



HELIX RESOURCES LIMITED ANNUAL REPORT 2010



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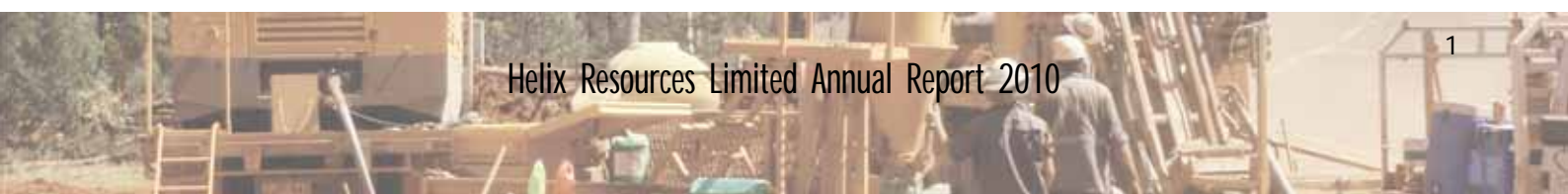
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*Sulphide mineralisation at
Little Boppy, NSW*



*Soil Sampling at
Little Boppy, NSW*



Chairman's Review

Dear Shareholder

I am pleased to present the 2010 Annual Report for the Company. During the past 12 months Helix has focused on 3 concurrent strategies:-

- monetise and/or progress development scenarios for our mineral resource assets, including divestment of non-core assets
- identify and secure new ground in regions where operating mines and infrastructure are present and where drill targets have been identified
- review potential merger or project acquisition opportunities to create 'size' and/or synergy benefits

The Scoping Study completed for the Yalleen Iron Ore Project reports technical and financial viability based on a 5Mtpa road haulage option to access the proposed API WPIOP rail infrastructure 70kms west. The Financial Evaluation indicates significant operating margins can be achieved and detailed studies regarding development aspects have commenced.

We monetised our Glenburgh gold asset by vending it into the successful listing of Gascoyne Resources Ltd [ASX code: GCY] in December 2009 and distributed in-specie to shareholders +80% of the shares held valued at \$3.2 million.

The Tunkillia Gold JV continues to be funded by Minotaur, with Helix continuing to dilute until value is seen in the Minotaur exploration and development initiatives regarding the asset.

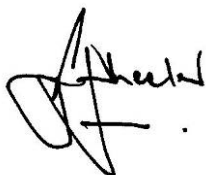
We have secured significant ground holdings in NSW targeting copper and gold, with initial drilling programs increasing our confidence that mineralised copper zones will be delineated of sufficient size and grade to consider hauling and processing at nearby operating mills with excess capacity.

We expect to have continuing news flow throughout 2010 from drilling programs on our NSW copper & gold targets and encourage you to visit our website at www.helix.net.au for the latest information regarding our activities.

I would like to thank the Board and Staff for their strong contributions in 2009/10 and ongoing commitment.

I look forward to your attendance at the forthcoming Annual General Meeting.

Yours faithfully



Greg J Wheeler
Executive Chairman

Review of Operations

Helix is a mineral exploration company established in 1986. The Company has a strategy of acquiring large tenement holdings in the frontier exploration regions, using leading edge exploration methodologies and techniques under the guidance of an experienced Board & Management team to create shareholder wealth.

RESERVES & RESOURCES

| Commodity | Category | Project | Interest | Resource |
|-----------|-----------|----------------|----------|----------------------------------|
| Iron Ore | Indicated | Yalleen JV, WA | 30% | 47.9Mt @ 57.3% Fe (Channel Iron) |
| | Inferred | | | 36.4Mt @ 57.1% Fe (Channel Iron) |

Joint ventured with API Management Pty Ltd (50% Aquila Resources, 50% AMCI) and forms part of their West Pilbara Iron Ore Project [WPIOP] which comprises multiple JV's. Positive Scoping study results have led to detailed studies being commenced on production scenarios.

| Commodity | Category | Project | Interest | Resource |
|-----------|----------------|------------------|-------------------|-------------------------------|
| Gold | <u>Oxide</u> | Tunkillia JV, SA | 47% (Diluting) | |
| | Measured | | | 1.5 Mt @ 1.6 g/t - 75,000 oz |
| | Indicated | | | 2.0 Mt @ 1.2 g/t - 75,000 oz |
| | Inferred | | | 2.8 Mt @ 0.8g/t - 74,000 oz |
| | <u>Primary</u> | | | |
| | Measured | | | 0.8Mt @ 2.2 g/t - 59,000 oz |
| | Indicated | | | 4.5 Mt @ 2 g/t - 284,000 oz |
| | Inferred | | | 3.9 Mt @ 2.1 g/t - 236,000 oz |
| Silver* | | | | 9.3 Mt @ 5.5 g/t - 1.66M oz |
| Total | | | | 0.8M oz Au and 1.66M oz Ag |

Minotaur Exploration Ltd has earned 53% and as JV Manager continue to assess and fund economic and technical viability of the project as well as exploration potential. Whilst Helix has the option to contribute at any time, Minotaur will need to expend an additional \$10 million from their original spend of \$5M for 51% to dilute Helix from its original 49% interest to 24%.

*(within +1g/t primary Au blocks)

Competent Persons Statements

The information in this report that relates to the Yalleen JV Mineral Resources is based on information compiled by Mr Stuart Tuckey, who is a Member of the Australasian Institute of Mining and Metallurgy and is a full-time employee of the API Management Pty Ltd. Mr Tuckey has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr S Tuckey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves for the Tunkillia JV is based on information compiled by Dr A. P. Belperio, who is a full-time employee of Minotaur Exploration Limited and a Fellow of the Australasian Institute of Mining and Metallurgy. Dr A. P. Belperio has a minimum of 5 years experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr A. P. Belperio consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves on all projects is based on information compiled by Mr M Wilson who is a full time employee of Helix Resources Limited and a Member of The Australasian Institute of Mining and Metallurgy. Mr M Wilson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr M Wilson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

YALLEEN IRON ORE JOINT VENTURE - WESTERN AUSTRALIA

Helix Resource Limited (30%), API (AMCI/Aquila) (70%) iron ore rights

Helix Resources Limited 100% other minerals

EL 47/1169-1171

Project Summary

- 600km² tenement area located in the West Pilbara region of WA, 50km ESE of Pannawonica;
- JV Manager API has estimated a channel iron (CID) Total Resource of 84.3 million tonnes @ 57.2% Fe(*See appended resource table) for Kumina Creek and Robe Exit prospects;
- Scoping study reports technical and financial viability based on 5Mtpa road haulage to access proposed API WPIOP rail infrastructure 70kms West
- Preliminary economic evaluation of the Project demonstrates that robust returns could be achievable. The financial model indicates a post tax value range NPV_{12%} of \$1,100M and NPV_{16%} of \$900M based on:-
 - Capital expenditure range of \$150M to \$200M including haul road to access planned rail infrastructure 70km W, screening plant to upgrade ore, camp construction and pre-strip costs, including allowances for EPCM and 25% Contingency;
 - Operating costs including royalties of ±\$48/t based on access to proposed rail and port infrastructure on acceptable commercial terms;
 - Life of Mine [LOM] Revenue of ±\$109/t;
- Scoping study indicates two (2) potential infrastructure solutions for transporting ore to customers
- The Project economic evaluation involves assumptions as to future events which are not capable of independent substantiation. Readers should refer to the assumptions and Disclaimer included in the previous ASX releases regarding Yalleen and form their own views. The economic evaluation findings should not be used as a basis for investment decisions about shares in Helix
- Detailed studies have commenced which will include metallurgical test-work; baseline studies covering heritage, environmental and water management issues, and infrastructure access agreements.

DISCLAIMER

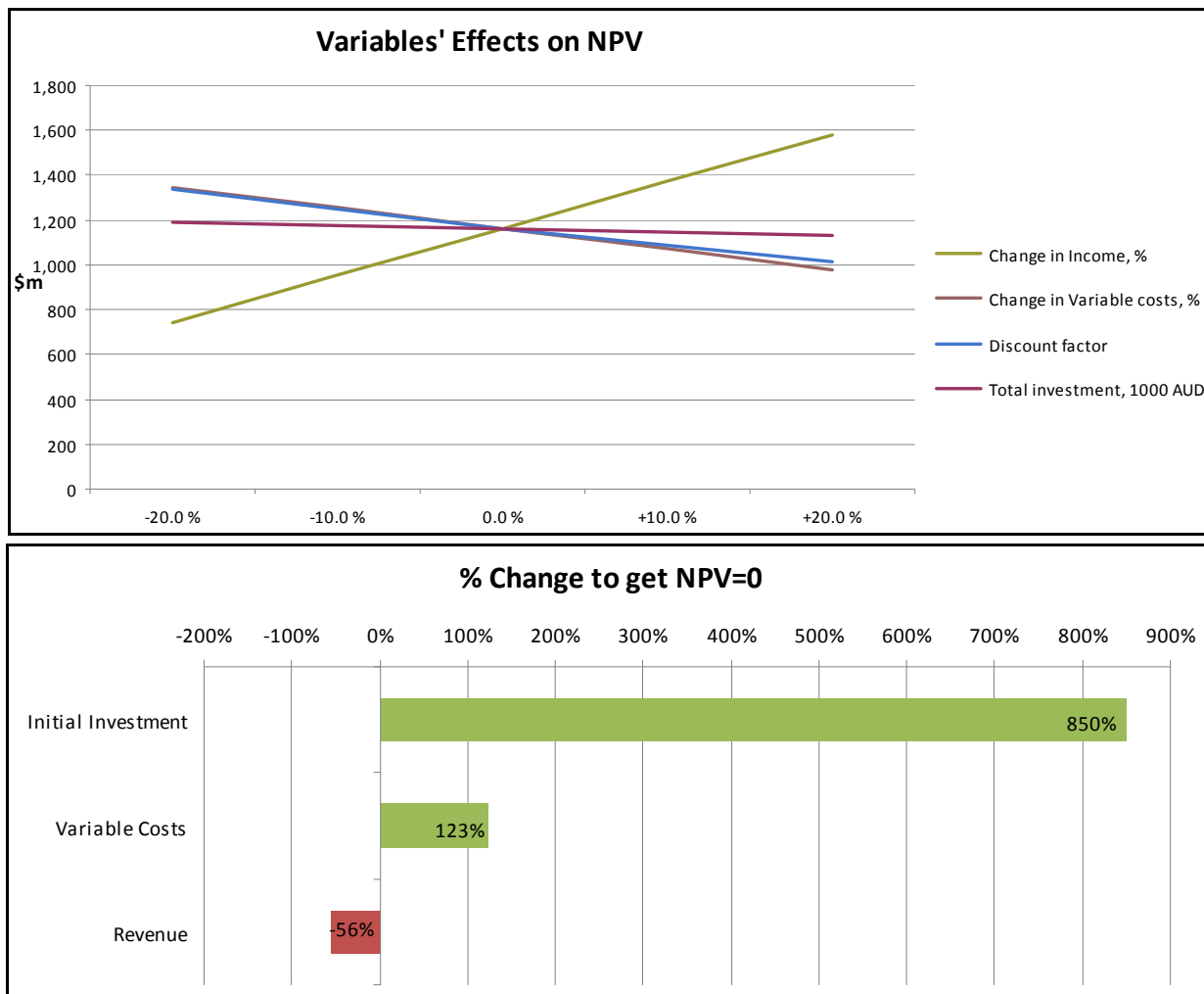
This scoping study contains forward-looking statements which are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of Helix Resources Ltd. Actual values, results or events may be materially different to those expressed or implied and hence given these uncertainties, recipients are cautioned when placing any reliance on such forward looking statements. Assumptions inherent in the scoping study include, without limitation:-

- Estimates of resources and the conversion to mineable reserves in a saleable product form;
- Estimates of future earnings and cashflows, and the sensitivity of earnings and cashflows to movements in the underlying assumptions;
- Estimates of future operating and capital costs; production and recovery rates; sales;
- political and operational risks in the countries and states in which we operate or sell product to, and governmental regulation and judicial outcomes

Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis.

Sensitivity Analysis of Scoping Study Financial Evaluation

Varying underlying assumptions affects the financial evaluation as follows:-



The chart above shows the percentage by which each of the items would need to change in order to reduce the NPV of the project to zero. Consistent with the previous chart, this shows that a fall in revenue would have the greatest impact on the project, followed by variable costs, and a substantial increase in the initial investment.

Note that the impact of each variable has analysed in isolation. The effect of changing two or more variables concurrently has not been analysed above.

The Mineral Resources Rent Tax has not been included as its impact has yet to be determined.

Project Background

The Yalleen Iron Ore JV Project covers approximately 600km² of the upper reaches of the Robe River drainage system. Pisolitic iron mineralisation in buried palaeodrainage systems developed from erosion of iron rich strata in the Hamersley Range to create a series of channel iron deposits within the drainage basins. These deposits are variably covered by younger unconsolidated alluvial sediments. The Brockman and Marra Mamba Formations, host to many of the major iron ore deposits in the Pilbara region of WA, form the main exposures in the project area.



The Yalleen Joint Venture is managed by API Management Pty Ltd (API) for the Australian Premium Iron JV (Aquila/AMCI) and forms part of their larger West Pilbara Iron Ore Project (WPIOP) from deposits in separate joint ventures with Red Hill Iron Ltd and Cullen Resources Limited and their own projects. These projects are approximately 50-70 km southwest of the Yalleen Project area.

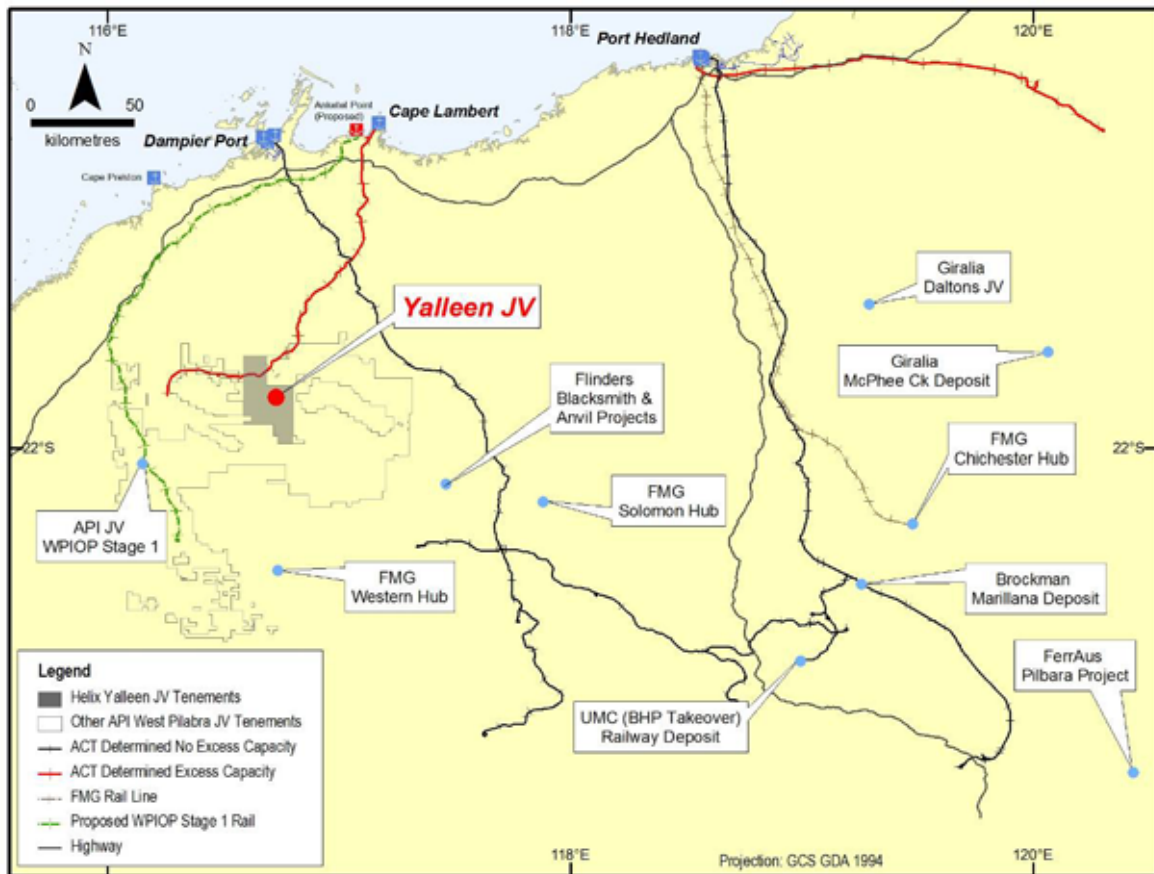
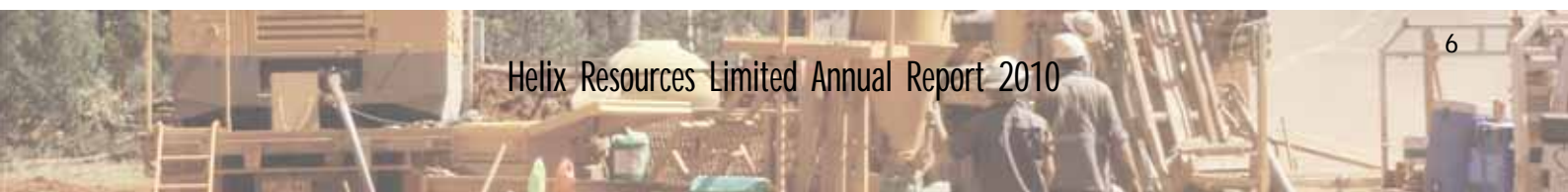


Figure 1: Yalleen Iron Ore JV Location Plan

Yalleen has potential for two infrastructure solutions to development:-

- API WPIOP Stage 1 with a proposed railhead load out facility 70km W [refer green line]
- Robe River - given June 2010 Australian Competition Tribunal [ACT] decision that capacity exists and 3rd party access is available [refer red line]

The fact Yalleen has two potential transport solutions compares favourably to a number of other identified iron ore deposits which planned access to BHP or Rio infrastructure prior to the ACT in June 2010 determining their is no excess capacity [black lines above].



