



CONVERGENT MINERALS LTD

A.B.N. 56 120 909 953

And Controlled Entities

FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

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DIRECTORS' REPORT

Your directors present their report, together with the financial statements of the Group, being the Company and its controlled entity, for the financial year ended 30 June 2009.

Directors

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

Simon Kenneth Cato	Executive Chairman
Richard Homsany	Non Executive Director – resigned 30 July 2008
Jeremy Sean Whybrow	Executive Director
Roderick Claude McIllree	Managing Director
Gordon Hart	Non-executive Director – appointed 24 August 2009

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

Company Secretary

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

Bruce Richard Acutt – Bachelor of Commerce, Chartered Accountant. Bruce trained and worked as an accountant with major accounting firms in the audit and resources sector. He has been associated with the mining and exploration sector for over 20 years.

Principal Activities

The principal activity of the consolidated Group during the financial year was resources mineral exploration.

There were no significant changes in the nature of the company's or group's principal activities during the financial year.

Operating Results

The consolidated loss of the Group after providing for income tax amounted to 770,706 (2008: \$182,287)

Dividends Paid or Recommended

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

Review of Operations

Highlights

- *Completion of the acquisition of the Bounty Gold Project through the acquisition of 99.99% of the issued capital of Montague Resources Australia Pty Ltd*
- *AUD\$1 million capital raisings completed*
- *130% increase in gold resources announced early April 2009*
- *Geophysical work completed and integrated with drill targets identified*
- *Drilling program at Bounty Project commenced June 2009, 15,000 metre drill program aimed at increasing resource inventories and testing new targets*

Bounty Project

The acquisition of the Bounty Gold project, through the acquisition of 99.99% of the issued capital of Montague Resources Australia Pty Ltd was finalised on 9 November 2008.

The initial drilling program of 15,000m of RC began with the focus being on resource definition and extensional work along known mineralized trends. These trends which include the Blue Vein, North Bounty and Twinings group of deposits were targeted due to the prospectively of additional resource ounces at surface. Around 2,100m to 3,000m has been set aside also for untested regional oxide targets that have the potential to host open pittable gold reserves.

DIRECTORS' REPORT

Once the results of this drilling program have been received and integrated a new resource model will be run and project economics re-evaluated. The Company, through this focused program will investigate significant holes in the current resource and also follow up highly prospective lookalike anomalies identified through regional soil sampling and geophysical methodologies.

Also underway is a complete infrastructure review with the aim of defining what existing plant and equipment is of use. There has been more than AUD\$100m previously spent on things like doorstep mains power, roads and plant and equipment. The Company will announce the results of this complete review in due course.

Resource upgrade

A resource upgrade was announced on the 7th April 2009. For a detailed summary of those resources please refer to that report.

Project Area	Tonnes	Au g/t	Ounces
BMain UG	1,986,500	3.69	235,500
Bnorth UG	138,600	2.52	11,200
Total	2,125,100	3.61	246,700
Project Area	Tonnes	Au g/t	Ounces
Bmain OC	1,398,900	1.86	83,500
Bnorth OC	719,000	1.30	30,100
Bsouth OC	70,600	1.42	3,200
B East OC	476,900	1.20	18,300
BlueVein OC	3,206,900	1.54	158,400
Twinnings OC	3,622,800	1.10	127,800
Bushpig OC	658,100	1.18	24,900
Razorback OC	281,500	1.13	10,300
Total	10,434,700	1.36	456,500
Gtotal	12,559,900	1.74	703,200

Table 1: Bounty Project global mineral resource estimate at $\geq 0.5\text{g/t}$ Au cutoff grade for open cut resources (OC) and $\geq 2.0\text{g/t}$ Au cutoff grade for underground resource (UG) by project area. Figures in the above table may not sum due to rounding.

Bounty project exploration and development strategy

The Company now has a resource inventory which it can evaluate for its economic benefit and due to the amount of work on the project it also has numerous drill targets with which to increase this inventory.

The Company advised that exploration drilling commenced at the flagship Bounty Project in the week beginning 15 June 2009. A 15,000 metre program of reverse circulation drilling is in progress with interim assay results being used to guide later work.

Target Generation and Preliminary Geophysical Studies

Convergent has integrated and validated all existing geological, geochemical and geophysical datasets that have been generated over the broader project for the basis of identifying new exploration targets, as well as identifying prospective areas around known gold resources. Collectively, the targeting exercise involved the integration of extensive stream, soil, and auger datasets, RAB and RC drill hole datasets, and aeromagnetic, ground magnetic and electromagnetic (EM) datasets.

Prior to the commencement of the drilling program ground magnetic surveys and a downhole EM program has been completed to aid the targeting process. The ground-magnetic data provides a more detailed image of the structure and lithology of the subsurface. Downhole EM has been utilized to identify potential "Bounty style" mineralization, which is characterized by the sulphidation of banded iron formation (BIF) units. Downhole EM was successfully able to identify known mineralized zones, and therefore, has the potential to identify new anomalies that warrant drill testing.

In conjunction with surface geochemical datasets and RAB and RC drill hole datasets, numerous new prospective targets have been identified that are to be tested in the current drill program.

DIRECTORS' REPORT

Mining study

While this exploratory work is ongoing the board has commissioned MGMT Consultants to complete a desk top study into recommencing mining and gold production at the Bounty Project. The fast track recommencement of gold production at Bounty is enhanced due to the benefit of existing mining lease tenure significant existing infrastructure including roads, air strip, plan site, camp, workshops, doorstep mains power and existing high quality haul roads. Additional to this is the fact that Bounty was a significant historical gold producer with a proven track record of commercial gold production. This study is in the final stages of preparation and will be released to market in due course.

Steam Engine project

No work was done this year on this project. The Company is reviewing options regarding this asset which may include a disposal.

Financial Position

The net assets of the consolidated group have increased by \$532,783 from 30 June 2008 to \$4,654,565 in 2009. This increase is largely due to the successful capital raising of \$987,000 cash and the issue of a further \$220,000 of capital as part of the consideration for the acquisition of the Bounty Gold project during the year.

The group's working capital, being current assets less current liabilities, has decreased from \$3,262,854 in 2008 to \$2,843,780 in 2009.

The directors believe the group is in a strong and stable financial position to expand and grow its current operation.

Significant Changes in State of Affairs

During the December quarter the Company acquired the Bounty project for a revised consideration of 4,000,000 shares, \$214,189 cash payment to creditors and a payment of \$50,000 to St Barbara Mines Ltd.

After Balance Date Events

On the 15 September 2009, the Company announced a placement to institutional and sophisticated investor clients of Shaw Stockbroking. The details of the placement are as follows,

- 7,000,000 shares at 14 cents per share
- 1,750,000 options at 1 cent per share.

The placement will be done in two tranches, with 6,000,000 shares and 1,000,000 options in the first tranche settled by 21 September 2009 and 1,000,000 shares and 750,000 options in the second tranche. The placement will raise \$947,625, net of fees and will provide for an extension to the current drilling program and further working capital.

Future Developments

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

Environmental Issues

The Company operates within the resources sector and conducts its business activities with respect for the environment while continuing to meet the expectations of shareholders, customers, employees and suppliers. The Company's exploration activities are currently regulated by significant environmental regulation under laws of the Commonwealth and states and territories of Australia. The Company aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation.

The directors are not aware of any particular or significant environmental issues, which have been raised in relation to the Company's operations during the period covered by this report.

