

# BLACK FIRE ENERGY LIMITED ABN 29 122 921 813

## Financial Report for the Year Ended 30 June 2009

### DIRECTORS' REPORT

The following report is submitted in respect of the results of the Company for the year ended on 30 June 2009, together with the state of affairs of the Company as at that date.

### INFORMATION ON DIRECTORS

The names, qualifications and experience of the Company's Directors in office during the financial period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

#### **Mr Simon Rigby – Director** (Appointed 9 September 2009)

Mr Rigby has twenty-one years experience in mineral exploration and business development predominantly with major mining companies including Newmont Australia, Newcrest Mining, Homestake Gold of Australia and most recently Barrick Gold Corporation where, until July 2007, he held the position of Exploration Manager - Australia and PNG. He is currently Principal of Beaumont Geological Consulting which he founded in 2007. Mr Rigby has broad geological experience with a strong knowledge of gold and base metal mineralised systems and has been involved in the discovery and resource definition of such systems.

In addition to working throughout Australia, Mr Rigby has extensive offshore exploration experience including working in the Solomon Islands, Papua New Guinea and Greece. He is a geologist with a Bachelor of Applied Science – Applied Geology from the Queensland Institute of Technology and a Bachelor of Science - Geology Honours (first class) from the James Cook University of North Queensland and is a member of the Australian Institute of Geologists.

#### **Other Current Directorships**

ABM Resources Limited since 31 July 2008.

#### **Former Directorships in the Last Three Years**

None

#### **Special Responsibilities**

Proposed Managing Director

#### **Interests in Shares and Options**

None

#### **Mr Michael Chester – Non Executive Director** (Appointed 9 September 2009)

Mr Chester possesses significant experience in the areas of investment banking, mining company research and analysis and funds management. In particular, Mike has specialised for over 25 years in the mining sector. Mike was a top rated mining analyst for many years prior to moving into corporate advisory / investment banking roles. He has originated IPO's and equity placements across the industrial and mining sectors for listed and unlisted entities, and has significant expertise in management accounting, financial modeling, funds management and project analysis. In addition, he has provided corporate advisory and investor relations services for a number of industrial and resources companies.

Mike is currently Managing Director of Axiom Advisory Pty Ltd, a boutique corporate advisory firm, and also Investment Manager for the Lowell Resources Fund. Some of his previous roles included 7 years at Salomon Smith Barney / County Natwest in research corporate and investment banking roles, at Grange Securities as Head of Equity Capital Markets and McIntosh Securities as a rated research analyst.

#### **Other Current Directorships**

Carpentaria Exploration Limited director since 15 January 2008

#### **Former Directorships in the Last Three Years**

None

#### **Special Responsibilities**

None

#### **Interests in Shares and Options**

None

# BLACK FIRE ENERGY LIMITED ABN 29 122 921 813

## Financial Report for the Year Ended 30 June 2009

### DIRECTORS' REPORT (continued)

#### INFORMATION ON DIRECTORS (continued)

#### ***Mr Matthew Sheldrick – Chief Executive Officer / Director***

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. He was formerly Chief Executive Officer of ASX listed Gawler Resources Ltd, having resigned that position on 1 March 2007. Prior to this, Mr Sheldrick was Chief Executive Officer of Eureka Energy Ltd.

#### **Other Current Directorships**

None

#### **Former Directorships in the Last Three Years**

Karmelsonix Limited (director from 28 January 2005 to 31 January 2007); and  
Gawler Resources Limited (director from 17 May 2006 to 28 February 2007).

#### **Special Responsibilities**

Company Secretary- appointed 9 September 2009

#### **Interests in Shares and Options**

2,210,000 ordinary shares in Black Fire Energy Limited; and  
2,140,000 options to acquire ordinary shares in Black Fire Energy Limited.

#### ***Mr David Steinepreis – Non-executive Chairman*** (resigned 9 September 2009)

Mr Steinepreis is a Chartered Accountant and former partner of an international accounting firm where he specialised in strategic corporate advice and taxation for listed companies. He entered commerce as a director, adviser and major shareholder of a number of listed companies in the gold, diamonds, oil and new mining technology sectors.