Resource Estimate

Resource estimates have been compiled by API Management Pty Ltd for the Kumina Creek, Robe Exit deposits located within the Yalleen Joint Venture. API Management Pty Ltd has completed the resource estimates applying industry standard estimation techniques. Resource estimates have been checked and audited by API.

| West Pilbara Iron Ore Project Resource Estimate - YALLEEN JOINT VENTURE CHANNEL IRON DEPOSITS | | | | | | | | | |
|--|--------------|--------------|-----------------------|-------------------------------------|--------------|--------------|-------------|-------------|-------------|
| *Resource Classification | Tonnes Mt | Fe % | SiO ₂ % | Al ₂ O ₃ % | P % | S % | LOI % | Mn % | MgO % |
| Kumina Creek Deposit | | | | | | | | | |
| Indicated | 34.96 | 57.53 | 5.18 | 3.70 | 0.060 | 0.015 | 8.24 | 0.06 | 0.11 |
| Inferred | 23.61 | 57.53 | 5.19 | 3.77 | 0.060 | 0.015 | 8.15 | 0.07 | 0.11 |
| TOTAL | 58.57 | 57.53 | 5.18 | 3.73 | 0.060 | 0.015 | 8.20 | 0.06 | 0.11 |
| Robe Exit Deposit | | | | | | | | | |
| Indicated | 12.91 | 56.50 | 5.52 | 3.74 | 0.053 | 0.018 | 9.41 | 0.05 | 0.14 |
| Inferred | 12.82 | 56.32 | 5.45 | 3.89 | 0.064 | 0.016 | 9.31 | 0.03 | 0.11 |
| TOTAL | 25.73 | 56.41 | 5.49 | 3.81 | 0.058 | 0.017 | 9.36 | 0.04 | 0.12 |
| Total Resource - CID | | | | | | | | | |
| Indicated | 47.87 | 57.25 | 5.27 | 3.71 | 0.058 | 0.016 | 8.56 | 0.06 | 0.12 |
| Inferred | 36.43 | 57.10 | 5.28 | 3.81 | 0.061 | 0.015 | 8.56 | 0.06 | 0.11 |
| TOTAL | 84.30 | 57.19 | 5.28 | 3.75 | 0.060 | 0.016 | 8.56 | 0.06 | 0.11 |

Competent Person Statement

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Estimation Parameters

Geological Interpretation

Three-dimensional geological interpretations have been completed for each deposit. Interpreted geological boundaries are based on drill hole data, surface mapping and constraining topography.

A summary of total drilling by deposit is tabulated below.

| Deposit | Number of Drill Holes | Metres Drilled |
|-----------------------|-----------------------|----------------|
| Yalleen Joint Venture | | |
| Kumina Creek Deposit | 153 | 4,032 |
| Robe Exit Deposit | 112 | 3,283 |

Diamond drilling was the primary drilling method undertaken within the Kumina Creek resource area whilst Reverse Circulation drilling was the primary sole drill technique used to assess the Robe Exit resource area.

Mineralised envelopes were defined by geological / assay boundaries at notional +54% Fe cut-off for the Kumina Creek and Robe Exit resources pisolitic channel iron deposits.

Internal dilution was kept to a minimum provided continuity of the mineralised envelopes could be maintained. Zones of lower grade ranging 52-54% Fe for Kumina Creek and Robe Exit were incorporated into the mineralised envelopes if the geological continuity could not be maintained.

Mineralised envelopes were constrained by the CID unit identified in the geological model.

The mineralised zones were used to define spatial regions for statistical and geostatistical analysis.

For statistical data analysis, exploration data was composited to 1m downhole lengths for the Kumina Creek deposit and 2m downhole lengths for the Robe Exit deposits. Analysis was based on eight assay variables: Fe, SiO₂, Al₂O₃, P, S, Mn, MgO and LOI (LOI 1000°C).

All composites were flagged to the spatial domain for statistical analysis.

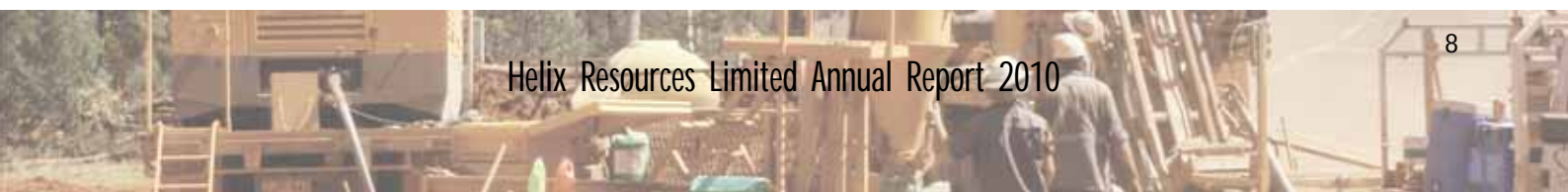
Directional grade variography was completed for all domains at both Kumina Creek and Robe Exit to provide parameters for the Ordinary Kriging method used for resource estimation.

For grade estimation of the CIDs a minimum of three passes of increasing search distances was employed to interpolate all the blocks within the ore and waste domains.

Cut-off Grades

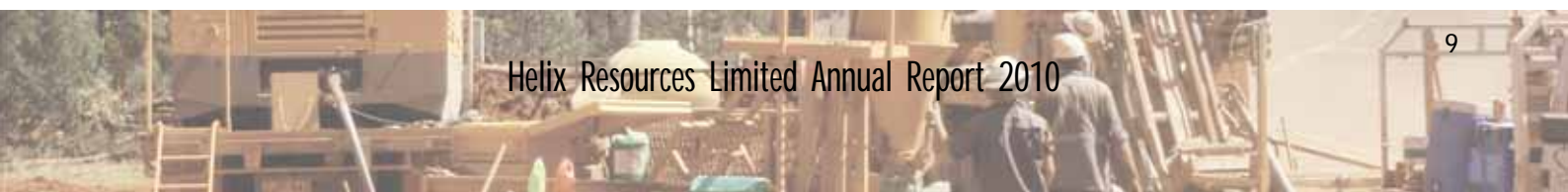
All resource estimates are reported applying iron cut-offs determined from grade tonnage curves. A 54% lower cut-off grade for iron (Fe) has been applied to the resource model for the Kumina Creek and Robe Exit deposits.

Full details on the resource estimation parameters can be viewed in the 24 April 2009 ASX release on the Company's website: www.helix.net.au



Other comments on the Yalleen Project

1. The JV currently operates under a Heads of Agreement whilst formal documentation is negotiated, with API ceasing negotiations in February 2009. API control the information regarding the Yalleen Iron Ore JV and the API JV participants hold $\pm 26\%$ of Helix.
2. The JV agreement negotiated to date provides for the following:-
 - a. Each Participant will be subject to pre-emptive rights when dealing in their JV interests
 - b. Helix will have access to API infrastructure on commercial terms
 - c. Helix has the right on the JV Decision to Mine to sell their interest to API at fair market value



NSW COPPER/GOLD PROJECTS

During 2009/2010 Helix has acquired a significant ground holding in the Cobar/Girilambone District of NSW. The projects include 100% held Helix tenements together with earn-in JV's with Straits Resources (Canbelego JV) and Glencore subsidiary Isokind Pty Ltd (Restdown JV & Muriel Tank JV), and covers over 1,500 square kilometres of tenements and applications prospective for copper and gold in a region with operating mines, access to infrastructure and a history of discovery for the commodities being sought.

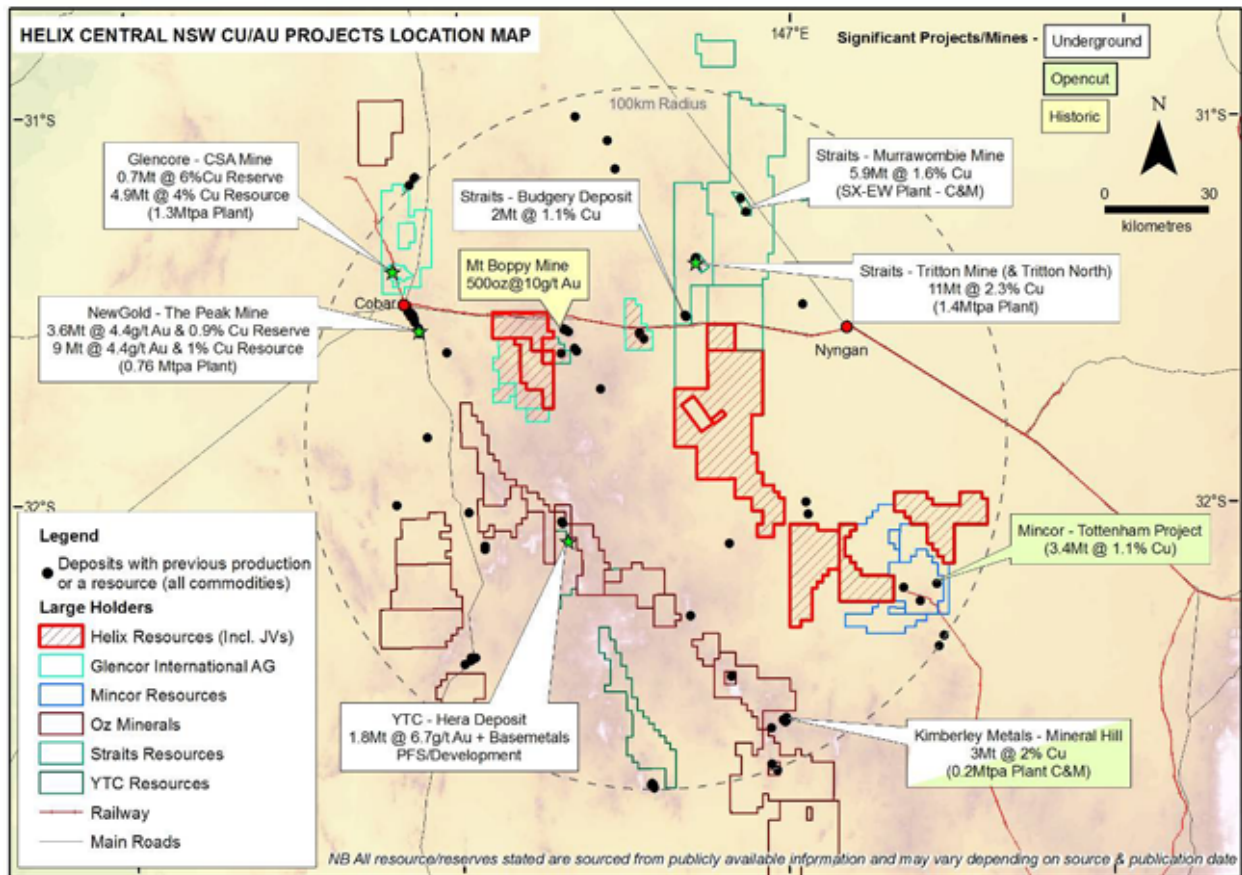


Figure 2: Helix Project Location Map showing other major tenement holders



Remnants from Historical Mining activity at the Canbelego Copper Mine, NSW



Drill site clearing at Canbelego



CANBELEGO PROJECT JV - NSW

EL6105 - Helix Resources Ltd 51%/Tritton Resources Pty Ltd 49%

The RC drilling program of 6 holes for 780m announced in May 2010 extended the strike of known mineralisation to +200m [remains open down dip and along strike].

Drill Results From Helix Program At The Canbelego Mine Prospect

| Hole ID | East MGA94 | North MGA94 | From | Result |
|----------|------------|-------------|-----------------|---------------------------------------|
| CBLRC001 | 434381 | 6500730 | 52m | 11m @ 1.3% Cu |
| CBLRC002 | 434359 | 6500743 | 89m And 107m | 12m @ 1.3% Cu 4m @ 1.6% Cu |
| CBLRC003 | 434342 | 6500847 | 73m | 4m @ 2.0% Cu |
| CBLRC004 | 434055 | 6500063 | 104m | 1m @ 1.7% Cu |
| CBLRC005 | 434427 | 6500638 | 21m | 11m @ 1.3% Cu (Incl. 4m @ 3.9% Cu) |
| CBLRC006 | 434408 | 6500624 | 74m And 77m | 1m @ 1.1% Cu 1m @ 1.0% Cu |

0.2% cut off, 2m max internal dilution, >1% intercepts reported.

The drilling confirmed the Company's exploration model which is based on a detailed review of surface and downhole geology, geophysics, historic surface geochemistry and previous drilling surrounding the Prospect.

Historic diamond core was quarter sawn at the NSW Minerals core library and assayed after it was noted that the core had only been assayed in the 1970's, where massive sulphide was present. These results illustrate the presence of substantially wider mineralised zones than previously thought and indicates excellent down dip potential for the system.

The combination of the recent Helix drilling, assay of historic core and results from drill holes previously completed by Straits, provides enough data to undertake a maiden resource model and estimate for the project which is underway.

Historic Diamond Core Re-Assay Of Zones Of Interest

| Hole ID | East MGA94 | North MGA94 | From | Result |
|---------|------------|-------------------|------------|-------------------------------------|
| CD2 | 434312.41 | 6500690.08 | 170 | 19m @ 1.1% Cu (Incl. 5m @ 2.4%) |
| CC4 | 434283.33 | 6500867.5 | 167 | 5m @ 3.1% Cu (incl. 2.5m @ 9.9%) |
| CC5 | 434170.68 | 6500745.75 | 321 | 12m @ 1.2% Cu (incl. 3m @ 3.4%) |
| CD1 | 434325.69 | 6500780.25 and | 168 182 | 2m @ 1.2% Cu 2m @ 1.1% Cu |
| CC9 | 434109.64 | 6500828.93 | 168 | 1m @ 1.5% Cu |
| CC10 | 434191.01 | 6500648.69 | 319 | 4m @ 1.1% Cu |

0.2% cut off, 2m max internal dilution, >1% intercepts reported.



Canbelego Project Regional Targets

A 2nd drilling program is expected to commence late 3Q10 [subject to relevant approvals being obtained] to assess up to five (5) regional target areas identified from recent geophysical surveys and surface sampling.

The Priority 1 targets include:

- **Hawk Prospect** - Coincident magnetic “bulls eye”, copper-lead-arsenic surface geochemistry, with a gravity linear feature wrapping around southern edge and extending NW and SE of the magnetic feature (+/- 400m of strike).
- **McGill Prospect**: Magnetic linear feature, gravity high, with arsenic, lead, minor copper geochemistry. Rockchips up to 0.1% As, 0.1g/t Au (+/- 1,200m strike)
- **Gonzales Prospect**: Magnetic linear features, two Straits drill holes with wide intercepts of +0.1% anomalous copper (best 3m@1.1% Cu, historic workings and anomalous copper in surface geochemistry (+/- 800m strike)
- **Caballero Prospect**: NW Magnetic linear, coincident with 1km x 500m copper in soils anomaly, rockchips to 0.5g/t gold, 0.3% copper and 0.1% arsenic
- **Mullen Prospect**: Magnetic anomaly, single Straits drill hole which finished in elevated arsenic (up to 1.2%) and gold (up to 0.2g/t) (+/- untested 500m strike)

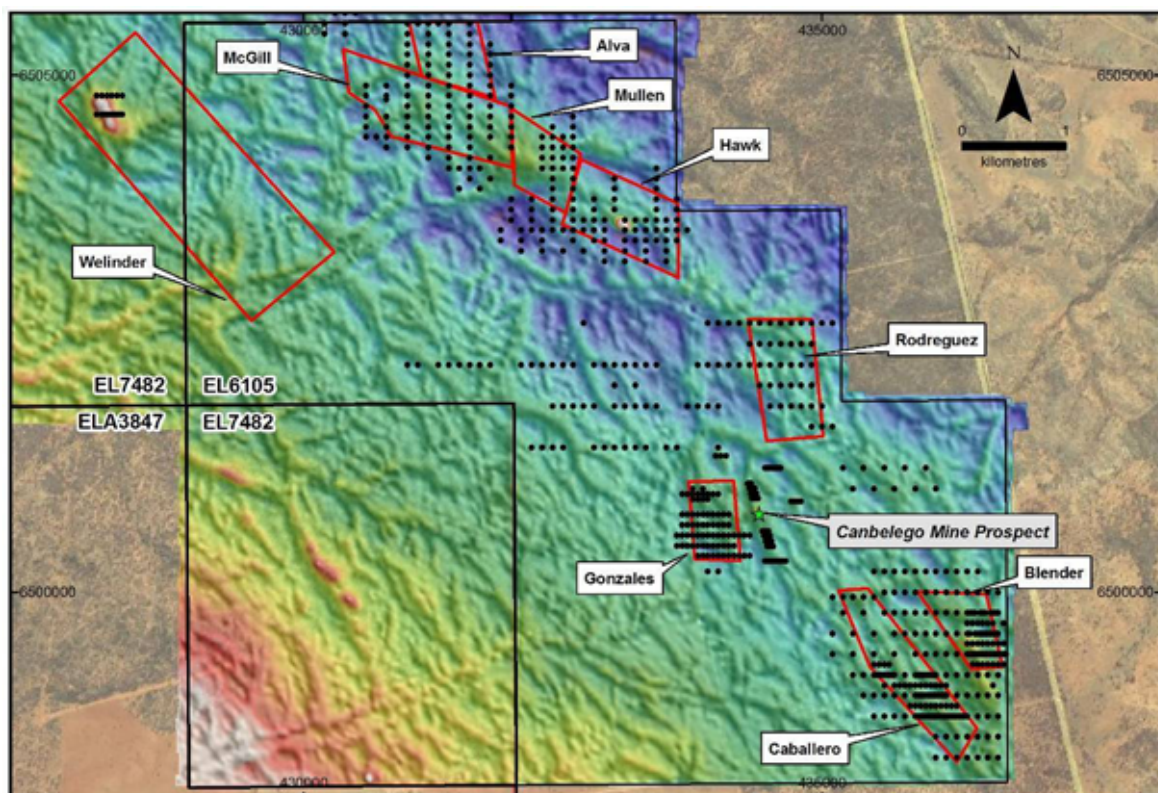


Figure 3: Canbelego regional targets based in geophysics and geochemical sampling



Restdown and Muriel Tank Joint Venture Projects

Helix, through its 100% owned subsidiary Oxley Exploration Pty Ltd [Oxley], has signed an earn-in joint venture covering the Restdown and Muriel Tank Projects with Isokind Pty Ltd, a subsidiary of Glencore International AG.

This opportunity provides Helix with an additional 3 granted tenements in the prospective Lachlan Fold belt, with priority targets for gold and copper mineralisation which, subject to regulatory approvals, will be drill tested 3Q10.

The terms of the Earn-in require Oxley to expend \$700,000 within 2 years to earn a 70% interest in the tenements, with a minimum \$225,000 to be spent within 12 months. Oxley will then have the right to earn a further 10% interest and move to 80% by expending a further \$1,000,000 within 24 months of the First Expenditure Requirement notice, should Glencore choose to dilute. Oxley also have the right to earn a further 10% interest and move to 90% by expending a further \$1,000,000 within 48 months of the First Expenditure Requirement notice, should Glencore choose to dilute. A Party with an interest less than 10% will convert to a 1% Net Smelter Royalty.

