

WAG LIMITED

ABN 63 008 666 233

Annual Report – 30 June 2010

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Corporate Directory

Directors	Gary Christian Steinepreis Patrick Nicolas Burke Matthew Richard Sheldrick
Company Secretary	Gary Christian Steinepreis
Registered Office	Level 1, 33 Ord Street West Perth WA 6005 Telephone: 08 9420 9300
Share Register	Computershare Investor Services Pty Limited Level 2, 45 St Georges Terrace Perth WA 6000 Telephone: 1300 787 575
Auditor	WHK Horwath Level 6, 256 St Georges Terrace Perth WA 6000 Telephone: 08 9481 1448
Bankers	Westpac Banking Corporation 109 St Georges Terrace Perth WA 6000
Securities Exchange Listing	WAG Limited's shares are listed on the Australian Securities Exchange, the home branch being Perth. Code : WAG
Website Address	www.wagltd.com.au

Directors' Report

Your directors present their report on WAG Limited (WAG or the Company) for the year ended 30 June 2010.

Directors

The names of each person who has been a director during the year and continues in office to the date of this report are:

Gary Christian Steinepreis

Patrick Nicolas Burke

Matthew Richard Sheldrick appointed a director on 22 February 2010.

The name of each person who was a director during the year and resigned prior to the 30 June 2010 is:

James Peter Allchurch appointed a director on 15 February 2008 and resigned on 22 February 2010.

Company Secretary

The company secretary is Gary Steinepreis. As Mr Steinepreis is also a director of the Company information on him and his qualifications for the position are included under information on directors.

Principal Activities

During the year the principal continuing activities of the Company consisted of:

- 1 management and ownership of commercial radio broadcasting and apparatus licence and review of additional opportunities in the media and communications industry;
- 2 review and analysis of new opportunities in the renewable energy sector;
- 3 investment and management in the mineral exploration industry; and
- 4 investigating the acquisition of, or investment in, new projects / businesses in other business segments.

The new project review has been extended to areas of new energy and energy technology.

The Company holds a radio broadcasting licence and facility located in Geraldton, Western Australia.

Operating Result

The loss from operations for the financial year after providing for income tax amounted to \$561,040 (2009:\$539,329). Additional information on the operations and financial position of the Company and its business strategies and prospects is set out in this directors' report and the financial report.

Dividends

No dividends were paid or are proposed to be paid during the financial year.

Review of Operations

The Company continued with the operation of its radio broadcasting facilities located in Geraldton, which when combined with the day to day operations of a publicly listed company and the investigation of potential opportunities in other business segments resulted in the loss reported.

The Company has reviewed a number of potential opportunities in the broadcasting area complimentary to its broadcasting facility in Geraldton particularly with regard to the introduction of digital radio.

Review of Operations (continued)

None of these opportunities have met internal investment criteria. However, the Company considers that its facility and licences provide a foundation upon which a viable regional broadcasting business can be built and intends to continue to pursue opportunities in this regard.

WAG continues to seek investment opportunities in both the resources and broadcasting sectors. Additionally WAG has extended its review to include areas of energy generation and energy technology particularly in the area of renewable energy.

During the year the Company retained its investment in Pleiades Resources Pty Ltd (Pleiades). Whilst the Company retains its 25% interest in Pleiades it has no further financial commitment to Pleiades. The board reviewed the carrying value of Pleiades and determined that an impairment equal to the current carrying value of \$80,000 had occurred. The view of the board is that there is uncertainty as to the potential recovery of its investment based on the level of activity undertaken by Pleiades and the current market situation. The current carrying value is \$Nil (2009:\$80,000)

On 31 December 2009 50,000,000 unlisted options expired unexercised.

On 3 February 2010, the Company announced the appointment of Enviro Capital Pty Ltd, an unlisted Australian company, to investigate, evaluate and present renewable and clean technology projects both in Australia and overseas. Enviro Capital Pty Ltd will assess potential opportunities and provide technical, legal and corporate expertise to determine if an opportunity exists for the Company to invest. In return for these services the Company has issued 50,000,000 shares to Enviro Capital Pty Ltd by way of an upfront fee together with 150,000,000 incentive options (unlisted) as a success fee which will only vest when a transaction is completed. The shares and options were issued on 7 April 2010.

On 7 April 2010, the Company completed a placement of 100,000,000 ordinary shares to sophisticated and professional investors at an issue price of 0.5 cents raising \$500,000. The funds will be used to provide working capital for the Company.

Financial Position

During the year the Company had sufficient funds to meet its commitments and has plans in place to raise further funding sufficient to meet its commitments, should they be required, in the coming year.

Significant Changes in the State of Affairs

Other than as reported above there were no significant changes in the state of affairs of the Company.

After Balance Date Events

Since 30 June 2010 there has been no matter or circumstance, other than that mentioned above, that has arisen that has significantly affected, or may significantly affect:

1. the Company's operations in future financial years, or
2. the results of those operations in future financial years, or
3. the Company's state of affairs in future financial years.

Future Developments, Prospects and Business Strategies

The Company's business strategies and prospects for growth in future financial years have not been included in this report, as the inclusion of this information is likely to result in an unreasonable prejudice to the Company.

Environmental Issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a State or Territory.

INFORMATION ON DIRECTORS

Gary Christian Steinepreis (Executive director, age 44)

Experience and Expertise

Mr Steinepreis holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant. He provides corporate, management and accounting advice to a number of companies involved in the resource, technology and leisure industries.

Other Current Directorships

Non-Executive Director Norseman Gold Plc appointed 30 March 2006 resigned 11 September 2006 and reappointed 3 December 2007;

Non-Executive Director, RMG Limited since 31 January 2006;

Non-Executive Director, Avalon Minerals Ltd since 20 December 2006;

Executive Director, Monto Minerals Limited since 26 June 2009; and

Executive Director, Agri Energy Limited since 22 June 2009.

Former Directorships in the Last Three Years

Signature Metals Ltd 1 June 2006 to 27 November 2008;

Laguna Resources 11 October 2007 to 15 October 2009;

Black Fire Minerals Ltd 29 November 2006 to 8 September 2009;

Sirius Resources NL 12 July 2007 to 31 August 2009;

Toodyay Resources Limited 22 December 2005 to 23 October 2007;

Gawler Resources Limited 17 May 2006 to 27 November 2007; and

GB Energy Limited 13 March 2006 to 29 August 2007.

Special Responsibilities

Company Secretary

Interests in Shares and Options

63,875,000 ordinary shares in WAG Limited

Patrick Burke (Executive director, age 41)

Experience and Expertise

Patrick Burke holds a Bachelor of Laws degree from the University of Western Australia. He has approximately fifteen years experience working in law firms and companies in Australia and Ireland. His expertise is in corporate, commercial and securities law with an emphasis on capital raisings and mergers and acquisitions. He contributes general corporate and legal skills along with a strong knowledge of the Australian Stock Exchange requirements.

Other Current Directorships

Executive Director, Monto Minerals Limited, since 26 June 2009; and

Executive Director, Agri Energy Limited since 22 July 2009.

Former Directorships in the Last Three Years

Laguna Resources NL 11 October 2007 to 19 August 2009;

Zylotech Limited 4 December 2009 to 20 July 2010;

North River Resources Plc 22 November 2006 to 23 November 2009; and

Sirius Resources NL 12 July 2007 to 31 August 2009.

