 2010 \$</b>	<b>Consolidated 2009 \$</b>
<b>Note 8: Cash and cash equivalents</b>		
Cash at bank and in hand	199,554	778,296
Short-term bank deposits	166	-
	<u>199,720</u>	<u>778,296</u>
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	<u>199,720</u>	778,296
	<u>199,720</u>	<u>778,296</u>
<b>a) Reconciliation of cash flow from operations with loss after income tax</b>		
Loss after income tax	(867,481)	(530,401)
Non-cash flows in profit		
Depreciation	8,416	14,244
Exploration expenditure written off	96,797	8,658
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	(16,927)	137,468
(Increase)/decrease in other assets	25,060	(7,831)
Increase/(decrease) in trade payables and accruals	15,815	(19,570)
Cashflow from operations	<u>(738,320)</u>	<u>(397,432)</u>
<b>a) Non-cash financing and investing activities</b>		
There were no non-cash financing and investing activities that occurred during the year.		
<b>Note 9: Trade and other receivables</b>		
<b>Current</b>		
Trade receivables	-	2,996
Allowance for impairment of receivables	-	(500)
	<u>-</u>	<u>2,496</u>
Other receivables	<u>23,928</u>	4,505
	<u>23,928</u>	<u>7,001</u>
<b>Non-Current</b>		
Amounts receivable from wholly-owned entities	-	-
Allowance for impairment of receivables	-	-
	<u>-</u>	<u>-</u>
<b>Note 10: Other assets</b>		
Prepayments	<u>19</u>	25,079
	<u>19</u>	<u>25,079</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED  
30 JUNE 2010**

**Note 11: Subsidiaries**

Entity	Country of Incorporation	Percentage Ownership (%)*	
		2010	2009
<u>Parent Entity</u>			
Blaze International Limited	Australia	100	100
<u>Subsidiaries</u>			
BSoftware International Pty Ltd	USA	100*	100
BSoftware Pty Ltd	Australia	100*	100
Famous 3D Pty Ltd	Australia	100*	100
Software Licensing & Marketing Inc	USA	100	100
BIL Inc	USA	100	100
PIXe Pty Ltd	Australia	100*	100
Yeelirrie Minerals Pty Ltd	Australia	100	100
Colour Minerals Pty Ltd	Australia	100	100

\* Subsequent to year end, these companies were deregistered.

	Company	Company
	2010	2009
	\$	\$
<b>Note 12: Parent entity disclosures</b>		
<b>(a) Financial position</b>		
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	199,719	772,522
Trade and other receivables	23,928	7,501
Other current assets	19	25,079
<b>Total Current Assets</b>	<b>223,666</b>	<b>805,102</b>
<b>Non-Current Assets</b>		
Trade and other receivables	619,691	478,243
Financial assets (i)	2,644,500	2,644,500
Property, plant and equipment	-	8,589
Deferred exploration expenditure	32	32
<b>Total Non-Current Assets</b>	<b>3,264,223</b>	<b>3,131,364</b>
<b>Total Assets</b>	<b>3,487,889</b>	<b>3,936,466</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	140,654	51,180
<b>Total Current Liabilities</b>	<b>140,654</b>	<b>51,180</b>
<b>Total Liabilities</b>	<b>140,654</b>	<b>51,180</b>
<b>Net Assets</b>	<b>3,347,235</b>	<b>3,885,286</b>

(i) The recoverability of the investment is dependent upon successful development and commercial exploitation and/or sale of the relevant areas of interest, at amounts at least equal to book value.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED  
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	<b>Company</b>	<b>Company</b>
	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>Note 12: Parent entity disclosures (Continued)</b>		
<b>EQUITY</b>		
Issued capital	29,819,441	29,594,979
Option premium reserves	1,659,049	1,659,049
Employee share options reserve	259,652	259,652
Accumulated losses	<u>(28,390,907)</u>	<u>(27,628,394)</u>
<b>Total Equity</b>	<b><u>3,347,235</u></b>	<b><u>3,885,286</u></b>

**(b) Financial performance**

Loss for the period	(762,513)	(483,612)
Other comprehensive income	<u>-</u>	<u>-</u>
<b>Total comprehensive loss</b>	<b><u>(762,513)</u></b>	<b><u>(483,612)</u></b>