Restdown

The Restdown Project covers an area of approximately 188km² and is located 40km south-east of Cobar in Central West NSW. Tenements EL6140 and EL6501 cover a package of Girilambone Beds unconformably overlain in places by younger Meryula Formation, and numerous historic workings are located within the project area.

Helix is targeting both gold and base metal models consistent with the known deposits in the Cobar/Girilambone Region.

Muriel Tank

The Muriel Tank Project [EL6739] covers an area of approximately 90km² and is located 70km east of Cobar. The project covers a series of historic gold workings hosted in quartz scree and quartz vein subcrop on low ridges within plains of shallow alluvial cover. The high-grade gold-sulphide mineralisation mined in the 1920's and 1930's appears to be structurally controlled and provides a focus for initial work.

Helix has commenced field reconnaissance and is lodging applications for approval for the proposed 1,000m drilling program on the Restdown tenement EL 6140.

LITTLE BOPPY PROJECT - NSW

Helix Resources Ltd 100% EL7482

Little Boppy project covers approximately 150 km² tenement area in the Cobar/Girilambone District of NSW with excellent infrastructure and operating mines.

The project covers the NW extensions of the Canbelego JV magnetic complex and includes areas with additional historical copper/gold workings. Interpretation of the detailed 50m line spaced aeromagnetics has identified numerous anomalies that have been prioritised, with several currently being depth-modelled for drill testing.



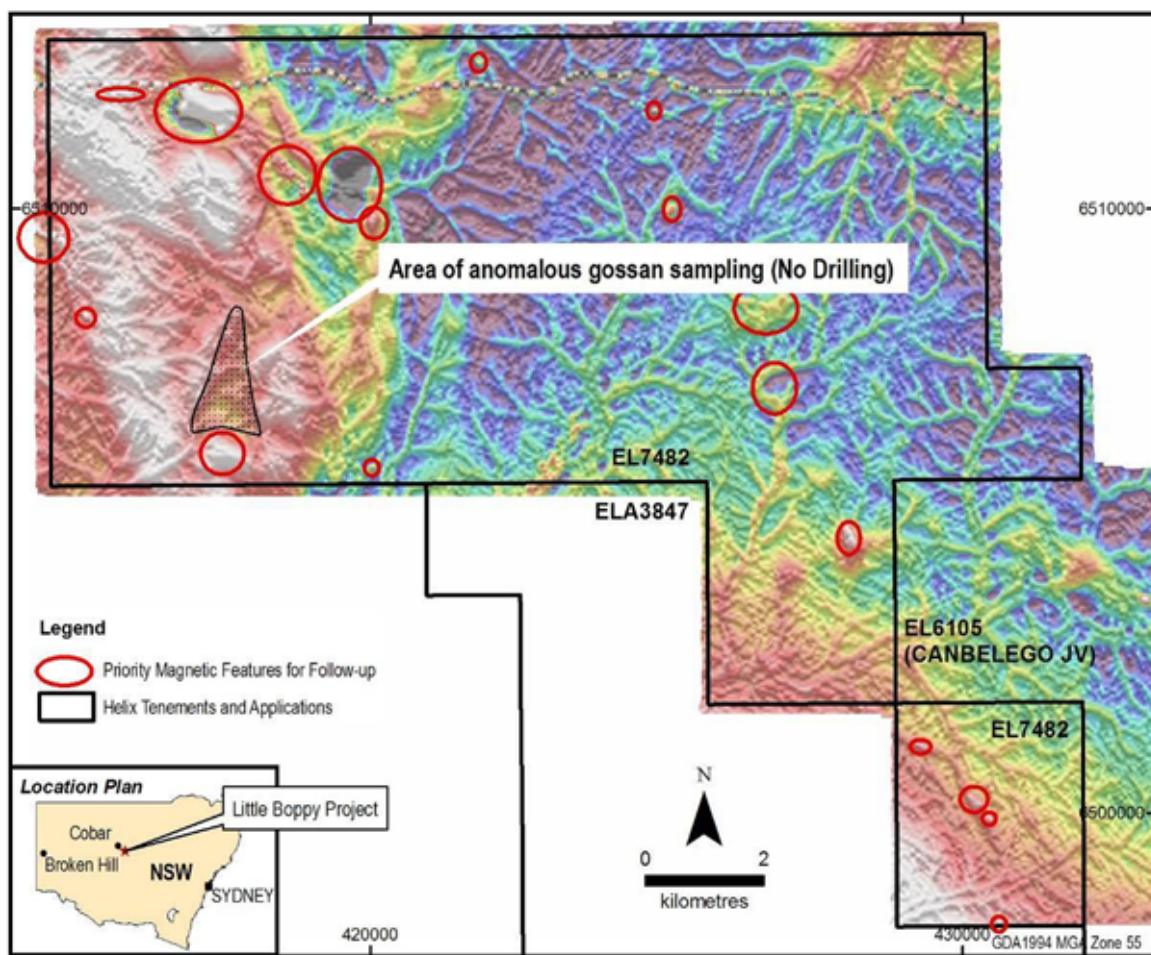


Figure 4: Little Boppy Tenement Area showing priority anomalies on detailed aeromagnetic

QUANDA PROJECT and FIVE WAYS PROJECT - NSW

Helix Resources Ltd 100% EL7438 and EL7439

Quanda and Five Ways cover approximately 1300 km² ground holding in the Cobar/Girilambone District of NSW with excellent infrastructure and operating mines.

The projects cover the southern extensions of the Girilambone-Tritton-Budgery mineralised trend and a detailed 100m line spaced aeromagnetic survey recently completed has highlighted a number of target areas for drill testing 1H11.



M Wilson and C Johnson inspecting drillcore from Eastern Girilambone Anticlinal Zone, NSW



LAKE EVERARD (INCL. TUNKILLIA) PROJECT - SOUTH AUSTRALIA

Helix Resources Limited 47%, Minotaur Exploration Limited 53%

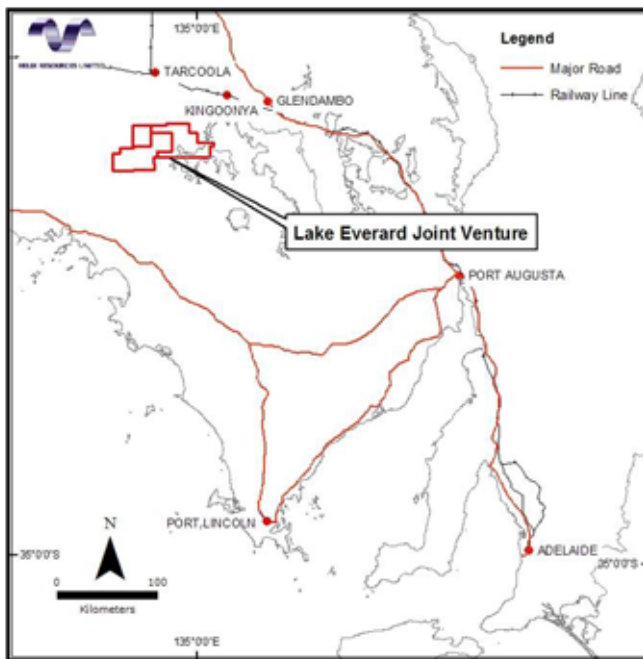
EL 3403, ELA2006/389 and EL 3335 [excluding uranium rights]

GOLD

Project Summary

- Resource inventory of 803,000oz Au and 1,658,000oz Ag (*See appended resource table);
- Minotaur continue to sole fund their proposed work programs whilst Helix dilute. Minotaur has to sole fund a further \$10M from their initial 51% equity position to dilute Helix to ±24%;

Project Background



Helix discovered the deposit in the mid 1990's while exploring for gold under cover in the Gawler Craton of South Australia. The Tunkillia discovery, which was announced in late 1996, was one of the first gold discoveries in the Gawler Craton and the 20 km² Tunkillia Prospect remains the largest robust gold-in-calcrete anomaly in the region. Subsequent exploration (1998-2002) was carried out in joint venture, initially with Acacia Resources Limited and later with AngloGold Limited following its takeover of Acacia.

In June 2003, Helix finalised the acquisition of AngloGold's 49% interest in the Lake Everard Project, returning 100% ownership of the Project to Helix for the first time since 1998.

Figure 5: Lake Everard JV Location Plan

During 2003/2004 Helix completed a drill out of the Area 223 prospect, estimating a JORC resource of 720,000 ounces of gold.

By mid 2004, it became clear that the Tunkillia Project required a major injection of funds to give the project the critical mass required to enter into a feasibility study. The Helix Board decided at this time to seek a JV partner and in March 2005 Minotaur Exploration Ltd agreed to expend \$5M to earn a 51% interest.

Since 2005 Minotaur have spent approximately \$6M carrying out additional drilling at Area 223 and several exploration campaigns using geophysics, geochemistry and drilling. In August 2009, Minotaur released an updated combined measured, indicated and inferred estimate inventory of 803,000oz Au and 1,658,000oz Ag within the Area 223 deposit. Minotaur advise they continue to complete geotechnical, structural and metallurgical testing of diamond core together with economic studies.

Whilst Helix is not contributing to expenditure during the 2010 calendar year pending success of Minotaur's exploration and development programs, Helix has the opportunity to contribute at any time.



Geology

The Gawler Craton is broadly divided into three main geological units, Archaean crystalline basement, highly deformed Palaeoproterozoic metasediments and granites, and less deformed Mesoproterozoic volcanics, clastic sediments and granite. Almost all gold and copper mineralisation found in the Gawler Craton is directly associated with Mesoproterozoic magmatism.

The host rocks to the Tunkillia prospect are medium- to coarse-grained granitoids of the Tunkillia Suite that have been intensely sheared and brecciated within the Yarlbirinda Shear Zone.

In a regional context, the Tunkillia area shows evidence of extensive alteration. Large zones of demagnetisation (alteration of primary magnetite to ilmenite) are observed in aeromagnetic images, from which Helix defined a western and eastern demagnetised zone within the northern Yarlbirinda Shear Zone. Area 223 is located within the western demagnetised zone along which large volumes of fluid were focused, particularly along the margins of the shear zone producing the gold deposit and alteration.

At the prospect scale, gold mineralisation at Tunkillia is associated with zones of intense sericite alteration, and quartz and sulphide veining.

Resources

| Tunkillia Project Resource August 2009 | | | |
|--|-------------|------------|------------------|
| | Tonnes (MT) | Gold g/t | Gold ounces |
| Oxide | | | |
| Measured | 1.5 | 1.6 | 75,000 |
| Indicated | 2.0 | 1.2 | 75,000 |
| Inferred | 2.8 | 0.8 | 74,000 |
| Total (0.5g/t cut-off) | 6.3 | 1.1 | 224,000 |
| Primary | | | |
| Measured | 0.8 | 2.2 | 59,000 |
| Indicated | 4.5 | 2.0 | 284,000 |
| Inferred | 3.9 | 1.9 | 236,000 |
| Total (1.0g/t cut-off) | 9.3 | 1.9 | 579,000 |
| | Tonnes (MT) | Silver g/t | Silver ounces |
| Silver | | | |
| Measured | 0.8 | 7.4 | 200,000 |
| Indicated | 4.5 | 5.5 | 803,000 |
| Inferred | 3.9 | 5.2 | 655,000 |
| Total (estimated for blocks with >1g/t Au) | 9.3 | 5.5 | 1,658,000 |

The current resource consists of a mineralisation inventory of 803,000oz gold and 1,658,000oz silver to a depth of 300m below surface. Full details of the methodology were released by Minotaur in August 2009.

GAWLER CRATON URANIUM PROJECT

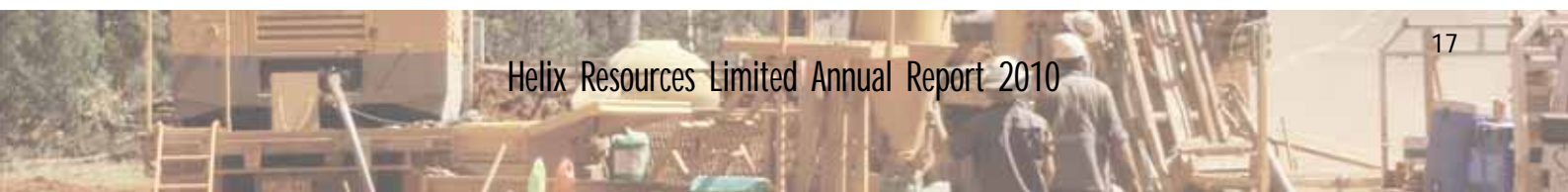
Project Summary

- Helix has commenced a search for interested parties to advance the uranium prospectivity of the tenements after negotiations with the South Australian Department of Environment over access permits as the target area is located in the buffer zone of South Australia's Yellabinna Regional Reserve.

Project Background

As part of a previous JV earn-in arrangement \$250,000 was spent defining a significant portion of the Kingoonya Palaeochannel System, on the Yellabinna (EL3335) and Lake Everard West (EL4495) tenements, was defined utilising airborne EM and identified several "previously unexplored radiometric anomalies" located within a 50 kilometre long target zone along the palaeochannel course.

Historical drilling in the area for coal confirmed the presence of Tertiary palaeochannel sequences. These sequences contain sands, which may provide porous and transmissive zones for possible uranium bearing solutions, and carbonaceous mudstone lithologies which could provide an important chemical trap component to the roll front uranium model being pursued.



OLARY PROJECT - SA

Helix Resources Ltd 100% EL4022; EL3956

Bonython Metals Group Pty Ltd has entered into an earn-in JV with Helix whereby Bonython will spend \$2 million over 5 years to earn 65% of the iron ore rights, with a minimum of \$300,000 by 1 March 2011.

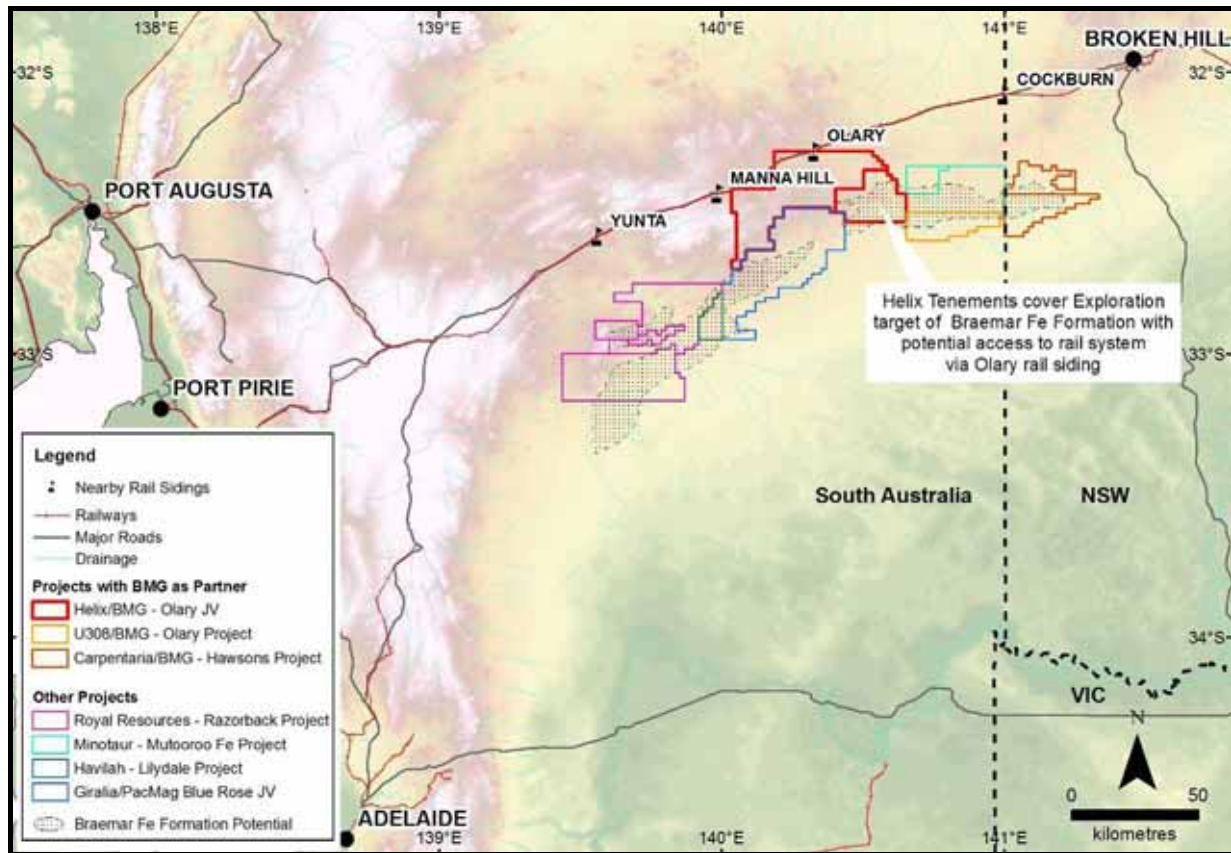


Figure 6: Companies with Exposure to Braemar Iron Province, South Australia

Helix Comments on the JV with BMG

- Initial BMG exploration target +1Bt @ 18% magnetite DTR
- HLX right to sell at fair market value after BMG earn 51%
- BMG JV with Carpentaria re Hawsons Iron Project 50km E has staged payments of \$81M to earn 80%
- Royal Resources acquisition of Razorback Ridge and nearby tenements with staged payments of \$40M
- Helix tenements have considerable strategic value for BMG development aspirations given existing Broken Hill-Pt Pirie rail passes through HLX tenements

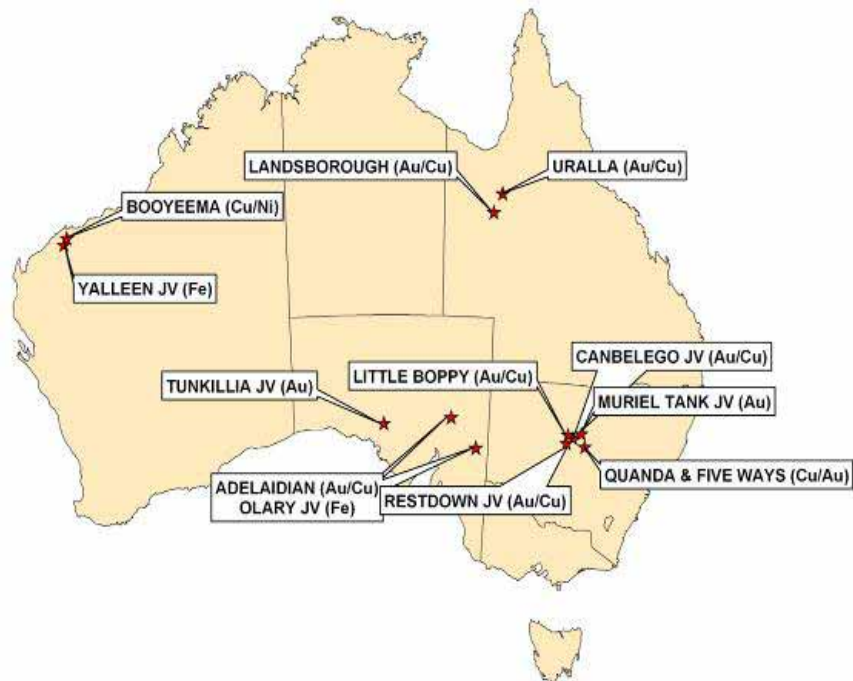


BOOYEEMA NICKEL PROJECT - WESTERN AUSTRALIA

E47/1090 and ELA47/1089

Project Summary

- A 629 line km VTEM survey identified a buried 800m long conductive target controlled by structure which Geophysical consultants have modelled at 200m.
- Discussions are continuing with JV parties interested in drilling the target.



