

Cortona Resources Limited

(ABN 98 117 848 790)

And Controlled Entities

Annual Financial Report

*For the year ended
30 June 2007*

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CORPORATE DIRECTORY

NON-EXECUTIVE CHAIRMAN

Clive Jones

MANAGING DIRECTOR

Peter van der Borgh

NON-EXECUTIVE DIRECTORS

George Lazarou

Derek Fisher

COMPANY SECRETARY

Suzie Foreman

PRINCIPAL OFFICE

Level 1, 22 Oxford Close

Leederville WA 6008

Telephone: (08) 6380 1093

Facsimile: (08) 6380 1387

REGISTERED OFFICE

Level 3, Unit 32, 22 Railway Road

Subiaco WA 6008

AUDITORS

Mack & Co

Level 2, 35 Havelock Street

West Perth WA 6005

SHARE REGISTRAR

Security Transfer Registrars Pty Ltd

Level 1, 770 Canning Highway

APPLECROSS WA 6153

Telephone: (08) 9315 2333

Facsimile: (08) 9315 2233

STOCK EXCHANGE LISTING

Australian Stock Exchange

(Home Exchange: Perth, Western Australia)

Code: CRC, CRCO

BANKERS

National Australia Bank

50 St Georges Terrace

PERTH WA 6000

DIRECTORS' REPORT

The directors of Cortona Resources Limited submit herewith the financial report of the company for the financial year ended 30 June 2007. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

1. DIRECTORS

The names and particulars of the directors of the company since incorporation or since the end of the financial year are:

Clive Jones	Non-Executive Chairman
Peter van der Borgh	Managing Director
George Lazarou	Non-Executive Director
Derek Fisher	Non-Executive Director (Appointed 5 July 2007)
Suzie Foreman	Secretary

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

Clive Jones Non-Executive Chairman

Qualifications B. App. Sc (Geol), M. AusIMM

Experience Mr. Jones has been involved in mineral exploration for over 23 years and has worked on the exploration for a range of commodities including gold, base metals, mineral sands, diamonds and industrial minerals both in Australia and overseas. Mr Jones was previously a director of Mount Burgess Mining Ltd, where he oversaw the discovery of the high grade Red October gold deposit situated in the Eastern Goldfields of Western Australia. He was a founding Director of Hamill Resources Ltd. where he had further exploration success with the discovery of the Baldock gold deposit. Mr. Jones also co-founded Cazaly Resources Ltd, of which he is currently Joint Managing Director, and is also currently a director of Bannerman Resources Limited and of Graynic Metals Limited. All three companies are currently listed on the Australian Stock Exchange.

Interest in Shares 665,625 Ordinary Shares

Interest in Options 275,000 \$0.20 options expiring 31/3/2008

500,000 \$0.30 options expiring 31/1/2008

1,000,000 \$0.50 options expiring 30/6/2010

DIRECTORS' REPORT (CONTINUED)