Mr Steinepreis has been a resident of the United Kingdom since 2006. He is a non-executive director of Norseman Gold plc which is listed on AIM and ASX. He is also managing director of North River Resources plc which is listed on AIM and a director of Black Fire Energy Limited, Atom Energy Limited and Monto Minerals Limited (subject to deed of company arrangement), companies listed on the ASX. Mr Steinepreis is non executive chairman of Ascent Capital Holdings Pty Ltd and a 50% beneficial shareholder.

#### **Other Current Directorships**

Non-Executive Director, Norseman Gold Plc since 2 March 2005;  
Non-Executive Chairman, Atom Energy Limited since 27 November 2008;  
Managing Director, North River Resources plc since 13 July 2006; and  
Non-Executive Director, Monto Minerals Ltd since 26 June 2009.

#### **Former Directorships in the Last Three Years**

RMG Limited 31 January 2006 to 28 September 2007;  
Croesus Mining NL 10 July 2007 to 31 August 2009;  
WAG Limited 2 November 2006 to 13 March 2008;  
Southern Pacific Petroleum NL 11 October 2007 to 19 August 2009;  
Toodyay Resources (Lachlan Star) Limited 22 December 2005 to 15 October 2007;  
Avalon Minerals Ltd 18 December 2006 to 15 January 2007;  
Gawler Resources Limited 17 May 2006 to 1 March 2007;  
Signature Brands Limited 1 June 2006 to 20 February 2007; and  
Monitor Holdings Limited 16 April 2004 to 13 June 2007.

#### **Special Responsibilities**

None

#### **Interests in Shares and Options**

2,782,500 ordinary shares in Black Fire Energy Limited; and  
2,000,000 options to acquire ordinary shares in Black Fire Energy Limited.

# BLACK FIRE ENERGY LIMITED ABN 29 122 921 813

## Financial Report for the Year Ended 30 June 2009

### DIRECTORS' REPORT (continued)

### INFORMATION ON DIRECTORS (continued)

#### **Mr Gary Steinepreis – Non-executive Director** (resigned 9 September 2009)

Gary Steinepreis holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant. Mr Steinepreis provides corporate, management and accounting advice to a number of companies involved in the resource, technology and leisure industries. He is a founder and director of Ascent Capital Pty Ltd which specialises in the recapitalisation and listing of ASX companies. It has also completed a number of listings on the London AIM market.

#### **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, Laguna Resources NL (formally Southern Pacific Petroleum) since 11 October 2007;  
Non-Executive Director, WAG Limited since 2 November 2006;  
Non-Executive Director, Avalon Minerals Ltd since 20 December 2006;  
Executive Director, Monto Minerals Limited since 26 June 2009;  
Non-Executive Director, RMG Limited since 31 January 2006; and  
Executive Director, Agri Energy Limited (subject to a deed of company arrangement) since 22 June 2009.

#### **Former Directorships in the Last Three Years**

Toodyay Resources Limited 22 December 2005 to 23 October 2007;  
Croesus Mining NL 10 July 2007 to 31 August 2009;  
Gawler Resources Ltd 17 May 2006 to 27 November 2007;  
GB Energy Limited 13 March 2006 to 29 August 2007;  
Monitor Holdings Limited 16 April 2004 to 18 January 2007;  
Karmelsonix Limited 18 August 2003 to 21 November 2006; and  
Signature Brands Ltd 1 June 2006 to 27 November 2008.

#### **Special Responsibilities**

Company Secretary – resigned 9 September 2009

#### **Interests in Shares and Options**

3,077,500 ordinary shares in Black Fire Energy Limited; and  
2,795,000 options to acquire ordinary shares in Black Fire Energy Limited.

### COMPANY SECRETARY

The Company secretary is Mr Matthew Sheldrick who was appointed on 9 September 2009. Mr Sheldrick is also a director of the Company and information on him and his qualifications for the position are included under information on directors. Mr Gary Steinepreis resigned from the position on 9 September 2009.

### DIVIDENDS

No dividend was paid or declared by the Company in the period and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend, for the financial period ended 30 June 2009.

### CORPORATE STRUCTURE

Black Fire Energy Limited is a company limited by shares that is incorporated and domiciled in Australia. At the date of this report the Company has 40,666,875 ordinary shares on issue and 30,750,000 options over ordinary shares on issue.

### NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

Black Fire Energy Limited was incorporated on 30 November 2006 for the purpose of oil and gas exploration and development in Australia and overseas. During the year Black Fire Energy Limited has continued with its oil and gas exploration activities through its participation in the drilling of exploration wells through its farm-in commitments. In addition to this the Company has actively pursued alternative investments in the mining and exploration sector, the most notable being the proposed acquisition of a Nigerian iron ore project which terminated on 29 October 2008, as the conditions to a share sale agreement were not satisfied.

# BLACK FIRE ENERGY LIMITED ABN 29 122 921 813

## Financial Report for the Year Ended 30 June 2009

### DIRECTORS' REPORT (continued)

#### RESULTS OF OPERATIONS

The net loss of the Company for the financial period after income tax was \$1,229,802 (2008: \$842,007).

#### PROJECT OVERVIEW

Black Fire Energy Limited was earning equity in three onshore Western Australian petroleum permits by contributing towards the cost of wells in the permits as follows:

Well	Permit	Expected spud date	Contributing	Equity	Status
Parrot Hill 2	EP-435	Drilled April 2007	20%	10%	Plugged and abandoned
Lake Macleod	EP-439	August 2008	15%	7.5%	Plugged and abandoned
Moriary 1	EP-426	Drilled February 2008	13 <sup>1</sup> / <sub>3</sub> %	10%	Plugged and abandoned

#### REVIEW OF OPERATIONS

The Company was participating in three onshore Western Australian oil and gas exploration programs. The Company has withdrawn from the Lake Macleod and Moriary prospects however retains the option to continue to participate in the Parrot Hill prospect and it is the Company's intention to pursue this opportunity based on the results achieved on the adjoining prospect EP-359. The Board of Black Fire Energy is continuing to actively search for other new projects and is committed to pursuing opportunities that will deliver long term growth to shareholders.

The **Parrot Hill-2 well (EP-435)** (BFE paying 20% to earn 10%) was drilled during April 2007 with no commercial hydrocarbon indications within the reservoir objectives. This well has been plugged and abandoned and the drill rig released. The Operator of EP-435, Rough Range Oil Pty Ltd has advised that they will be drilling a well in an adjoining permit (EP-359) which has reservoir objectives that have been mapped to potentially extend into EP-435. The Company has no commercial interest in EP-359, however, if Rough Range Oil Pty Ltd are successful in discovering commercial hydrocarbons in this permit, then there maybe a case for drilling additional wells in EP-435.

The **Lake Macleod Prospect (EP 439)** # 1 well was spudded on 30 September 2008 and reached a total depth of 894m on approximately 11 November 2008. Subsequent wire line logs provided no evidence of commercial hydrocarbons. Black Fire was earning a 7.5% interest in EP 439 by contributing 15% to the cost of drilling the Lake Macleod 1 well. Black Fire has provided a written request to the Operator, Rough Range Oil Pty Ltd, to formally withdraw from EP439 and this request has been granted and finalised.

The **Moriary Prospect (EP 426)** Black Fire was earning a 10% interest in EP 426 by contributing 13.3% to the cost of drilling the Moriary well, however, due to the absence of commercial hydrocarbons in this well. Black Fire has provided a written request to the Operator, Empire Oil Company (WA) Pty Ltd, to formally withdraw from EP426. This request has been granted and finalised.

#### Acquisition of Iron Ore, Dolomite and Limestone Projects in Kogi State, Nigeria

Shareholders approved the acquisition of Ado Ibrahim Mining Co Pty Ltd ("AICO") on 30 July 2008 and a share sale agreement was executed on 6 September 2008. However on 29 October 2008 the Company terminated the agreement to acquire AICO, as certain conditions precedent had not been satisfied.

#### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 29 October 2008, the Company terminated the agreement to acquire AICO, as certain conditions precedent had not been satisfied.

# **BLACK FIRE ENERGY LIMITED ABN 29 122 921 813**

## **Financial Report for the Year Ended 30 June 2009**

### **DIRECTORS' REPORT** (continued)

#### **SIGNIFICANT EVENTS AFTER THE BALANCE DATE**

In keeping with its previously advised strategy of seeking opportunities in the resources sector, the Board of Black Fire Energy Ltd has agreed (on 9 September 2009) to raise additional capital and augment its management team and Board to assist in the future growth of the company. The Company has also entered into (on 9 September 2009) a Joint Venture over strategic tenements covering the Mystique Gold Project located in the Proterozoic Albany-Fraser (Tropicana) Belt of Western Australia. The Albany-Fraser Belt is host to a number of recent gold discoveries including the +5Moz Tropicana-Havana deposit (Anglogold & Independence Group JV).