PROJECT LOCATION MAP

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves on Helix projects is based on information compiled by Mr M Wilson who is a full time employee of Helix Resources Limited and a Member of The Australasian Institute of Mining and Metallurgy. Mr M Wilson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr M Wilson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



CORPORATE GOVERNANCE

The directors of Helix Resources Limited believe that effective corporate governance improves company performance, enhances corporate social responsibility and benefits all stakeholders. Governance practices are not a static set of principles and the company assesses its governance practices on an ongoing basis. Changes and improvements are made in a substance over form manner, which appropriately reflect the changing circumstances of the company as it grows and evolves. Accordingly, the Board has established a number of practices and policies to ensure that these intentions are met and that all shareholders are fully informed about the affairs of the Company.

The Company has a corporate governance section on the website at www.helix.net.au. The section includes details on the company's governance arrangements and copies of relevant policies and charters.

ASX Corporate Governance Council Best Practice Principles and Recommendations (2nd Edition)

For ease of comparison to the recommendations, the Corporate Governance statement addresses each of the 8 principles in turn. Where the company has not followed a recommendation this is identified with the reasons for not following the recommendation. This disclosure is in accordance with ASX listing rule 4.10.3.

The following table outlines which of the ASX recommendations the Company has not complied with. Reasons for non-compliance are explained in this report.

| ASX Recommendation | Description |
|--------------------|---|
| 2.1 | A majority of the board should be independent directors |
| 2.2 | The chair should be an independent director |
| 2.3 | The roles of chair and chief executive officer should not be exercised by the same individual |
| 2.4 | The board should establish a separate nomination committee |
| 4.1 | The board should establish a separate audit committee |
| 4.2 | The audit committee should be structured so that it: <ul style="list-style-type: none">• consists only of non-executive directors• consists of a majority of independent directors• is chaired by an independent director, who is not chair of the board• has at least 3 members |
| 8.1 | The board should establish a separate remuneration committee |

PRINCIPLE 1 - LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT BY THE BOARD

The board operates in accordance with broad principles set out in its charter which is available from the corporate governance section of the company's website. The directors formally adopted the board charter in August 2006.

Broadly the key responsibilities of the board are:

1. Setting the strategic direction of the company with management and monitoring management implementation of that strategy;
2. Evaluating, approving and monitoring major capital expenditure, capital management and all major corporate transactions;
3. Approving the annual operating budget, annual shareholders report and annual financial accounts;
4. Appointing, monitoring, managing the performance of, and if necessary terminating the employment of the Chief Executive Officer;
5. Approving and monitoring the company's risk management framework;
6. Ensuring compliance with the Corporations Act 2001, ASX listing rules and other relevant regulations.

All directors and key executives reporting to the CEO of the company have been given formal letters of appointment outlining key terms and conditions of their appointment.

Performance evaluations for senior executives are carried out annually by either the Chief Executive Officer or the Technical Director. Performance during the previous 12 months is assessed against relevant performance indicators, and role expectations and goals are set for the following year. Performance evaluations have been completed for all executives during the reporting period in accordance with approved processes.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

Board Members

Details of board members, their experience, expertise, qualifications, term in office and independence status are set-out in the Directors' Report. The structure of the board does not comply with ASX recommendation 2.1 in that a majority of the directors are not independent. Currently the board consists of four directors of which Mr Gordon Dunbar and Mr John den Dryver are considered independent within the ASX's definition. The board charter is available from the company's website.

The Company does not comply with ASX recommendations 2.2 and 2.3 in that the Chairman is not an independent director, and the roles of Chairman and Chief Executive Officer are performed by the same person. The board believes the current structure is appropriate at this stage of the company's activities.

The board has formalised various policies on securities trading, disclosure and codes of conduct, which assist in providing a stronger governance framework for the Company. These of course are in addition to the Company's requirements under the Corporations Act 2001 and ASX Listing Rules.

Board structure and composition will be reviewed as and when the company's strategic directions and activities change. The Company will only recommend the appointment of additional Directors to your board where it believes the expertise and value added outweighs the additional cost. During the year no new directors were appointed to the Helix board.

A copy of the Director Nomination and Induction Policy is available from the corporate governance section of the company's website.

Nomination Committee

The company does not comply with ASX recommendation 2.4 in that there is no separate nomination committee. Given the board comprises four directors it has been decided that there are no efficiencies to be gained from forming a separate nomination committee. The current board members carry out the roles that would otherwise be undertaken by a nomination committee and each director excludes himself from matters in which he has a personal interest.

Each Director completes an annual formal evaluation of the Board's performance including the Chief Executive Officer and Technical Director. The Chairman conducts an informal evaluation of the board members at least once per annum.

Further information on the performance assessment process for the board and senior executives can be found in the Directors' Report. Details of director's attendance at board, audit committee and remuneration committee meetings are detailed in the Directors' Report.

A copy of the Nomination Committee Charter is available from the corporate governance section of the company's website.

Independent Advice

A director of the Company is entitled to seek independent professional advice (including but not limited to legal, accounting and financial advice) at the Company's expense on any matter connected with the discharge of his or her responsibilities, in accordance with the procedures and subject to the conditions set out in the board's charter

PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

Code of Conduct

The board adopted a code of business conduct in August 2006. The code has formalised policies and practices that were in place prior to formal adoption of the code by the company. A copy of the code is made available to all employees of the company.

This code expresses certain basic principles that the Company and employees should follow in all dealings related to the Company. They should show the highest business integrity in their dealings with others, including preserving the confidentiality of other peoples' information and should conduct the Company's business in accordance with law and principles of good business practice.

A copy of the code of conduct is available from the corporate governance section of the company's website.

Securities Trading Policy

A formal Securities Trading Policy has been in place since August 2006. Prior to this date there was an understanding among executives of when it was appropriate to trade in the Company's securities. The policy which has now been adopted has been strengthened, as certain key executives ("Restricted Persons") are prevented from trading in the company's shares 2 weeks prior to the announcement of quarterly, half-year and the full-year reports. This is a restriction over and above the requirement to not trade in the Company's securities when in possession of inside information.

A copy of the Securities Trading Policy is available from the corporate governance section of the company's website.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The Chief Executive Officer and Chief Financial Officer have made the following certifications to the board;

- That the company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the group and are in accordance with relevant accounting standards;
- That the reports were founded on a sound system of financial risk management and internal compliance and control.

Audit Committee

The company does not comply with ASX recommendations 4.1 and 4.2 in that there is no separate audit committee, and it is not comprised only of non-executive Directors. Given the board comprises four directors it has been decided that there are no efficiencies to be gained from forming a separate audit committee. The current board members carry out the roles that would otherwise be undertaken by an audit committee.

The board adopted a formal audit charter in August 2006. Prior to this date the audit committee carried out many of the roles and responsibilities outlined in the charter. The charter sets out the roles and responsibilities of the audit committee and contains information on the procedures for the selection and rotation of the external auditor. A full copy of the Audit Committee Charter is available from the corporate governance section of the Company's website.

The board believes the audit committee structure is appropriate given the company's size. The composition of the audit committee will be assessed on an ongoing basis in light of the company's overall board structure and strategic direction.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

Continuous Disclosure

The board adopted a formal disclosure policy outlining procedures for compliance with ASX continuous disclosure requirements in August 2006. Informal procedures were in place prior to this time and these have been formulated and strengthened into the written policy. The policy is based upon the Company's desire to promote fair markets, honest management and full and fair disclosure. The disclosure requirements must be complied with in accordance with their spirit, intention and purpose.

The purpose of the policy is to:

- summarise the Company's disclosure obligations;
- explain what type of information needs to be disclosed;
- identify who is responsible for disclosure; and
- explain how individuals at the Company can contribute.

The Company Secretary is responsible for ensuring disclosure of information to the ASX.

A copy of the Disclosure Policy is available from the corporate governance section of the company's website.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS

Shareholder Communication Strategy

The board adopted a formal shareholder communication guidelines policy in August 2006. The policy formalises many of the practices that were in place already but has also resulted in some additional information being made available on the website.

All information disclosed to the ASX is posted on the company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the group's operations, the material used in the presentation is released to the ASX and posted on the company's website. Procedures are in place to determine where price sensitive information has been inadvertently disclosed, and if so, this information is released to the ASX.

The company's website underwent a significant overhaul in 2006 and again in 2008 to make it more user friendly and informative for shareholders and other visitors to the site. The website continues to be updated and refined as appropriate.

The external auditor attends the annual general meeting and is available to respond to questions about the conduct of the audit and content of the independent audit report.

A full copy of the shareholder communication policy is available from the corporate governance section of the company's website.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

Risk assessment and management

The company does not have a separate Risk Management committee. Given the current size of the company and board, the directors believe there are no efficiencies in forming a separate committee and the board as a whole performs this role.

The company does not have a single specific risk management policy, but rather, financial and operating risks are addressed through individual approved policies and procedures covering financial, contract management, safety and environmental activities of the company. In addition to financial audits, the company's operations in Australia are subjected to annual Risk Management reviews in accordance with Risk Management Standard AS/NZS ISO 31000:2009. The company engages an insurance broking firm as part of the company's annual assessment of the coverage for insured assets and risks. The results of all the various reviews and insurances are reported to the board at least annually.

The integrity of Helix's financial reporting relies upon a sound system of risk management and control. Accordingly, the Chief Executive Officer and Chief Financial Officer, to ensure management accountability, are required to provide a statement in writing to the board that the financial reports of Helix are based upon a sound risk management policy.

The board believes that it has a thorough understanding of the Company's key risks and is managing them appropriately. A copy of the company's risk management committee charter is available from the corporate governance section of the company's website.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

Remuneration committee

The Company does not comply with ASX recommendation 8.1 in that it has not established a separate remuneration committee. Given the current size of the company and board, the directors believe there are no efficiencies in forming a separate committee and the board as a whole performs this role. The board of directors reviews and approves recommendations in terms of compensation and incentive plan arrangements for directors and senior executives, having regard to market conditions and the performance of individuals and the consolidated entity.

Remuneration Policies

The Company's remuneration policies are detailed in the Remuneration report in the Directors' Report.

Non-Executive Director Remuneration

Non-executive directors are remunerated by way of director's fees. Apart from compulsory superannuation entitlements, non-executive directors are not eligible to receive retirement benefits.

A copy of the Remuneration Policy is available from the corporate governance section of the company's website.



*Visible Copper Mineralisation
(malachite) near the Canbelego Copper
Mine, NSW*



DIRECTORS' REPORT

In respect of the financial year ended 30 June 2010, the Directors of Helix Resources Limited, (the parent entity), submit the financial report. In order to comply with the provisions of the Corporations Act 2001, the Director's report as follows:

DIRECTORS

The following persons held office as Directors of Helix Resources Limited during or since the end of the financial year and up to the date of this report:

Greg J Wheeler BCom; FCA; SF Fin; GAICD

Executive Chairman; Managing Director and Chief Financial Officer – 14th July 2006 to present

Non-Executive Director – 25 October 2004 to 14th July 2006

Mr Wheeler is a Fellow of the Institute of Chartered Accountants in Australia and the Financial Services Institute of Australasia, and has operated in many of the major accounting practices for the past 25 years in Australia and overseas. Greg was a Partner at the Chartered Accounting practices of Grant Thornton [1990 to 1999] and Deloitte Touche Tohmatsu [1999 to 2002], before establishing his own consulting firm in 2002. His skills include:- company and business valuations, advice to directors/shareholders; shareholder wealth strategies, capital raisings and broker presentations, acquisitions and divestitures, corporate governance; commercial negotiations and risk assessment and mitigation.

Michael Wilson B Ec; B Sc (Hons); MAusIMM

Executive Technical Director - 1st June 2007 to present

Mr Wilson has been with the company for twelve years and has played major roles at Tunkillia on the Gawler Craton, South Australia and in the exploration for gold, platinum group metals and base metals in the Proterozoic Terranes of New South Wales and South Australia, and the Proterozoic and Archaean Terranes in Western Australia. Michael's experience includes project management; mineral exploration using geology, geochemistry, geophysics and drilling; ore resource drilling, ore resource estimation and evaluation programs; and monitoring joint venture projects. Michael leads our team of experienced geologists and technical staff and is also completing his Masters of Business Administration and Masters of Mineral Economics part-time at Curtin University.

John den Dryver BE (Mining) MSc FAusIMM (CP)

Non-Executive Director - Appointed 25 October 2004

Mr den Dryver is a mining engineer with some 30 years mining experience in operational and corporate management. John joined Mount Isa Mines in 1973. In 1982, John joined North Flinders Mines as the Company Mining Engineer. He became the Operations Manager for North Flinders after the mine was commissioned in 1986 and over the next 10 years managed the operations as well as developing the further discoveries in this region including the Callie Mine. In 1987 he was invited to join the Board of North Flinders to become Executive Director-Operations. In 1997 after Normandy Mining took over North Flinders, John was appointed Executive General Manager-Technical leading a team of specialist geologists, mining engineers and metallurgists in operational support, technical review and due-diligence activities. In 2003, after the takeover of Normandy by Newmont Corporation, John set up his own mining consultancy business.

Gordon Dunbar BSc (Hons), MSc, FAusIMM, FAIG

Non-Executive Director - Appointed 18 July 2006

Mr Dunbar is a consulting geologist with 40 years experience in the Australian minerals industry managing project development, mineral exploration and evaluation programmes, mine geology, financial studies, production assessment and monitoring joint venture projects. Gordon's experience includes exploration and mining geology roles at Kambalda with WMC, the evaluation of the Golden Grove base metal deposit in WA, the Chief Geologist at Rosebery Mine in Tasmania and management roles with BP Australia undertaking financial studies, monitoring the evaluation of the Olympic Dam deposit and as Exploration manager for BP Minerals.

Gordon formed his own consulting group in 1990 to provide advice on exploration, evaluation, mining geology, project assessment and pre-feasibility studies, particularly those involving gold, base metals and nickel. He has worked on projects within Australia and Internationally.

DIRECTORSHIPS OF OTHER LISTED COMPANIES

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

| Name | Company | Period of directorship |
|-----------------|----------------------------|-------------------------------------|
| John den Dryver | Adelaide Resources Limited | 18 April 2005 – current |
| | Gascoyne Resources Limited | 5 October 2009 – current |
| Gordon Dunbar | Gascoyne Resources Limited | 5 October 2009 – current |
| Greg J Wheeler | Gascoyne Resources Limited | 25 September 2009 – 19 October 2009 |

JOINT COMPANY SECRETARIES

Greg J Wheeler Mr Wheeler is a Chartered Accountant with over 25 years experience in accounting, company secretarial and corporate management.

Joneen McNamara

Mrs McNamara is an Accountant and has completed Chartered Secretaries Australia's Graduate Diploma in Applied Corporate Governance. She is a member of the Institute of Chartered Secretaries and Administrators.

PRINCIPAL ACTIVITIES

The principal activity of the Group constituted by Helix Resources Limited and the entities it controlled during the year consisted of gold, iron ore and base metal mineral exploration. There has been no significant change in the nature of these activities during the year.

FINANCIAL RESULTS

The net consolidated loss of the Group for the financial period, after provision for income tax was \$6,885,378 (2009: \$1,914,530).

DIVIDENDS

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current period.

REVIEW OF OPERATIONS

The Consolidated entity's activities are contained in releases to the ASX on a quarterly basis, discussed in a separate section of this Annual Report as well as on our website at www.helix.net.au.

The Company's strategy continues to focus on prospective gold and copper regions and utilising our corporate and geological expertise to create and extract value for the benefit of our shareholders.

Mineral Asset Project Highlights include:-

Iron Ore

- Yalleen Project [API (Aquila/AMCI) 70% / Helix 30%] - API Resource estimate of 84.3 Mt @ 57.2% Fe for Kumina Creek and Robe Exit deposits
- Activities continue with the aim to increase the Resource and to assess development scenarios for the Project after Helix completed a Scoping Study which concluded economic and financial viability. The fact the API WPIOP Stage 1 DFS results are positive provides potential access to their planned rail and port infrastructure.

Gold

- Tunkillia Project - JV partner and manager Minotaur Exploration continue to sole fund economic and technical studies as well as RC drilling programs to assess regional gold targets within the controlling structure of the Area 223 resource – comprising a total of 800,000oz Au and 1,600,000oz Ag.
- Helix is encouraged Minotaur are focusing on regional gold prospectivity to improve Project economics. Helix has made a decision to not contribute in respect of the JV programs for 2010 calendar year and should Minotaur expend a further \$8M, the Helix JV interest would reduce to ±25%.

Copper/Gold

- Helix has secured over 1,500 km² of ground in the Cobar/Girilambone District of NSW prospective for copper and gold in a region with operating mines, access to infrastructure and a history of discovery for the commodities being sought.
- The 1st drilling program at Canbelego has indicated a mineralized copper zone of sufficient size and grade to haul and process at nearby operating mills with excess capacity.
- Interpretation of aeromagnetic, geochemical and geophysical surveys conducted have identified 5 High Priority targets which are scheduled for drilling 2 H10.

Booyeema Nickel Project

- Helix has reviewed the Versatile Time-domain Electromagnetics [VTEM] survey which identifies a buried 800m long conductive target controlled by structure and indicates the feature is at a modelled depth of approximately 200m. Helix has assessed drill targets and is seeking a Joint Venture party to fund the program.

Olary Project

- A Joint Venture with Bonython Metals Group Pty Ltd ["BMG"] was secured whereby BMG will earn a 65% interest in the iron ore rights by expending \$2M over 5 years, with a minimum spend of \$300,000 in Year 1.