Peter van der Borgh	Managing Director
Qualifications	B. Sc (Hons), FGS
Experience	Mr. van der Borgh has worked in the exploration and mining sectors for 20 years, initially as a prospector in Victoria, Western Australia and Queensland. After attaining a First Class Honours Degree in Geology, Mr. van der Borgh was a major contributor for 3 years to a research team at the University of Western Australia studying controls on the formation and siting of Giant Ore Deposits (the 'GODS' project) with an emphasis on gold mineralisation in Archaean settings. Mr. van der Borgh enjoyed exploration success in Western Australia and Turkey prior to joining Legend Mining in July 2004, where he was appointed an Exploration Manager in January 2005. His targeting models produced near-mine and regional discoveries at Gidgee that helped to quadruple the Company's market capitalisation over a six-month period. Mr. van der Borgh left Legend Mining in July 2005 to develop Cortona Resources Limited. The result of this is the purchasing of the North Monger Project after recognising geological similarities between it and the +3Moz Kanowna Belle deposit. Mr. van der Borgh combines a range of conceptual and practical exploration skills with a high level of enthusiasm that will be a major benefit to the Company.
Interest in Shares	2,765,627 Ordinary Shares
Interest in Options	1,375,001 \$0.20 options expiring 31/3/2008 1,000,000 \$0.30 options expiring 31/1/2008 1,000,000 \$0.40 options expiring 31/12/2008 1,000,000 \$0.50 options expiring 30/6/2010
George Lazarou	Non-Executive Director
Qualifications	B. Com, CA
Experience	Mr. Lazarou is a qualified Chartered Accountant who has over 13 years experience, including 5 years as a Partner with a West Perth accounting firm, specialising in the areas of Audit, Advisory and Corporate Services. Mr. Lazarou has extensive skills in the areas of audit, corporate services, due diligence, independent expert reports, merger & acquisitions and valuations. Mr. Lazarou also brings with him a high level of commercial skills having worked closely with publicly listed companies in the mining, building, engineering, environmental and construction industries. Mr Lazarou is also a director of United Uranium Limited.
Interest in Contract	Mr Lazarou is a director and shareholder in Mining Corporate Pty Ltd, which provides company secretarial services to Cortona Resources Ltd.
Interest in Shares	107,813 Ordinary Shares
Interest in Options	50,000 \$0.20 options expiring 31/3/2008 500,000 \$0.30 options expiring 31/1/2008 500,000 \$0.50 options expiring 30/6/2010

DIRECTORS' REPORT (CONTINUED)

Dr Derek Fisher	Non-Executive Director
Qualifications	B Sc (Hons), PhD
Experience	Dr Fisher has been instrumental in the development of mines and processing facilities in Australia, Mongolia, and Armenia, and project assessment and exploration on all continents. He began his career with the NSW Geological Survey as a trainee geologist in 1966 and following graduation from the University of New England, Armidale NSW, he moved into the mineral exploration and mining industry working with Inco in Australia, the Solomon Islands and Canada. During the 1970's he undertook doctoral studies at the University of Toronto, Canada, gaining his PhD in 1979. In the 1980's and 1990's he was a founder or co-founder of a number of companies listed on both the ASX and TSX, including Anvil Mining Limited. Dr Fisher is an honorary life member of the Association of Mining and Exploration Companies (AMEC) having spent 13 years on the council of AMEC, four as President. Dr Fisher is also the Managing director of Moly Mines Limited.
Interest in Shares	12,000,000 Ordinary Shares (Held by Moly Mines Ltd, of which Dr Fisher is a director)
Interest in Options	8,000,000 \$0.35 options expiring 5/7/2009 (Held by Moly Mines Ltd, of which Dr Fisher is a director) 8,000,000 \$0.50 options expiring 5/7/2012 (Held by Moly Mines Ltd, of which Dr Fisher is a director)

Directorships of other listed companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

<i>Name</i>	<i>Company</i>	<i>Period of directorship</i>
Clive Jones	Cazaly Resources Limited	Appointed 15 September 2003
	Jackson Gold Limited	25 March 2002 to 4 December 2006
	Graynic Metals Limited	Appointed 10 February 2005
	Hamill Resources Limited/ International Goldfields Limited	14 December 2000 to 19 December 2003.
	Bannerman Resources Limited	Appointed 12 January 2007
Peter van der Borgh	Globe Uranium Limited	Appointed 2 September 2005
George Lazarou	Coziron Resources Limited	22 May 2006 to 15 August 2007
	United Uranium Limited	Appointed 13 February 2007
Derek Fisher	Moly Mines Limited	Appointed 10 April 2003

DIRECTORS' REPORT (CONTINUED)***COMPANY SECRETARY***

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

Ms Suzie Foreman - CA

Ms Foreman is a Chartered Accountant with over 10 years of experience within the UK and Australia. Ms Foreman has 8 years' combined experience with KPMG and a third tier accounting firm specialising in the areas of Audit, Advisory and Corporate Services. Ms Foreman has extensive skills in the areas of Audit, Corporate Services, due diligence and ASX corporate compliance. Ms Foreman is a director of Mining Corporate Pty Ltd and had been involved in the listing of six exploration companies on the ASX and AIM markets in the last three years with capital raisings exceeding \$34 million. Ms Foreman is also Company Secretary to ASX listed entities Redfork Energy Limited and Monitor Energy Limited.