Additional capital will be raised by the placement of two tranches of new shares to a range of domestic and offshore institutional and sophisticated investors. The first placement of 5,304,375 ordinary shares was completed on 9 September 2009 raising additional funds of \$318,262.50. The second tranche placement of 45,000,000 ordinary shares requires shareholder approval which will be sought at a meeting of shareholders to be held in October 2009.

Further capital will be raised by a proposed Non-renounceable Entitlement Issue to existing shareholders. This offer will be on the basis of one new share for every two existing shares held. A prospectus will be sent to eligible shareholders advising them of the details of the offer.

The funds raised will be used to continue participation in the Company's existing oil and gas interests as well as to advance exploration at the Mystique Gold Joint Venture. The funds will also be used to assist with the identification and review of additional resource opportunities as they present. The introduction of a number of highly supportive new investors to the company with strong resource sector networks and focus is expected to assist with ongoing identification and funding of these future growth opportunities.

The combination of the placements and Entitlement Issue (if fully subscribed or upon placement of any shortfall) will result in total capital raised of approximately \$4.2 million (before costs). Together with existing cash reserves of approximately \$1.9 million, Black Fire will have total cash reserves of approximately \$6.1 million (before costs).

As part of the expansion of operational activities, the Board and management team has been augmented with the appointment (on 9 September 2009) of Mr Simon Rigby as Managing Director and Mr Mike Chester as a Non-Executive Director. Upon the appointment of the new directors Mr David Steinepreis (Non-Executive Chairman) and Mr Gary Steinepreis (Non-Executive Director) resigned from the Board. Mr Gary Steinepreis also resigned as Company Secretary on 9 September. He was replaced by Mr Matthew Sheldrick on the same date.

Since 30 June 2009 there has been no matter or circumstance that has arisen, (other than that disclosed above), 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.

#### **LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS**

There were no likely developments in the operations of the Company that were not finalised at the date of this report. Further information on likely developments in the operations of the Company and expected results of operations have not been included in this annual financial report because the directors believe it would be likely to result in unreasonable prejudice to the Company.

#### **ENVIRONMENTAL REGULATION AND PERFORMANCE**

The Company is subject to and will comply with environmental protection laws and regulations in force in Australia that effect its operations as a result of its participation in three onshore Western Australian oil and gas exploration programs. The drilling has now finished and no known major rehabilitation costs are expected and there are no known breaches of any relevant laws and regulations as at the date of this report.

# BLACK FIRE ENERGY LIMITED ABN 29 122 921 813

## Financial Report for the Year Ended 30 June 2009

### DIRECTORS' REPORT (continued)

#### SHARE OPTIONS

##### *Un-issued Shares*

As at the date of this report, there are 30,750,000 (2008: 30,750,000) un-issued ordinary shares under option. (30,750,000 at reporting date).

Option holders do not have any right, by virtue of the options, to participate in any share issue of the company or any related body corporate.

##### *Shares Issued as a result of the Exercise of Options*

There were no shares issued as a result of the exercise of options in the financial period.

No options were granted, exercised, lapsed or vested during the financial year

The numbers of options over ordinary shares in the company held during the financial year by each director of Black Fire Energy Limited, including their personally related parties, are set out below. There were no options granted during the reporting period as part of remuneration. All options are listed, vested and exercisable at the end of the year.