Glenburgh Gold Project

This asset was vended into the successful listing of Gascoyne Resources Ltd [ASX code: GCY] in December 2009 and +80% of the shares held, valued at \$3.2 million, were distributed in-specie to shareholders in late February 2010. This provides Helix shareholders with continued exposure to the Glenburgh Project, together with additional prospective projects in the Gascoyne Region of WA, within a separate ASX listed entity with fresh capital to advance the projects

Corporate

The Group reported a loss of \$6,885,378 during the year after writing off \$5.818m of carried forward exploration costs largely related to the Tunkillia Gold JV.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the Directors, other than disclosed elsewhere in this Report, there were no significant changes in the state of affairs of the Group that occurred during the period under review.

SUBSEQUENT EVENTS

There has not been any matter or circumstance, other than referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs on the Group in future financial years.

FUTURE DEVELOPMENTS

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in this report.

REMUNERATION REPORT

The Company's Executive Officers' remuneration policy is set to ensure that remuneration packages properly reflect the duties and responsibilities of the senior executives and are sufficient to attract, retain and motivate personnel of the requisite quality. The policy is administered by the Remuneration Committee, which is comprised of all board members. The Executive Officers of the Company are employed under Service Agreements which are all identical in their contents and only differ in remuneration levels. They have durations of thirty six months from 19th June 2008 and renew automatically unless terminated by either the Company by giving a minimum of twelve months notice to the individual; or by the individual by giving six months notice to the Company. Whilst the level of remuneration is not dependent on the satisfaction of any performance condition, the performance of Executives is reviewed on an annual basis.

Non-executive Directors are remunerated by fees determined by the Board within the aggregate Directors' fee pool limit of \$150,000 approved by shareholders in April 1996. The pool limit is not at present fully utilised. In setting the fees, account is taken of the responsibilities inherent in the stewardship of the Company and the demands made of Directors in the discharge of their responsibilities. Advice is taken from independent consultancy sources where appropriate to ensure remuneration accords with market practice.

The company has largely adopted the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations* and decided to remunerate its non-executive directors on an ongoing basis with no accrual or entitlement to a retirement benefit.

Remuneration packages contain the following key elements:

- a) Primary benefits – salary / fees and performance based bonuses;
- b) Post employment benefits – prescribed retirement benefit; and
- c) Equity – share options granted under the executive share option plan as disclosed in note [17](#) to the financial statements.

The following table discloses the remuneration of the directors and executives of the company:

| 2010 | Primary | | | Post Employment | | | Equity | | | Total |
|---------------------------------------|----------------|---------------------------|--------------|-----------------|----------------------|---------------------------|----------|-------------------|----------------|----------------|
| | Salary & Fees | Performance Based Payment | Non Monetary | Super-annuation | Pre-scribed Benefits | Other Retirement Benefits | Options | % of Remuneration | Other Benefits | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | % | \$ | \$ |
| Key Management Personnel | | | | | | | | | | |
| G J Wheeler | 262,040 | - | - | 23,584 | - | - | - | - | - | 285,624 |
| M H Wilson | 169,324 | - | - | 15,239 | - | - | - | - | - | 184,563 |
| J den Dryver | 40,000 | - | - | - | - | - | - | - | - | 40,000 |
| G Dunbar | 40,000 | - | - | - | - | - | - | - | - | 40,000 |
| J McNamara | 50,330 | - | - | 4,529 | - | - | - | - | - | 54,859 |
| Total Key Management Personnel | 561,694 | - | - | 43,352 | - | - | - | - | - | 605,046 |

| 2009 | Primary | | Post Employment | | | | Equity | | Other Benefits | Total |
|---------------------------------------|----------------|---------------------------|-----------------|-----------------|----------------------|---------------------------|---------------|-------------------|----------------|----------------|
| | Salary & Fees | Performance Based Payment | Non Monetary | Super-annuation | Pre-scribed Benefits | Other Retirement Benefits | Options | % of Remuneration | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | % | \$ | \$ |
| Key Management Personnel | | | | | | | | | | |
| G J Wheeler | 288,190 | - | - | 25,559 | - | - | 28,000 | 8.2 | - | 341,749 |
| M H Wilson | 190,252 | - | - | 17,123 | - | - | 17,500 | 7.8 | - | 224,875 |
| J den Dryver | 49,375 | - | - | - | - | - | 3,500 | 6.6 | - | 52,875 |
| G Dunbar | 49,375 | - | - | - | - | - | 3,500 | 6.6 | - | 52,875 |
| J McNamara | 67,655 | | | 6,089 | | | 1,750 | 2.3 | | 75,494 |
| Total Key Management Personnel | 644,847 | - | - | 48,771 | - | - | 54,250 | | - | 747,868 |

KEY MANAGEMENT PERSONNELS' SHARE OPTIONS

Pursuant to approval at Shareholders' meetings, executives and employees are entitled to subscribe for ordinary shares on the terms agreed to by the Shareholders. At the date of this report current directors and executives are entitled to purchase an aggregate of 15,500,000 ordinary shares of Helix Resources Limited according to the following terms:

| Key Management Personnel | Number of Executive Options Held | Issuing Entity | Exercise Price | Expiry Date | Number of ordinary shares under option |
|--------------------------|----------------------------------|-------------------------|----------------|-------------|--|
| G J Wheeler | 8,000,000 | Helix Resources Limited | \$0.525 | 31.10.2011 | 8,000,000 |
| M H Wilson | 5,000,000 | Helix Resources Limited | \$0.525 | 31.10.2011 | 5,000,000 |
| J den Dryver | 1,000,000 | Helix Resources Limited | \$0.525 | 31.10.2011 | 1,000,000 |
| G Dunbar | 1,000,000 | Helix Resources Limited | \$0.525 | 31.10.2011 | 1,000,000 |
| J McNamara | 500,000 | Helix Resources Limited | \$0.525 | 31.10.2011 | 500,000 |
| Total | 15,500,000 | | | | 15,500,000 |

DIRECTORS' SHARE AND OPTION HOLDINGS

| Director | *Fully Paid Ordinary Shares | *Listed Options | *Staff Options |
|--------------|-----------------------------|-----------------|----------------|
| G J Wheeler | 7,248,839 | 9,624,420 | 8,000,000 |
| M H Wilson | 233,133 | 2,116,567 | 5,000,000 |
| J den Dryver | - | 600,000 | 1,000,000 |
| G Dunbar | 300,000 | 750,000 | 1,000,000 |

* Directors' interests in ordinary shares and options of the parent entity are shown at the date of this Directors' Report.

OFFICERS' INDEMNITY AND INSURANCE

During the year the Company paid an insurance premium to insure the Directors and Officers of the Company and related bodies corporate. The Officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors' and Officers' Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company or a related body corporate. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Company has entered into an agreement with the Directors and Officers to indemnify them against any claim and related expenses, which arise as a result of work completed in their respective capacities.

The Company has not otherwise, during or since the financial year indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

ENVIRONMENTAL REGULATIONS

The Group is subject to environmental regulations under laws of the Commonwealth and State. The Group has a policy of complying with its environmental performance obligations and at the date of this report, is not aware of any breach of such regulations.

MEETINGS OF DIRECTORS

The number of meetings held during the year by Company Directors (including meetings of committees of Directors) and the number of those meetings attended by each Director was:

| | Board of Directors' Meetings | | Remuneration Committee Meetings | | Audit Committee Meetings | |
|--------------|------------------------------|----------|---------------------------------|----------|--------------------------|----------|
| | Held | Attended | Held | Attended | Held | Attended |
| G J Wheeler | 3 | 3 | 1 | 1 | 2 | 2 |
| M H Wilson | 3 | 3 | 1 | 1 | 2 | 2 |
| J den Dryver | 3 | 3 | 1 | 1 | 2 | 2 |
| G Dunbar | 3 | 3 | 1 | 1 | 2 | 2 |

NON-AUDIT SERVICES

The directors are satisfied that the provision of non-audit services, during the year, by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note [26](#).


AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 30 of the financial report.

Dated at Perth this 31st day of August 2010.

This report is made and signed in accordance with a resolution of Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors.



Greg J Wheeler
Executive Chairman

Competent Persons Statements

The information in this report that relates to the Yalleen JV Mineral Resources is based on information compiled by Mr Stuart Tuckey, who is a Member of the Australasian Institute of Mining and Metallurgy and is a full-time employee of the API Management Pty Ltd. Mr Tuckey has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr S Tuckey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves for the Tunkillia JV is based on information compiled by Dr A. P. Belperio, who is a full-time employee of Minotaur Exploration Limited and a Fellow of the Australasian Institute of Mining and Metallurgy. Dr A. P. Belperio has a minimum of 5 years experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr A. P. Belperio consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves on all Helix projects is based on information compiled by Mr M Wilson who is a full time employee of Helix Resources Limited and a Member of The Australasian Institute of Mining and Metallurgy. Mr M Wilson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr M Wilson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



AUDITOR'S INDEPENDENCE DECLARATION



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Auditor's Independence Declaration To the Directors of Helix Resources Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Helix Resources Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

A stylized, handwritten signature of "Grant Thornton" in black ink.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in black ink, appearing to read "J W Vibert".

J W Vibert
Director – Audit & Assurance

Perth, 31 August 2010

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INDEPENDENT AUDIT REPORT



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Independent Auditor's Report To the Members of Helix Resources Limited

Report on the financial report

We have audited the accompanying financial statements of Helix Resources 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 to the financial statements and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that are 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. The directors also state, in the notes to the financial statements, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to 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.

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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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Basis for qualified auditor's opinion

During the previous financial year ended 30 June 2009 (comparative period), the company issued 17,600,000 employee incentive options. The company was required to value and expense these options under Australian Accounting Standard AASB 2 "Share-based Payment". The company valued the options at 0.35 cents each, resulting in a charge to the statement of comprehensive income and a credit to the share option reserve of \$61,600. The valuation was based upon the Black-Sholes option valuation model.

As set out in the notes to the financial report for the comparative period, the company used a share price volatility input of 70%. In addition, the value obtained via the company's option valuation model had been discounted by 50% as the options have inherent restrictive conditions. We consider a valuation discount to be inappropriate in principle.

If an historical volatility factor based on a similar term to the option period was used and the impact of the 50% discount was removed, the value of the options would be calculated as 3.1 cents each. This would have resulted in an increased charge to the statement of comprehensive income for the comparative period and a further credit to the share option reserve of \$484,000.

Qualified Auditor's opinion

In our opinion, except for the effects on the comparative figures and opening balances of the matter referred to in the qualification section above:

- a the financial report of Helix Resources 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



INDEPENDENT AUDIT REPORT



- ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements..

Report on the remuneration report

We have audited the Remuneration Report included in pages 26 to 27 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 on the remuneration report

In our opinion, the Remuneration Report of Helix Resources Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.

A stylized, handwritten signature of the firm Grant Thornton.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature of J W Vibert.

J W Vibert
Director – Audit & Assurance

Perth, 31 August 2010



DIRECTORS' DECLARATION

The Directors of the company declare that:

1. the financial statements and notes, as set out on pages 35 to 61 are in accordance with the Corporations Act 2001 and:-
 - a. comply with Accounting Standards; and
 - b. give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the company and consolidated group; and
 - c. complies with International Financial Reporting Standards as disclosed in Note 1.
2. the Chief Executive Officer and Chief Finance Officer have each declared that:-
 - a. the financial records of the company for the financial year have been properly maintained in accordance with s 286 of the Corporations Act 2001;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view;
3. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

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

On behalf of the Directors



Greg J Wheeler
Executive Chairman

Signed at Perth this 31st day of August 2010.



STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

| | Note | CONSOLIDATED | |
|--------------------------------------|--------------------|-------------------|-------------------|
| | | 2010 | 2009 |
| | | \$ | \$ |
| Current Assets | | | |
| Cash and Cash Equivalents | 2 | 3,577,835 | 4,360,573 |
| Trade and Other Receivables | 3 | 137,946 | 138,372 |
| Other Financial Assets | 4 | 57,860 | 23,670 |
| Total Current Assets | | 3,773,641 | 4,522,615 |
| Non-Current Assets | | | |
| Property, Plant & Equipment | 6 | 99,856 | 110,718 |
| Exploration and Evaluation | 7 | 6,149,147 | 13,815,868 |
| Other Financial Assets | 5 | 426,000 | 100,000 |
| Total Non-Current Assets | | 6,675,003 | 14,026,586 |
| Total Assets | | 10,448,644 | 18,549,201 |
| Current Liabilities | | | |
| Trade and Other Payables | 8 | 135,035 | 125,778 |
| Short Term Provisions | 9 | 122,541 | 78,668 |
| Total Current Liabilities | | 257,576 | 204,446 |
| Non- Current Liabilities | | | |
| Other Long Term Provisions | 9 | 24,469 | 24,876 |
| Total Non-Current Liabilities | | 24,469 | 24,876 |
| Total Liabilities | | 282,045 | 229,322 |
| Net Assets | | 10,166,599 | 18,319,879 |
| Equity | | | |
| Share Capital | 10 | 54,371,954 | 55,815,856 |
| Reserves | 11 | 237,600 | 61,600 |
| Accumulated Losses | 12 | (44,442,955) | (37,557,577) |
| Total Equity | | 10,166,599 | 18,319,879 |

Notes to the financial statements are included on pages 39 to 61

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

| | Note | CONSOLIDATED | |
|--|--------------------|--------------------|--------------------|
| | | 2010 | 2009 |
| | | \$ | \$ |
| Revenue from Continuing Operations | 13 | 431,802 | 430,781 |
| Employment Costs | | (306,714) | (464,072) |
| Audit and Accountancy | | (32,005) | (50,620) |
| Corporate Marketing | | (9,732) | (17,010) |
| Directors' Fees | | (80,000) | (98,750) |
| Depreciation | 14 | (51,298) | (61,910) |
| Impairment of Exploration and Evaluation Assets | 7 | (5,818,552) | (1,563,952) |
| I T Costs | | (20,270) | (30,606) |
| Overhead Allocation to Exploration | | 112,013 | 146,065 |
| Premises Costs | | (143,811) | (177,765) |
| Professional Services | | (2,251) | (23,646) |
| Travel expenses | | (4,232) | (2,958) |
| Profit on Disposal of Fixed Assets | | 16,816 | 199,229 |
| Revaluation of Shares in Listed Companies | | 49,440 | (107,130) |
| Loss on Distribution of Capital at Fair Value | | (900,000) | - |
| Other General and Admin expenses | | (126,584) | (92,186) |
| Loss before income tax | | (6,885,378) | (1,914,530) |
| Income tax expense | 19 | - | - |
| Loss for the year | | (6,885,378) | (1,914,530) |
| Other Comprehensive Income | | | |
| Fair value movements on available for sale financial assets | | 176,000 | - |
| Income tax relating to comprehensive income | | - | - |
| Other comprehensive income, after tax | | 176,000 | - |
| Total Comprehensive Loss attributable to members of Helix Resources Limited | | (6,709,378) | (1,914,530) |
| Basic (cents per share) | 21 | (5.23) | (1.46) |
| Diluted (cents per share) | 21 | (5.23) | (1.46) |

Notes to the financial statements are included on pages 39 to 61

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

| | Note | CONSOLIDATED | |
|---|----------------------|--------------|-------------|
| | | 2010 | 2009 |
| | | \$ | \$ |
| Cash Flow From Operating Activities | | | |
| Payments to suppliers and employees | | (622,763) | (710,393) |
| Interest received | | 204,460 | 421,393 |
| Other receipts | | 301,028 | 196,968 |
| Net cash used in operating activities | 2(b) | (117,275) | (92,032) |
| Cash Flow From Investing Activities | | | |
| Payments for capitalised exploration & evaluation expenditure | | (1,347,962) | (3,277,824) |
| Payment for property, plant & equipment | | (55,619) | (10,264) |
| Proceeds from sale of property, plant & equipment | | 32,000 | 259,285 |
| Payment for investments | | (100,000) | - |
| (Payments) / Proceeds from security deposits | | (50,000) | 3,406 |
| Net cash used in investing activities | | (1,521,581) | (3,025,397) |
| Cash Flow From Financing Activities | | | |
| Proceeds from issue of shares and options | | 858,277 | 27 |
| Share issue costs paid | | (2,159) | (2,010) |
| Net cash provided by / (used in) financing activities | | 856,118 | (1,983) |
| Net decrease in cash and cash equivalents held | | (782,738) | (3,119,412) |
| Cash and cash equivalents at beginning of financial year | | 4,360,573 | 7,479,985 |
| Cash and cash equivalents at End of Financial Year | 2(a) | 3,577,835 | 4,360,573 |

Notes to the financial statements are included on pages 39 to 61



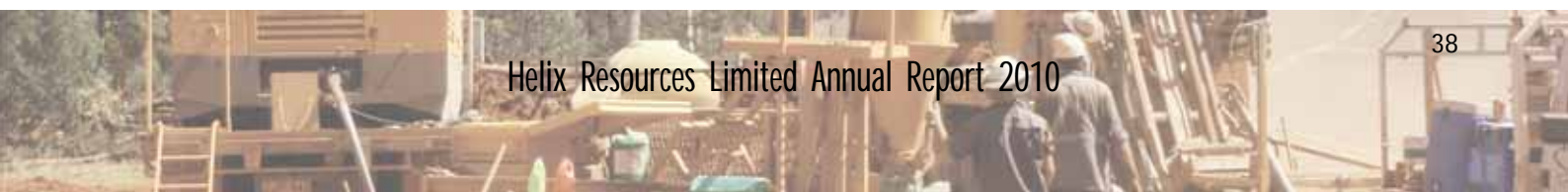
STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

| CONSOLIDATED | Share Capital | | Accumulated | |
|--|-------------------|----------------|---------------------|-------------------|
| 2010 | Ordinary | Other Reserves | Losses | Total |
| | \$ | \$ | \$ | \$ |
| Total equity at the beginning of the financial year | 55,815,856 | 61,600 | (37,557,577) | 18,319,879 |
| Shares issued during the financial year | 48,290 | - | - | 48,290 |
| Options issued during the financial year | 800,330 | - | - | 800,330 |
| Share Issue Costs | (2,160) | - | - | (2,160) |
| Exercise of options during the financial year | 9,658 | - | - | 9,658 |
| Capital Distribution via Distribution in-specie | (2,300,020) | - | - | (2,300,020) |
| Total Comprehensive Income for the year | - | 176,000 | (6,885,378) | (6,709,378) |
| Total equity at the end of the financial year | 54,371,954 | 237,600 | (44,442,955) | 10,166,599 |

| CONSOLIDATED | Share Capital | | Accumulated | |
|--|-------------------|----------------|---------------------|-------------------|
| 2009 | Ordinary | Other Reserves | Losses | Total |
| | \$ | \$ | \$ | \$ |
| Total equity at the beginning of the financial year | 55,824,908 | 287,187 | (35,930,234) | 20,181,861 |
| Shares issued during the financial year | 27 | - | - | 27 |
| Options issued during the financial year | - | - | - | - |
| Share Issue Costs | (9,079) | - | - | (9,079) |
| Issue of Employee Incentive Options | - | 61,600 | - | 61,600 |
| Expiry of Employee Incentive Options during the financial year | - | (287,187) | 287,187 | - |
| Loss attributable to members of the parent entity | - | - | (1,914,530) | (1,914,530) |
| Total equity at the end of the financial year | 55,815,856 | 61,600 | (37,557,577) | 18,319,879 |

Notes to the financial statements are included on pages 39 to 61



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

1. SUMMARY OF ACCOUNTING POLICIES

Financial Reporting Framework

The financial report is a general-purpose financial report that has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and complies with other requirements of the law. The financial report includes financial statements for Helix Resources Limited as the Consolidated Entity (Group) consisting of Helix Resources Limited and its subsidiaries.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Accounting policies

Material accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified where applicable by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property. A summary of the Group's significant accounting policies is set out below.

a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Helix Resources Limited at the end of the reporting period. A controlled entity is any entity over which Helix Resources Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 4 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

b) Cash and Cash Equivalents

Cash on hand and in banks and short term deposits are stated at nominal value. For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 90 days, net of outstanding bank overdrafts.

c) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

d) Plant and Equipment

Plant and equipment are measured on the cost basis.