2. *PRINCIPAL ACTIVITIES*

The principal activity of the Company during the financial period was mineral exploration.

There were no significant changes in the nature of the Company's principal activities during the financial period.

3. *RESULTS*

The consolidated loss of the economic entity after providing for income tax amounted to \$670,304 (2006: \$165,863).

4. *REVIEW OF OPERATIONS*

Cortona has achieved significant asset and resource growth during the year. Highlights include the addition of ~1,500km² of projects in NSW, which host a 310,000oz gold resource at Dargues Reef in the Majors Creek Project. The Company considers this project to have world class potential.

A detailed heli-mag survey was flown over the Majors Creek project. A total of ~13k line kilometres were flown at a height of 35m along 50m spaced lines. The resulting product has thrown considerable light on the structural framework in and around the known mineralisation, as well as highlighting numerous structural targets across the project.

A detailed IP survey was completed over the Dargues Reef prospect and the surrounding area. Results are pending.

Exploration highlights at the North Monger project in Western Australia, include delineation of a new gold resource estimated at 31,600oz at Wombola Dam, bringing the combined resources within the project to ~59,000oz of gold. Further drilling has extended the mineralisation to the south and east, and a resource upgrade is anticipated.

The Company commissioned a structural mapping program at North Monger which supported our Kanowna Belle exploration model and highlighted numerous additional structures deemed favourable for mineralisation. The May drilling targeted one of these structures with a single hole which intercepted mineralisation of 3m @ 16.8g/t gold from 97m.

DIRECTORS' REPORT (CONTINUED)

The North Monger land position has been enhanced by the acquisition of seven tenements which bridge the gap between the northern and southern areas. A further 5 adjoining prospecting licenses are being reverted as a result of the acquisition of a mining lease application.

In February the Company entered into Native Title Agreements with the Widji people to both facilitate the grant of the Wombola Mining Leases, and also facilitate the grant of additional prospecting licenses within the Claimant's area. The Wombola mining leases, which contain the two known gold resources within the project, were granted in May.

Further improvements to the package include the reversion of all the original tenements to new prospecting licenses. As a result, the project consists almost entirely of new licenses with four year terms, renewable for a further four years, which is a significant strengthening of the Company's land holding. Furthermore, the North Monger project now has group expenditure and reporting status enabling more effective use of exploration funds and improved exploration planning.

A soil sampling program was completed at Juglah Rocks for which results are pending. The Tambourah project was divested to GTI Resources Limited, which listed on the ASX in August 2007.

5. *FINANCIAL POSITION*

In July 2007, the Company raised \$10,850,000 through the issue of 33,906,250 shares. This was raised via a share purchase plan and placement to sophisticated investor through various brokers.

The capital raising allowed the company to purchase the NSW gold assets of Moly Mines Ltd, for a cash consideration of \$5,000,000, with approximately \$700,000 being used to cover the costs of the capital raising and due diligence process.

The remaining funds will be used to explore the Company's projects and any associated costs.

6. *BUSINESS STRATEGIES AND PROSPECTS FOR THE FORTHCOMING YEAR*

Cortona has positioned itself well to grow its resource base through the discovery and development of exciting prospects at a time when the gold price appears strong.

The Company anticipates that drilling at Dargues Reef in NSW will enable an upgrade to the current resource estimate and validate a scoping study to in the first half of 2008. The North Monger Project in WA remains important, and drilling is underway at Wombola Dam that is expected to lead to a revised resource estimate there also.

