

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General information

Integrated Resources Group Limited ("the Company") is a public Company listed on the Australian Stock Exchange (trading under the symbol "IRG") incorporated and operating in Australia.

Integrated Resources Group Limited's registered office and principal place of business are as follows:

Registered Office
Suite 2003
109 Pitt Street
Sydney NSW 2000

Principal Place of Business
Suite 2003
109 Pitt Street
Sydney NSW 2000

The principal activities of the Company during the year were that of an investment Company, with interests in mining tenements.

(b) Statement of Compliance

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 statements were authorised by the directors on 28th September 2011.

(c) Basis of Preparation

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

(d) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, management is required to make judgement, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Refer to note 2 for a discussion of critical judgements in applying the entity's accounting policies, and key sources of estimation uncertainty.

(e) Financial instruments

(i) Non derivative financial instruments

Non derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, and trade and other payables.

Non derivative financial instruments are measured initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non derivative financial instruments are measured as described below.

Held-to-maturity investments

If the Company has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

The entity's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences, are recognised directly in a separate component of equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

- has been acquired principally for the purpose of selling in the near future;
- is a part of an identified portfolio of financial instruments that the entity manages together and has a recent actual pattern of short-term profit-taking; or
- is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or share options, are recognised as a deduction from equity, net any tax effects. Dividends on ordinary shares are recognised as a liability in the year in which they are declared.

(f) Exploration Expenditure

Exploration and evaluation costs, including the costs of acquiring permits and licenses, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Company has obtained the legal rights to explore an area are recognised in the statement of comprehensive income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- a) the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- b) activities in the area of interest have not at the reporting date reached a state which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability, and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Once the technical feasibility and commercial viability of the extraction of oil or gas in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to development expenditure.

(g) Cash and cash equivalents

For the purposes of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

(h) Trade and other receivables

Trade and other receivables are stated at their amortised cost less provision for impairment.

(i) Share based payments

The fair value at grant date of options granted to Directors is recognised as a share based payment expense, with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

(j) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

Site Restoration

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of exploration and development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites and restoring the affect areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date based on current legal and other requirements and technology. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

At financial year end, the Company was in the evaluation stage, and no development had taken place. The Directors have determined that no provision for site restoration and rehabilitation is required at this time.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

(k) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior years is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the statement of financial position liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(l) Dividend and Revenue

Dividend revenue from investments is recognised when the Company's right to receive payment has been established.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

(m) Impairment of assets

(i) Financial Assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

All impairment losses are recognised in the statement of comprehensive income. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity, is transferred to the statement of comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the statement of comprehensive income. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

(ii) Non financial assets

Carrying amounts of the Company's non current assets are reviewed each reporting date to determine whether there is any indication of impairment. If such an indication exists, then the asset's recoverable value amount is estimated. An impairment loss is recognised if the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments and risk.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

(n) Trade payable

Trade and other payables are stated at cost, which approximates fair value due to the short term nature of these liabilities.

(o) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as expenses in the year in which they are incurred.

(p) Goods and Services Tax (GST)

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

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

(q) Earnings per share

The Company presents basic and diluted earnings per share (EPS) date for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to executives.

(r) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the directors, acting as chief operating decision makers. The directors is responsible for allocating resources and assessing the performance of the operating segment

(s) New accounting standards and interpretations but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The Group has assessed the impact of these new standards and interpretations on the financial report and has concluded that there will no material effect.

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013)

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

(s) New accounting standards and interpretations but not yet effective (continued)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard will affect in particular the Company's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. However there will be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities. The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011).

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. A Company will have to apply the amended standard from 1 July 2011. When the amendments are applied, the Company will need to disclose any transactions between its subsidiaries and its associates. However, there will be no impact on any of the amounts recognised in the financial statements.

AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement (effective from 1 January 2011).

