

19 May 2009

**PRESIDENT'S REPORT
AUSTRALIAN INSTITUTE OF GEOSCIENTISTS
ANNUAL GENERAL MEETING, PERTH, 20 MAY 2009**

The past year has been an eventful one for the Institute. Positive features have included:

- Reaching the milestone of 2,000 members due to strong membership growth throughout the year;
- Convening the Australian Geological Convention in Perth in conjunction with the Geological Society of Australia;
- Successful hosting of a number of seminars and talks throughout Australia; and,
- The continued strength of State branches in Western Australia, Queensland, New South Wales, Victoria and South Australia.

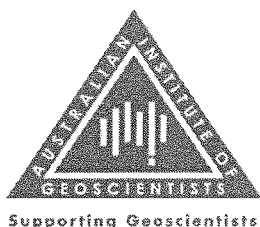
Cooperation with other societies and minerals industry representative organizations has developed as an important means of delivering value to members. This has taken the form of:

- Joint representations and co-funding of studies into the economic cost benefits of a flow through shares scheme for exploration;
- Expanded cooperation with other societies in organizing conferences, including the International Mining Geology conference to be held in Perth in a few months, in conjunction with AusIMM;
- Convening applied geology, exploration and mining themes for the next Australian Geological Convention, to be held in Canberra by the Geological Society of Australia; and,
- Participation in the organization of the International Geological Congress in Brisbane in 2012 through the Australian Geoscience Council.

I should also mention that:

- Our membership is growing partly because membership entitles us to sign off on ASX ASIC reports as competent geologists.
- Our website now provides access to upcoming events and some past presentations such as "Surviving the Downturn" seminar, organized by the WA Branch and held in Perth recently.

The collapse in mineral and, to a lesser but still significant extent, energy resource exploration in Australia is a cause for considerable concern. The Federal Government has failed, to date, to honour its 2007 election promise to introduce a flow through shares scheme (FTS) to help promote resource exploration in the 2009-2010 budget, presented to Parliament last week. A major economic modelling study, released prior



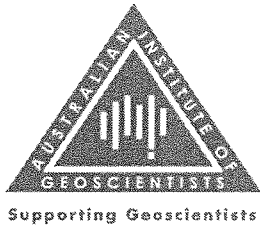
to the budget, clearly showed that exploration is unmatched by other sectors of the economy in its ability to generate employment and contribute to Australia's Gross Domestic Product. The government has instead consigned the issue to the Henry Review of Australia's taxation system, due to report to the Treasurer by December 2009. In doing so, the government has failed the nearly 40% of exploration geoscientists who are now unemployed or substantially unemployed, failed to attempt to reduce the amplitude of cycles in exploration activity in Australia and failed to help to maintain Australia's exploration project pipeline which underpins the continued of resource industries to our national economy.

The issue is not dead by any means, AIG and other representative groups will continue to promote its introduction to government, but failing to act in the budget represents a lost opportunity to support a sector of the economy that will be relied upon to help Australia both weather and recover from the current global economic downturn.

FTS isn't the only means by which governments, both federal and state, can support the exploration sector. In some states, the period between applying for an exploration permit has blown out to as much as three years which is indefensible. No company can plan to apply for an exploration licence today and plan to have the capital available to conduct their proposed field programme in three years time. Investors have a justifiable expectation for companies to generate value which can't be done without access to land. The value of other exploration stimulus measures such as drilling subsidies and the release of new, high quality pre-competitive data are diluted if companies cannot secure tenure to enable exploration to proceed in a timely manner. The exploration and mining industry has repeatedly shown itself to be very effective at self regulation and could make effective use of less onerous and complex procedures to secure access to land.