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 that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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

| | |
|---------------------|-----------------------------|
| Plant and equipment | Straight line 10% - 33% |
| | Diminishing Value 20% - 40% |
| Motor Vehicles | Diminishing Value 22.5% |

e) Exploration and evaluation

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

f) Leases

Lease payments for operating leases where substantially all the risks and benefits remain with the lessor are charged as expenses in the periods in which they are incurred.

g) Non-derivative financial instruments

Financial instruments are initially measured at cost on trade date, which includes transaction costs. Subsequent to initial recognition, these instruments are measured as set out below.

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

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the Statement of Financial Position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the statement of comprehensive income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income.

h) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. Provision is made in respect of wages and salaries, annual leave and other employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provision made in respect of long service leave which is not expected to be settled within 12 months is measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by the employees up to reporting date.

Share-based payments

Share-based compensation benefits are provided to employees via various Share Option Plans.

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital. The market value of shares issued to employees for no cash consideration under the Share Plans is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

i) Interest in Joint Venture Operations

Interest in joint venture operations, where material, are brought to account by including in the respective classifications, the Group's share of the individual assets employed and liabilities and expenses incurred.

Details of interests in joint ventures are shown at Note [22](#).

j) Revenue Recognition

Revenue from the disposal of assets is recognised when the Group has passed control of the goods or other assets to the buyer. Interest on bank deposits is recognised as income as it accrues.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument and is net of GST.

k) Accounts Payable

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

l) Receivables

Other receivables are recorded at amounts due less any specific provision for doubtful debts.

m) Goods and Services Tax

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

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of

- acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

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

n) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (ie parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

o) Impairment of Non-financial Assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

p) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

q) Provisions

Mine restoration and rehabilitation costs are provided for at the present value of future expected expenditures required to settle the Group's obligations on commencement of commercial production, discounted using a rate specified to the liability. When this provision is recognised a corresponding asset is also recognised as part of the development costs of the mine to the extent that it is considered that the provision gives access to future economic benefits. On an ongoing basis, the rehabilitation liability is re-measured at each reporting period in line with the changes in the time value of money (recognised as an expense in the statement of comprehensive income and an increase in the provision), and additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability.

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

r) Critical Accounting Estimates and Other Accounting Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group is of the view that there are no critical accounting estimates and judgements in this financial report, other than accounting estimates and judgements in relation to the carrying value of mineral exploration expenditure.

Exploration and Evaluation Expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of resources or reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at \$6.149m.

s) Adoption of New and Revised Accounting Standards

During the current year the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Helix Resources Limited.

AASB 8: Operating Segments

In February 2007 the Australian Accounting Standards Board issued AASB 8 which replaced AASB 114: Segment Reporting. As a result, some of the required operating segment disclosures have changed with the addition of a possible impact on the impairment testing of goodwill allocated to the cash generating units (CGUs) of the entity. Below is an overview of the key changes and the impact on the Group's financial statements.

Measurement impact

Identification and measurement of segments — AASB 8 requires the 'management approach' to the identification measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments. Under AASB 114, segments were identified by business and geographical areas, and only segments deriving revenue from external sources were considered.

The adoption of the 'management approach' to segment reporting has resulted in the identification of reportable segments largely consistent with the prior year.

Under AASB 8, operating segments are determined based on management reports using the 'management approach', whereas under AASB 114 financial results of such segments were recognised and measured in accordance with Australian Accounting Standards. This has resulted in changes to the presentation of segment results, with inter-segment sales and expenses such as depreciation and impairment now being reported for each segment rather than in aggregate for total group operations, as this is how they are reviewed by the chief operating decision maker.

Disclosure impact

AASB 8 requires a number of additional quantitative and qualitative disclosures, not previously required under AASB 114, where such information is utilised by the chief operating decision maker. This information is now disclosed as part of the financial statements.

AASB 101: Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Group's financial statements.

Disclosure impact

Terminology changes — the revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity — the revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income — the revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Group's financial statements now contain a statement of comprehensive income.

Other comprehensive income — The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

t) New standards and interpretations which may impact the Company not yet adopted

Whilst amendments to the Accounting Standards and Australian Accounting Interpretations have been considered, the Group does not anticipate early adoption of any of the reporting requirements and does not expect these requirements to have any material effect on the Group's financial statements.



2. NOTES TO THE CASH FLOW STATEMENT

a) Reconciliation of Cash

For the purposes of the statement of cash flows and statement of financial position, cash and cash equivalents include cash on hand and in banks, and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

| | CONSOLIDATED | |
|-----------------|--------------|-----------|
| | 2010 | 2009 |
| | \$ | \$ |
| Cash at Bank | 21,960 | 50,502 |
| Cash on deposit | 3,555,875 | 4,310,071 |
| Total Cash | 3,577,835 | 4,360,573 |

b) Reconciliation of loss after income tax to cash flows used in operations

| | CONSOLIDATED | |
|--|--------------|-------------|
| | 2010 | 2009 |
| | \$ | \$ |
| Loss after income tax | (6,885,378) | (1,914,530) |
| Non-cash flows in Loss | | |
| Depreciation | 51,298 | 61,910 |
| Impairment of Exploration and evaluation | 5,818,552 | 1,563,952 |
| Issuance /(Cancellation) of employee options | - | 61,600 |
| (Gain) on sale of investments | (5,272) | - |
| (Gain) /Loss on revaluation of investments | (49,440) | 107,130 |
| (Gain)/Loss on disposal of property, plant and equipment | (16,816) | (173,697) |
| Loss on capital distribution | 900,000 | - |
| Changes in Net Assets and Liabilities | | |
| (Increase)/Decrease in Assets | | |
| (Increase)/decrease in trade and other receivables | 20,950 | 233,767 |
| Increase/(Decrease) in Liabilities | | |
| Increase/(decrease) in trade and other payables | 5,365 | (60,174) |
| Increase in provisions | 43,466 | 28,010 |
| Net Cash used in Operations | (117,275) | (92,032) |

c) Non-cash Transactions

Nil.

3. TRADE AND OTHER RECEIVABLES

| | CONSOLIDATED | |
|--|--------------|---------|
| | 2010 | 2009 |
| | \$ | \$ |
| Prepayments - Insurances | 26,145 | 27,817 |
| Prepayments – Tenement application and rents | - | 7,685 |
| Other | 111,801 | 102,870 |
| Total Current Receivables | 137,946 | 138,372 |

4. OTHER FINANCIAL ASSETS

| | CONSOLIDATED | |
|--|---------------|---------------|
| | 2010 \$ | 2009 \$ |
| Current: | | |
| Held for trading financial assets: | | |
| Shares in listed corporations – at fair value through profit or loss | 57,860 | 23,670 |
| Total Current Financial Assets | 57,860 | 23,670 |

4(a) Shares in subsidiaries

| Name | Country of Incorporation | Percentage Held | |
|-------------------------------------|--------------------------|-----------------|------|
| | | 2010 | 2009 |
| Hillview Mining NL (i) | Australia | - | 100% |
| Helix Mining Investment Pty Ltd (i) | Australia | - | 100% |
| Oxley Exploration Pty Ltd | Australia | 100% | 100% |
| Leichhardt Resources (QLD) Pty Ltd | Australia | 100% | 100% |
| Helix Resources (Overseas) Pty Ltd | Australia | 100% | - |

(i) These companies were deregistered during the financial year.

5. OTHER FINANCIAL ASSETS

| | CONSOLIDATED | |
|---|----------------|----------------|
| | 2010 \$ | 2009 \$ |
| Non-Current | | |
| Security Deposits | 150,000 | 100,000 |
| Available for Sale Financial Assets: | | |
| Shares in Listed Companies | 276,000 | - |
| Total Other Assets – Non-Current | 426,000 | 100,000 |

6. PROPERTY, PLANT AND EQUIPMENT

| 2010 | CONSOLIDATED | | |
|---------------------------------|-------------------|----------------|----------|
| | Plant & Equipment | Motor Vehicles | Total |
| | \$ | \$ | \$ |
| Gross Carrying Amount | | | |
| Balance at 30 June 2009 | 165,411 | 171,520 | 336,931 |
| Additions | 3,387 | 52,232 | 55,619 |
| Disposals | - | (59,031) | (59,031) |
| Balance at 30 June 2010 | 168,798 | 164,721 | 333,519 |
| Accumulated Depreciation | | | |
| Balance at 30 June 2009 | 129,440 | 96,773 | 226,213 |
| Disposals | - | (43,847) | (43,847) |
| Depreciation | 20,189 | 31,108 | 51,297 |
| Balance at 30 June 2010 | 149,629 | 84,034 | 233,663 |
| Net Book Value | | | |
| 30 June 2009 | 35,971 | 74,747 | 110,718 |
| 30 June 2010 | 19,169 | 80,687 | 99,856 |

| 2009 | CONSOLIDATED | | |
|---------------------------------|-------------------|----------------|-----------|
| | Plant & Equipment | Motor Vehicles | Total |
| | \$ | \$ | \$ |
| Gross Carrying Amount | | | |
| Balance at 30 June 2008 | 317,638 | 171,520 | 489,158 |
| Additions | 10,264 | - | 10,264 |
| Disposals | (162,491) | - | (162,491) |
| Balance at 30 June 2009 | 165,411 | 171,520 | 336,931 |
| Accumulated Depreciation | | | |
| Balance at 30 June 2008 | 224,482 | 66,060 | 290,542 |
| Disposals | (126,239) | - | (126,239) |
| Depreciation | 31,197 | 30,713 | 61,910 |
| Balance at 30 June 2009 | 129,440 | 96,773 | 226,213 |
| Net Book Value | | | |
| 30 June 2008 | 93,156 | 105,460 | 198,616 |
| 30 June 2009 | 35,971 | 74,747 | 110,718 |

7. EXPLORATION AND EVALUATION EXPENDITURE (NON-CURRENT)

| | CONSOLIDATED | |
|--|--------------|-------------|
| | 2010 | 2009 |
| | \$ | \$ |
| Balance at beginning of the financial year | 13,815,868 | 12,158,401 |
| Expenditure incurred during the year | 1,351,831 | 3,221,419 |
| Sale of Glenburgh Tenements | (3,200,000) | - |
| Impairment losses | (5,818,552) | (1,563,952) |
| Balance at the end of the financial year | 6,149,147 | 13,815,868 |

The Directors' assessment of carrying amount was after consideration of prevailing market conditions; previous expenditure carried out on the tenements; and the potential for mineralisation based on both the entity's and independent geological reports. The ultimate value of these assets is dependent upon recoupment by commercial development or the sale of the whole, or part, of the Group's interests in those areas for an amount at least equal to the carrying value. There may exist, on the Group's exploration properties, areas subject to claim under native title or containing sacred sites or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration and mining restrictions.

| | CONSOLIDATED | |
|--|--------------|------------|
| | 2010 | 2009 |
| | \$ | \$ |
| 8. TRADE AND OTHER PAYABLES (CURRENT) | | |
| Trade payables | 135,035 | 125,778 |
| 9. PROVISIONS | | |
| Current | | |
| Employee Benefits | 122,541 | 78,668 |
| Balance at end of financial year | 122,541 | 78,668 |
| Non - Current | | |
| Employee Benefits | 24,469 | 24,876 |
| Balance at end of financial year | 24,469 | 24,876 |
| 10. SHARE CAPITAL | | |
| 131,943,746 Fully Paid Ordinary Shares (2009: 131,299,886) | 53,571,624 | 55,815,856 |
| 53,355,308 Listed Options (2009: Nil) | 800,330 | - |
| Balance at end of financial year | 54,371,954 | 55,815,856 |

| | 2010 | | 2009 | |
|--|-------------|-------------|-------------|------------|
| | No. | \$ | No. | \$ |
| Fully Paid Ordinary Shares | | | | |
| Balance at beginning of financial year | 131,299,886 | 55,815,856 | 131,299,798 | 55,824,908 |
| Capital Distribution via Distribution In - specie | - | (2,300,020) | - | - |
| Share Issue Costs | - | (2,159) | - | (9,079) |
| Exercise of Options to Fully Paid Shares @ \$0.075 | 643,860 | 57,947 | - | - |
| Exercise of Options to Fully Paid Shares @ \$0.30 | - | - | 88 | 27 |
| Balance at end of financial year | 131,943,746 | 53,571,624 | 131,299,886 | 55,815,856 |

| | 2010 | | 2009 | |
|--|------------|---------|--------------|----|
| | No. | \$ | No. | \$ |
| Listed Options | | | | |
| Balance at beginning of financial year | - | - | 14,028,013 | - |
| Options expired during financial year | - | - | (14,027,925) | - |
| Options issued during financial year * | 53,999,168 | 809,988 | - | - |
| Exercise of Options to Fully Paid Shares | (643,860) | (9,658) | (88) | - |
| Balance at end of financial year | 53,355,308 | 800,330 | - | - |

Fully paid ordinary shares have no par value, carry one vote per share and carry the right to dividends. Listed options carry no votes until converted to fully paid ordinary shares.

* Non-renounceable rights issue at \$0.015 per option, exercisable at \$0.05 before 31 May 2011

Capital Management

Management controls the capital of the group in order to maximise the return to shareholders and 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. These responses include the management of expenditure and debt levels, distributions to shareholders and share and option issues.

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

Employee Options

17,600,000 employee options were issued in October 2008 following approval at the 2008 AGM. The options were valued under Black and Scholes at 0.35 cents each (\$61,600) and were in substitute of a cash bonus.

Value at Grant Date [also Issuance Date] of 10th October 2008

A Black & Scholes calculation [www.bloek.com] of the notional value of the Incentive Options is outlined below based on the following assumptions:

- the Incentive Options expire on 31 October 2011 and are exercisable at \$0.55 each;
- a current price per Share of \$0.08;
- a volatility factor of 70%;
- an interest rate of 5.38%;
- a discount factor of 50% has been applied due to the lack of marketability of the Incentive Options;
- the valuations ascribed to the Incentive Options may not necessarily represent the market price of the Incentive Options at the date of the valuation; and
- the valuation date for the Incentive Options was 10th October 2008.

Applying the 50% discount factor as described in (e) above, the value for each Incentive Option is therefore \$0.0035 at 10th October 2008, the date of issuance.

There were 17,600,000 employee options outstanding at 30 June 2010.

Distribution in-specie of Gascoyne Resources Ltd shares

A shareholders meeting pursuant to the Notice of Meeting and Prospectus dated 6th January 2010 was called for 8th February 2010 to consider the proposal to distribute 'in-specie' on a pro-rata basis 16,000,100 Gascoyne Resources Ltd shares received for promoting and vending the Glenburgh gold assets into the successful \$5.2 million IPO and ASX listing of Gascoyne Resources.

The proposed resolution was subsequently approved by shareholders and the Net Assets of the Company were reduced by approximately \$3.2 million of which \$900,000 was disclosed as a loss on distribution of capital at fair value.

11. OTHER RESERVES

| | CONSOLIDATED | |
|---|--------------|------------|
| | 2010 \$ | 2009 \$ |
| Options Reserve | | |
| Balance at beginning of financial year | 61,600 | 287,187 |
| Issue of Employee Incentive Options | - | 61,600 |
| Exercise of Employees Incentive Options | - | - |
| Expiry of Terminated Employee Incentive Options | - | (287,187) |
| Balance at end of financial year | 61,600 | 61,600 |

The Options Reserve records items recognised as expenses on valuation of employee incentive options.

| | CONSOLIDATED | |
|---|--------------|------------|
| | 2010 \$ | 2009 \$ |
| Financial Assets Reserve | | |
| Balance at beginning of financial year | - | - |
| Fair Value of Gascoyne Resources shares | 176,000 | - |
| Balance at end of financial year | 176,000 | - |

The financial asset reserve records revaluation of financial assets.

12. ACCUMULATED LOSSES

| | | |
|---|--------------|--------------|
| Balance at beginning of financial year | (37,557,577) | (35,930,234) |
| Net Loss attributable to members of the parent entity | (6,885,378) | (1,914,530) |
| Expiry of Employee Incentive Options | - | 287,187 |
| Balance at end of financial year | (44,442,955) | (37,557,577) |

13. REVENUE

Loss before Income Tax includes the following items of revenue and expense:

| | CONSOLIDATED | |
|--------------------------------------|----------------|----------------|
| | 2010 \$ | 2009 \$ |
| Operating Activities | | |
| Interest Revenue | 174,398 | 328,964 |
| Tenement Rental Reimbursements | 65,818 | - |
| PACE Funding | - | 100,000 |
| Other | 186,314 | 1,817 |
| Total Operating Revenue | 426,530 | 430,781 |
| Non-Operating Activities | | |
| Profit on sale of investments | 5,272 | - |
| Total Non – Operating Revenue | 5,272 | - |
| Total Revenues | 431,802 | 430,781 |

14. LOSS FOR THE YEAR

Expenses

| | CONSOLIDATED | |
|---|--------------|-----------|
| | 2010 | 2009 |
| | \$ | \$ |
| Depreciation of non-current assets: Property, plant and equipment | 51,298 | 61,910 |
| Impairment of exploration and evaluation expenditure | 5,818,552 | 1,563,952 |
| Operating lease rental expenses: Minimum lease payments | 132,914 | 152,987 |
| Loss for the year | 6,885,378 | 1,914,530 |

15. COMMITMENTS

a) Operating Lease Commitments

| | | |
|---|---------|---------|
| Not later than 1 year | 99,756 | 94,828 |
| Later than 1 year but not later than 2 years | 104,744 | 99,569 |
| Later than 2 years but not later than 5 years | 22,321 | 130,999 |
| | 226,821 | 325,396 |

The lease is for a 4 year term with a 2 year option to extend. As at balance date there was a balance of 2 years and 3 months remaining on the office lease.

b) Exploration Expenditure Commitments

In order to maintain current rights of tenure to exploration tenements, the Group are required to perform minimum exploration work to meet the requirements specified by various State governments. These obligations can be reduced by selective relinquishment of exploration tenure or application for expenditure exemptions. Due to the nature of the Group's operations in exploring and evaluating areas of interest, it is very difficult to forecast the nature and amount of future expenditure. It is anticipated that expenditure commitments for the next twelve months will be tenement rentals of \$83,305 (2009:\$104,000) and exploration expenditure of \$1,250,000 (2009: \$1,520,000). JV parties earning their interest in various tenements may effectively meet a portion of these commitment costs.