Special Responsibilities

None

Interests in Shares and Options

13,375,000 ordinary shares in WAG Limited

INFORMATION ON DIRECTORS (continued)

Mr Matthew Sheldrick (Non executive director, age 45)

Experience and Expertise

Matthew Sheldrick holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant. Mr Sheldrick spent 10 years in the securities industry, advising both domestic and international institutional clients on Australian equities. Mr Sheldrick is currently a non executive director and founder of Black Fire Minerals Limited, he was also previously founder and CEO of Elixir Petroleum Ltd (formerly Gawler Resources Ltd) and Eureka Energy Ltd.

Other Current Directorships

Black Fire Minerals Limited since 29 November 2006

Former Directorships in the Last Three Years

None

Special Responsibilities

None

Interests in Shares and Options

2,000,000 ordinary shares in WAG Limited

INFORMATION ON FORMER DIRECTORS

James Allchurch (Executive director, age 33) (Resigned 22 February 2010)

Experience and Expertise

Mr Allchurch is a geologist with over nine years' experience in mineral exploration, geotechnical assessment and mining operations. He has extensive expertise in the identification and assessment of resource projects over a broad range of commodities in geographies including Europe, Australia, Africa and South America

Meetings of the Board of Directors

The numbers of meetings of the Company's Board of Directors held during the year ended 30 June 2010, and the numbers of meetings attended by each director were:

Name of Director	Number of Meetings - A	Number of Meetings - B
Gary Steinepreis	7	7
Patrick Burke	7	7
James Allchurch	3	3
Matthew Sheldrick	5	5

A = Number of meetings attended

B = Number of meetings held during the time the Director held office during the year

Remuneration Report

The remuneration report is set out under the following main headings:

- (1) Principles used to determine the nature and amount of remuneration
- (2) Details of remuneration
- (3) Employment Contracts of Directors and Senior Executives
- (4) Performance-based Remuneration

The information provided under headings 1 to 4 above includes remuneration disclosures that are required under Accounting Standard AASB 124, *Related Party Disclosures*.

Remuneration Report (continued)

1 Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- (i) competitiveness and reasonableness;
- (ii) acceptability to shareholders;
- (iii) performance linkage / alignment of executive compensation;
- (iv) transparency; and
- (v) capital management.

The Company has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- (i) focuses on sustained growth in shareholder wealth; and
- (ii) attracts and retains high calibre executives.

Alignment to program participants' interests:

- (i) rewards capability and experience; and
- (ii) provides a clear structure for earning rewards.

Directors

Fees and payments to Directors reflect the demands which are made on, and the responsibilities of, the Directors. Directors' fees and payments are reviewed annually by the Board. The Board also ensures that Directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined together with those of the Directors. Directors do not receive share based payments as part of their compensation package.

Retirement allowances and benefits for Directors

There are no retirement allowances or other benefits paid to Directors.

2 Details of Remuneration

The amount of remuneration of the Directors of WAG Limited (as defined in AASB 124 Related Party Disclosures) is set out in the following table. During the financial year there were no key management personnel other than the Directors. There was no remuneration of any type paid, to the Directors, other than as reported below.

2010	Fees	Related Entity	Director	Super -	Share	Total
Name of director	\$	fees	Salary	annuation	based	\$
	\$	\$	\$	\$	\$	\$
Directors						
Gary Steinepreis (a)	-	30,000	-	-	-	30,000
Patrick Burke (b)	30,000	-	-	-	-	30,000
James Allchurch (c)	-	-	45,000	4,050	-	49,050
Matthew Sheldrick (d)	-	-	9,174	826	-	10,000
Totals	30,000	30,000	54,174	4,876	-	119,050

Remuneration Report (continued)

The fees paid to Directors and / or Director related entities were for the work undertaken in the provision of management services for the ongoing operations of the Company, of the particular Director, to the Company, as follows:

- (a) Leisurewest Consulting Pty Ltd, as trustee for the Leisurewest Trust, an entity associated with Gary Steinepreis, was paid \$30,000 exclusive of GST;
- (b) Patrick Burke was paid fees in the amount of \$30,000 exclusive of GST.
- (c) James Allchurch was paid a salary of \$45,000 and superannuation of \$4,050.
- (d) Matthew Sheldrick was paid a salary of \$9,174 and superannuation of \$826.

2009 Name of director	Fees \$	Related Entity fees \$	Director Salary \$	Super - annuation \$	Share based \$	Total \$
Directors						
Gary Steinepreis	-	32,500	-	-	-	32,500
Patrick Burke	32,500	-	-	-	-	32,500
James Allchurch	-	116,000	9,000	810	-	125,810
Ben Zikmundovsky	-	15,000	-	-	-	15,000
Totals	32,500	163,500	9,000	810	-	205,810

3 Employment Contracts of Directors and Senior Executives

As at the date of this report there are no executives or key management personnel, other than the Directors, engaged by the Company. Directors serve on a month to month basis and there are no termination payments payable.

4 Performance-based Remuneration

There was no performance-based remuneration paid to directors during the financial year.

Indemnifying of Officers or Auditor

The Company does not currently have directors and / or officers or auditor insurance. No insurance to cover the prospective liability of Directors and / or officers or auditors was paid during the financial year.

Options

2010	Number	Status
Options expiring 31 Dec 2011 exercise price 1 cent	50,000,000	Granted
Options expiring 31 Dec 2012 exercise price 2 cents	50,000,000	Granted
Options expiring 31 Dec 2013 exercise price 3 cents	50,000,000	Granted
	150,000,000	

2009	Number	Status
Options expiring 31 Dec 2009 exercise price 1 cent	50,000,000	Granted
	50,000,000	

During the financial year 50,000,000 unlisted options expired unexercised and 150,000,000 unlisted options were issued however as at the date of this report these options have not vested.

Proceedings on Behalf of the Company

No person has applied to the court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the court under section 237 of the *Corporations Act 2001*.

Auditor

WHK Horwath continues in office in accordance with section 327 of the *Corporations Act 2001*.

Non-Audit Services

There were no non-audit services provided by the auditor during the financial year, however the Company may in the future decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

The Board of Directors are satisfied that the provision of any non-audit services during future periods will be compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

Audit Services

During the financial year \$24,500 (2009: \$26,000) was paid or is payable for audit services provided by the auditor.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9 of the Annual Report.

Corporate Governance

The Directors of the Company support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. A review of the Company's corporate governance practices was undertaken during the year. Please refer to the corporate governance statement included with this report.

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



Gary Steinepreis
Director
5 August 2010

AUDITOR'S INDEPENDENCE DECLARATION

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

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

WHK HORWATH PERTH AUDIT PARTNERSHIP



SEAN MCGURK
Partner

Perth, WA

Dated this 5th day of August 2010

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The financial report is presented in Australian currency.

The financial report covers WAG Limited as an individual entity only. WAG Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

WAG Limited
Level 1, 33 Ord Street
West Perth
Western Australia WA 6005

A description of the nature of the Company's operations and its principal activities is included in the review of operations and activities in the directors' report on pages 2 to 8. The directors' report does not form part of this financial report.