<b>2009</b>	Balance As at 1/7/2008	Granted during the period as compensation	Exercised during the period	Other changes during the period	Balance at the end of the period	Exercisable As at 30/6/2009
<b>DIRECTORS</b>						
Simon Rigby	-	-	-	-	-	-
Michael Chester	-	-	-	-	-	-
David Steinepreis	2,000,000	-	-	-	2,000,000	2,000,000
Matthew Sheldrick	2,140,000	-	-	-	2,140,000	2,140,000
Gary Steinepreis	2,795,000	-	-	-	2,795,000	2,795,000
	<b>6,935,000</b>	-	-	-	<b>6,935,000</b>	<b>6,935,000</b>

<b>2008</b>	Balance As at 1/7/2007	Granted during the period as compensation	Exercised during the period	Other changes during the period	Balance at the end of the period	Exercisable As at 30/6/2008
<b>DIRECTORS</b>						
David Steinepreis	2,000,000	-	-	-	2,000,000	2,000,000
Matthew Sheldrick	2,140,000	-	-	-	2,140,000	2,140,000
Gary Steinepreis	2,795,000	-	-	-	2,795,000	2,795,000
	6,935,000	-	-	-	6,935,000	6,935,000

# BLACK FIRE ENERGY LIMITED ABN 29 122 921 813

## Financial Report for the Year Ended 30 June 2009

### DIRECTORS' REPORT (continued)

#### REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for directors and executives of Black Fire Energy Limited.

#### Remuneration Policy

The Board is responsible for determining and reviewing compensation arrangements for the Directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. The Company does not have existing remuneration policies in place that links the nature and amount of the emoluments to the Company's financial or operational performance.

The expected outcome of this remuneration structure is:

- Retention and motivation of Directors
- Performance rewards to allow Directors to share the rewards of the success of the Company

As part of its Corporate Governance Policies and Procedures, the board has adopted a formal Remuneration Committee Charter. Due to the current size of the Company and number of directors, the board has elected not to create a separate Remuneration Committee but has instead decided to undertake the function of the Committee as a full Board under the guidance of the formal charter.

#### Company Performance

The Company has been in a loss making position since inception and therefore earnings per share is not a meaningful measure of performance. The table below shows the performance of the Company as measured by the Company's share price and basic and diluted loss per share since incorporation (including the current period).

	2007	2008	2009
Share price	20 cents	18 cents	5.5 cents
Basic and diluted loss per share	(4.84)	(2.72)	(3.48)

#### Details of Key Management Personnel

- Mr David Steinepreis (Non Executive Chairman) (resigned 9 September 2009)
- Mr Matthew Sheldrick (Executive Director)
- Mr Gary Steinepreis (Non Executive Director) (resigned 9 September 2009)
- Mr Simon Rigby (Proposed Managing Director) (appointed 9 September 2009)
- Mr Michael Chester (Non Executive Director) (appointed 9 September 2009)

During the period there were no executives or key management personnel other than the directors.

**BLACK FIRE ENERGY LIMITED ABN 29 122 921 813****Financial Report for the Year Ended 30 June 2009****DIRECTORS' REPORT** (continued)**REMUNERATION REPORT (AUDITED)** (continued)**Remuneration Paid to Directors and Executives**

Details of the nature and amount of each element of the emolument of each Director and Executive of the Company for the financial period are as follows:

2009	Short Term			Post Employment	Total
	Base Salary	Directors Fees	Consulting Fees	Superannuation	
<b>DIRECTORS</b>	\$	\$	\$	\$	\$
Simon Rigby	-	-	-	-	-
Michael Chester	-	-	-	-	-
David Steinepreis <sup>(b)</sup>	-	-	46,000	-	<b>46,000</b>
Matthew Sheldrick	170,833	-	-	15,375	<b>186,208</b>
Gary Steinepreis <sup>(a)</sup>	-	-	46,000	-	<b>46,000</b>
	<b>170,833</b>	-	<b>92,000</b>	<b>15,375</b>	<b>278,208</b>

2008	Short Term			Post Employment	Total
	Base Salary	Directors Fees	Consulting Fees	Superannuation	
<b>DIRECTORS</b>	\$	\$	\$	\$	\$
David Steinepreis <sup>(b)</sup>	-	-	60,000	-	60,000
Matthew Sheldrick	150,000	-	-	13,500	163,500
Gary Steinepreis <sup>(a)</sup>	-	-	60,000	-	60,000
	<b>150,000</b>	-	<b>120,000</b>	<b>13,500</b>	<b>283,500</b>

There were no options or other share based payments granted as part of remuneration for the years ended 30 June 2009 and / or 30 June 2008. No element of remuneration was performance related for the years ended 30 June 2009 and / or 30 June 2008.