Our profession is slowly changing. While about 85% of Australian geoscientists work in resource exploration and production today, the proportion of geoscientists who work in other fields including engineering and environmental geology and groundwater management, to name one or two, is growing. These fields of practice require solid, high quality science. Geoscientific analysis of data is needed to view it in an appropriate context and balance arguments advanced by people with different backgrounds and ensure that the community is appropriately informed and equipped to make rational and balanced decisions. To be equipped to meet these challenges, as a profession, in the future we need to be able to attract students to geoscientific careers now. This relies upon students being introduced to geosciences before they reach university. The TESEP and ESWA programs, both of which are financially supported by AIG, are helping to ensure this happens. Students also have an expectation of being able to pursue a career in their chosen field. At present, when students think of geoscience they think of exploration and mining. Employment insecurity attributable to cyclicity affecting exploration activity is a major disincentive to prospective students, even though after commencing studies and being introduced to the broad spectrum of opportunities that exist in geosciences means that many students will pursue careers in other fields. It could be argued that government inaction on supporting exploration is damaging Australia's geoscience capability generally, with potentially serious outcomes for our future geoscience capability.

AIG's efforts in relation to geoscience employment and FTS in particular have received incredible support from all members. More than 1,000 members contributed to the employment survey conducted during March in just a few days. Many have also written to the local Federal Members of Parliament and Senators pointing out the state of exploration and the geoscience profession in Australia and helping to keep these issues on the radar of politicians of all persuasions.



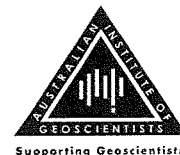
You will be aware that AIG is engaged in merger discussions with the Geological Society of Australia as a first step to consolidating and uniting common interests in the geoscientific community. These discussions have not yet reached a stage where a definitive proposal can be put to members. More information will be forthcoming in coming months.

AIG also relies heavily on the efforts of many volunteers at both Council and State Branch level. The Institute would not exist or prosper without the sustained efforts of these members who deserve thanks for their work throughout the year. Sam Lees and Paul Burrell are stepping down as Councillors at this meeting, both of whom have helped to guide AIG's development over a number of years and have provided considerable guidance to me, as President on numerous occasions. I am also stepping down from the President's role at this meeting, and wish to thank all members for their support over the past two years.

Andrew Waltho

The Australian Institute of Geoscientists

2009 Annual General Meeting



Honorary Treasurer's Report for 2008

Herewith the Treasurer's report to the Annual General Meeting of the Australian Institute of Geoscientists held at Perth, May 2009.

The attached audited accounts for the year ending 31st December 2008 record another successful year of operation as a low-cost geoscientists' representative organization. Attached to this report are the Income Statement, Balance Sheet and Cash Flow Statement for the AIG as well as the full audited accounts for 2008.

The full audited accounts are also available on the AIG website.

Your Institute finished the year with total Members funds of \$577,585, up \$67,332 from last year's balance, reflecting the year's surplus. Operating expenses for 2008 were \$549,410, compared to \$350,167 in 2008. The lion's share of these costs relate to the Australian Earth Sciences Convention (Perth), the Terry Leach Symposium (NSW) and the Drilling for Geology Conference (QLD); followed by secretarial costs, the AIG Newsletter, bursary payments and other donations.

The surplus provides working capital for the 2009 financial year and a buffer for potentially lower membership receipts due to the global financial crisis and its impact on the employment of geoscientists as well as lower income from the Institute's investments. Please note that the AIG has followed a very conservative practice of investing all member's funds in term deposits, which although it has limited the upside in recent years, also means that your investments have suffered little from the global financial situation. Furthermore, the AIG Council considers it a prudent and accepted practice for an organisation like the AIG to have at least one year's operating funds in reserve - a position that the AIG has reached in recent years, following lean times in the last downturn in the mining industry.

The surplus for the year reflects the successful conferences and seminars organised by the hard working volunteer members of the Institute's branches around the country. Administrative costs were kept much the same as the previous year, with some costs such as printing, postage and telephone costs being reduced.

A significant, and continuing, increase in membership numbers has further underpinned your Institute's finances, with total members now numbering over 2000 individuals.

The State-based volunteer AIG Branch committees work hard to bring relevant services to members such as low-cost conferences, seminars and training courses while continuing to represent geoscientists at the local level, attract new members, and raise the profile of geoscience as a career option for secondary students.