DIRECTORS' REPORT

Information on Directors

Simon Kenneth Cato

- Executive Director
- Appointed 25 July 2006
- Qualifications B.A.
- Experience Mr Cato has had over 25 years capital markets experience in broking, regulatory roles and as director of listed companies. He initially was employed by the ASX in Sydney and in Perth. During the last 19 years he has been an executive director and/or responsible executive of 3 stockbroking firms and in those roles he has been involved in many aspects of broking including management issues such as credit control and reporting to regulatory bodies in the securities industry. As a broker he has also been involved in the underwriting of a number of initial public offers and has been through the process of an initial public offer listing in a dual role of broker and director. Currently he holds a number of executive and non executive roles with listed companies in Australia.
- Interest in shares & options 1,655,020 Ordinary Shares in Convergent Minerals Ltd and 1,555,100 listed options
- Directorships held in other listed-entities Current Chairman of; Advanced Share Registry Limited - since August 2007.
Director of:
Greenland Minerals and Energy – since 21 February 2006
Bentley International Limited – since February 2004
Queste Communications Limited –February 2008
- Former directorships in other-listed entities in the last 3 years Sofcom Limited – January 2004 to March 2008
Scarborough Equities Limited – November 2004 to March 2009

Roderick McIllree

- Appointed 25 July 2006
- Special responsibilities Member of the Remunerations Committee
- Qualifications B.Sc. (Mineral Exploration and Mining Geology), G.cert. (Mineral Economics) MAusIMM.
- Experience Mr McIllree graduated from Curtin University of Technology in 1996 with a Bachelor of Science degree (Mineral Exploration and Mining Geology) and commenced a career in the mining industry where he worked for major mining companies both domestically and internationally, gaining experience in mineral exploration and in all facets of mining. Mr McIllree moved to the finance sector in 2000 and worked as an analyst and advisor for broking houses active in capital markets. Mr McIllree has experience in international capital raisings having initiated several successful mining companies with assets both domestically and overseas.
- Interest in shares & options 2,266,800 Ordinary Shares of Convergent Minerals Ltd and 2,960,125 listed options.
- Directorships held in other listed entities Executive director of; Greenland Minerals and Energy – since March 2006

DIRECTORS' REPORT

Jeremy Sean Whybrow	
Appointed	- Executive Director
Qualifications	- 25 July 2006
	- B.Sc. (Mineral Exploration and Mining Geology), G.cert(Minerals Economics), M.Aus.I.M.M
Experience	- Mr Whybrow has had over 12 years experience in the mining industry both domestically and internationally. Mr Whybrow has worked for companies such as Sons of Gwalia Ltd, PacMin Ltd, Teck Australia Ltd, Mount Edon Gold Mines Ltd and Croesus Mining NL. His experience has been mainly in the operational environment and includes significant exposure to exploration and mining operations, project evaluation and feasibility studies. Previously, Mr Whybrow has worked internationally in China, Africa and the Philippines as well as numerous localities in Australia.
Interest in shares & options	- 1,270,125 Ordinary Shares of Convergent Minerals Ltd and 1,020,100 listed options.
Directorships held in other listed entities	- Director of: Greenland Minerals and Energy – 21 February 2006
Richard Homsany	
Appointed	- Non Executive Director.
Qualifications	- 3 October 2006 – resigned 30 July 2008
Experience	- B.Com, LL.B. (Hons), Grad Dip. Fin & Inv., F Fin, ASA. - Mr Homsany is a partner of DLA Phillips Fox Lawyers, Perth. His experience includes advising public listed companies in the energy and resources sector on corporate governance, capital raisings, mergers, acquisitions and divestments. He is a non-executive chairman of Redport Limited, an ASX listed company in the resources sector, and has worked for an ASX top 50 listed internationally diversified resource company in operations, risk management and corporate. Mr Homsany has also completed the CPA programme and is a Fellow of the Financial Services Institute of Australasia.
Interest in Shares & Options	- 1,140,000 ordinary shares and options.
Directorships held in other listed entities	- Nil.
Gordon Hart	
Appointed	- Non Executive Director.
Qualifications	- 24 August 2009
Experience	- Nil - Mr Gordon Hart is the managing director of Venture Group Equities, a Sydney based investment house and corporate advisory business. Mr Hart has over 25 years experience in the stockbroking industry, having worked with worked with stockbrokers Bridges Son and Shepherd, Paul Morgan and Co, BT Stockbroking and Bain and Co. Mr Hart was also, for 10 years co-owner of Shaw Stockbroking
Interest in Shares & Options	- Nil
Directorships held in other listed entities	- Nil.

DIRECTORS' REPORT

Remuneration Report - Audited

This report details the nature and amount of remuneration for each director of Convergent Minerals Ltd and for the executives receiving the highest remuneration.

Remuneration Policy

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

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

- All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation.

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

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive.

The board policy is to remunerate non-executive directors with a base fee and, for special exertion, at market rates for time, commitment and responsibilities. The board as a whole, fulfilling the role of the remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company.

Employment Contracts and arrangements

Simon Cato, *Executive Chairman*

- Term and type of contract – service agreement subject to annual review.
- Base salary, for the year ended 30 June 2009 of \$40,000 and is paid monthly in arrears.
- Entitled to receive a separate director's fee of \$40,000 per annum.
- Superannuation at 9% is payable on the base salary and directors fee
- Entitled to be reimbursed for all out of pocket expenses necessarily incurred in the performance of his duties including relating to travel, entertainment, accommodation, meals and telephone.
- Either the Company or the director may terminate their engagement without cause by giving the other party three months written notice.
- Remuneration will be reviewed every 12 months or as otherwise agreed between the parties.

DIRECTORS' REPORT

Roderick McIlree, *Managing Director*

- Term and type of contract – service agreement subject to annual review.
- Base salary, for the year ended 30 June 2009 of \$60,000 and is paid monthly in arrears.
- Entitled to receive a separate director's fee of \$40,000 per annum.
- Superannuation at 9% is payable on the base salary and directors fee.
- Entitled to be reimbursed for all out of pocket expenses necessarily incurred in the performance of his duties including relating to travel, entertainment, accommodation, meals and telephone.
- Either the Company or the director may terminate their engagement without cause by giving the other party three months written notice.
- Remuneration will be reviewed every 12 months or as otherwise agreed between the parties.

Jeremy Whybrow, *Executive Director*

- Term and type of contract – service agreement subject to annual review.
- Base salary, for the year ended 30 June 2009 of \$50,000 and is paid monthly in arrears.
- Entitled to receive a separate director's fee of \$40,000 per annum.
- Superannuation at 9% is payable on the base salary and directors fee.
- Entitled to be reimbursed for all out of pocket expenses necessarily incurred in the performance of his duties including relating to travel, entertainment, accommodation, meals and telephone.
- Either the Company or the director may terminate their engagement without cause by giving the other party three months written notice.
- Remuneration will be reviewed every 12 months or as otherwise agreed between the parties.

Gordon Hart, *Non Executive director* – Appointed 24 August 2009

- Term and type of contract – no set term.
- Base salary of \$1,000 per day for special exertion worked capped at \$70,000 per year.
- Entitled to receive a separate director's fee of \$20,000 per annum.
- Superannuation at 9% is payable on the base salary and directors fee.
- Entitled to be reimbursed for all out of pocket expenses necessarily incurred in the performance of his duties including relating to travel, entertainment, accommodation, meals and telephone.
- Either the Company or the director may terminate their engagement without cause by giving the other party three months written notice.
- Remuneration will be reviewed every 12 months or as otherwise agreed between the parties.

Mr Richard Homsany, *Non-executive director*

Mr Homsany was a non-executive director of the Company, up to 30 July 2008, and was entitled to receive a director's fee of \$40,000 per annum plus an additional fee for special exertion work performed. Superannuation at 9% was payable in addition to all fees paid.