In December 2009, the AASB made an amendment to Interpretation 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme. It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements. The Company does not make any such prepayments. The amendment is therefore not expected to have any impact on the Company's financial statements. A Company will have to apply the amendment from 1 July 2011.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

(s) **New accounting standards and interpretations but not yet effective (continued)**

AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective from 1 July 2013)

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. However any Company listed on the ASX and is not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements.

AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (effective for annual reporting periods beginning on or after 1 July 2011) Amendments made to AASB 7 Financial Instruments: Disclosures in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. A Company will have to apply the amendment from 1 July 2011.

AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (effective from 1 January 2012)

In December 2010, the AASB amended AASB 112 Income Taxes to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying amount of the relevant assets or liabilities, that is through use or through sale. The amendment introduces a rebuttable presumption that investment property which is measured at fair value is recovered entirely by sale. A Company will have to apply the amendment from 1 July 2012.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

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

Key estimates – Impairment

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

The Directors have determined that no impairment is required for the financial assets held by the entity.

	2011 \$	2010 \$
3. CASH AND CASH EQUIVALENTS		
Cash at bank	452,435 =====	941,936 =====
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows.		
4. TRADE AND OTHER RECEIVABLES		
Sundry debtors	61,496 =====	40,754 =====
5. FINANCIAL ASSETS		
Listed equity investments	- =====	- =====
During the 2010 financial year the Company sold its investments in ASX listed shares. A loss on disposal of \$34,003 was recognised in the statement of comprehensive income.		
6. OTHER ASSETS		
CURRENT		
Deposits	-	18,076
Prepayments	13,313 -----	11,238 -----
	13,313 =====	29,314 =====

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

		2011 \$	2010 \$
7. EXPLORATION AND EVALUATION ASSETS			
NON-CURRENT			
Exploration and evaluation assets		671,840 =====	203,801 =====
Costs carried forward in respect of the following areas of interest:			
Lyndon WA	Note 7(b)	Project Licence # E08/1880, E08/2022, E08/2066 E09/1755	663,716 259 7,865 ----- 671,840 =====
			203,801 - - ----- 203,801 =====

A reconciliation of the costs capitalised are as follows:

Lyndon – WA

Exploration and evaluation assets – opening balance	203,801	-
Expenditure capitalised during the year	468,039	203,801
	----- 671,840 =====	----- 203,801 =====

After originally applying for the Lyndon Station tenement E08/1880 and conducting the mapping and sampling, the Board applied successfully for three additional contiguous tenements (E08/2022, E08/2066 and E09/1755).

During the financial year to 30 June 2011, \$459,915 relating to E08/2022 and E08/1880, \$259, relating to E08/2066, and \$7,865 relating to E09/1755 exploration and development costs was capitalised. This is consistent with the Company's accounting policy where costs are only carried forward to the extent that they are expected to be recouped through successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. No impairment indicators were identified at 30 June 2011.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	2011 \$	2010 \$
8. TRADE AND OTHER PAYABLES		
Trade payables	67,095	52,699
Other payables	44,133	44,134
	-----	-----
	111,228	96,833
	=====	=====
9. ISSUED CAPITAL		
Summary Table		
493,426,587 (2010: 398,241,945) Ordinary	27,549,951	27,333,490
	=====	=====
The Company has authorised share capital amounting to:		
Ordinary Shares		
At the beginning of reporting year	27,333,490	26,173,803
Shares issued during the year	216,461	1,242,429
Costs of raising capital	-	(82,742)
	-----	-----
At reporting date	27,549,951	27,333,490
	=====	=====

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares issued. At the shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

During the year the entity issued the following shares:

Issue Date	Number of Shares	Issue Price	Consideration Received
19 October 2010	10,823,077	\$0.02	\$216,461
Total	<u>10,823,077</u>		<u>\$216,461</u>

On 19 October 2010, 10,823,077 options were exercised resulting in the issue of 10,823,077 ordinary shares with an issue price of \$0.02.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	2011 \$	2010 \$
10. LOSS PER SHARE		
(a) Loss used in calculating loss per share		
Current year loss	(247,577)	(258,862)
Loss used to calculate basic EPS	(247,577)	(258,862)
Loss used in calculation of dilutive EPS	(247,577)	(258,862)
(b) Weighted average number of ordinary shares		
Weighted average number of ordinary shares - number used in calculating basic EPS	499,606,409	422,059,177
Effect of dilution: - Share options	-	-
Weighted average number of ordinary shares Adjusted for the effect of dilution	499,606,409	422,059,177

As the share options on issue were out of the money for the 2010 and 2011 years, they have been deemed not to have a dilutive effect.