The fees paid to director related entities were for the provision of corporate management services for the ongoing operations of the Company, of the particular director, to the Company, as follows:

- (a) Leisurewest Consulting Pty Limited, as trustee for the Leisurewest Trust, an entity associated with Gary Steinepreis was paid \$46,000 (2008: \$60,000); and
- (b) Ord Street Services, an entity associated with David Steinepreis was paid \$46,000 (2008: \$60,000).

**Non- Executive Directors Remuneration**

Non-executive directors serve on a month to month basis and there is no formal agreement in place between the Company and its non-executive directors.

**Chief Executive Officer** (Matthew Sheldrick will resign from the position upon Simon Rigby's appointment)

Executive director remuneration is outlined in an executive services agreement between the Company and the executive. A summary of the key terms of any such agreements are outlined below.

# BLACK FIRE ENERGY LIMITED ABN 29 122 921 813

## Financial Report for the Year Ended 30 June 2009

### DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (AUDITED) (continued)

#### Chief Executive Officer (continued)

##### Employment Contract

The Company has entered into an executive services agreement with Matthew Sheldrick, an executive director and chief executive officer of the Company, to provide executive services for the management and operations of the Company, effective 1 September 2006 and ceases when the contract is terminated by either the Company or Mr Sheldrick. The contract is current as at 30 June 2009.

Mr Sheldrick is responsible for overseeing the implementation of the Company's business objectives and management of the Company. Mr Sheldrick will become a non executive director pending the outcome of various resolutions to be decided by shareholders at the forthcoming AGM. He was appointed company secretary on 9 September 2009. These changes to his role will affect his services contract in the coming financial year ending 30 June 2010.

Remuneration consists of fixed remuneration being base salary plus statutory superannuation.

During the year ended 30 June 2009 Mr Sheldrick was paid a salary of \$170,833 (2008: \$150,000) plus superannuation, subject to annual review. If the agreement is terminated by the Company, a three month termination payment of \$37,500 (2008: \$50,000) is payable whilst no payment is required to be made if terminated by Mr Sheldrick. There is no notice period required to be given by the Company when terminating the agreement however Mr Sheldrick is required to give one month's notice of his intention to terminate the contract.

#### MEETINGS OF THE COMPANY'S DIRECTORS

During the financial period, in addition to regular Board discussions, the number of meetings of directors held during the period and the number of meetings attended by each director were as follows:

Name	Number of Meetings Eligible to Attend	Number of Meetings Attended
Simon Rigby	-	-
Michael Chester	-	-
Matthew Sheldrick	5	5
Gary Steinepreis	5	5
David Steinepreis	5	5

#### EMPLOYEES

The Company had one employee, Mr Matthew Sheldrick, at 30 June 2009. Details of his executive service agreement are provided above.

#### INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company does not currently have directors and / or officers insurance but the Company is currently investigating potential underwriters to cover this risk. No insurance to cover the prospective liability of directors and / or officers was paid during the financial year.

#### CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of sound corporate governance.

The Board recognises the recommendations of the Australian Stock Exchange Corporate Governance Council, and considers that the Company is in compliance with those recommendations, which are of importance to the commercial operation of a junior listed resources company. Where the Company has not adhered to the recommendations it has stated that fact using the "if not why not" approach in its Corporate Governance Statement.

During the financial period, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Company. The Company's Corporate Governance Statement and disclosures are contained elsewhere in the annual report.

**BLACK FIRE ENERGY LIMITED ABN 29 122 921 813**

**Financial Report for the Year Ended 30 June 2009**

**DIRECTORS' REPORT** (continued)

**AUDITOR'S INDEPENDENCE AND NON-AUDIT SERVICES**

The Company has obtained an independence declaration from its auditors, Ernst and Young, which forms part of this report. A copy of that declaration is included at page 41 of this report. There were no non-audit services provided by the company's auditor.

**AUDITOR'S REMUNERATION**

During the period the following fees were paid or are payable for services provided by the auditor of the Company.

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Audit or review of financial reports of the entity	<u>27,240</u>	<u>34,590</u>
<b>Total remuneration</b>	<b><u>27,240</u></b>	<b><u>34,590</u></b>

Signed on behalf of the board in accordance with a resolution of the Directors.



Matthew Sheldrick

Director

15 September 2009