Company performance, shareholder wealth and director and executive remuneration

The remuneration policy has been tailored to align the interests of shareholders, directors and executives. To achieve this aim, the entity may issue options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The Company notes that all directors are shareholders at present and that the Company has no present intention to issue incentive shares or options to directors.

The following table shows the gross revenue and profits for the period from incorporation to 30 June 2009 for the listed entity, as well as the share price at the end of the financial period.

	2009	2008	2007
Revenue	\$473,645	\$216,594	\$89,512
Net Loss	\$770,716	\$182,287	\$78,672
Share Price at period end	\$0.075	\$0.145	\$0.36
Dividends Paid	0 cents	0 cents	0 cents

Key Management Personnel Remuneration Policy

The board's policy for determining the nature and amount of remuneration of key management for the Company is as follows:

The remuneration structure for the key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future.

DIRECTORS' REPORT

The board determines the proportion of fixed and variable compensation for each key management personnel. Refer below.

Key Management Personnel Remuneration 2009

Key Management Person

	Salary, Fees and Commissions \$	Superannuation Contribution \$	Total \$	Performance Related %
Directors				
Simon K. Cato	60,000	5,400	65,400	-
Roderick C. McIlree	75,000	6,750	81,750	-
Jeremy S. Whybrow	70,000	6,300	76,300	-
Richard Homsany	64,800	5,797	70,597	-
	269,800	24,247	294,047	-

2008

Key Management Person

	Salary, Fees and Commissions \$	Superannuation Contribution \$	Total \$	Performance Related %
Directors				
Simon K. Cato	50,000	4,500	54,500	-
Richard Homsany	40,000	3,600	43,600	-
Jeremy S. Whybrow	50,000	4,500	54,500	-
Roderick C. McIlree	50,000	4,500	54,500	-
	190,000	17,100	207,100	-

Options issued as part of remuneration for the years ended 30 June 2008 and 30 June 2009

At the date of this report, no options were issued to directors and executives as part of their remuneration.

Shares issued on Exercise of Compensation Options

There were no options exercised during the year that were granted as compensation in prior periods.

Meetings of Directors

During the financial period, 6 meetings of directors were held. Attendances by each director during the year were as follows:

Director	Directors Meetings	
	Number eligible to attend	Number attend
Simon K. Cato	6	6
Richard Homsany	-	-
Jeremy S. Whybrow	6	6
Roderick C. McIlree	6	6

Indemnifying Officers

During or since the end of the financial year the Company has not paid any premiums to insure the directors against liabilities arising as a result of their roles. The Company has, however entered into Deeds of Indemnity with access to all directors.

Options

At the date of this report, the unissued ordinary shares of Convergent Minerals Ltd under option are as follows:

Issue Date	Issue Price	Number of Options issued	\$
27 August 2007	\$0.005	36,650,180	183,251
4 May 2009	\$0.079	1,200,000	94,800

DIRECTORS' REPORT

Proceedings on Behalf of Company

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

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

Non-audit Services

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

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to auditor independence with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

During the year, no non-audit services were provided by the auditors.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2009 has been received and can be found on page 10 of the directors' report.

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



S Cato
Chairman

Date: 30th September 2009

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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF CONVERGENT MINERALS LTD**

I declare that to the best of my knowledge and belief, during the year ended 30 June 2009 there have been:

- (i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.

Mack and Co.

MACK & Co

S S Fermanis

S S FERMANIS
PARTNER
WEST PERTH

DATE: 30TH SEPTEMBER 2009

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated	Parent	
		2009	2009	2008
		\$	\$	\$
Revenue	2	473,645	472,902	216,594
Directors fees and salaries		(278,639)	(278,639)	(159,375)
Share based payments		(94,800)	(94,800)	-
Occupancy expenses		(52,343)	(51,253)	(45,600)
Superannuation		(34,986)	(29,630)	(6,750)
Employee benefits expense		(93,081)	(81,011)	(160,934)
Impairment of exploration asset		(397,428)	(397,428)	-
Other expenses		(293,084)	(220,178)	(26,222)
Loss before income tax expense	3	(770,716)	(680,037)	(182,287)
Income tax expense	4	-	-	-
Loss after related income tax expense		(770,716)	(680,037)	(182,287)
Loss attributable to minority equity interest		10	-	-
Loss attributable to members of parent entity		<u>(770,706)</u>	<u>(680,037)</u>	<u>(182,287)</u>
		Cents	Cents	Cents
Basic loss per share	5	(1.39)	(1.23)	(0.49)
Diluted loss per share	5	(1.39)	(1.23)	(0.49)

The accompanying notes form part of these financial statements.

BALANCE SHEET
AS AT 30 JUNE 2009

		Consolidated	Parent	
	Note	2009	2009	2008
		\$	\$	\$
Current Assets				
Cash and Cash Equivalents	6	3,120,759	3,035,337	3,344,360
Trade and Other Receivables	7	73,924	25,237	19,626
Other Current Assets	8	55,000	55,000	-
Total Current Assets		<u>3,249,683</u>	<u>3,115,574</u>	<u>3,363,986</u>
Non-Current Assets				
Trade and Other Receivables	7	-	585,489	-
Financial Assets	9	253,125	687,314	-
Property, Plant and Equipment	10	206,798	16,934	11,335
Exploration and evaluation expenditure	11	1,350,862	466,121	847,593
Total Non-Current Assets		<u>1,810,785</u>	<u>1,755,858</u>	<u>858,928</u>
Total Assets		<u>5,060,468</u>	<u>4,871,432</u>	<u>4,222,914</u>
Current Liabilities				
Trade and Other Payables	12	398,909	116,673	101,132
Short Term Provisions	13	6,994	9,615	-
Total Current Liabilities		<u>405,903</u>	<u>126,288</u>	<u>101,132</u>
Total Liabilities		<u>405,903</u>	<u>126,288</u>	<u>101,132</u>
Net Assets		<u>4,654,565</u>	<u>4,745,144</u>	<u>4,121,782</u>
Equity				
Issued Capital	14	5,416,894	5,416,894	4,208,295
Reserves		269,247	269,247	174,447
Accumulated Losses		(1,031,666)	(940,997)	(260,960)
Minority equity interest		90	-	-
Total Equity		<u>4,654,565</u>	<u>4,745,144</u>	<u>4,121,782</u>

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

Consolidated

	Issued Capital \$	Option Reserve \$	Accumulated Loss \$	Minority Interest \$	Total \$
Balance at 1 July 2007	4,187,770	174,972	(78,673)		4,284,069
Options exercised during the year	20,500	(500)	-	-	20,000
Capital raising costs adjusted	25	(25)	-	-	-
Loss attributable to members of the entity	-	-	(182,287)	-	(182,287)
Balance at 30 June 2008	4,208,295	174,447	(260,960)	-	4,121,782
Loss attributable to members of the entity	-	-	(770,706)	(10)	(770,716)
Adjustment to initial public offering costs	1,458	-	-	-	1,458
Contributions of equity net of transaction costs	987,141	-	-	-	987,141
Issue of shares for acquisition of assets	220,000	-	-	-	220,000
Share based payments	-	94,800	-	-	94,800
Minority interest arising from acquisition	-	-	-	100	100
Balance as at 30 June 2009	<u>5,416,894</u>	<u>269,247</u>	<u>(1,031,666)</u>	<u>90</u>	<u>4,654,565</u>