Additional walk-up targets at Majors Creek include Exeter Farm, Copper Ridge, Snobs Reef and Elrington, each of which shows evidence for mineralisation at surface yet remains untested by drilling. The Company intends to drill test each as part of its near term exploration strategy.

Cortona believes its prospects for success are high, and considers some of its resources have the potential to generate revenue in the foreseeable future.

DIRECTORS' REPORT (CONTINUED)**7. SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

The following significant changes in the state of affairs of the Company occurred during the financial period:

In January 2007 the Company purchased a 90% interest in 7 Prospecting Licences (PL's) in the North Monger area. The consideration paid was \$10,000 cash and 100,000 shares.

In March 2007 the Company purchased further tenements in the North Monger area. The consideration paid was \$5,000 cash and 50,000 shares.

In May 2007 the Company introduced a Share Purchase Plan to raise up to \$1,250,000. At the time of closure of the issue the company had raised \$822,502.

8. SUBSEQUENT EVENTS

On 5 July 2007, Cortona Resources Limited acquired all the issued shares in Big Island Mining Limited, a wholly owned subsidiary of Moly Mines Limited. The consideration paid was \$5 million in cash, 12 million ordinary shares, 8 million options exercisable 2 years from date of issue at 35 cents, and 8 million options exercisable 5 years from date of issue at 50 cents, which only vest upon securing a 1,000,000 ounce of indicated/measured JORC compliant gold resource that the Company/BIM delineate.

Big Island Mining Limited owns 100% of twelve tenements at 6 project locations in New South Wales covering an area of approximately 1,500km². Each project has undergone some degree of past gold mining activity, and each is considered to have the potential for exploration upside. The flagship Majors Creek project encompasses the largest alluvial gold field in NSW (1.2 million oz), yet remains sparsely explored by modern methods for the primary sources of this gold. The recently delineated Dargues Reef resource (310,000oz Au) is interpreted to be one such source, and several additional primary targets have since been identified.

To assist in the acquisition of Big Island Mining Limited, the Company finalised a capital raising in July 2007 of \$10.85 million through the issue of 33,906,250 shares at an issue price of 32 cents.

The Tambourah project was divested to GTI Resources Limited, which listed on the ASX in August 2007.

Except for the above, no other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

9. FUTURE DEVELOPMENTS

The Company will continue its mineral exploration activities at and around its existing projects with the objective of building a solid resource base and generating revenue.

DIRECTORS' REPORT (CONTINUED)**10. ENVIRONMENTAL ISSUES**

Cortona Resources is aware of its environmental obligations with regards to its exploration activities. The Company has chosen to use the local landholder as its preferred supplier of owner-operated machinery for the clearing of access tracks and drill sites, which the Company believes has resulted in the minimum level of disturbance. Cortona has instigated a rehabilitation policy that ensures rehabilitation be conducted to the highest standard, and at the earliest opportunity following exploration activity.

11. DIVIDENDS PAID OR RECOMMENDED

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

12. DIRECTORS' MEETINGS

Directors	Board of directors	
	Held	Attended
Clive Jones	6	6
Peter van der Borgh	6	6
George Lazarou	6	6

13. REMUNERATION REPORT

The names and particulars of the directors of the company since incorporation or since the end of the financial year are:

Clive Jones	Non-Executive Chairman
Peter van der Borgh	Managing Director
George Lazarou	Non-Executive Director
Derek Fisher	Non-Executive Director (Appointed 5 July 2007)
Suzie Foreman	Secretary

Remuneration policy

The remuneration policy of Cortona Resources Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates and offering specific long-term incentives based on key performance areas affecting the economic entity's financial results. The board of Cortona Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors and executives to run and manage the economic entity.