16. KEY MANAGEMENT PERSONNELS' REMUNERATION

Please refer to disclosures contained in the Remuneration Report section of the Directors' Report.

The totals of remuneration paid to key management personnel of the Group during the year are as follows:

| | 2010 | 2009 |
|------------------------------|----------------|----------------|
| | \$ | \$ |
| Short term employee benefits | 561,694 | 644,847 |
| Post-employment benefits | 43,352 | 48,771 |
| Other long-term benefits | - | - |
| Termination benefits | - | - |
| Share Based payments | - | 54,250 |
| Total | 605,046 | 747,868 |

17. EXECUTIVE SHARE OPTION PLAN

As at 30 June 2010 the Company had issued 15,500,000 share options (30 June 2009 15,500,000). Share options carry no rights to dividends and no voting rights. The difference between the total market value of options issued during the financial year, at the date of issue, and the total amount received from executives and employees is not recognised in the financial statements except for the purposes of determining key management personnels' remuneration in respect of that financial year. The amounts are disclosed in remuneration in respect of the financial year in which the entitlement was earned.

Further details are disclosed below:

| Executive Share Option Plan | | 2010 No. | Weighted average exercise price | 2009 No. | Weighted average exercise price |
|--|-------|-------------|------------------------------------|-------------|------------------------------------|
| Balance at beginning of financial year | (i) | 15,500,000 | \$0.525 | 4,510,000 | \$0.46 |
| Cancelled during the financial year | (ii) | - | - | - | - |
| Expired during the financial year | (iii) | - | - | (4,510,000) | \$0.46 |
| Granted during the financial year | (iv) | - | - | 15,500,000 | \$0.55 |
| Exercised during the financial year | (v) | - | - | - | - |
| Balance at end of financial year | (vi) | 15,500,000 | \$0.525 | 15,500,000 | \$0.55 |

(i) Balance at beginning of financial year

| Options - Series | No. | Vested | Unvested | Grant Date | Expiry Date | Exercise Price \$ | Fair value at grant date |
|-------------------|------------|------------|----------|------------|-------------|-------------------------|-----------------------------|
| Issued 9 Oct 2008 | 15,500,000 | 15,500,000 | - | 9 Oct 2008 | 31 Oct 2011 | \$0.55 | 0.35c per option |
| | 15,500,000 | 15,500,000 | - | | | | |

(ii) Cancelled during the financial year

There were no options cancelled during the financial years ended 30 June 2010 and 2009.

(iii) Expired during the financial year

Expired during the year ended 30 June 2009

| Options Series | No. | Vested | Unvested | Grant Date | Expiry Date | Exercise Price \$ | Fair value at grant date |
|----------------------|-----------|-----------|----------|------------|-------------|-------------------------|-----------------------------|
| Issued 26 May 1999 | 20,000 | 20,000 | - | 26/5/99 | 29/3/09 | \$0.42 | Not valued |
| Issued 26 May 1999 | 20,000 | 20,000 | - | 26/5/99 | 29/3/09 | \$0.46 | Not valued |
| Issued 26 May 1999 | 20,000 | 20,000 | - | 26/5/99 | 29/3/09 | \$0.50 | Not valued |
| Issued 11 Nov 2003 | 50,000 | 50,000 | - | 11/11/03 | 29/3/09 | \$0.42 | 9.36c per option |
| Issued 11 Nov 2003 | 50,000 | 50,000 | - | 11/11/03 | 29/3/09 | \$0.46 | 8.84c per option |
| Issued 11 Nov 2003 | 50,000 | 50,000 | - | 11/11/03 | 29/3/09 | \$0.50 | 8.37c per option |
| Issued 10 April 2007 | 4,300,000 | 4,300,000 | - | 10/4/07 | 30/11/08 | \$0.26 | 5c per option |
| | 4,510,000 | 4,510,000 | - | | | | |

No options expired during the financial year ended 30 June 2010.

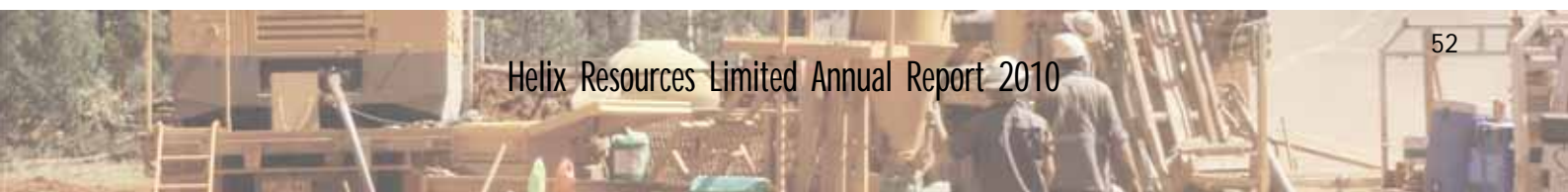
(iv) Granted during the financial year

Granted during the year ended 30 June 2009

| Options - Series | No. | Grant Date | Expiry Date | Exercise Price \$ | Fair Value Received \$ |
|-------------------|------------|------------|-------------|----------------------|---------------------------|
| Issued 9 Oct 2008 | 15,500,000 | 9/10/08 | 31/10/11 | \$0.525 | - |
| | 15,500,000 | | | | - |

There were no options granted during the financial year ended 30 June 2010.

(v) Exercised during the financial year



There were no executive options exercised during the financial years ended 30 June 2010 and 2009.

(vi) Balance at end of the financial year

| Options Series | No. | Vested | Unvested | Grant Date | Expiry Date | Exercise Price \$ | Fair value at grant date |
|-------------------|------------|------------|----------|------------|-------------|-------------------|--------------------------|
| Issued 9 Oct 2008 | 15,500,000 | 15,500,000 | - | 9/10/08 | 31/10/11 | \$0.525 | 0.35c per option |
| | 15,500,000 | 15,500,000 | - | | | | |

Fair value of consideration received is measured as the nominal value of cash receipts on conversion. The fair value of shares at the date of their issue is measured as the market value at close of trade on the date of their issue. Employee share options carry no rights to dividends and no voting rights. In accordance with the terms of the executive share option plan, options may be exercised at any time from the date the vesting period ends to the date of their expiry.

The difference between the total market value of options issued during a financial year, at the date of issue, and the total amount received from executives and employees is not recognised in the financial statements except for the purposes of determining key management personnels' remunerations in respect of that financial year as disclosed in note 16 to the financial statements. The amounts are disclosed in remuneration in respect of the financial years over which the entitlement was earned.

Consideration received on the exercise of executive options is recognised in contributed equity. During the financial year no options were exercised, hence no amount was recognised in contributed equity arising from the exercise of executive options (2009: \$nil).

18. RELATED PARTY AND DIRECTORS' DISCLOSURES

a) Other Transactions with key management personnel

The loss from ordinary activities before income tax includes the following items of expenses that resulted from transactions other than remuneration with key management personnel or their personally-related entities. Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.

Greg Wheeler Consulting Pty Ltd provided professional services to the value of \$60,000 (2009 \$nil) payable within 30 days from date of invoice (net of GST). Mr Greg Wheeler, a Director, has significant influence in Greg Wheeler Consulting Pty Ltd. There were no balances outstanding at 30 June 2010 to Mr Greg Wheeler.

Den Dryver Mining Consultants Pty Ltd provided professional services to the value of \$nil (2009 \$1,430) payable within 30 days from date of invoice (net of GST). Mr John den Dryver, a Director, has significant influence in Den Dryver Mining Consultants Pty Ltd. There were no balances outstanding at 30 June 2010 to Mr John den Dryver.

b) Transactions with Gascoyne Resources Limited

Helix Resources provided equipment rental, accommodation and employee services to Gascoyne Resources on normal commercial terms and conditions to the value of \$168,785. There was an outstanding balance of \$6,103 at 30 June 2010.

c) Key Management Personnels' Equity Holdings

Fully paid ordinary shares issued by Helix Resources Limited

| 2010 | Balance @ 1/7/09 | Granted as remuneration | Received on exercise of options | Net other change | Balance @ 30/6/10 | Balance held nominally |
|---------------------------------|------------------|-------------------------|---------------------------------|------------------|-------------------|------------------------|
| | No. | No. | No. | No. | No. | No. |
| Key Management Personnel | | | | | | |
| G J Wheeler | 7,248,839 | - | - | - | 7,248,839 | - |
| M H Wilson | 233,133 | - | - | - | 233,133 | - |
| J den Dryver | - | - | - | - | - | - |
| G Dunbar | 300,000 | - | - | - | 300,000 | - |
| J McNamara | 94,833 | - | - | - | 94,833 | - |
| Total | 7,876,805 | - | - | - | 7,876,805 | - |

| 2009 | Balance @ 1/7/08 | Granted as remuneration | Received on exercise of options | Net other change | Balance @ 30/6/09 | Balance held nominally |
|---------------------------------|---------------------|----------------------------|---------------------------------------|---------------------|----------------------|---------------------------|
| | No. | No. | No. | No. | No. | No. |
| Key Management Personnel | | | | | | |
| G J Wheeler | 3,958,702 | - | - | 3,290,137 | 7,248,839 | - |
| M H Wilson | 93,133 | - | - | 140,000 | 233,133 | - |
| J den Dryver | - | - | - | - | - | - |
| G Dunbar | 300,000 | - | - | - | 300,000 | - |
| J McNamara | 94,833 | - | - | - | 94,833 | - |
| Total | 4,446,668 | - | - | 3,430,137 | 7,876,805 | - |

Executive Share Options issued by Helix Resources Limited

| 2010 | Bal @ 1/7/09 | Granted as remuneration | Exercised | Other change | Bal @ 30/6/10 | Bal vested @ 30/6/10 | Vested but not exercisable | Vested and exercisable | Options vested during year |
|---------------------------------|-------------------|----------------------------|-----------|-----------------|-------------------|-------------------------|----------------------------------|---------------------------|-------------------------------------|
| | No. | No. | No. | No. | No. | No. | No. | No. | No. |
| Key Management Personnel | | | | | | | | | |
| G J Wheeler | 8,000,000 | - | - | - | 8,000,000 | 8,000,000 | - | 8,000,000 | - |
| M H Wilson | 5,000,000 | - | - | - | 5,000,000 | 5,000,000 | - | 5,000,000 | - |
| J den Dryver | 1,000,000 | - | - | - | 1,000,000 | 1,000,000 | - | 1,000,000 | - |
| G Dunbar | 1,000,000 | - | - | - | 1,000,000 | 1,000,000 | - | 1,000,000 | - |
| J McNamara | 500,000 | - | - | - | 500,000 | 500,000 | - | 500,000 | - |
| Total | 15,500,000 | - | - | - | 15,500,000 | 15,500,000 | - | 15,500,000 | - |

| 2009 | Bal @ 1/7/08 | Granted as remuneration | Exercised | Other change | Bal @ 30/6/09 | Bal vested @ 30/6/09 | Vested but not exercisable | Vested and exercisable | Options vested during year |
|---------------------------------|------------------|----------------------------|-----------|--------------------|-------------------|-------------------------|----------------------------------|---------------------------|-------------------------------------|
| | No. | No. | No. | No. | No. | No. | No. | No. | No. |
| Key Management Personnel | | | | | | | | | |
| G J Wheeler | 2,000,000 | 8,000,000 | - | (2,000,000) | 8,000,000 | 8,000,000 | - | 8,000,000 | - |
| M H Wilson | 1,535,000 | 5,000,000 | - | (1,535,000) | 5,000,000 | 5,000,000 | - | 5,000,000 | - |
| J den Dryver | 400,000 | 1,000,000 | - | (400,000) | 1,000,000 | 1,000,000 | - | 1,000,000 | - |
| G Dunbar | 400,000 | 1,000,000 | - | (400,000) | 1,000,000 | 1,000,000 | - | 1,000,000 | - |
| J McNamara | 175,000 | 500,000 | - | (175,000) | 500,000 | 500,000 | - | 500,000 | - |
| Total | 4,510,000 | 15,500,000 | - | (4,510,000) | 15,500,000 | 15,500,000 | - | 15,500,000 | - |

Each executive share option converts into 1 ordinary share of Helix Resources Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option.

During the financial year, no executive share options were exercised by key management personnel.

Further details of the options granted during the year are contained in note [16](#) and [17](#) to the financial statements.

Listed Share Options issued by Helix Resources Limited

| 2010 | Bal @ 1/7/09 | Granted as remuneration | Exercised | Other change | Bal @ 30/6/10 | Bal vested @ 30/6/10 | Vested but not exerciseable | Vested and exercisable | Options vested during year |
|---------------------------------|-----------------|----------------------------|-----------|-----------------|------------------|-------------------------|-----------------------------------|---------------------------|-------------------------------------|
| | No. | No. | No. | No. | No. | No. | No. | No. | No. |
| Key Management Personnel | | | | | | | | | |
| G J Wheeler | - | - | - | 9,624,420 | 9,624,420 | 9,624,420 | - | 9,624,420 | - |
| M H Wilson | - | - | - | 2,116,567 | 2,116,567 | 2,116,567 | - | 2,116,567 | - |
| J denDryver | - | - | - | 600,000 | 600,000 | 600,000 | - | 600,000 | - |
| G Dunbar | - | - | - | 750,000 | 750,000 | 750,000 | - | 750,000 | - |
| J McNamara | - | - | - | 47,417 | 47,417 | 47,417 | - | 47,417 | - |
| Total | - | - | - | 13,138,404 | 13,138,404 | 13,138,404 | - | 13,138,404 | - |

| 2009 | Bal @ 1/7/08 | Granted as remuneration | Exercised | Other change | Bal @ 30/6/09 | Bal vested @ 30/6/09 | Vested but not exerciseable | Vested and exercisable | Options vested during year |
|---------------------------------|-----------------|----------------------------|-----------|-----------------|------------------|----------------------------|-----------------------------------|---------------------------|-------------------------------------|
| | No. | No. | No. | No. | No. | No. | No. | No. | No. |
| Key Management Personnel | | | | | | | | | |
| G J Wheeler | 494,838 | - | - | (494,838) | - | - | - | - | - |
| M H Wilson | 3,517 | - | - | (3,517) | - | - | - | - | - |
| J denDryver | - | - | - | - | - | - | - | - | - |
| G Dunbar | 25,000 | - | - | (25,000) | - | - | - | - | - |
| J McNamara | - | - | - | - | - | - | - | - | - |
| Total | 523,355 | - | - | (523,355) | - | - | - | - | - |

| 19. INCOME TAX | CONSOLIDATED | |
|---|--------------|-------------|
| | 2010 | 2009 |
| | \$ | \$ |
| Accounting loss before tax from continuing operations | (6,885,378) | (1,914,530) |
| Accounting loss before tax from discontinuing operations | - | - |
| Accounting loss before tax | (6,885,378) | (1,914,530) |
| Income Tax Expense to Accounting Loss | | |
| Tax expense at the statutory income tax rate of 30% | (2,065,613) | (574,359) |
| Sundry non-deductible/assessable (deductible/assessable) expenses | | |
| - non-deductible expenses | 697 | 1,165 |
| - revaluation of investments | (14,832) | 32,139 |
| - taxable gain on sale of investments | 1,575 | - |
| - loss on capital distribution | 270,000 | - |
| - employee incentive options | - | 18,480 |
| - capital raising costs put to equity | (31,380) | - |
| - utilisation of prior year tax losses | (481,723) | (70,434) |
| Benefit of tax losses not brought to account | 2,321,276 | 593,009 |
| Income tax expense | - | - |
| Statement of Comprehensive Income | | |
| Current income tax charge | - | (1,028,160) |
| <u>Deferred income tax</u> | | |
| Relating to origination and reversal of temporary differences | (2,321,276) | 435,151 |
| Current year tax losses not recognised in the current period | 2,321,276 | 593,009 |
| Income tax expense reported in statement of comprehensive income | - | - |
| Unrecognised Deferred Tax Balances: | | |
| Unrecognised deferred tax asset losses | 13,254,063 | 14,262,597 |
| Unrecognised deferred tax assets other | 56,036 | 46,100 |
| Unrecognised deferred tax liabilities | (1,847,484) | (4,158,824) |
| Net Unrecognised deferred tax assets | 11,462,615 | 10,149,873 |

20. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed on the basis it is a mineral exploration company operating in the geographical region of Australia. The mineral assets held via outright ownership or joint venture are considered one business segment and the minerals currently being targeted include gold, copper, iron ore and other base metals in Western Australia, New South Wales and South Australia.