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

Parent

	Issued Capital \$	Option Reserve \$	Accumulated Loss \$	Total \$
Balance at 1 July 2007	4,187,770	174,972	(78,673)	4,284,069
Options exercised during the year	20,500	(500)	-	20,000
Capital raising costs adjusted	25	(25)	-	-
Loss attributable to members of the entity	-	-	(182,287)	(182,287)
Balance at 30 June 2008	<u>4,208,295</u>	<u>174,447</u>	<u>(260,960)</u>	<u>4,121,782</u>
Loss attributable to members of the entity	-	-	(680,037)	(680,037)
Adjustment to initial public offering costs	1,458	-	-	1,458
Contributions of equity net of transaction costs	987,141	-	-	987,141
Issue of shares for acquisition of assets	220,000	-	-	220,000
Share based payments	-	94,800	-	94,800
Balance as at 30 June 2009	<u><u>5,416,894</u></u>	<u><u>269,247</u></u>	<u><u>(940,997)</u></u>	<u><u>4,745,144</u></u>

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated 2009 \$	Parent 2009 \$	2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments to suppliers and employees		(531,352)	(594,067)	(393,072)
Interest received		141,258	140,955	220,254
Interest paid		(10,898)	-	-
Net cash used in operating activities	16	<u>(400,992)</u>	<u>(453,112)</u>	<u>(172,818)</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Payments for plant and equipment		(71,439)	(7,942)	-
Proceeds from sale of plant and equipment		46,000	-	-
Investment in listed shares		(150,000)	(150,000)	-
Payments for acquisition of subsidiary	16(b)	(264,189)	(264,189)	-
Proceeds from sale of investments		231,718	231,718	-
Payments for exploration expenditure		(459,202)	(15,956)	(278,411)
Net cash used in operating activities		<u>(667,112)</u>	<u>(206,369)</u>	<u>(278,411)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from share issues less costs		987,141	987,141	20,000
Proceeds from borrowings		-	-	51,000
Repayment of borrowings		(142,638)	(51,195)	-
Loan to subsidiary		-	(585,488)	-
Net cash from financing activities		<u>844,503</u>	<u>350,458</u>	<u>71,000</u>
Net increase/(decrease) in cash held		(223,601)	(309,023)	(380,229)
Cash and equivalents at the beginning of the year		3,344,360	3,344,360	3,724,589
Cash and equivalents at the end of the year	6	<u><u>3,120,759</u></u>	<u><u>3,035,337</u></u>	<u><u>3,344,360</u></u>

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial reports of Convergent Minerals Limited for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of directors on 29 September 2009. The consolidated financial statements of the Company as at and for the year ended 30 June 2009, comprise the Company and its subsidiary/"Group".

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Convergent Minerals Ltd, a listed company, trading on the Australian Securities Exchange, limited by shares, incorporated and domiciled in Australia.

The financial report of Convergent Minerals Ltd complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

Basis of Preparation

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the considerations given in exchange for assets.

Going concern

The accounts have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The Group incurred a loss of \$770,716 for the year ended 30 June 2009. Included within this loss was the write off of exploration expenditure of \$397,428.

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

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

- The directors have an appropriate plan to raise additional funds as and when it is required. In light of the consolidated entity's current exploration projects, the directors believe that the additional capital required can be raised in the market; and
- The directors have an appropriate plan to contain certain operating and exploration expenditure if appropriate funding is unavailable.

The accounts have been prepared on the basis that the entity can meet its commitments as and when they fall due and can therefore continue normal business activities, and the realisation of assets and liabilities in the ordinary course of business.

Accounting Policies

(a) Principles of Consolidation

A controlled entity is any entity Convergent Minerals Ltd has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 25 to the financial statements. All controlled entities have a June financial year-end.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

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

Subsidiary acquisitions are accounted for using the purchase method of accounting. Investments in subsidiaries are accounted for at cost in the individual financial statements of Convergent Minerals Ltd.

(b) Income tax

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

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

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

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

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

(c) Impairment of assets

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

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

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

(d) Revenue

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

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

(e) Trade and other receivables

Collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

(f) Trade and other payables

These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(g) Cash and cash equivalents

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

(h) Financial assets

The entity classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

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

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

(ii) Held-to-maturity investments

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

(iii) Loans and receivables

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

(iv) Available-for-sale investments

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(i) Goods and services tax (GST)

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

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

(j) Capitalisation of exploration and evaluation expenditure

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 to the income statement 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 will be 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.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining or petroleum permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within 1 year of abandoning the site.

(k) Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is determined as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

(l) Share based payments

The fair value of options and shares of the company is recognised as an expense in the financial statements in relation to the granting of these options.

(m) Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing the net profit after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(n) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(o) Critical accounting estimates and judgement

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

Key Estimates – Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Exploration and evaluation costs

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward in respect of an area that has not at balance sheet date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing.

(p) Plant and Equipment

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

Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

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 assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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

Depreciation

The depreciable amount of all fixed assets is depreciated over their useful lives to the Group commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	12.5% - 33%
Office furniture and equipment	10% - 33%
Motor Vehicles	18.75%
Mine site development costs	4%

The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

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

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

(q) Comparatives

There are no comparatives for the consolidated amounts at 30 June 2008 as the Company had not made the acquisitions to form a consolidated group at that date.

NOTE 2: OTHER REVENUE

	Consolidated		Parent	
	2009	2009	2009	2008
	\$	\$	\$	\$
Revenue from outside operating activities				
Interest	138,361	138,058		216,593
Profit on sale of shares	161,719	161,719		-
Gain on disposal of plant and equipment	440	-		-
Unrealised gain on market value of investments	173,125	173,125		-
Revenue	<u>473,645</u>	<u>472,902</u>		<u>216,593</u>

NOTE 3: LOSSES

	Consolidated		Parent	
	2009	2009	2009	2008
	\$	\$	\$	\$
Loss from operations have been arrived at after charging the following items:				
Depreciation, plant and equipment	6,085	2,342		1,510

NOTE 4: INCOME TAX

	Consolidated		Parent	
	2009	2009	2009	2008
	\$	\$	\$	\$
(a) Tax expense	-	-	-	-
Current tax	-	-	-	-
Deferred tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 4: INCOME TAX (cont)

	Consolidated		Parent	
	2009	2009	2008	
	\$	\$	\$	
(b) The prima facie tax benefit on loss from ordinary activities before tax is reconciled to the income tax as follows:				
Prima facie tax benefit on loss at 30% (2008: 30%)	(231,215)	(204,011)	(54,686)	
Add:				
Tax effect of:				
other non-allowable items	12,934	6,025	443	
Share based payments	28,440	28,440	-	
Provisions and accruals	133	133	2,400	
Accrued income	869	869	1,098	
Impairment of tenement carrying cost	119,228	119,228	-	
Revenue losses not recognised	332,918	125,096	150,682	
	<u>494,522</u>	<u>279,791</u>	<u>154,623</u>	
Less:				
Tax effect of:				
Exploration and evaluation expenditure	192,314	4,787	83,523	
Capital raising costs	19,055	19,055	16,414	
Revaluation of investments	51,938	51,938	-	
	<u>263,307</u>	<u>75,780</u>	<u>99,937</u>	
Income tax	<u>-</u>	<u>-</u>	<u>-</u>	
The applicable average weight tax rates as follows:	0%	0%	0%	
(c) The following deferred tax balances have not been recognised:				
Deferred tax assets at 30%				
Carry forward revenue loss	694,562	486,740	361,644	
Capital raising costs	43,389	43,389	49,294	
Provisions and accruals	6,133	6,133	6,000	
	<u>744,084</u>	<u>536,262</u>	<u>416,938</u>	

The tax benefits of the above deferred tax assets will only be obtained if:

- (a) The Company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised.
- (b) The Company continues to comply with the conditions for deductibility imposed by law; and
- (c) No change in income tax legislation adversely affect the Company in utilising the benefits.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 4: INCOME TAX (cont)

	Consolidated		Parent	
	2009	2009	2009	2008
	\$	\$	\$	\$
Deferred tax liabilities:				
at 30%				
Exploration and evaluation expenditure	327,364	139,836	254,278	
Accrued income	2,595	2,595	3,464	
Revaluation of investments	51,938	51,938	-	
	<u>381,897</u>	<u>194,369</u>	<u>257,742</u>	

The above deferred tax liabilities have not been recognised as they have given rise to the carry forward revenue losses for which the deferred tax asset has not been recognised.