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>

**Note 13: Plant and equipment**

Plant and equipment:		
At cost	45,993	140,155
Accumulated depreciation	<u>(42,087)</u>	<u>(125,637)</u>
	<b><u>3,906</u></b>	<b><u>14,518</u></b>
At Directors' valuation:		
At cost	-	103,183
Accumulated depreciation	<u>-</u>	<u>(103,183)</u>
	<u>-</u>	<u>-</u>
	<b><u>3,906</u></b>	<b><u>14,518</u></b>

**a) Movement 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.

	<b>Plant and Equipment \$</b>
<b>Consolidated:</b>	
Balance at the beginning of year	14,518
Additions	-
Disposals	(2,196)
Depreciation expense	<u>(8,416)</u>
Carrying amount at the end of year	<b><u>3,906</u></b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED**  
**30 JUNE 2010**

	<b>Consolidated 2010 \$</b>	<b>Consolidated 2009 \$</b>
<b>Note 14: Deferred exploration expenditure</b>		
Expenditure brought forward	<b>4,046,094</b>	3,770,565
Fair value of shares and options issued as part consideration on acquisition of subsidiary	-	165,750
Expenditure incurred during year	<b>140,573</b>	118,437
Expenditure written off during year	<b>(96,797)</b>	(8,658)
	<u><b>4,089,870</b></u>	<u>4,046,094</u>

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 15: Intangible assets**

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

**Note 16: Trade and other payables**

**Current**

Trade payables	<b>116,742</b>	36,180
Sundry payables and accrued expenses	<b>23,912</b>	15,000
	<u><b>140,654</b></u>	<u>51,180</u>

**Note 17: Deferred tax liability**

Deferred tax liability arising on acquisition of controlled entity	<b>1,062,279</b>	1,062,279
	<u><b>1,062,279</b></u>	<u>1,062,279</u>

**Note 18: Issued capital**

Ordinary fully paid ordinary shares (a)	<b>29,819,441</b>	29,594,979
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Fully paid ordinary shares carry one vote per share and carry the right to dividends. Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of share capital and issued shares do not have a par value.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED  
30 JUNE 2010**

	2010 \$	2010 No.	2009 \$	2009 No.
<b>Note 18: Issued capital (Continued)</b>				
<b>a) Ordinary shares</b>				
Balance at beginning of year	29,594,979	550,759,056	28,725,309	365,759,056
Shares issued during year				
15 December 2008 (i)	-	-	102,000	25,000,000
19 December 2008 (ii)	-	-	816,000	160,000,000
10 May 2010 (iii)	240,000	40,000,000	-	-
Share issue costs	(15,538)	-	(48,330)	-
Balance at end of year	<u>29,819,441</u>	<u>590,759,056</u>	29,594,979	550,759,056

- i) On 15 December 2008 the company issued 25,000,000 ordinary shares at an issue price of 0.408 cents each, as part consideration for the acquisition of Yeelirrie Minerals Pty Ltd.
- ii) On 19 December 2008 the company issued 160,000,000 ordinary shares at an issue price of 0.51 cents each raising \$816,000.
- iii) On 10 May 2010 the company issued 40,000,000 ordinary shares at an issue price of 0.6 cents each raising \$240,000 with 40,000,000 free attaching unlisted options exercisable at 1.6 cents each on or before 31 March 2014.

**b) Share options**

Date of expiry	Exercise price	Balance at beginning of year	Issued during year	Cancelled during year	Expired during year	Exercised during year	Balance at end of year
31 August 2010	\$0.05	175,000,000	-	-	-	-	175,000,000
30 January 2014	\$0.03	375,000,000	-	-	-	-	375,000,000
31 March 2014	\$0.016	-	40,000,000	-	-	-	40,000,000
		<u>550,000,000</u>	<u>40,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>590,000,000</u>

**c) Capital risk management**

Management controls the capital of the Group in order to ensure that the Group can fund its operations and continue as a going concern.