The financial report was authorised for issue by the directors on 5 August 2010. The Company has the power to amend and reissue the financial report.

The Company has ensured and continues to ensure that its corporate reporting is timely, complete and available.

WAG Limited
Statement of comprehensive income
For the year ended 30 June 2010

		2010	2009
		\$	\$
	Note		
Other income	4	64,609	76,036
Expenses	5	<u>(625,649)</u>	<u>(615,365)</u>
Loss before income tax		(561,040)	(539,329)
Income tax expense	6	<u>-</u>	<u>-</u>
Loss for the year		(561,040)	(539,329)
Comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(561,040)</u>	<u>(539,329)</u>
Comprehensive loss attributable to the members of WAG Ltd		<u>(561,040)</u>	<u>(539,329)</u>
		Cents	Cents
Loss per share attributable to the ordinary equity holders of the Company:			
Basic and Diluted loss per share	22	(0.11)	(0.12)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

WAG Limited
Statement of financial position
As at 30 June 2010

		2010	2009
	Note	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	7	1,508,178	1,173,346
Trade and other receivables	8	19,361	7,427
Financial assets	9	-	87,459
Total current assets		1,527,539	1,268,232
Non-current assets			
Financial assets	9	-	80,000
Total non-current assets		-	80,000
Total assets		1,527,539	1,348,232
LIABILITIES			
Current liabilities			
Trade and other payables	10	17,289	21,786
Total current liabilities		17,289	21,786
Total liabilities		17,289	21,786
Net assets		1,510,250	1,326,446
EQUITY			
Issued capital	11(a)	59,788,375	59,043,532
Option premium reserve	11(b)	-	1,000
Accumulated losses		(58,278,125)	(57,718,086)
Total equity		1,510,250	1,326,446

The above statement of financial position should be read in conjunction with the accompanying notes.

WAG Limited
Statement of changes in equity
For the year ended 30 June 2010

2010	Ordinary Shares \$	Option Premium Reserve \$	Accumulated losses \$	Total attributable to Owners \$
Balance at 1 July 2009	59,043,532	1,000	(57,718,085)	1,326,447
Total Comprehensive Income / (loss) for the year	-	-	(561,040)	(561,040)
Subtotal	59,043,532	1,000	(58,279,125)	765,407
Transactions with Owners in their capacity as Owners:				
Transfer of expired options 50m	-	(1,000)	1,000	-
Issue of unlisted options 150m	-	-	-	-
Issue of shares 100m	500,000	-	-	500,000
Issue of shares 50m	250,000	-	-	250,000
Transaction costs	(5,157)	-	-	(5,157)
Balance 30 June 2010	59,788,375	-	(58,278,125)	1,510,250
2009	Ordinary Shares \$	Option Premium Reserve \$	Accumulated losses \$	Total attributable to Owners \$
Balance 1 July 2008	59,043,532	344,000	(57,521,757)	1,865,775
Options forfeited	-	(343,000)	343,000	-
Total Comprehensive Income / (loss) for the year	-	-	(539,329)	(539,329)
Balance 30 June 2009	59,043,532	1,000	(57,718,086)	1,326,446

The above statement of changes in equity should be read in conjunction with the accompanying notes.

WAG Limited
Statement of cash flows
For the year ended 30 June 2010

	Note	2010 \$	2009 \$
Cash flows from operating activities			
Receipts from customers		14,250	5,000
BAS refund received		20,860	41,775
Interest received		33,020	65,827
GST collected		1,425	500
Payments to suppliers and employees		(320,802)	(492,873)
Net cash outflow from operating activities	20	(251,247)	(379,771)
Cash flows from investing activities			
Payment for investments		-	(82,250)
Proceeds on sale of investments		91,235	-
Net cash inflow / (outflow) from investing activities		91,235	(82,250)
Cash flows from financing activities			
Proceeds from the issue of shares and other equity securities		500,000	-
Share and other equity securities issue transaction costs		(5,156)	-
Net cash inflow from financing activities		494,844	-
Net increase in cash and cash equivalents		334,832	(462,021)
Cash and cash equivalents at the beginning of the financial year		1,173,346	1,635,367
Cash and cash equivalents at the end of the financial year	7	1,508,178	1,173,346

The above cash flow statement should be read in conjunction with the accompanying notes.

1 Statement of significant accounting policies

This financial report includes the financial statements and notes of WAG Limited a Listed Public Limited entity.

(a) Basis of Preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non – current assets, financial assets and financial liabilities.

(b) Segment Reporting

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

The Company currently operates in one business segment being the radio broadcasting and infrastructure business. The Company is currently investigating opportunities for investment in the mining and exploration business segment and the energy generation and energy technology sectors particularly in the area of renewable energy. The Company operates in one geographic segment that being Australia.

The directors are of the opinion that the current financial position and performance of the Company is equivalent to the operating and geographic segments identified above and as such no further disclosure is being provided.

(c) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

Interest income is recognised on a time proportion basis using the effective interest method.

(d) Income Tax

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction.

1 Statement of significant accounting policies (continued)

(d) Income Tax (continued)

The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(e) Impairment of Assets

At each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable non-current assets are reviewed for impairment.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(f) Cash and Cash Equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

1 Statement of significant accounting policies (continued)

(g) Trade and Other Receivables (continued)

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

(h) Financial Assets

Recognition and initial measurement

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

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or if so designated by management and within the requirement of AASB 139: *Recognition and Measurement of Financial Instruments*.

Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Receivables

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

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Financial liabilities

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

Fair value

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

Impairment

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

(i) Trade and Other Payables

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

(j) Contributed Equity

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 from the proceeds.

1 Statement of significant accounting policies (continued)

(j) Contributed Equity (continued)

If the entity reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the income statement and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(k) Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit / (loss) attributable to equity holders 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 year, adjusted for bonus elements in ordinary shares issued during the year.

(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.

(l) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Cash flows are presented in the cash flow statement on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(m) Australian Accounting Interpretations

Certain Australian Accounting Interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The company has assessed and determined that these new standards and interpretations do not currently apply.

(n) Equity Settled Payments

The Company has made equity-settled share-based payments to non aligned third parties. The fair value of the equity to which those parties become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(o) Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Where there are areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, these are disclosed in note 3.

1 Statement of significant accounting policies (continued)

(p) Adoption of New and Revised Accounting Standards

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

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of WAG Limited a listed public company.

AASB 8: Operating Segments

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

Measurement impact

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

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

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

Disclosure impact

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

AASB 101: Presentation of Financial Statements

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

1 Statement of significant accounting policies (continued)

(p) Adoption of New and Revised Accounting Standards (continued)

Disclosure impact

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

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

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

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

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

2 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, available for sale investments and accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows

Financial Instruments	Note	2010	2009
		\$	\$
Financial assets			
Cash and cash equivalents	7	1,508,178	1,173,346
Trade and other receivables	8	19,361	7,427
Financial assets at fair value through profit or loss			
- Held for trading	9	-	87,459
- Available for sale	9	-	80,000
Total financial assets		1,527,539	1,348,232
 <i>(ii) Financial liabilities</i>			
Trade and other payables	10	17,289	21,786
Total financial liabilities		17,289	21,786

2 Financial Risk Management (continued)

(i) Overall Risk Management

The Company's activities expose it to a variety of financial risks; market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Risk management is carried out by the Board of directors under policies approved by the Board.