21. EARNINGS PER SHARE

| | COMPANY | |
|--|----------------------------------|----------------------------------|
| | 2010 Cents Per share | 2009 Cents Per share |
| Basic loss per share | (5.23) | (1.46) |
| Diluted loss per share | (5.23) | (1.46) |
| Basic Loss per Share | | |
| The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows: | | |
| | 2010 \$ | 2009 \$ |
| Earnings / (loss) (a) | (6,885,378) | (1,914,530) |
| | 2010 No. | 2009 No. |
| Weighted average number of ordinary shares (b) | 131,653,710 | 131,299,886 |
| (a) Earnings used in the calculation of basic earnings per share is net loss after tax of \$6,885,378 (2008: \$1,914,530). | | |
| (b) The executive share options are not considered to be potential ordinary shares and are therefore excluded from the weighted average number of shares used in the calculation of basic earnings per share. Where dilutive, potential ordinary shares are included in the calculation of diluted earnings per share (refer below). | | |
| Diluted Loss per Share | | |
| The earnings and weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share are as follows: | | |
| | 2010 \$ | 2009 \$ |
| Earnings (a) | (6,885,378) | (1,914,530) |
| | 12 months to 30 June 2010 No. | 12 months to 30 June 2009 No. |
| Weighted average number of ordinary shares and potential ordinary shares (b) | 131,653,710 | 131,299,886 |
| (a) Earnings used in the calculation of diluted loss per share is net loss after tax of \$6,885,378 (2009: \$1,914,530). | | |
| (b) The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share: | | |
| | 2010 No. | 2009 No. |
| Executive options | 15,000,000 | 15,000,000 |
| Listed options | 53,355,308 | 14,028,013 |

22. INTEREST IN JOINT VENTURES

The parent entity has entered into the following unincorporated joint ventures:

| Joint Venture Project | Percentage Interest | Principal Exploration Activities |
|-----------------------|--|----------------------------------|
| Tunkillia | 46.2% (2009: 48.32%) (Minotaur Exploration) | Gold |
| Yalleen | 30% (2009: 30%) (API Management Pty Ltd 70% Iron Ore rights) | Iron Ore |
| Canbelego | 51% (2009: 0%) (Straits Resources) | Copper / Gold |

The joint ventures are not separate legal entities but are contractual arrangements between the participants for sharing costs and output and do not in themselves generate revenue and profit. Exploration expenditure is the only asset of the joint ventures. The Group's interest in exploration expenditure in the above mentioned joint ventures is as follows:

| | Yalleen JV 30% | Tunkillia JV 47% | Canbelego JV 51% |
|---------------------------|-------------------|---------------------|---------------------|
| Non-Current Assets | | | |
| Mineral Assets | 1,789,834 | 4,803,920 | 306,233 |
| Impairment | - | (1,782,686) | - |
| Carrying Amount | 1,789,834 | 3,021,234 | 306,233 |

The recoverability of the carrying amount of the mineral assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

23. FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

The Group's exposure to interest rate risk and effective weighted average interest rate for classes of financial assets is set out below:

| | Floating Interest Rate Maturity | | | | | Total \$ |
|--|---------------------------------|------------------------|---------------------|---------------------|-------------------------|-------------|
| | Average Interest Rate | Fixed Interest Rate | Less than 1 year | More than 1 Year | Non Interest Bearing | |
| | % | \$ | \$ | \$ | \$ | |
| 2010 | | | | | | |
| Financial Assets | | | | | | |
| Other Receivables (incl tenement appl.) | | - | - | - | 137,946 | 137,946 |
| Held for trading assets | | - | - | - | 57,860 | 57,860 |
| Cash and cash equivalent assets | 5.0% | 1,077,835 | 2,500,000 | - | - | 3,577,835 |
| Security deposits and deposits at financial institutions | 3.75% | - | 150,000 | - | - | 150,000 |
| Available for sale assets | | - | - | - | 276,000 | 276,000 |
| | | 1,077,835 | 2,650,000 | - | 471,806 | 4,199,641 |
| Financial Liabilities | | | | | | |
| Trade Payables (all payable within 30 days) | | - | - | - | 135,035 | 135,035 |
| | | - | - | - | 135,035 | 135,035 |

| | Floating Interest Rate Maturity | | | | | Total \$ |
|--|---------------------------------|------------------------|---------------------|---------------------|-------------------------|-------------|
| | Average Interest Rate | Fixed Interest Rate | Less than 1 year | More than 1 Year | Non Interest Bearing | |
| | % | \$ | \$ | \$ | \$ | |
| 2009 | | | | | | |
| Financial Assets | | | | | | |
| Other Receivables (incl tenement appl.) | | - | - | - | 138,372 | 138,372 |
| Held for trading assets | - | - | - | - | 23,670 | 23,670 |
| Cash and cash equivalent assets | 6.1% | 1,297,943 | 3,062,630 | - | - | 4,360,573 |
| Security deposits and deposits at financial institutions | 6.5% | - | 100,000 | - | - | 100,000 |
| | | 1,297,943 | 3,162,630 | - | 162,042 | 4,622,615 |
| Financial Liabilities | | | | | | |
| Trade Payables (all payable within 30 days) | | - | - | - | 125,778 | 125,778 |
| | | - | - | - | 125,778 | 125,778 |

Other than those classes of assets and liabilities denoted as "listed" in note 4, none of the classes of financial assets and liabilities are readily traded on organised markets in standardised form.

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

| 2010 | Level 1 | Total \$ |
|---------------------------|---------|-------------|
| Financial Assets | | |
| Held for trading assets | 57,860 | 57,860 |
| Available for sale assets | 276,000 | 276,000 |
| | 333,860 | 333,860 |

| 2009 | Level 1 | Total \$ |
|---------------------------|---------|-------------|
| Financial Assets | | |
| Held for trading assets | 23,670 | 23,670 |
| Available for sale assets | - | - |
| | 23,670 | 23,670 |

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets have been based on the closing quoted bid prices at reporting date, excluding transaction costs.

Financial Risk Exposures and Management

The main risks the group is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk. The Board is responsible for the financial risk management.

Interest Rate Risk

Interest rate risk is managed by investing cash with major financial institutions in both cash on deposit and term deposit accounts.

Interest Rate Risk Sensitivity Analysis

At 30 June 2010, the effect on loss and equity as a result of a 2% increase in the interest rate, with all other variables remaining constant would be a decrease in loss by \$79,000 (2009: \$87,000) and an increase in equity by \$79,000 (2009: \$87,000). The effect on loss and equity as a result of a 2% decrease in the interest rate, with all other variables remaining constant would be an increase in loss by \$79,000 (2009: \$87,000) and a decrease in equity by \$79,000 (2009: \$87,000).

Liquidity Risk

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. The Group's operations require it to raise capital on an on-going basis to fund its planned exploration program and to commercialise its tenement assets. If the Group does not raise capital in the short term, it can continue as a going concern by reducing planned but not committed exploration expenditure until funding is available and/or entering into joint venture arrangements where exploration is funded by the joint venture partner.

Credit Risk

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

The maximum credit risk on financial assets of the Group which have been recognised on the statement of financial position, other than investments in shares, is generally the carrying amount, net of any provisions for doubtful debts.

24. EMPLOYEE ENTITLEMENTS

The aggregate employee entitlement liability recognised and included in the financial statements is as follows:

| | CONSOLIDATED | |
|--|--------------|------------|
| | 2010 \$ | 2009 \$ |
| Provision for employee entitlements: | | |
| Current (Note 9) | 122,541 | 78,668 |
| Non-Current (Note 9) | 24,469 | 24,876 |
| | 147,010 | 103,544 |
| | No | No |
| Number of employees at end of financial year | 6 | 6 |

25. CONTINGENT LIABILITIES

The Company may be required to issue bank guarantees to secure tenement holdings. The Company currently has bank guarantees to the value of \$77,085 (2009: \$71,085).

26. REMUNERATION OF AUDITORS

| | 2010 \$ | 2009 \$ |
|--|------------|------------|
| a) Auditor of the Parent Entity | | |
| Auditing the financial report | 21,555 | 23,575 |
| | 21,555 | 23,575 |

The auditor of Helix Resources Limited for the 2010 financial year is Grant Thornton Audit Pty Ltd.

27. HELIX RESOURCES LIMITED PARENT COMPANY INFORMATION

| | Note | 2010 | 2009 |
|-----------------------------------|------|--------------------|--------------------|
| | | \$ | \$ |
| Assets | | | |
| Current Assets | | 3,773,641 | 4,522,615 |
| Non-current Assets | | 6,675,003 | 14,026,586 |
| Total Assets | | 10,448,644 | 18,549,201 |
| Liabilities | | | |
| Current Liabilities | 8, 9 | 257,576 | 204,446 |
| Non-current Liabilities | 9 | 24,469 | 24,876 |
| Total Liabilities | | 282,045 | 229,322 |
| Equity | | | |
| Issued Capital | | 54,371,954 | 55,815,856 |
| Accumulated Losses | | (44,442,955) | (37,557,577) |
| Reserves | | | |
| Options Reserve | | 61,600 | 61,600 |
| Financial Assets | | 176,000 | - |
| Total Equity | | 10,166,599 | 18,319,879 |
| Financial Performance | | | |
| Loss for the year | 15 | (6,885,378) | (1,914,530) |
| Other comprehensive income | | 176,000 | - |
| Total Comprehensive Income | | (6,709,378) | (1,914,530) |

28. SUBSEQUENT EVENTS

There has not been any matter or circumstance, other than referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs on the Group in future financial years.

29. ADDITIONAL COMPANY INFORMATION

Helix Resources Limited is a listed public company, incorporated and operating in Australia.

Registered Office
Suite 7, 29 Ord Street
WEST PERTH WA 6005
Tel (08) 9321 2644

Principal Place of Business
Suite 7, 29 Ord Street
WEST PERTH WA 6005
Tel (08) 9321 2644

The financial report for Helix Resources Limited for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on the 31st August 2010.

AS AT 24th AUGUST 2010
NUMBER OF SHARES HELD

| Spread of Holdings | Number of Shareholders | Number of Shares |
|--------------------|------------------------|------------------|
| 1–1000 | 64 | 26,563 |
| 1,001–5,000 | 187 | 584,893 |
| 5,001–10,000 | 355 | 3,072,060 |
| 10,001–100,000 | 769 | 27,901,438 |
| 100,001 and over | 141 | 100,358,784 |
| Total | 1,516 | 131,943,738 |

| | |
|--|-----|
| Number of shareholders holding less than a marketable parcel | 339 |
|--|-----|

PERCENTAGE HELD BY 20 LARGEST SHAREHOLDERS

| Shareholder | Number of Shares | % of Issued Capital |
|----------------------------------|------------------|---------------------|
| 1 Rubicon Nominees Pty Ltd | 13,063,829 | 9.9 |
| 2 UBS Wealth Management | 13,063,829 | 9.9 |
| 3 Yandal Investments Pty Ltd | 11,172,514 | 8.47 |
| 4 Gee Vee Pty Ltd | 7,248,839 | 5.49 |
| 5 Wythenshawe Pty Ltd | 6,016,760 | 4.56 |
| 6 BTX Pty Ltd | 4,681,293 | 3.55 |
| 7 Penoir Pty Ltd | 3,000,000 | 2.27 |
| 8 Blamco Trading Pty Ltd | 2,000,000 | 1.52 |
| 9 Technica Pty Ltd | 1,856,666 | 1.41 |
| 10 ANZ Nominees Ltd | 1,813,584 | 1.37 |
| 11 Warrambo Holdings Pty Ltd | 1,750,000 | 1.33 |
| 12 Zero Nominees Pty Ltd | 1,456,802 | 1.10 |
| 13 Niddrie Holdings Pty Ltd | 1,429,115 | 1.08 |
| 14 Nefco Nominees Pty Ltd | 1,155,141 | 0.87 |
| 15 Mr Abdelaziz Soliman | 950,000 | 0.72 |
| 16 Mr Nicholas Murray Gleeson | 890,739 | 0.67 |
| 17 Berne No 132 Nominees Pty Ltd | 878,465 | 0.67 |
| 18 Paso Holdings Pty Ltd | 815,482 | 0.62 |
| 19 Loxden Pty Ltd | 800,000 | 0.61 |
| 20 Mr Chen De Zhong | 780,000 | 0.59 |
| Top 20 Total | 74,823,058 | 56.71 |

VOTING RIGHTS

One vote for each ordinary share held in accordance with the Company's Constitution.

SUBSTANTIAL SHAREHOLDERS

| Shareholder | Number of Shares | % of Issued Capital |
|----------------------------|------------------|---------------------|
| Rubicon Nominees Pty Ltd | 13,063,829 | 9.9 |
| UBS Wealth Management | 13,063,829 | 9.9 |
| Yandal Investments Pty Ltd | 11,172,514 | 8.47 |
| Aquila Resources Limited | 7,681,293 | 5.82 |
| Gee Vee Pty Ltd | 7,248,839 | 5.49 |

DIRECTORS' INTEREST IN SHARE CAPITAL

| Director | Fully Paid Ordinary Shares | Listed Options | Staff Options |
|--------------|----------------------------|----------------|---------------|
| G J Wheeler | 7,248,839 | 9,624,420 | 8,000,000 |
| M H Wilson | 233,133 | 2,116,567 | 5,000,000 |
| J den Dryver | - | 600,000 | 1,000,000 |
| G Dunbar | 300,000 | 750,000 | 1,000,000 |
| Total | 7,781,972 | 13,090,987 | 15,000,000 |

NUMBER OF OPTIONS HELD

| Spread of Holdings | Number of Optionholders | Number of Options |
|--------------------|-------------------------|-------------------|
| 1–1000 | 29 | 14,694 |
| 1,001–5,000 | 101 | 302,436 |
| 5,001–10,000 | 57 | 467,001 |
| 10,001–100,000 | 182 | 7,310,926 |
| 100,001 and over | 62 | 45,260,259 |
| Total | 431 | 53,355,316 |

PERCENTAGE HELD BY 20 LARGEST OPTIONHOLDERS

| Optionholder | Number of Options | % of Issued Capital |
|---|-------------------|---------------------|
| 1 Yandal Investments Pty Ltd | 10,000,000 | 18.74 |
| 2 Gee Vee Pty Ltd | 9,624,420 | 18.04 |
| 3 Berne No 132 Nominees Pty Ltd | 2,200,000 | 4.12 |
| 4 Mr Michael Hood Wilson | 2,110,000 | 3.95 |
| 5 Blamco Trading Pty Ltd | 2,000,000 | 3.75 |
| 6 Lawrence Crow Consulting Pty Ltd | 1,100,000 | 2.06 |
| 7 Mrs Li Ming Yu | 1,070,000 | 2.00 |
| 8 Aotea Minerals Ltd | 1,000,000 | 1.87 |
| 9 Croftbank Pty Ltd | 953,750 | 1.79 |
| 10 Technica Pty Ltd | 928,333 | 1.74 |
| 11 Goldbondsuper Pty Ltd | 800,000 | 1.50 |
| 12 Dunbar Super Fund | 750,000 | 1.41 |
| 13 ANZ Nominees Pty Ltd | 651,250 | 1.22 |
| 14 Niddrie Holdings Pty Ltd | 614,558 | 1.15 |
| 15 DenDryver Super Fund | 600,000 | 1.12 |
| 16 Ms Shandy Sui Han Wong | 564,000 | 1.06 |
| 17 Florin Mining Investment Company Ltd | 500,000 | 0.94 |
| 18 Tromso Pty Ltd | 500,000 | 0.94 |
| 19 Octifil Pty Ltd | 500,000 | 0.94 |
| 20 Loxden Pty Ltd | 500,000 | 0.94 |
| Top 20 Total | 36,966,311 | 69.28 |

TENEMENT SCHEDULE

| Tenement | Name | Mineral | Ownership |
|---|--------------------|-------------------------|--|
| NSW COPPER & GOLD PROJECTS (INCL. CANBELEGO AND RESTDOWN JV's) | | | |
| EL3971 | Inverness | Copper/Gold | HLX 100% |
| EL6105 | Canbelego | Copper/Gold | Straits 49%, HLX 51% (earning 70%) |
| EL6140 | Restdown | Gold/Copper | Glencore 100%, Helix earning 70% |
| EL6501 | South Restdown | Copper/Gold | Glencore 100%, Helix earning 70% |
| EL6739 | Muriel Tank | Gold/Copper | Glencore 100%, Helix earning 70% |
| EL7438 | Quanda | Copper/Gold | HLX 100% |
| EL7439 | Fiveways | Copper/Gold | HLX 100% |
| EL7482 | Little Boppy | Copper/Gold | HLX 100% |
| EL7565 | Arsenal | Copper/Gold | HLX 100% |
| EL7566 | Tottenham | Copper/Gold | HLX 100% |
| EL7567 | Restdown | Copper/Gold | HLX 100% |
| QUEENSLAND COPPER & GOLD PROJECTS | | | |
| EPM18363 | Landsborough | Copper/Gold | HLX 100% |
| EPM18373 | Saxby 2 | Copper/Gold | HLX 100% |
| EPM18374 | Saxby 1 | Copper/Gold | HLX 100% |
| LAKE EVERARD (INCL. TUNKILLIA) | | | |
| EL3335 | Yellabinna | Gold/Uranium/Basemetals | HLX 100%, Minotaur 51% all minerals other than uranium |
| EL3403 | Lake Everard | Gold/Uranium/Basemetals | HLX 100%, Minotaur 51% all minerals other than uranium |
| EL4495 | Lake Everard West | Gold/Uranium/Basemetals | HLX 100%, Minotaur 51% all minerals other than uranium |
| ADELAIDIAN (INCL. OLARY JV) | | | |
| EL3814 | Mt Elkington | Copper | HLX 100% |
| EL3956 | Devonborough Downs | Gold/Copper/Iron Ore | HLX 100%, BMR earning 65% Iron ore rights |
| EL4022 | Olary | Gold/Copper/Iron Ore | HLX 100%, BMR earning 65% Iron ore rights |

| Tenement | Name | Mineral | Ownership |
|---------------------|-------------------|-----------------|-----------|
| WEST PILBARA | | | |
| E47/1089 | Munni Munni South | Nickel | HLX 100% |
| E47/1090 | Munni Munni South | Nickel | HLX 100% |
| E47/1775 | Munni Munni | Basemetals/Gold | HLX 100% |
| E47/1776 | Munni Munni | Basemetals/Gold | HLX 100% |

| | | | |
|---------------------------------|---------|---------------------|--|
| YALLEEN IRON ORE PROJECT | | | |
| E47/1169-I | Yalleen | Iron ore/Basemetals | HLX 100%, API Management Pty Ltd 70% iron ore rights |
| E47/1170-I | Yalleen | Iron ore/Basemetals | HLX 100%, API Management Pty Ltd 70% iron ore rights |
| E47/1171-I | Yalleen | Iron ore/Basemetals | HLX 100%, API Management Pty Ltd 70% iron ore rights |

Abbreviations and Definitions used in Schedule:

| | | | |
|--------------|---------------------|-----|---------------------------------|
| EL, EPM or E | Exploration Licence | ELA | Exploration Licence Application |
| ML | Mining Lease | MLA | Mining Lease Application |
| PL | Prospecting Licence | PLA | Prospecting Licence Application |

CORPORATE DIRECTORY

Directors

| | |
|-----------------|------------------------|
| Greg J Wheeler | Executive Chairman |
| John den Dryver | Non-executive Director |
| Gordon Dunbar | Non-executive Director |
| Michael Wilson | Technical Director |

Australian Business Number

27 009 138 738

Head and Registered Office

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Telephone: +61 8 9321 2644

Facsimile: +61 8 9321 3909

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Share Registry

Advanced Share Registry

150 Stirling Highway

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PO Box 1156 Nedlands Western Australia 6909

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Facsimile: +61 8 9389 7871

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Grant Thornton Audit Pty Ltd

Level 1, 10 Kings Park Road

West Perth Western Australia 6005

Telephone: +61 8 9480 2000

Facsimile: +61 8 9322 7787

Stock Exchange

The Company Securities are quoted on the Australian Stock Exchange Limited

CODES: HLX and HLXOA