NOTE 5: LOSS PER SHARE

	Consolidated		Parent	
	2009	2009	2009	2008
	\$	\$	\$	\$
(a) Loss used to calculate basic and dilutive EPS	(770,716)	(680,037)	(182,287)	
	No	No	No	
(b) Weighted average number of ordinary shares on issue during the year used in calculation of basic EPS	55,462,875	55,462,875	36,850,300	
(c) Weighted average number of ordinary shares on issue during the year used in calculation of basic EPS	55,462,875	55,462,875	36,850,300	
(d) Basic loss per share (Cents)	(1.39)	(1.23)	(0.49)	
Diluted loss per share (Cents)	(1.39)	(1.23)	(0.49)	

NOTE 6: CASH AND EQUIVALENTS

	Consolidated		Parent	
	2009	2009	2009	2008
	\$	\$	\$	\$
Cash on hand	160	60	-	
Cash at bank	536,638	469,316	2,273,733	
Cash on deposit	2,583,961	2,565,961	1,070,627	
	<u>3,120,759</u>	<u>3,035,337</u>	<u>3,344,360</u>	

Cash at bank is earning interest on floating interest rates between zero and 1.5% (2008: zero and 5.2%).

Deposits are earning interest at rates ranging from 4.99% to 7.57% (2008: 7.59% to 7.76%)

NOTE 7: TRADE AND OTHER RECEIVABLES (Current)

	Consolidated		Parent	
	2009	2009	2009	2008
	\$	\$	\$	\$
Accrued interest	8,651	8,651	11,548	
GST recoverable	65,273	16,586	8,078	
	<u>73,924</u>	<u>25,237</u>	<u>19,626</u>	

Terms and conditions relating to the above other assets.

- (i) Other debtors are non-interest bearing and are normally settled on 30 day terms.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 7: TRADE AND OTHER RECEIVABLES (Non-current)

	Consolidated		Parent	
	2009	2009	2009	2008
	\$	\$	\$	\$
Loan to subsidiary	-	585,489	-	-
	-	585,489	-	-

NOTE 8: OTHER CURRENT ASSETS

	Consolidated		Parent	
	2009	2009	2009	2008
	\$	\$	\$	\$
Funds held in trust	50,000	50,000	-	-
Prepayments	5,000	5,000	-	-
	55,000	55,000	-	-

NOTE 9: FINANCIAL ASSETS

	Consolidated		Parent	
	2009	2009	2009	2008
	\$	\$	\$	\$
Shares in listed companies – at fair value	253,125	253,125	-	-
Investment in subsidiary	-	434,189	-	-
	253,125	687,314	-	-

NOTE 10: PLANT AND EQUIPMENT

	Consolidated		Parent	
	2009	2009	2009	2008
	\$	\$	\$	\$
Plant and equipment at cost	93,728	21,208	13,267	-
Less: accumulated depreciation	(47,956)	(4,274)	(1,932)	-
	45,772	16,934	11,335	-
Motor vehicles at cost	102,951	-	-	-
Less: accumulated depreciation	(18,061)	-	-	-
	84,890	-	-	-
Furniture and fittings at cost	19,952	-	-	-
Less: accumulated depreciation	(12,891)	-	-	-
	7,061	-	-	-
Mine site development at cost	74,418	-	-	-
Less: accumulated depreciation	(5,343)	-	-	-
	69,075	-	-	-
Total plant and equipment	206,798	16,934	11,335	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 10: PLANT AND EQUIPMENT (cont)

(a) Movements in carrying amounts

Movements in the carrying amounts for each class of plant and equipment between the beginning and the end of the period.

	Consolidated	Parent	
	2009	2009	2008
	\$	\$	\$
<i>Plant and equipment</i>			
Carrying amount at beginning of year	11,335	11,335	12,845
Additions	71,439	7,941	-
Disposals	(40,134)	-	-
Additions through acquisition of entity	195,658	-	-
Depreciation expense	(6,085)	(2,342)	(1,510)
Write-off of assets	(25,415)	-	-
Carrying amount at end of year	<u>206,798</u>	<u>16,934</u>	<u>11,335</u>

NOTE 11: EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	Parent	
	2009	2009	2008
	\$	\$	\$
Cost brought forward	847,593	847,593	569,183
Exploration and/or evaluation phase in current period	900,697	15,956	278,410
Impairment of Tenement carrying cost (i)	(397,428)	(397,428)	-
	<u>1,350,862</u>	<u>466,121</u>	<u>847,593</u>

- (i) Based on an independent valuation, the Group has written down the value of its Three Sister project in Queensland.
- (ii) The recoverability of the Group's carrying value of the capitalized exploration and evaluation expenditure is subject to the successful development and exploitation of the exploration property. Alternatively recoverability could result from the sale of the tenement at an amount at least equal to the carrying amount.

NOTE 12: TRADE AND OTHER PAYABLES

	Consolidated	Parent	
	2009	2009	2008
	\$	\$	\$
Trade creditors	206,454	44,464	-
Sundry payables and accrued expenses	192,455	72,209	101,132
	<u>398,909</u>	<u>116,673</u>	<u>101,132</u>

Terms and conditions relating to the above financial instruments.

- (i) Trade creditors are non-interest bearing and generally on 30 day terms.
- (ii) Other creditors are non-interest bearing and have no fixed repayment terms.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 13: PROVISIONS

	Consolidated	Parent	
	2009 \$	2009 \$	2008 \$
Employee entitlements	9,615	9,615	-
Fringe benefit tax	(2,621)	-	-
	6,994	9,615	-

NOTE 14: ISSUED CAPITAL

	2009 \$	2008 \$
Fully paid ordinary shares at	5,715,946	4,473,061
Less: capital raising expenses	(299,052)	(264,766)
	5,416,894	4,208,295

Movements in issued capital

Date	Detail	Issue price	Number	\$
25 July 2006	Seed capital	\$0.20	300	60
1 September 2006	Capital raising	\$0.01	15,250,000	152,500
18 December 2006	IPO	\$0.20	21,500,000	4,300,000
	Balance at 30 June 2007		36,750,300	4,452,560
8 August 2007	Options exercised	\$0.20	100,000	20,500
	Less: capital raising costs			(264,765)
	Balance at 30 June 2008		36,850,300	4,208,295
16 December 2008	Shares issued for acquisition of subsidiary		4,000,000	220,000
19 March 2009	Capital raising	\$0.07	10,212,575	714,885
28 May 2009	Capital raising	\$0.07	4,400,000	308,000
	Less: capital raising costs			(35,744)
	Adjust to prior year capital raising costs			1,458
	Balance at 30 June 2009		55,462,875	5,416,894

Capital Management

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

There are no externally imposed capital requirements.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 15: OPTIONS RESERVE

	2009	2008
	\$	\$
Balance at beginning of financial period	174,447	174,972
Capital raising costs	-	(25)
Employee equity settled transactions (i)	94,800	-
Recognition of options exercised	-	(500)
Balance at end of financial period	<u>269,247</u>	<u>174,447</u>

The option premium reserve records items recognised as expenses on valuation of employee share options.