The Board identifies and evaluates financial risks and provides written principles for overall risk management.

(ii) Financial Risk Exposure and Management

The main risks the Company is exposed to through its financial instruments are interest rate risk and liquidity risk.

Credit risk

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents and trade and other receivables. The Company's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

The credit risk on trade and other receivables is limited as it is comprised of GST recoverable from the ATO. The credit risk on liquid funds is limited because the counter party is a bank with high credit rating.

Price Risk

The company's exposure to equity securities price risk is minimal. Equity securities price risk arises from investments in listed equity securities. The company revalues its investment in listed equity securities at the end of each financial year based on the closing market bid price for each security held.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet commitments as and when they fall due. The Company's financial liabilities include trade and payables which are paid on a 30 day period.

Financial Instruments Maturity Analysis

As the Company has no significant interest-bearing assets other than cash at bank, the Company's income and operating cash flows are not materially exposed to changes in market interest rates.. Cash flows from financial assets are expected to be realised within 1 year, financial liabilities due for payment are also expected to be settled within 1 year. Financial assets and financial liabilities are neither past due nor impaired with the exception of available for sale financial assets which have been impaired, refer to note 10.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The companies exposure to interest rate risk is not significant and is limited to cash and cash equivalents. The company held its cash reserves on deposit and in cheque accounts during the financial year which earned interest at rates ranging between 2.75% and 5.3% (2009 2.75% and 6.5%) depending on account balances. The company does not rely on the generation of interest to provide working capital

2 Financial Risk Management (continued)

Interest Rate Risk (continued)

Financial Instruments	Floating interest rate	Fixed interest rate maturing in: 1 year or less	Non- interest bearing	Total	Weighted average effective interest rate
2010	\$	\$	\$	\$	%
<i>(i) Financial assets</i>					
Cash assets	308,178	1,200,000	-	1,508,178	3.80
Trade and other receivables	-	-	19,361	19,361	
Total financial assets	308,178	1,200,000	19,361	1,527,539	
<i>(ii) Financial liabilities</i>					
Trade and other payables	-	-	17,289	17,289	
Total financial liabilities	-	-	17,289	17,289	
Financial Instruments	Floating interest rate	Fixed interest rate maturing in: 1 year or less	Non- interest bearing	Total	Weighted average effective interest rate
2009	\$	\$	\$	\$	%
<i>(i) Financial assets</i>					
Cash assets	1,173,346	-	-	1,173,346	2.75
Other financial assets	-	-	167,459	167,459	
Trade and other receivables	-	-	7,427	7,427	
Total financial assets	1,173,346	-	174,886	1,348,232	
<i>(ii) Financial liabilities</i>					
Trade and other payables	-	-	21,786	21,786	
Total financial liabilities	-	-	21,786	21,786	

3 Critical Accounting Estimates, Judgements and Assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Impairment

In line with stated policy the directors have reviewed the carrying value of financial assets to determine if any impairment has arisen during the financial year. In the directors opinion an impairment has occurred to the investment in Pleiades Resources during the financial year ended 30 June 2010 and an impairment of \$80,000 has been written off to the statement of comprehensive income.

Share and option issues for other than cash

50,000,000 shares were issued as payment for services to be rendered by Enviro Capital in the identification and assessment of potential investments. The shares were issued at the same time and price (0.5 cents) as the Company undertook a placement to raise working capital. The shares were valued at the placement issue price and \$250,000 was expensed to the statement of comprehensive income.

3 Critical Accounting Estimates, Judgements and Assumptions (continued)

150,000,000 options were issued to Enviro Capital as a bonus / incentive for Enviro Capital to deliver potential investment opportunities to the Company. The options granted will only vest if the board and the shareholders in general meeting approve the transaction proposed. Therefore, it is the shareholders who decide if the options are to be vested in Enviro Capital by voting to accept or reject any transaction proposed, if the shareholders reject the deal then the options do not vest.

4 Other Income	2010	2009
	\$	\$
Interest received	45,568	65,827
Professional income	14,250	5,000
Gain on investments	4,791	5,209
	64,609	76,036

5 Expenses	2010	2009
Loss before income tax includes the following specific expenses:	\$	\$
Corporate management costs	60,000	196,000
Corporate compliance costs	32,979	46,032
Occupancy costs	77,672	74,738
Staff costs	59,050	9,810
Exploration expenditure	3,067	55,601
Renewable energy expenditure	11,000	-
Share based payments – Refer note 3	250,000	-
Impairment expense – available for sale financial asset	80,000	170,000
General administration expenses	51,881	63,184
	625,649	615,365

6 Income Tax Expense	2010	2009
	\$	\$
(a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
	-	-

(b) The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:	2010	2009
	\$	\$
Prima facie tax benefit on loss from continuing activities before income tax at 30% (2009: 30%)	(168,312)	(161,799)
Add the tax effect of:		
Share based payments	75,000	-
Revenue losses not recognised	82,184	102,052
Other deferred tax balances not recognised	11,014	38,779
Other non allowable items	114	20,968
	-	-

6 Income Tax Expense (continued)

	2010	2009
	\$	\$
(c) Deferred tax recognised at 30 June relates to the following:		
Deferred tax liabilities:		
Other	(3,764)	-
Deferred tax asset:		
Carry forward revenue losses	3,764	-
Net deferred tax	-	-
(d) Unrecognised deferred tax assets:	2010	2009
	\$	\$
Carry forward revenue losses	370,462	292,042
Capital raising costs	17,925	29,590
Financial assets	75,000	49,437
Provisions and accruals	3,450	4,323
	3,300	
	470,137	375,392

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 changes in income tax legislation adversely affect the company in utilising the benefits.

The deferred tax asset for carry forward revenue losses included in the comparative year has been corrected for non deductible expenditure. There has been no change to the income tax expense.

7 Current Assets – Cash and Cash Equivalents	2010	2009
	\$	\$
Cash at bank and in hand is interest bearing with a floating interest rate of 3.50% (2009: 2.75%)	308,178	1,173,346
Cash at bank and in hand is interest bearing with a fixed interest rate of 5.30% maturing in less than 1 year	1,200,000	-
	1,508,178	1,173,346

8 Current Assets – Trade and Other Receivables	2010	2009
	\$	\$
Other receivables	19,361	7,427

9 Financial Assets	2010	2009
	\$	\$
Current		
Financial assets at fair value through profit and loss - Shares in listed company	-	87,459
Non - Current		
Available for sale financial assets at cost	-	80,000
Total Financial Assets	-	167,459

The fair value of shares in a listed company has been determined directly by reference to published price quotations in an active market. During the financial year the company sold its investments in shares, the fair value at the time of the sale was \$92,250 resulting in a gain of \$4,791.