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. The Group had no debt as at 30 June 2010.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED  
30 JUNE 2010**

	<b>Consolidated 2010 \$</b>	<b>Consolidated 2009 \$</b>
<b>Note 19: Reserves</b>		
Option premium (i)	<b>1,659,049</b>	1,659,049
Employee share options (ii)	<b>259,652</b>	259,652
	<b>1,918,701</b>	1,918,701

**(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**

Balance at beginning of year	<b>1,659,049</b>	1,380,299
Fair value of options issued as part consideration on acquisition of Yeelirrie Minerals Pty Ltd	-	63,750
Options issued for cash	-	215,000
Balance at end of year	<b>1,659,049</b>	1,659,049

**(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 20: Contingent assets and contingent liabilities**

The Directors are not aware of any contingent liabilities or contingent assets as at 30 June 2010. There has been no change in these liabilities or assets since the last annual reporting date.

**Note 21: Capital and leasing commitments**

There are no capital or leasing commitments as at 30 June 2010.

There is \$274,000 of exploration expenditure for Yeelirrie Minerals Pty Ltd committed as at 30 June 2010.

There is \$46,000 of exploration expenditure for Colour Minerals Pty Ltd committed as at 30 June 2010.

The Company has an agreement with a management service company for the provision of services at \$230,000pa plus CPI. Charges are at commercial terms in accordance with the agreement entered into on 17 November 2010 for a 5 year term.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED  
30 JUNE 2010**

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**Note 22: Segment reporting**

The Group has adopted AASB 8 “Operating Segments” which requires operating segments to be identified on the basis of internal reports about components of the Group that are reviewed by the chief operating decision maker (considered to be Board of Directors) in order to allocate resources to the segment and assess its performance. The chief operating decision maker of the Group reviews internal reports prepared as consolidated financial statements and strategic decisions of the Group are determined upon analysis of these internal reports. During the period, the Group operated predominantly in one segment being the mineral exploration sector in Western Australia. Accordingly, under the “management approach” outlines only one operating segment has been identified and no further disclosure is required in the notes to the consolidated financial statements.

**Note 23: Share based payments**

There were no share-based payment arrangements at 30 June 2010.

**Note 24: Events after balance sheet date**

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 other than the following:

On 20 July 2010, the Company issued 148,365,388 ordinary fully paid shares for cash consideration of \$964,375 and on the same date issued 74,182,694 options exercisable at \$0.03 on or before 30 January 2014 for nil consideration.

**Note 25: Related party transactions**

There have been no related party transactions during the year.

**Note 26: 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.

- 1) Financial risk  
The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and price risk.
- 2) 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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED**  
**30 JUNE 2010**

**Note 26: Financial instruments (Continued)**

3) 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:

2010	Weighted average effective interest rate %	Floating interest rate \$	Fixed interest rate maturing			Non- interest bearing \$	Total \$
			< 1 year \$	1 – 5 years \$	> 5 years \$		
<b>Financial assets:</b>							
Cash at bank	2%	199,720	-	-	-	-	<b>199,720</b>
Receivables	N/A	-	-	-	-	23,928	<b>23,928</b>
Total financial assets		<u>199,720</u>				<u>23,928</u>	<b>223,648</b>
<b>Financial liabilities:</b>							
Trade and other payables	N/A	-	-	-	-	140,654	<b>140,654</b>
Total financial liabilities		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,654</u>	<b>140,654</b>
<b>Consolidated</b>							
2009	Weighted average effective interest rate %	Floating interest rate \$	Fixed interest rate maturing			Non- interest bearing \$	Total \$
			< 1 year \$	1 – 5 years \$	> 5 years \$		
<b>Financial assets:</b>							
Cash at bank	0%	778,296	-	-	-	-	<b>778,296</b>
Receivables	N/A	-	-	-	-	7,001	<b>7,001</b>
Total financial assets		<u>778,296</u>				<u>7,001</u>	<b>785,297</b>
<b>Financial liabilities:</b>							
Trade and other payables	N/A	-	-	-	-	51,180	<b>51,180</b>
Total financial liabilities		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,180</u>	<b>51,180</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED**  
**30 JUNE 2010**

**Note 26: Financial instruments (Continued)**

- 4) Liquidity risk  
The following table details the Group's and the Company's expected maturity for its financial liabilities:

	<b>Consolidated 2010 \$</b>	<b>Consolidated 2009 \$</b>
<b>Non-Interest bearing</b>		
< 1 month	<b>123,154</b>	11,355
1 – 3 months	<b>17,500</b>	15,000
3 – 12 months	-	24,825
1 – 5 years	-	-
	<b>140,654</b>	<b>51,180</b>

- 5) 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:

	<b>Carrying Amount 2010 \$</b>	<b>Carrying Amount 2009 \$</b>	<b>Net Fair Value 2010 \$</b>	<b>Net Fair Value 2009 \$</b>
<b>Consolidated</b>				
<b>Financial assets</b>				
Loans and receivables	<b>23,928</b>	7,001	<b>23,928</b>	7,001
	<b>23,928</b>	7,001	<b>23,928</b>	7,001
<b>Financial liabilities</b>				
Other loans and amounts due	-	-	-	-
	-	-	-	-

- 6) Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on those assets and liabilities with an exposure to interest rate risk at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the change in interest rates. At reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the Company's:

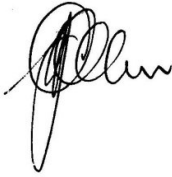
- Net profit and equity would increase by \$1,997 and decrease by \$1,997. This is mainly attributable to the Company's exposure to interest rates on its cash balances held at variable rate.

## DIRECTORS' DECLARATION

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- 1) In the opinion of the Directors of Blaze International Limited (the "Company"):
  - a. The accompanying financial statements, notes and additional disclosures of the Consolidated Entity are in accordance with the Corporations Act 2001, including:
    - i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2010 and of its performance for the year 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.
  - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
- 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 2010.

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



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**Robert Collins**  
**Non-Executive Chairman**

Dated this 1<sup>st</sup> day of September 2010

## 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 statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 21 to 49.

#### *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 the consolidated financial statements comply 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 control relevant to the company'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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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 opinions.

*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 consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1(c).

**Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 15 to 17 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Auditor's Opinion*

In our opinion the Remuneration Report of Blaze International Limited for the year ended 30 June 2010 complies with section 300A of the *Corporations Act 2001*.

*HLB Mann Judd*

**HLB MANN JUDD**  
**Chartered Accountants**



**M R W OHM**  
**Partner**

**Perth, Western Australia**  
**1 September 2010**

## CORPORATE GOVERNANCE

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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 ASX Corporate Governance Council's *Principles of Good Corporate Governance and 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 2009 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 three 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.

To illustrate where the Company has addressed each of the Council's recommendations, the following table cross-references each recommendation with sections of this report. The table does not provide the full text of each recommendation but rather the topic covered.

Recommendation	Section
<b>Principle 1: Lay solid foundations for Management and Oversight</b>	
Recommendation 1.1 Functions of the Board and Senior Executives	2.1
Recommendation 1.2 Performance Evaluation of Senior Executives	1.3, 1.5
Recommendation 1.3 Reporting on Principle 1	2.1, 1.5
<b>Principle 2: Structure the Board to Add Value</b>	
Recommendation 2.1 Independent Directors	1.6
Recommendation 2.2 Independent Chair	1.1, 1.7
Recommendation 2.3 Role of the Chair and CEO	1.6
Recommendation 2.4 Establishment of Nomination Committee	1.4
Recommendation 2.5 Performance Evaluation Processes	1.5
Recommendation 2.6 Reporting on Principle 2	1.7, 1.8, 1.9
<b>Principle 3: Promote Ethical and Responsible Decision Making</b>	
Recommendation 3.1 Directors' and Senior Executives' Code of Conduct	1.2, 3.1
Recommendation 3.2 Company Security Trading Policy	4.1
Recommendation 3.3 Reporting on Principle 3	1.2, 3.1, 4.1
<b>Principle 4: Safeguard Integrity in Financial Reporting</b>	
Recommendation 4.1 Establishment of Audit Committee	5.1
Recommendation 4.2 Structure of Audit Committee	5.1
Recommendation 4.3 Audit Committee Charter	5.2
Recommendation 4.4 Reporting on Principle 4	5.1
<b>Principle 5: Make Timely and Balanced Disclosure</b>	
Recommendation 5.1 Policy for Compliance with Continuous Disclosure	6.1
Recommendation 5.2 Reporting on Principle 5	6.1
<b>Principle 6: Respect the Rights of Shareholders</b>	
Recommendation 6.1 Communications Strategy	6.2
Recommendation 6.2 Reporting on Principle 6	6.3