At the Federal level, the AIG Council publishes the quarterly AIG News, operates the AIG Bursary scheme and a voluntary registration system for geoscientists, monitors ethical standards, represents geoscientists on national bodies, undertakes lobbying at State and Federal levels and contributes to the development of professional standards such as JORC and VALMIN. Except for AIG head-office and event management services, and an honorarium for the AIG New Editor, all other tangible services are provided free of charge by volunteers.

The Council of the AIG has committed to supporting geoscientists who may be suffering unemployment or underemployment due to the current financial situation. Any Member having trouble paying membership fees is advised to contact their local Councillors to discuss the best solution. This year's membership fees will not increase for 2009/2010.

Council has also underwritten the costs of the seminars to keep costs low, despite rising costs, as a service to members. Furthermore, Council funded the video capture of the recent "Surviving the Downturn" seminar held in WA - now hosted in the AIG website - to make the content of this very useful seminar available to all AIG members regardless of their local. AIG hopes to place more video captures of AIG events on the website in future to assist members continuing professional education and increase the availability of the content to all members.

An ongoing area for expenditure in 2009 will be in JORC education with a series of JORC workshops, in association with the ASX, planned around the country. AIG's usual programme of affordable, relevant conferences will continue. AIG's funding support for educational activities in high schools and universities will continue, in particular AIG's support for TESEP and ESWA, both groups which promote and support the teaching of Earth Science in Secondary Schools. Once again AIG will be participating, with GSA, in the Australian Earth Science Convention in Canberra this year. Likewise the International Geological Convention in 2012 in Brisbane will begin to require significant funding from AIG in coming years.

As advised last year, the formation of a Foundation to hold funds committed to the AIG Bursary Scheme means that the accounts this year do not include the Foundation funds, however there are still some transitional entries. Accounts for the AIG Foundation will be published separately. Remember that the new Foundation has been established so that donations to it will be tax deductible - so with the financial year coming to an end please consider making a donation if you are able to.

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 \$	2007 \$
Revenue	2	681,950	391,716
Expenses			
Finance costs		(5,961)	(3,227)
Doubtful debts		-	(4,471)
Audit, legal and consultancy expenses		(4,800)	(8,890)
Administration expenses		(73,497)	(66,403)
Other expenses		(530,360)	(247,282)
Total Expenses		<u>(614,618)</u>	<u>(330,273)</u>
Profit (loss) before income tax		67,332	61,443
Income tax expense		-	-
Profit attributable to the members		<u>67,332</u>	<u>61,443</u>

BALANCE SHEET
AS AT 31 DECEMBER 2008

	Note	2008 \$	2007 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	565,444	438,306
Trade and other receivables	5	49,910	44,508
Prepayments		<u>12,242</u>	<u>59,846</u>
TOTAL CURRENT ASSETS		<u>627,596</u>	<u>542,660</u>
TOTAL ASSETS		<u>627,596</u>	<u>542,660</u>
CURRENT LIABILITIES			
Trade and other payables	6	<u>50,011</u>	<u>32,407</u>
TOTAL CURRENT LIABILITIES		<u>50,011</u>	<u>32,407</u>
TOTAL LIABILITIES		<u>50,011</u>	<u>32,407</u>
NET ASSETS		<u>577,585</u>	<u>510,253</u>
EQUITY			
Retained Profits		<u>577,585</u>	<u>510,253</u>
TOTAL EQUITY		<u>577,585</u>	<u>510,253</u>

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 \$	2007 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members and customers		653,230	327,206
Payments to suppliers and contractors		(549,410)	(350,167)
Interest received		<u>23,318</u>	<u>21,636</u>
NET CASH PROVIDED (USED IN) BY OPERATING ACTIVITIES	7b	<u>127,138</u>	<u>(1,325)</u>
NET INCREASE(DECREASE) IN CASH HELD		127,138	(1,325)
Cash at beginning of the financial year		<u>438,306</u>	<u>439,631</u>
CASH AT END OF THE FINANCIAL YEAR	7a	<u>565,444</u>	<u>438,306</u>