WAG Limited
Notes to the Financial Statements
30 June 2010
Continued

10	Current Liabilities – Trade and Other Payables	2010	2009
		\$	\$
	Other payables	<u>17,289</u>	<u>21,786</u>

11	Issued Capital	2010	2010	2009	2009
		Shares	\$	Shares	\$

(a) Share Capital

Ordinary shares fully paid	<u>612,635,706</u>	<u>59,788,375</u>	462,635,706	59,043,532
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(b)	Other Equity Securities	2010	2009	2010	2009
		Options	Options	\$	\$

Options exercisable at 1 cent expiring on 31 December 2009	-	50,000,000	-	1,000
Options exercisable at 1 cent expiring on 31 December 2011	50,000,000	-	-	-
Options exercisable at 2 cents expiring on 31 December 2012	50,000,000	-	-	-
Options exercisable at 3 cents expiring on 31 December 2013	50,000,000	-	-	-
	<u>150,000,000</u>	<u>50,000,000</u>	-	<u>1,000</u>

(c) Movement in Ordinary Share Capital

2010		Number of shares	Issue price	Amount
Date	Details			\$
1/7/2009	Opening balance	462,635,706		59,043,532
7/4/2010	Placement	100,000,000	\$0.005	500,000
7/4/2010	Issue for other than cash	50,000,000	\$0.005	250,000
7/4/2010	Cost of share issues	-		(5,157)
30/6/2010	Balance	<u>612,635,706</u>		<u>59,788,375</u>

2009		Number of shares	Issue price	Amount
Date	Details			\$
1/7/2008	Opening balance	462,635,706		59,043,532
30/6/2009	Balance	<u>462,635,706</u>		<u>59,043,532</u>

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

11 Issued Capital (continued)

(d) Movement in Options

2010 Date	Details	Weighted average remaining contractual life- years	Number of options	Issue price	Amount \$
1/7/2009	Opening balance		50,000,000		1,000
31/12/2009	Expiry of options		(50,000,000)	0.00002	(1,000)
7/4/2010	Issue of options	1.73	50,000,000		-
7/4/2010	Issue of options	2.73	50,000,000		-
7/4/2010	Issue of options	3.73	50,000,000		-
30/6/2010	Balance outstanding	2.73	150,000,000		-
	Balance exercisable		-		-

2009 Date	Details	Weighted average remaining contractual life - years	Number of options	Issue price	Amount \$
1/7/2008	Opening balance		120,000,000		344,000
	Issue of options		35,000,000	0.0121	423,500
21/4/2009	Forfeit of options		(105,000,000)	0.0073	(766,500)
30/6/2009	Balance outstanding and exercisable		50,000,000		1,000

(e) Terms and Conditions of Options

The material terms and conditions of the 150 million options issued on 7 April 2010 are as follows:

- (i) each option entitles the holder, when exercised, to one (1) share;
- (ii) 50 million options are exercisable at any time on or before 31 December 2011, 50million options are exercisable at any time on or before 31 December 2012 and 50million options are exercisable at any time on or before 31 December 2013;
- (iii) the exercise price of the options is 1 cent each for the 50million expiring 31 December 2011, 2 cents each for the 50million expiring 31 December 2012 and 3 cents each for the 50million expiring 31 December 2013 ;
- (iv) subject to the *Corporations Act 2001*, the Constitution and the ASX Listing Rules, the options are fully transferable;
- (v) the options are exercisable by delivering to the registered office of the Company a notice in writing stating the intention of the option holder to exercise a specified number of options, accompanied by an option certificate, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The exercise of only a portion of the options held does not affect the holder's right to exercise the balance of any options remaining;
- (vi) all shares issued upon exercise of the options will rank pari passu in all respects with the Company's then issued shares. The options will be unlisted however the Company reserves the right to apply for quotation at a later date;

11 Issued Capital (continued)

(e) Terms and Conditions of Options (continued)

- (vii) there are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, the Company will ensure that, for the purpose of determining entitlements to any issue, option holders will be notified of the proposed issue at least seven (7) business days before the record date of any proposed issue. This will give option holders the opportunity to exercise the options prior to the date for determining entitlements to participate in any such issue;
- (viii) if at any time the issued capital of the Company is reorganised, the rights of an option holder are to be changed to the extent necessary to comply with the *Listing Rules* applying to a reorganisation of capital at the time of the reorganisation; and
- (ix) in the event the Company makes a pro rata issue of securities, the exercise price of the options will change in accordance with the formula set out in *ASX Listing Rule 6.22.2*.

Vesting Condition

The options will vest upon completion of any transaction entered into by the Company which has resulted from the introduction, negotiation and involvement of Enviro Capital and has been approved by the shareholders of the Company.

12 Nature and Purpose of Reserves

Share option reserve was used to record the value of options issued other than for cash.

13 Dividends

There were no dividends recommended or paid during the financial year.

14 Key Management Personnel Disclosures

(a) Directors

The following persons were directors during the financial year:

James Peter Allchurch (from 15 February 2008 to 22 February 2010).

Patrick Nicolas Burke

Gary Christian Steinepreis

Matthew Richard Sheldrick (from 15 February 2010)

(b) Key management personnel compensation	2010	2009
	\$	\$
Fees paid to Directors and / or entities associated with Directors	60,000	196,000
Salary and superannuation paid to Directors	59,050	9,810
	119,050	205,810

14 Key Management Personnel Disclosures (continued)

(c) Equity Instrument Disclosures Relating to Key Management Personnel

(i) Option holdings

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

2010	Balance at the start of the year	Issued during the year	Expired during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Name					
Directors					
Gary Steinepreis	11,250,000	-	(11,250,000)	-	-
Patrick Burke	-	-	-	-	-
Matthew Sheldrick	-	-	-	-	-
James Allchurch	-	-	-	-	-
	11,250,000	-	(11,250,000)	-	-
2009	Balance at the start of the year	Issued during the year	Forfeited during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Name					
Directors					
Gary Steinepreis	11,250,000	-	-	11,250,000	11,250,000
Patrick Burke	-	-	-	-	-
James Allchurch	59,062,500	-	(59,062,500)	-	-
	70,312,500	-	(59,062,500)	11,250,000	11,250,000

(ii) Share holdings

The numbers of shares in the Company held during the financial year by each Director of WAG Limited, including their personally related parties, are set out below:

2010	Balance at the start of the year	Acquired during the year	Other changes during the year	Balance at the end of the year
Name				
Directors				
Gary Steinepreis	44,875,000	19,000,000	-	63,875,000
Patrick Burke	8,375,000	5,000,000	-	13,375,000
Matthew Sheldrick	-	2,000,000	-	2,000,000
James Allchurch	4,375,000	-	(4,375,000)	-
	57,625,000	26,000,000	(4,375,000)	79,250,000

James Allchurch changes due to cessation as a director on 22 February 2010.

2009	Balance at the start of the year	Received during the year	Other changes during the year	Balance at the end of the year
Name				
Directors				
Gary Steinepreis	44,875,000	-	-	44,875,000
Patrick Burke	8,375,000	-	-	8,375,000
James Allchurch	19,687,500	-	(15,312,500)	4,375,000
	72,937,500	-	(15,312,500)	57,625,000

15 Share Based Payments

During the financial year ended 30 June 2010 share-based payments were made pursuant to a contract entered into by the Company and Enviro Capital Pty Ltd for the work to be undertaken by Enviro Capital. In consideration for the services to be supplied the Company issued 50,000,000 ordinary shares. The fair value of the services cannot be reliably determined therefore the 50,000,000 shares have been valued at \$0.005, which is commensurate to the capital raising which took place on the same date the shares were issued. The 150,000,000 options vest on successful completion of a transaction introduced by Enviro Capital Pty Ltd, the options have not yet vested. The exercise price and expiry of the options is as follows:

Number of Options	Expiry Date	Exercise Price
50,000,000	31 December 2011	\$0.01
50,000,000	31 December 2012	\$0.02
50,000,000	31 December 2013	\$0.03

The options have not been valued or expensed to the profit and loss account as they were issued as an incentive or bonus based on the completion of a transaction requiring shareholder approval and as such have not yet vested, are un-exercisable and will be forfeited if no transaction is completed.