<b>Principle 7: Recognise and Manage Risk</b>	
Recommendation 7.1 Policies on Risk Oversight and Management of	8.1
Recommendation 7.2 Attestations by CEO and CFO	8.2
Recommendation 7.3 Risk Management and Internal Control	8.3
Recommendation 7.4 Reporting on Principle 7	8.3
<b>Principle 8: Remunerate Fairly and Responsibly</b>	
Recommendation 8.1 Establishment of Remuneration Committee	7.2
Recommendation 8.2 Executive and Non-Executive Director Remuneration	7.3
Recommendation 8.3 Reporting on Principle 8	7.1, 7.2, 7.3

## 1 Structure and Composition of the Board

1.1 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.

1.2 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.

To assist the Board carry out its functions, it has developed a Code of Conduct to guide the Directors, the Managing Director and other senior executives in the performance of their roles. The Code of Conduct addresses the maintenance of the confidence in the Company's integrity, legal obligations and expectations of shareholders, responsibility and accountability of individuals for reporting and investigating reports of unethical behaviour.

1.3 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.

1.4 The ASX Corporate Governance Council's *Principles of Good Corporate Governance and 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.

**1.5** 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. A performance evaluation for the board, its committees and directors, was in accordance with the process disclosed, took place on 17 September 2009.

**1.6** 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 Directors' 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.

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

<i>Name</i>	<i>Position</i>
Robert Collins	Non-Executive Chairman – appointed 20 October 2009
Michael Scivolo	Non-Executive Director – appointed 20 October 2009
Sol Majteles	Non-Executive Director – appointed 20 October 2009

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

**1.9** 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>
Robert Collins	Since 20 October 2009
Michael Scivolo	Since 20 October 2009
Sol Majteles	Since 20 October 2009

## **2 Responsibilities of the Board**

**2.1** The Board is responsible for setting the strategic direction and establishing the policies of the Group as there are no senior executives. 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.

## **3 Ethical standards**

**3.1** 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.

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

**4.1** On 17 September 2009 the Board reviewed and re-adopted its Share Trading Policy. The Board periodically reminds Directors, senior executives and employees of the prohibition in the Corporations Act 2001 concerning trading in the Company's securities when in possession of "inside information". The Board also periodically reminds Directors of their obligations to notify the Company Secretary of any trade in securities to ensure that ASX Listing Rule requirements are met.

**5 Audit Committee**

**5.1** The ASX Corporate Governance Council's *Principles of Good Corporate Governance and 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. In the absence of an audit committee, the Board sets aside time to deal with issues and responsibilities usually delegated to the audit committee to ensure the integrity of the financial statements of the Company and the independence of the external auditor.

**5.2** The Board has adopted an Audit Committee Charter which sets out the roles and responsibilities, composition, structure and membership requirements. The Board refers to the Audit Committee Charter to ensure they are meeting all the requirements otherwise delegated to an Audit Committee. A copy of the Audit Committee Charter is available on the Company's website.

**6 Continuous Disclosure and Communication with Shareholders**

**6.1** The Chair 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. The Board has adopted a continuous disclosure policy to ensure that the Company complies with the disclosure requirements of the ASX Listing Rules, which is available on the Company's website. 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 and that would influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

**6.2** Communication with shareholders is conducted through the following mechanisms:

- Announcements lodged with ASX
- Half Yearly and Preliminary Final Reports
- Annual Reports
- Annual General Meetings

Notices of meeting are specifically designed and distributed on a timely basis to encourage shareholder attendance and participation at general meetings.

**6.3** The Company also posts corporate information in the investor section of its Company website at [blazelimited.com.au](http://blazelimited.com.au) and encourages shareholders to visit the website. The Company's policy for shareholder communications is available on the Company's website.

**7 Remuneration**

**7.1** The ASX Corporate Governance Council's *Principles of Good Corporate Governance and 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.