11. REVENUE

Interest Revenue	29,263	5,972
Total revenue	<u>29,263</u> =====	<u>5,972</u> =====

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	2011 \$	2010 \$
12. LOSS FOR THE YEAR BEFORE TAX		
Loss for the year has been determined after charging the following expenses:		
Administration Costs		
Professional fees	80,985	64,642
Director fees	97,500	90,000
Other	5,707	7,986
	-----	-----
	184,192	162,628
	=====	=====
Other Expenses		
Listing and compliance	31,913	32,455
Exploration costs written off	-	-
Loss on disposal of investments	-	34,003
Other	60,735	35,748
	-----	-----
	92,648	102,206
	=====	=====
13. INCOME TAX EXPENSE		
(a) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on loss from ordinary activities before income tax at 30% (2010: 30%)	(74,273)	(77,659)
Add: Tax effect of:		
Non-deductible expenses	1,264	1,126
Tax losses not brought to account	73,009	76,533
	-----	-----
	-	-
Less: Tax effect of:		
Other deductible items	-	-
	-----	-----
	-	-
	=====	=====

The Directors estimate that the potential deferred tax asset in respect of tax losses and temporary differences not brought to account amounted to \$2,708,732 (2010: \$2,635,723). These will be brought to account only if the entity derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised, the entity continues to comply with deductibility conditions imposed by tax legislation, and no changes in legislation adversely affect the entity in realising the benefit.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

14. KEY MANAGEMENT PERSONNEL

Key management personnel

Names and positions held of key management personnel in office at any time during the financial year are:

Key Management Person	Position
Mr Timothy J Moore	Chairman
Mr Glenn Parker	Director, Chief Executive Officer
Mr John Richards	Director
Mr John Smith	Secretary and Chief Financial Officer

Information regarding key management and personnel compensation and some equity instrument disclosures as required by the Corporations Regulations 2M.3.03 is provided in the remuneration report section of the Directors' Report.

15. AUDITORS' REMUNERATION	2011	2010
	\$	\$
Remuneration of the auditor of the Company for:		
Auditing or reviewing the financial report	10,000	10,000
	=====	=====

16. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

Reconciliation of Cash Flow from Operations with Loss After Income Tax

Loss for the year	(247,577)	(258,862)
Cash flows excluded from profit attributable to operating activities		
(Increase)/decrease in loss on disposal of investment	-	34,003
(Increase)/decrease other assets	18,077	(18,077)
(Increase)/decrease in prepayments	(2,076)	(9,297)
(Increase)/decrease in other debtors	(20,742)	(23,905)
Increase/(decrease) in trade payables and accruals	14,395	(2,437)
	-----	-----
Net cash outflow from operating activities	(237,923)	(278,575)
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

17. RELATED PARTY TRANSACTIONS

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

Other related party transactions

An amount of \$51,635 (2010: \$17,688) was paid to Richard Daniell Advertising Pty Ltd, a related entity of Mr Richard Daniell and represented payment for the preparation and printing of Share Purchase Plan documentation, the annual report, plus website design and maintenance.

	2011 \$	2010 \$
18. SHARE CAPITAL AND RESERVES		
(a) Detailed table (Totals)		
Share Capital		
Share capital – Ordinary	27,549,951	27,333,490
Total	----- 27,549,951	----- 27,333,490
Distributable Reserve		
Opening Balance	(26,214,518)	(25,955,656)
Net income/loss for the period	(247,577)	(258,862)
Total	----- (26,462,095)	----- (26,214,518)
Total Equity	----- 1,087,856	----- 1,118,972
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

19. FINANCIAL RISK MANAGEMENT

The entity's principal financial instruments comprise receivables, payables, available for sale investments and cash on hand.