Shares 2010 Date	Details	Number of shares	Fair Value	Calculated Value \$
7/4/2010	Issued to Enviro Capital	50,000,000	\$0.005	250,000
30/6/2010		50,000,000		250,000

Shares 2009 Date	Details	Number of shares	Share price on day of issue	Calculated Value \$
30/6/2009		-	-	-

Options 2010 Date	Details	Number of options	Weighted average exercise price	Calculated Value \$
7/4/2010	Grant of options 1 cent	50,000,000	-	-
7/4/2010	Grant of options 2 cents	50,000,000	-	-
7/4/2010	Grant of options 3 cents	50,000,000	-	-
30/6/2009		150,000,000		-

Options 2009 Date	Details	Number of options	Weighted average exercise price	Calculated Value \$
1/7/2008	Opening balance	120,000,000		344,000
	Grant of options	35,000,000	\$0.0121	423,500
	Options forfeited	(105,000,000)	-	(766,500)
30/6/2009		50,000,000		1,000

16 Remuneration of Auditors	2010	2009
During the year fees were paid or payable for services provided by the auditor of the Company:	\$	\$
(a) Assurance Services		
<i>Audit services - WHK Horwath</i>		
Financial reports under the Corporations Act 2001	24,500	26,000
Total remuneration for audit services	24,500	26,000

It is the Company's policy to employ WHK Horwath on assignments additional to their statutory audit duties where WHK Horwath's expertise and experience with the Company are important. These assignments are principally tax advice and due diligence reporting on acquisitions, or where WHK Horwath are awarded assignments on a competitive basis. It is the Company's policy to seek competitive tenders for all major material consulting projects. During the year, there were no non-audit services provided by the auditors of the Company.

17 Commitments

There is no capital expenditure contracted for at the reporting date that has not been recognised as a liability.

18 Related Party Transactions

Disclosures relating to key management personnel are set out in note 14 and in the Directors' Report. There were no outstanding balances at the reporting date in relation to transactions with related parties.

Payments for supplies and services rendered	2010	2009
	\$	\$
Office rent paid to Ascent Capital Holdings an entity associated with Gary Steinepreis	42,000	-
Fees for the provision of management services	60,000	196,000
Salary and superannuation	59,050	9,810
Total related party transactions	161,050	205,810

19 Events Occurring After the Balance Sheet Date

Since 30 June 2010 there has been no matter or circumstance that has arisen that has significantly affected, or may significantly affect:

1. the Company's operations in future financial years, or
2. the results of those operations in future financial years, or
3. the Company's state of affairs in future financial years.

20	Reconciliation of Loss After Income Tax to Net Cash	2010	2009
	Outflow from Operating Activities	\$	\$
	Loss for the year	(561,040)	(539,329)
	Profit on sale of investments	(4,791)	-
	Net loss of capital on impairment of investments	80,000	170,000
	Non cash re-evaluation of investments	1,014	(5,209)
	Share based payments	250,000	-
	Changes in operating assets and liabilities:		
	Increase / (decrease) in trade and other payables	(4,496)	(8,696)
	(Increase) / decrease in trade and other receivables	(11,934)	3,463
	Net cash outflow from operating activities	<u>(251,247)</u>	<u>(379,771)</u>

21 Non-Cash Investing and Financing Activities

On 3 February 2010 the Company contracted Enviro Capital Pty Ltd to assist in the review of the strategic direction of the Company.

During the financial year ended 30 June 2010 50,000,000 ordinary shares and 150,000,000 unlisted options were issued to Enviro Capital Pty Ltd. The options granted have not yet vested. The securities were issued pursuant to a contract entered into by the Company and Enviro Capital Pty Ltd for the work to be undertaken by Enviro Capital.

In consideration for the services to be supplied the Company issued 50,000,000 ordinary shares. The fair value of the services cannot be reliably determined therefore the 50,000,000 shares have been valued at \$0.005, which is commensurate to the capital raising which took place on the same date the shares were issued. The 150,000,000 options vest on successful completion of a transaction introduced by Enviro Capital Pty Ltd, the options have not yet vested.

22	Loss Per Share	2010	2009
	(a) Basic and Diluted Loss Per Share	Cents	Cents
	Loss attributable to the ordinary equity holders of the Company	<u>(0.11)</u>	<u>(0.12)</u>
	(b) Reconciliation of Loss used in Calculating Loss Per Share	2010	2009
	<i>Basic and diluted loss per share</i>	\$	\$
	Loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted loss per share	<u>(561,040)</u>	<u>(539,329)</u>
	(c) Weighted Average Number of Shares Used as the Denominator	2010	2009
		Number	Number
	Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	<u>497,156,254</u>	<u>462,635,706</u>
	(d) Information Concerning the Classification of Securities		

Options

Options are considered to be potential ordinary shares. The options have not been included in the determination of basic earnings per share or diluted earnings per share as the Company as their affects are considered antidilutive.

23 Company Details

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

Level 1, 33 Ord Street
West Perth 6005
Western Australia

24 Statement of Compliance

New Accounting Standards for Application in Future Periods

The financial report complies with Australian Accounting Standards, as issued by the Australian Accounting Standards Board.

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these standards. A discussion of those future requirements and their impact follows:

- a) AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Company has not yet determined the potential impact on the financial statements. The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on dividends in respect of these investments that are a return on investment can be recognised in the statement of comprehensive income and there is no impairment or recycling on disposal of the instrument; and
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:
 - the objective of the entity's business model for managing the financial assets; and
 - the characteristics of the contractual cash flows.

- b) AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Company.

24 Statement of Compliance (continued)

New Accounting Standards for Application in Future Periods (continued)

- c) AASB 2009–4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Company.

- d) AASB 2009–8: Amendments to Australian Accounting Standards — Company cash-settled share-based payment transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments clarify the accounting for cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the Company.

- e) AASB 2009–9: Amendments to Australian Accounting Standards — Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the Company.

- f) AASB 2009–10: Amendments to Australian Accounting Standards — Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).

These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Company.

- g) AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Company.

24 Statement of Compliance (continued)

New Accounting Standards for Application in Future Periods (continued)

- h) AASB 2009–13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).

This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the Company.

- i) AASB 2009–14: Amendments to Australian Interpretation — Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

- j) AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).

This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Company.

The Company does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Company's financial statements.

The directors' of the Company declare that:

- 1 the financial statements and notes as set out on pages 10 to 34 are in accordance with the *Corporations Act 2001*, and
 - (i) comply with Accounting Standards and the *Corporations Regulations 2001*; and
 - (ii) give a true and fair view of the financial position of the Company as at 30 June 2010 and of its performance for the year ended on that date.