**7.2** 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.

**7.3** 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. All Directors are Non-Executive Directors so there is no difference in remuneration structure. 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, the performance of the individual during the period and in accordance with thresholds set in plans approved by shareholders. There are no retirement benefits for non-executive directors.

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.

**8 Risk Management**

**8.1** The full Board is responsible for the oversight of risk management and internal control. Due to the current size and operations of the Group, a formal risk management committee is not considered to add any efficiency to the process of assessing and managing material business risk. The Board sets aside time at meetings to discuss any risk management issues and Directors are encouraged to give priority to such issues.

**8.2** In developing its risk management policies, the Board has taken into consideration any legal obligations and the reasonable expectations of its stakeholders in relation to risk management. The Chair is accountable to the Board for effective risk management. The Board undertakes to review the management of material business risks at least annually. The objectives of the Company's risk management strategy are to:

- identify risks to the Company;
- balance risk to reward;
- ensure regulatory compliance is achieved; and
- ensure senior executives, the Board and investors understand the risk profile of the Company.

The Board monitors risk through various arrangements including:

- regular Board meetings;
- share price monitoring;
- market monitoring; and
- regular review of financial position and operations.

The Company's risk management strategy was formally reviewed by the Board on 17 September 2009 and was considered a sound strategy for addressing and managing risk. A copy of the strategy is available on the Company's website.

**8.3** The Board has received assurance from the Chair that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

## ASX ADDITIONAL INFORMATION

### Holdings as at 24 August 2010

No. Securities Held	Fully Paid Shares	No. Holders
1 – 1,000		77
1,001 – 5,000		176
5,001 – 10,000		119
10,001 – 100,000		521
> 100,001		469

Total no. holders		1,362
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No. holders of less than a marketable parcel	660	-
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Percentage of the 20 largest holders	49.589	-
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Total on issue	739,124,444	-
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### Substantial shareholders as at 24 August 2010

	No. Shares	%
Traders Macquarie Pty Ltd	78,528,567	10.620
Kalgoorlie Mine Management Pty Ltd and Coniston Pty Ltd	49,668,000	6.720

### 20 Largest holders of securities as at 24 August 2010

Fully paid ordinary shares	No. Shares	%
1) Sked Pty Ltd <Superannuation Fund A/C>	50,601,643	6.846
2) Kalgoorlie Mine Management	35,688,000	4.826
3) Rulston Pty Ltd	34,597,696	4.681
4) Colbern Nominees Pty Ltd <The Colbern A/C>	30,030,000	4.063
5) Comprehensive Investments Pty Ltd	25,000,000	3.382
6) Traders Macquarie Pty Ltd	23,076,924	3.122
7) Corridor Nominees Pty Ltd	19,351,854	2.618
8) Merrill Lynch (Australia) Nominees Pty Ltd <Berndale A/C>	16,027,500	2.168
9) Icerig Nominees Pty Ltd	15,668,266	2.120
10) Coniston Pty Ltd <The Coniston A/C>	14,000,000	1.894
11) Equitas Nominees Pty Ltd <Group A A/C>	13,750,000	1.860
12) Anthony De Nicola & Tanya Louise De Nicola <De Nicola Family S/F A/C>	11,250,000	1.522
13) Mandevilla Pty Ltd	11,027,273	1.492
14) Mandevilla Pty Ltd	10,987,500	1.487
15) Mr Paul Gregory Brown & Mrs Jessica Oriwia Brown <Brown Super Fund A/C>	10,800,000	1.461
16) Mr Paul Nicholas Matich & Mr Daniel Paul Matich <Paul Matich S/F A/C>	10,500,000	1.421
17) Meadsvale Limited	10,000,000	1.353
18) Johnstone Properties Pty Ltd	8,750,000	1.184
19) Next Wave Enterprises Pty Ltd	7,721,524	1.045
20) Mr Vincenzo Brizzi & Mrs Rita Lucia Brizzi <Brizzi Family S/F A/C>	7,720,000	1.044

**Unlisted options as at 24 August 2010**

Details of unlisted option holders are as follows:

<b>Class of unlisted options</b>	<b>No. Options</b>
Options exercisable at \$0.03 on or before 30 January 2014	449,182,694
Options exercisable at \$0.016 on or before 31 March 2014	40,000,000

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.