(i) See note 23 for valuation details.

NOTE 16: CASH FLOW INFORMATION

Reconciliation of cash flows from operations with loss
after income tax

	Consolidated	Parent	
	2009	2009	2008
	\$	\$	\$
Loss after income tax	(770,706)	(680,037)	(182,287)
Non cash items			
Depreciation	6,085	2,342	1,510
Impairment of tenement carrying cost	397,428	397,428	-
Share based payments	94,800	94,800	-
Unrealised movement in market value of investments	(173,125)	(173,125)	-
Gains on sale of assets of plant and equipment	(161,719)	(161,718)	-
Gain on disposal	(440)	-	-
Write off expenses	1,459	1,459	-
Changes in operating assets and liabilities			
Decrease/(increase) in other assets	(59,298)	(10,611)	4,164
Increase/(decrease) in other payables	264,524	76,350	3,795
	<u>(400,992)</u>	<u>(453,112)</u>	<u>(172,818)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 16(b): CASH FLOW INFORMATION

Acquisition of subsidiary

	Consolidated	Parent	
	2009 \$	2009 \$	2008 \$
During the year 99.9% of the controlled entity Montague Resource Australia Pty Ltd was acquired. Details of this transaction are:			
Purchase consideration			
Consisting of:			
— Cash consideration	214,189	214,189	-
— Issued shares - in Convergent Minerals Limited	220,000	220,000	-
Total consideration	<u>434,189</u>	<u>434,189</u>	<u>-</u>
Cash consideration	214,189	214,189	-
Fee paid to administrator	50,000	50,000	-
Cash outflow	<u>264,189</u>	<u>264,189</u>	<u>-</u>
Assets and liabilities held at acquisition date:			
Cash and cash equivalent	38,089	-	-
Receivables	39,148	-	-
Tenement at cost	259,649	-	-
Property, plant and equipment	195,658	-	-
Payables	(15,111)	-	-
Financial liabilities	(83,244)	-	-
	<u>434,189</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 17: BUSINESS COMBINATION

On 9 November 2008, Convergent Minerals Ltd acquired 99.9% of Montague Resources Australia Pty Ltd.

(i) Purchase consideration

	Number of shares	Fair Value Per security	Fair value
		\$	\$
Consideration			
Cash			214,189
Shares issued	4,000,000	0.055	220,000
Total cost of acquisition			434,189

(ii) Assets and Liabilities acquired

	Acquiree's Carrying Amount	Fair Value
	\$	\$
Assets		
Cash and equivalent	38,089	38,089
Other receivables	39,148	39,148
Tenement at cost	-	259,649
Plant and equipment	195,658	195,658
	<u>272,895</u>	<u>532,544</u>
Liabilities		
Trade and other payables	15,111	15,111
Short term financial liabilities	24,166	24,166
Long Term financial liabilities	59,078	59,078
	<u>98,355</u>	<u>98,355</u>
Net Assets	<u>174,540</u>	<u>434,189</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

NOTE 18: FINANCIAL RISK MANAGEMENT AND POLICIES

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

The main risks arising from the Group's financial instruments are interest rate risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

(a) *Interest Rate Risk*

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

(b) *Credit Risk*

Credit risk refers to the risk that a counter party 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 does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk.

(c) *Liquidity Risk*

The Group manages liquidity risk by monitoring forecast cash flows and ensuring the adequate unutilised borrowing facilities are maintained. The Group's policy is to ensure no more than 30% of borrowings should mature in any 12 month period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 19: FINANCIAL INSTRUMENTS

(a) Interest rate risk exposures

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

CONSOLIDATED

	Average Effective Interest Rate	Floating Interest Rate	Non-Interest Bearing	Fixed Interest Maturing Less Than 1 Year	Total
30 June 2009	%	\$	\$	\$	\$
FINANCIAL ASSETS					
CURRENT					
Cash and cash equivalents	4.43	536,638	160	2,583,961	3,120,759
Trade and other receivables		-	73,924	-	73,924
Other assets		-	55,000	-	55,000
		536,638	129,084	2,583,961	3,249,683
FINANCIAL LIABILITIES					
CURRENT					
Trade and other payables		-	398,909	-	398,909
Total financial liabilities		-	398,909	-	398,909

PARENT

	Average Effective Interest Rate	Floating Interest Rate	Non-Interest Bearing	Fixed Interest Maturing Less Than 1 Year	Total
30 June 2009	%	\$	\$	\$	\$
FINANCIAL ASSETS					
CURRENT					
Cash and cash equivalents	4.45	469,316	60	2,565,961	3,035,337
Trade and other receivables	-	-	25,237	-	25,237
Other assets	-	-	55,000	-	55,000
Total current financial assets		469,316	80,297	2,565,961	3,115,574
FINANCIAL ASSETS					
NON-CURRENT					
Loan to subsidiary	-	-	585,489	-	585,489
Total non-current financial assets		-	585,489	-	585,489
FINANCIAL LIABILITIES					
CURRENT					
Trade and other payables	-	-	116,673	-	116,676
Total financial liabilities		-	116,673	-	116,673
30 June 2008					
	%	\$	\$	\$	\$
FINANCIAL ASSETS					
CURRENT					
Cash and cash equivalents	3.84	2,273,733	-	1,070,627	3,344,360
Other assets		-	19,626	-	19,626
Total financial assets		2,273,733	19,626	1,070,627	3,363,986
FINANCIAL LIABILITIES					
CURRENT					
Trade and other payables		-	101,133	-	101,133
Total financial liabilities		-	101,133	-	101,133

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 19: FINANCIAL INSTRUMENTS (cont)

Trade and sundry payables are expected to be paid as follows:

CONSOLIDATED

	2009	2008
	\$	\$
Less than 6 months	398,909	101,133

PARENT

	2009	2008
	\$	\$
Less than 6 months	116,673	101,133

(b) Financial assets

Trade receivables from other entities are carried at nominal amounts less any provision for doubtful debts.

Other receivables are carried at nominal amounts due. Interest is taken up as income on an accruals basis.

(c) Financial liabilities

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group.

(d) Equity

Ordinary share capital is recognised at the fair value of the consideration received by the Group.

(e) Credit risk exposures

The credit risk on financial assets of the Group has been recognised on the statement of financial position and is generally the carrying amount net of any provisions for doubtful debts.

The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into.

(f) Net fair value of financial assets and liabilities

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

(g) Sensitivity analysis

Interest Rate Risk, Foreign Currency Risk and Price Risk

The Group has performed sensitivity analysis relating to its exposure to interest rate risk and price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity pre tax which could result from a change in these risks.

Interest Rate Sensitivity Analysis

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

	2009	2008
	\$	\$
Change in profit		
Increase in interest rate by 1% (100 basis points)	5,400	22,700
Decrease in interest rate by 1% (100 basis points)	(5,400)	(22,700)
Change in equity		
Increase in interest rate by 1% (100 basis points)	5,400	22,700
Decrease in interest rate by 1% (100 basis points)	(5,400)	(22,700)

NOTE 20: SEGMENT INFORMATION

The Group operates in one geographical segment, being Australia, and in one business segment being exploration for minerals.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 21: EVENTS SUBSEQUENT TO BALANCE DATE

On the 15 September 2009, the Company announced a placement to institutional and sophisticated investor clients of Shaw Stockbroking. The details of the placement are as follows,

- 7,000,000 shares at 14 cents per share
- 1,750,000 options at 1 cent per share.

The placement will be done in two tranches, with 6,000,000 shares and 1,000,000 options in the first tranche settled by 21 September 2009 and 1,000,000 shares and 750,000 options in the second tranche. The placement will raise \$947,625, net of fees and will provide for an extension to the current drilling program and further working capital.