- 2 the directors' acting in the capacity of Chief Executive Officer and Chief Financial Officer have declared that:
 - (i) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 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.

- 3 in the opinion of the directors' there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

- 4 the directors' draw your attention to note 1 to the financial statements which includes a statement of compliance with international financial reporting standards.

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



Gary Steinepreis
Director
Perth
5 August 2010

Corporate Governance Statement

WAG Limited (the Company) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders. The disclosure of corporate governance practices can be viewed on the Company website at www.wagltd.com.au.

The directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

Day to day management of the Company’s affairs and the implementation of the corporate strategy and policy initiatives are undertaken by the Board.

Corporate Governance Compliance

A description of the Company's main corporate governance practices are set out below. The Company has considered the ASX Corporate Governance Principles and the corresponding Recommendations to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

**Disclosure of Corporate Governance Practices
Summary Statement**

	ASX Principles and Recommendations	“If not, why not”
Recommendation 1.1	✓	
Recommendation 1.2	✓	
Recommendation 2.1		✓
Recommendation 2.2		✓
Recommendation 2.3	✓	
Recommendation 2.4		✓
Recommendation 2.5	✓	
Recommendation 3.1	✓	
Recommendation 3.2	✓	
Recommendation 4.1		✓
Recommendation 4.2		✓
Recommendation 4.3	✓	
Recommendation 5.1	✓	
Recommendation 6.1	✓	
Recommendation 7.1	✓	
Recommendation 7.2		✓
Recommendation 7.3	✓	
Recommendation 8.1		✓
Recommendation 8.2	✓	

Disclosure – Principles & Recommendations - financial year 2010

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1:

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

Disclosure:

The Directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are undertaken by the Board. Due to the size of the Company and current operations there is no CEO and it is the intention to appoint a CEO when required, however, the Corporate Governance Charter contains a statement of practices and processes the Board has adopted to discharge its responsibilities. It includes the processes the Board has implemented to undertake its own tasks and activities, the matters it has reserved for its own consideration and decision-making, the authority delegated to the CEO, including limits on how the CEO can execute that authority and provides guidance on the relationship between the Board and the CEO.

The matters that the Board has specifically reserved for its decision are:

- the appointment and management of the CEO;
- approval of the overall strategy and annual budgets of the business; and
- compliance with constitutional documents.

The CEO is delegated the authority to ensure the effective day-to-day management of the business and the Board monitors the exercise of these powers. The CEO is required to report regularly to the Board on the performance of the Business.

Some Board functions are handled through Board Committees. These committees are appointed when the size and scale of operations requires. However, the Board as a whole is responsible for determining the extent of powers residing in each Committee and is ultimately responsible for accepting, modifying or rejecting Committee recommendations.

Recommendation 1.2:

Companies should disclose the process for evaluating the performance of senior executives.

Disclosure:

The Board (and when appointed the CEO) is responsible for evaluating the senior executives. Induction procedures are in place and senior executives have formal job descriptions which includes the process for evaluating their performance.

There was no performance evaluation of the senior executives during the financial year as the Company had no senior executives other than members of the board who managed the Company.

Principle 2 – Structure the board to add value

Recommendation 2.1:

A majority of the Board should be independent directors.

Disclosure:

The Company does not have a majority of independent directors.

Consistent with the size of the Company and its activities, the Board is comprised of three (3) directors, none of whom are currently considered to be independent directors.

The Board's policy is that the majority of directors shall be independent, non-executive directors. The composition of the Board does not currently conform to its policy. It is the Board's intention to comply with its policy at a time when the size of the Company and its activities warrants such a structure.

Recommendation 2.2:

The Chair should be an independent director.

Disclosure:

The Chair of the Board is Gary Steinepreis who is not independent. It is the Board's intention to comply with its policy at a time when the size of the Company and its activities warrants such a structure.

Recommendation 2.3:

The roles of the Chair and CEO should not be exercised by the same individual.

Disclosure:

The role of the Chairman and the CEO are not exercised by the same person.

The division of responsibilities between the Chairman and the CEO is set out in the Board Charter.

Recommendation 2.4:

The Board should establish a Nomination Committee.

Disclosure:

A nomination committee has not been established.

The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board.

Recommendation 2.5:

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

Disclosure:

The Chairman is responsible for evaluation of the CEO, the Board and the committees.

The review is currently informal but is based on a review of goals for the Board and individual Directors. The goals are based on corporate requirements and any areas for improvement that may be identified. The Chairman will provide each Director with confidential feedback on his or her performance.

Induction procedures are in place for all directors and senior executives report to the Board as to their area of responsibility at each Board meeting, if required.

Principle 2 – Structure the board to add value (continued)

Recommendation 2.6:

Companies should provide the information indicated in the *Guide to reporting on Principle 2*.

Disclosure:

Skills, Experience, Expertise and term of office of each Director and re-election procedure

A profile of each director containing their skills, experience and expertise is set out in the Directors' Report.

In accordance with the Constitution, one third of the directors retire by rotation each year and may offer themselves for re-election.

In determining candidates for the Board the Nomination Committee considers the procedure as detailed in the Board Charter and the skills and qualifications of potential candidates that will best enhance the Board's effectiveness taking into consideration the current composition of the Board.

Identification of Independent Directors

There are no independent directors of the Company. Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations.

Statement concerning availability of Independent Professional Advice

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chairman, the Company will pay the reasonable expenses associated with obtaining such advice.

Principle 3 – Promote ethical and responsible decision-making

Recommendation 3.1:

Companies should establish a Code of Conduct and disclose the code or a summary of the code as to:

- the practices necessary to maintain confidence in the company's integrity;
- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Disclosure:

The Company has a Code of Conduct that applies to all Directors, senior executives, employees and contractors.

Recommendation 3.2:

Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

Disclosure:

The Company has a trading policy that applies to all Directors, senior executives, employees and contractors.

Principle 4 – Safeguard integrity in financial reporting

Recommendation 4.1

The Board should establish an Audit Committee.

Disclosure:

An audit committee has not been established.

The role of the Audit Committee has been assumed by the full Board operating under the Audit Committee Charter adopted by the Board.

Recommendation 4.2:

The Audit Committee should be structured so that it:

- consists only of non-executive directors;
- consists of a majority of independent directors;
- is chaired by an independent Chair, who is not Chair of the Board; and
- has at least three members.

Disclosure:

There is no audit committee. However, if one was established the Board policy is that it would have two (2) members who are non-executive directors. This structure would comply with the structure set out in the Board Charter adopted by the Company but not with the ASX Corporate Governance Principles and the corresponding Recommendations.

Recommendation 4.3:

The Audit Committee should have a formal charter.

Disclosure:

The Company has an Audit Committee Charter although this is currently administered by the Board.

Recommendation 4.4:

Companies should provide the information indicated in the *Guide to reporting on Principle 4*.

Disclosure:

There is no Audit Committee and the whole Board acts in this capacity in accordance with the Board Charter.