The entity manages its exposure to key financial risks in accordance with its financial risk management policy,

Primary responsibility for the identification and control of financial risks rests with the financial risk management committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below.

Risk exposures and responses

Credit risk

Credit risk is the risk of financial loss to the entity if a customer to a financial instrument fails to meet its contractual obligations.

The carrying amount of the entity's financial assets represents the entity's maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2011 \$	2010 \$
Cash and cash equivalents	452,435	941,936
Other Receivables	13,313	29,314
Total	465,748	971,250

The entity has no trade receivables at financial year end, and none of the entity's receivables and financial assets are past or due impaired. There is no significant concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. The entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Company's funding requirements. The Company manages liquidity by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

19. FINANCIAL RISK MANAGEMENT (CONT'D)

The following are contractual maturities of trade and other payables:

	2011 \$	2010 \$
0 – 6 months	111,228	96,833
Total	111,228	96,833

Included in the above are amounts payable as Directors fee and Secretariat fees.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Price risk

The Company is not exposed to price risk as it does not hold any investments in equity securities during the financial year.

(ii) Currency risk

The entity's exposure to currency risk is minimal. All sales and other transactions entered into by the Company are in Australian dollars. Possible impacts on equity or the profit and loss as a result of currency risk are minimal and as such a sensitivity analysis has not been completed.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

19. FINANCIAL RISK MANAGEMENT (CONT'D)

(iii) Interest rate risk

At balance date the entity's exposure the market risk for changes in interest rates primarily relates to the entity's short term cash deposits. The entity is not exposed to cash flow volatility from interest rate changes on borrowings as it does not have any short or long term borrowings. At reporting date, the entity's interest bearing financial instruments were as follows:

	2011 \$	2010 \$
Cash and cash equivalents	452,435	941,936
Total	452,435	941,936

There are no exposures to interest rate risk which would have an effect on equity balances at year end.

At financial year end, if interest rates had moved as illustrated below, with all other variables held constant, post tax profit would be affected as outlined below. Calculations have been based upon average cash balances held for the financial year.

Post tax profit higher/(lower)

	2011 \$	2010 \$
Increase of 100 basis points (1%)	6,972	5,593
Decrease of 50 basis points (0.5%)	(3,486)	(2,797)

Fair value of financial instruments

The fair value of financial assets and liabilities with standard terms and conditions, and traded on active liquid markets are determined with references to quoted market prices.

The fair value of receivables and payables are deemed to be their carrying values, less any impairment. The effect of discounting has been determined by the directors as not being material.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

20. SHARE OPTIONS

At the date of this report, the unissued ordinary shares under option were as follows:

Issue Date	Number of Options	Expiry Date	Exercise Price
19 March 2010	19,176,923	31 March 2013	\$0.020
7 May 2010	<u>40,000,001</u>	31 March 2013	\$0.020
Total	<u>59,176,924</u>		

During the year the following share options were exercised:

Issue Date	Number of Options	Exercise Price	Consideration Received
19 October 2010	10,823,077	\$0.02	\$216,461

21. CONTINGENT ASSETS AND LIABILITIES

No contingent assets or liabilities were in existence at financial year end. The directors have determined that no provision for restoration and rehabilitation of the areas of interest are warranted.

22. SEGMENT REPORTING

The directors have determined the operating segment based on the reports reviewed by themselves, as operating chief decision makers that are used to make strategic decisions.

Integrated Resources Group Limited operates in one business segment being the exploration of mineral resources. Integrated Resources Group Limited operates entirely in the geographical location of Australia.

23. COMMITMENTS

No capital or operational commitments existed at the financial year ended 30 June 2011.

24. SUBSEQUENT EVENTS

No events took place subsequent to financial year end which require disclosure or adjustment in the financial report.

25. DIVIDENDS

No dividends were paid or declared during or subsequent to the financial year.