NOTE 22: COMMITMENTS FOR EXPENDITURE

In order to maintain current rights of tenure to exploration licences, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements.

If the Group decides to relinquish certain licences and/or does not meet these obligations, assets recognized in the balance sheet may require review to determine the appropriateness of the carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

The company is planning on incurring the following expenditure:

	2009 \$	2008 \$
Not longer than 1 year	460,000	-
Longer than 1 year, but not longer than 5 years	-	300,000
	<u>460,000</u>	<u>300,000</u>

NOTE 23: RELATED PARTIES

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

Key management personnel

Mr Simon Cato **Executive Chairman**

Mr Roderick Mcillree **Managing Director**

Mr Jeremy Whybrow **Executive Director**

Mr Richard Homsany **Non-executive Director**

The company, during the year issued options to employees as part of an employee incentive scheme. Directors were not entitled to receive any options under this scheme.

Tranche	Number of options issued	Grant date	Expiry date	Exercise price \$	Value @ grant date \$
A	500,000	4/05/2009	31/12/2011	0.10	39,500
B	700,000	4/05/2009	31/12/2011	0.10	55,300

Options were priced using the Black Scholes model. The expected life of the option is based on the time between grant date of the option and the option expiry date. The expected volatility has been calculated using the closing price on the ASX of the company's fully paid shares over varying time periods.

Input into model	Tranche A	Tranche B
Underlying security spot price	\$0.11	\$0.11
Exercise price	\$0.10	\$0.10
Life of option	2.66 years	2.66 years
Volatility	125%	125%
Dividend yield	-	-
Risk free rate	3.19%	3.19%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 23: RELATED PARTIES (cont)

Terms under which the options are issued are as follows

- (i) Each Option entitles the holder to one Share
- (ii) The Options are unlisted and will not be transferable except with the approval of the Board. Once the Options are exercised, the Company will apply to have the Options listed and the shares will be freely transferable.
- (iii) The Company will provide to each Options holder a notice that is to be completed when exercising the Options (Notice of Exercise). Subject to these terms, the Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it together with payment to the secretary of the Company to be received any time prior to the Expiry Date. The Company will process all relevant documents received at the end of every calendar month.
- (iv) Upon the exercise of an Option and receipt of all relevant documents and payment, the holder in accordance with paragraph (i) will be allotted and issued a Share ranking pari passu with the then issued Shares.
- (v) There will be no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give Option holders the opportunity (where available) to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (vi) If there is a bonus issue (Bonus Issue) to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue (Bonus Shares). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.

Loans to key management personnel and their related parties

There were no loans outstanding at the reporting date to key management personnel and their related parties.

Other transactions with the Company

No director has entered into a material contract (apart from employment) with the company since the incorporation of the company and there were no material contracts involving directors' interests subsisting at period end.

Director related entities

The Homsany Family Trust, a trust which Mr Richard Homsany has a direct relationship with, was paid \$70,587, for consulting services provided by Mr Homsany. This amount has been disclosed in the Directors' remuneration report.

NOTE 24: AUDITORS' REMUNERATION

	2009 \$	2008 \$
Amounts received or due and receivable by Mack & Co for:		
- an audit of the financial report	35,889	36,500
- taxation matters	-	-
	35,889	36,500

NOTE 25: CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

In preparing this Financial Report the Group has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

a) Significant accounting judgements

In the process of applying the company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 25: CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS (cont)

Capitalisation of exploration and evaluation expenditure

The Group has capitalised significant exploration and evaluation expenditure on the basis either that this is expected to be recouped through future successful development (or alternatively sale) of the Areas of Interest concerned or on the basis that it is not yet possible to assess whether it will be recouped.

Deferred tax assets

The Group expects to have carried forward tax losses which have not been recognised as deferred tax assets as it is not considered sufficiently probable at this point in time, that these losses will be recouped by means of future profits taxable in the relevant jurisdictions.

b) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

As at 30 June 2009, the carrying value of capitalised exploration expenditure is \$1,350,862.

NOTE 26: INTEREST IN CONTROLLED ENTITY

Controlled entity	Country of incorporation	Controlling interest	
		2009	2008
Montague Resources Australia Pty Ltd	Australia	99.99%	-

NOTE 27: CONTINGENT ASSETS / LIABILITIES

There are no contingent liabilities or assets requiring disclosure.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 28: CHANGE IN ACCOUNTING POLICY

The following Australian Accounting Standards have been issued or amended and are applicable to the Group but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the Group and the Company's financial report:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
<ul style="list-style-type: none"> • AASB 101 'Presentation of Financial Statements' (revised September 2007), AASB 2007-8 'Amendments to Australian Accounting Standards arising from AASB 101', AASB 2007-10 'Further Amendments to Australian Accounting Standards arising from AASB 101' 	1 January 2009	30 June 2010
<ul style="list-style-type: none"> • AASB 8 'Operating Segments', AASB 2007-3 'Amendments to Australian Accounting Standards arising from AASB 8' 	1 January 2009	30 June 2010
<ul style="list-style-type: none"> • AASB 2009-2 'Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments' 	1 January 2009 (and that ends on or after 30 April 2009)	30 June 2010

Initial application of the following Standards/Interpretations is not expected to have any material impact on the financial report of the Group and the Company however the impact of the application is yet to be fully evaluated:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
<ul style="list-style-type: none"> • AASB 123 'Borrowing Costs' (revised), AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123' 	1 January 2009	30 June 2010
<ul style="list-style-type: none"> • AASB 3 'Business Combinations' (revised), AASB 127 'Consolidated and Separate Financial Statements' (revised) and AASB 2008-3 'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127' 	Business combinations occurring after the beginning of annual reporting periods beginning 1 July 2009	30 June 2010
<ul style="list-style-type: none"> • AASB 2008-1 'Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations' 	1 January 2009	30 June 2010
<ul style="list-style-type: none"> • AASB 2008-2 'Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation' 	1 January 2009	30 June 2010
<ul style="list-style-type: none"> • AASB 2008-5 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project' 	1 January 2009	30 June 2010

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 28: CHANGE IN ACCOUNTING POLICY (cont)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 2008-6 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	1 July 2009	30 June 2010
• AASB 2008-7 'Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'	1 January 2009	30 June 2010
• AASB 2008-8 'Amendments to Australian Accounting Standards – Eligible Hedged Items'	1 July 2009	30 June 2010
• AASB 2009-4 'Amendments to Australian Accounting Standards arising from the Annual Improvements Process'	1 July 2009	30 June 2010
• AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process'	1 January 2010	30 June 2011
• AASB 2009-6 "Amendments to Australian Accounting Standards"	1 January 2009 (i)	30 June 2010
• AASB 2009-7 "Amendments to Australian Accounting Standards"	1 July 2009 (ii)	30 June 2010
• AASB 1 'First-time Adoption of Australian Accounting Standards'	1 July 2009	30 June 2010
• AASB Interpretation 15 'Agreements for the Construction of Real Estate'	1 January 2009	30 June 2010
• AASB Interpretation 16 'Hedges of a Net Investment in a Foreign Operation'	1 October 2008	30 June 2010
• AASB Interpretation 17 'Distributions of Non-cash Assets to Owners', AASB 2008-13 'Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners'	1 July 2009	30 June 2010
AASB Interpretation 18 'Transfers of Assets from Customers'	1 July 2009 (iii)	30 June 2010
(i)	made to the guidance to AASB118 'Revenue' that have no explicit application date and are taken to be immediately effective.	
(ii)	Applicable to financial years beginning on or after 1 January 2009 that end on or after 30 June 2009.	
(iii)	AASB Interpretation 18 applies to transfers of assets from customers received on or after 1 July 2009.	