When established, the Audit Committee plans to hold a minimum of 3 meetings per year. It is intended that the Company's auditor will be invited to attend all Audit Committee meetings held during the financial year.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee. Candidates for the position of external auditor must demonstrate independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1:

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Disclosure:

The Board Charter contains the policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

Principle 6 – Respect the rights of shareholders

Recommendation 6.1:

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Disclosure:

The Company has a Shareholder Communications Policy contained within the Policy on Continuous Disclosure and a website for making information available to shareholders. Shareholders are encouraged to attend and participate in general meetings.

Principle 7 – Recognise and manage risk

Recommendation 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Disclosure:

The Board has adopted a Risk Management Policy. As detailed in 7.2 no risk management committee has been formed and this role is undertaken by the Board, however, the overall basis for risk management is to provide recommendations about:

1. Assessing the internal processes for determining and managing key risk areas, particularly:
 - non-compliance with laws, regulations, standards and best practice guidelines, including environmental and industrial relations laws;
 - litigation and claims; and
 - relevant business risks other than those that are dealt with by other specific Board Committees.
2. Ensuring that the Company has an effective risk management system and that major risks to the Company are reported at least annually to the Board.
3. Receiving from management reports on all suspected and actual frauds, thefts and breaches of laws.
4. Evaluating the process the Company has in place for assessing and continuously improving internal controls, particularly those related to areas of significant risk.
5. Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk.
6. Meeting periodically with key management, internal and external auditors and compliance staff to understand and discuss the Company's control environment.

Principle 7 – Recognise and manage risk (continued)

Recommendation 7.2:

The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Disclosure:

Management designs, implements and maintains risk management and internal control systems to manage the Company's material business risks. As part of the reporting procedures, management report to the Board confirming that those risks are being managed effectively.

The Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

A Risk Management Committee has not been formed and no internal audit function exists. All functions, roles and responsibilities with regard to risk oversight and management and internal control are undertaken by the board as at the date of this report.

Recommendation 7.3:

The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure:

Due to the size of the Company, the Board signed the declaration in accordance with section 295A of the Corporations Act. The declaration is made and is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1:

The Board should establish a Remuneration Committee.

Disclosure:

A Remuneration Committee has not been established.

The role of the Remuneration Committee has been assumed by the full Board operating under the Remuneration Committee Charter adopted by the Board.

Recommendation 8.2:

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Principle 8 – Remunerate fairly and responsibly (continued)

Recommendation 8.2: (continued)

Disclosure:

Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to the performance of the Company. There are no documented agreements providing for termination or retirement benefits to non-executive directors (other than for superannuation). There are currently no options issued to non-executive directors.

Executive directors and senior executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness. Long term performance incentives may include performance and production bonus payments, shares options granted at the discretion of the Board and subject to obtaining the relevant approvals.

INDEPENDENT AUDIT REPORT TO MEMBERS OF WAG LIMITED

We have audited the accompanying financial report of WAG Limited (the Company), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cashflows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

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 compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

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 and that the remuneration disclosures in the directors' report comply with Accounting Standard AASB 124.

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 and the remuneration disclosures in the directors' 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, the financial report of WAG Limited is in accordance with the Corporations Act 2001 including:

- (a) (i) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

INDEPENDENT AUDIT REPORT TO MEMBERS OF WAG LIMITED (CONT'D)

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 7 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

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

WHK HORWATH PERTH AUDIT PARTNERSHIP



SEAN MCGURK
Partner

Perth, WA

Dated on this 5th day of August 2010



The shareholder information set out below was applicable as at the dates specified.

1 Distribution of Equity Securities (Current as at 4 August 2010)

Analysis of numbers of equity security holders by size of holding:

Class of Security – **Ordinary Shares**

			Number of Shareholders	Number of Shares
1	-	1,000	363	128,844
1,001	-	5,000	321	761,428
5,001	-	10,000	83	627,087
10,001	-	100,000	242	11,140,997
100,001	and over		328	599,977,350
			1,337	612,635,706

There were 951 holders of less than a marketable parcel of ordinary shares

2 Unquoted Equity Securities – Options (Current as at 4 August 2010)

	Number on issue	Number of holders
Options expiring 31 December 2011 at an exercise price of 1 cent per option	50,000,000	1
Options expiring 31 December 2012 at an exercise price of 2 cents per option	50,000,000	1
Options expiring 31 December 2013 at an exercise price of 3 cents per option	50,000,000	1
	150,000,000	1

Option holders, holding 20% or more:

	Number Held	%
Enviro Capital Pty Ltd	150,000,000	100

3 Substantial Holders (Current as at 4 August 2010)

Substantial holders of equity securities in the Company are set out below:

Ordinary Shares		Percentage of issued shares
Name	Number held	
Ascent Capital Holdings Pty Ltd and its directors David Steinepreis and Gary Steinepreis and their associated entities and related parties	70,399,759	11.49
Helmet Nominees Pty Ltd and its director Tim Weir	51,008,334	8.32

4 Equity Security Holders (Current as at 4 August 2010)

The names of the twenty largest holders of quoted equity securities are listed below:

Ordinary Shares

Rank	Name	Number of Shares	% of Issued Capital
1	ENVIRO CAPITAL PTY LTD	50,000,000	8.16
2	ASCENT CAPITAL HOLDINGS PTY LTD	29,000,000	4.73
3	HELMET NOMINEES PTY LTD <TIM WEIR FAMILY FUND A/C>	23,591,667	3.85
4	OAKHURST ENTERPRISES PTY LTD	23,375,000	3.82
5	FITEL NOMINEES LIMITED	21,375,000	3.49
6	HAIFA PTY LTD	14,187,500	2.32
7	MEGATOP NOMINEES PTY LTD <MORRIS SUPER FUND NO 2 A/C>	14,000,000	2.29
8	TETHYAN HOLDINGS PTY LTD <TETHYAN INVESTMENT A/C>	14,000,000	2.29
9	MS GILLIAN SWABY	12,142,000	1.98
10	JOKE PTY LTD <KENNY FAMILY FUND A/C>	12,075,000	1.97
11	LEISUREWEST CONSULTING PTY LTD <LEISUREWEST A/C>	11,500,000	1.88
12	MR TIMOTHY LEONARD WEIR + MS VANYA MARIAN KELLEHER <TIM WEIR SUPER FUND A/C>	10,750,000	1.75
13	MR PAUL ROBERT HEARNE <THE PRH A/C>	10,000,000	1.63
14	MR PETER JOHN NELSON <NELSON NUMBER 2 FAMILY A/C>	9,000,000	1.47
15	ROWAN HALL PTY LTD <ROWAN HALL TRADING A/C>	8,375,000	1.37
16	HELMET NOMINEES PTY LTD	8,000,000	1.31
17	MR GARRY NOEL BUNGEY + MRS VIVIENNE ALICE NOLA BUNGEY	7,500,000	1.22
18	GRANGFIELD PTY LTD	7,230,000	1.18
19	MR VINCENZO BRIZZI + MRS RITA LUCIA BRIZZI <BRIZZI FAMILY S/F A/C>	6,969,560	1.14
20	MR ROBERT JOHN BOWDEN + MRS PATRICIA ANNE BOWDEN	6,000,000	0.98
		299,070,727	48.82

5 Voting Rights

The voting rights attaching to each class of equity securities are set out below:

- (a) Ordinary Shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
- (b) Options
These securities have no voting rights.

6 On-Market Buy-Back

There is no current on-market buy-back.