NOTE 29: COMPANY DETAILS

The registered office and principal place of business of the company is:

Convergent Minerals Ltd
Level 1
37 Colin Street
West Perth WA 6005

DIRECTORS' DECLARATION

The directors of the company declare that:

- (a) the financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the company and consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date;
 - (ii) comply with Accounting Standards and Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) the Chief Executive Officer and Chief Financial Officer have declared that:
 - (i) the financial records of the company and consolidated entity for the financial year have been properly maintained in accordance with section 295A of the *Corporations Act 2001*;
 - (ii) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (iii) the financial statements and notes for the financial year give a true and fair view.
- (c) 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.



S Cato
Chairman

Date 30th September 2009

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF CONVERGENT MINERALS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Convergent Minerals Limited (the Company) and the controlled entity (the Consolidated Entity), which comprises the balance sheets as at 30 June 2009, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the Consolidated Entity comprising the Company and the entity it controlled at the year 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 control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report of the Consolidated Entity, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, 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 have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

- (a) the financial report of Convergent Minerals Limited and its controlled entity is in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the Company and the Consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2009. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the remuneration report of Convergent Minerals Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

Mack and Co.

MACK & CO

S S Fermanis

S S FERMANIS
PARTNER
WEST PERTH

DATE: 30TH SEPTEMBER 2009

CORPORATE GOVERNANCE

Principles of Best Practice Recommendations commentary

The Board of Director's are responsible for the overall strategy, governance and performance of Convergent Minerals Ltd. (hereafter CVG or the Company). The Company is an exploration company whose strategy is to add substantial shareholder value through the acquisition, exploration, development and commercialization of projects in Australia with a proposed focus on the Bounty project. The Board has adopted a corporate governance framework which it considers to be suitable given the size, history and strategy of the Company.

Principles of Best Practice Recommendations

In accordance with ASX Listing Rule 4.10, CVG is required to disclose the extent to which it has followed the Principles of Best Practice Recommendations during the financial year. Where CVG has not followed a recommendation, this has been identified and an explanation for the departure has been given.

Principle 1: Lay solid foundations for management and oversight

The Board has established a framework within the Group that:

- enables it to provide strategic guidance and effective supervision of management;
- clarifies the respective roles and responsibilities of Board members and senior executives;
- ensures a balance of authority so that no single individual has unfettered powers; and
- identifies significant business risks and ensures that those risks are well managed.

The Managing Director, Mr Roderick McIllree, is responsible for the day-to-day management of the Group and has been delegated the role Chief Executive Officer.

The Board has also adopted a Board Charter which details the functions and responsibilities of the Board and those delegated to management. In addition, letters of appointment have been signed by non-executive directors and each executive director has signed an employment agreement. A copy of the Board Charter has been placed on the Company's website.

Principle 2: Structure the Board to add value

The Board has been structured so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. The names and qualifications of the Directors are stated in the annual report along with the date of appointment. Each Director is entitled to receive independent professional advice at the Company's expense.

At present the board has no independent directors.

The Board believes that it is however able to exercise judgment and does possess the necessary skills, expertise and experience required to effectively discharge their duties. The focus has been on the ability of the Board to add value by discharging their duties, rather than on meeting the independence test in the guidelines.

The roles of the Chairman and the Chief Executive Officer are exercised by Mr Cato and Mr Rod McIllree respectively.

The Board maintains the roles of Audit, Nomination and Risk Management Committees to itself as it considers the Company not appropriate in size to justify these as subcommittees.

The executive director board members have, executive responsibility for the operations of the Company.

The responsibilities are split into 3 sections:

- The Managing Directors role in allocating priorities and tasks to the executives of the Company, leading the Company generally, raising capital as required and public relations at all levels.
- The exploration and development effort.
- Other corporate support.

Each executive (whether or not a director) reports on his activities to the Managing Director who monitors their role and then reports to the board as required. The board as a whole monitors the Managing Directors work.

The board will undertake annual performance reviews of the director's performance.

CORPORATE GOVERNANCE

Principle 3: Promote ethical and responsible decision-making

Ethical and responsible decision-making is promoted by the Board in a top-down approach.

The Board has adopted a Code of Conduct to guide the Directors, the Chairman, the Chief Executive Officer and other key executives as to practices necessary to maintain confidence in the Company's integrity and to the responsibility and accountability of individuals for reporting and investigating reports of unethical behavior.

The Board recognizes legal ethical and other obligations to all legitimate stakeholders and the requirement to act in accordance with these obligations. The Company has formalized its policies accordingly.

The Board has also adopted a Securities Trading Policy, to guide investment decisions. The Company has not adopted compliance standards and procedures to facilitate the implementation and assessment of the Code of Conduct and Securities Trading Policy. Given the Company's size, history and strategy it was not considered appropriate to adopt these policies during the reporting period. The Company will largely comply with these recommendations during future reporting periods.

A copy of the Copy of Conduct and Securities Trading Policy has been placed on the Company's website.

Principle 4: Safeguard integrity in financial reporting

The integrity of the Company's financial reporting is a critical aspect of CVG's corporate governance and structures have been implemented during the reporting period to verify and safeguard the integrity of the Company's financial reporting.

It is the policy of the Board that the Company's financial statements be reviewed or audited, at a minimum, each half year. The financial statements are reviewed by the Board which operates under formal terms of reference which is placed on the website.

The Board has requested that the Chief Executive Officer and Finance Director state in writing that the financial statements present a true and fair view, in all material respects, of the Company's financial condition and operational results and are prepared in accordance with International Financial Reporting Standards.

Principle 5: Make timely and balanced disclosure

The Board promotes timely and balanced disclosure of all material matters concerning the Company.

The Company has formalized its policy to promote a culture whereby all senior management understands the processes in relation to the timely disclosure of information.

A copy of the Reporting Policy has been placed on the Company's website.

Principle 6: Respect the rights of shareholders

The Board respects the rights of all shareholders and, to facilitate the effective exercise of those rights, the Company is committed to effective communication with shareholders. This occurs by electronic ASX releases to the market, and by the provision to shareholders of balanced and understandable information in relation to corporate proposals.

Shareholders generally participate in shareholder meetings through the appointment of a proxy. The Company's external Auditor is invited to attend these meetings.

Principle 7: Recognise and manage risk

The Company recognizes the importance of managing risk and has established systems to assess, monitor and manage risk based on the Company's size, history and strategy. The exploration and development of natural resources is a speculative activity that involves a high degree of financial risk.

The Company has formalized its policy to identify, monitor and manage risk.

The Chief Executive Officer and Company Secretary are responsible for the identification and management of business risks. The Board has obtained a written confirmation from the Chief Executive Officer and the Company Secretary that the statement in relation to principle 4 above is founded on a sound system of risk management and internal compliance and control. The Board has obtained a statement confirming that the systems are operating efficiently and effectively in all material respects.

CORPORATE GOVERNANCE

Principle 8: Remunerate fairly and responsibly

The Board is committed to ensuring that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined.

Executive Remuneration Policy

The Company remunerates its senior executives in a manner that is market competitive, consistent with best practice and aligned to the interests of shareholders. Remuneration comprises a fixed salary, determined from a market review, to reflect core performance requirements and expectations of the relevant position and statutory superannuation where applicable.

Non-Executive Remuneration Policy

Non-Executive Directors are paid a fixed fee out of the maximum aggregate amount which has been approved by shareholders. Non-executive Directors would be entitled to statutory superannuation where applicable.

There are no schemes for retirement benefits, other than statutory superannuation, for any non-executive Director.