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

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board reviews executive packages annually by reference to the economic entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

DIRECTORS' REPORT (CONTINUED)

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9% and the company has agreed from 1 July 2007 to pay an additional 1% in superannuation. The executive directors and executives do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Options are valued using the Black-Scholes method.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently \$120,000). Fees for non-executive directors are not linked to the performance of the economic entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in the employee option plan.

Performance based remuneration

The company has no performance based remuneration component built into director and executive remuneration packages.

Company performance, shareholder wealth and director's and executive's remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. Currently, this is facilitated through the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The company believes the policy will be effective in increasing shareholder wealth. For details of directors and executives interests in options at year end, refer note 4 of the financial statements.

Employment contracts of key management personnel

For details of service agreements between key management personnel and Cortona Resources Limited, refer note 4 of the financial statements.

DIRECTORS' REPORT (CONTINUED)**Compensation of key management personnel for the year ended 30 June 2007**

	Short-Term		Post Employment		Share Based Payments	Total
	Salary & Fees	Non Monetary	Super-annuation	Retirement Benefits	Options	
	\$	\$	\$	\$	\$	\$
Directors						
Clive Jones (i) & (ii)	35,000	-	-	-	95,600	130,600
Peter van der Borgh (ii)	140,000	-	12,600	-	95,600	248,200
George Lazarou (ii)	25,000	-	2,250	-	47,800	75,050
Specified Executives						
Suzie Foreman (iii)	35,487	-	-	-	-	35,487
Total	<u>235,487</u>	<u>-</u>	<u>14,850</u>	<u>-</u>	<u>239,000</u>	<u>489,337</u>

- (i) The amount was paid to Widerange Corporation Pty Ltd, a company controlled by Mr Jones.
- (ii) The fair value of the Options is calculated at the date of grant using the Black-Scholes model.
- (iii) An aggregate amount of \$35,487 was paid, or was due and payable to Mining Corporate Pty Ltd, a company of which Miss Suzie Foreman and Mr George Lazarou are directors, for the provision of company secretarial services to the Company.

Compensation of key management personnel for the period ended 30 June 2006

	Short-Term		Post Employment		Share Based Payments	Total
	Salary & Fees	Non Monetary	Super-annuation	Retirement Benefits	Options	
	\$	\$	\$	\$	\$	\$
Directors						
Clive Jones (i) & (ii)	9,287	-	-	-	2,650	11,937
Peter van der Borgh (ii) & (iv)	55,667	-	4,200	-	13,300	73,167
George Lazarou (ii)	6,634	-	597	-	2,650	9,881
Specified Executives						
Suzie Foreman (iii)	52,676	-	-	-	-	52,676
Total	<u>124,264</u>	<u>-</u>	<u>4,797</u>	<u>-</u>	<u>18,600</u>	<u>147,661</u>

- (i) The amount was paid to Widerange Corporation Pty Ltd, a company controlled by Mr Jones.
- (ii) The fair value of the Options is calculated at the date of grant using the Black-Scholes model.
- (iii) An aggregate amount of \$52,676 was paid, or was due and payable to Mining Corporate Pty Ltd, a company of which Miss Suzie Foreman and Mr George Lazarou are directors, for the provision of company secretarial services to the Company and IPO compliance services.
- (iv) An aggregate amount of \$9,000 was paid, or due and payable to Peter van der Borgh for the provision of consultancy services. This amount has been included in the above amount of \$55,667.

DIRECTORS' REPORT (CONTINUED)**Compensation options granted during the year ended 30 June 2007**

Options are issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to the majority of directors and executives of Cortona Resources Limited to increase goal congruence between executives, directors and shareholders. The following options were issued during the period to key management personnel:

	Grant Date	Granted Number	Vesting Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Exercised Number	% of Remuneration
Executives								
C Jones	29/6/2007	1,000,000	29/6/2007	30/6/2010	50	9.56	N/A	73.2%
P van der Borgh	29/6/2007	1,000,000	29/6/2007	30/6/2010	50	9.56	N/A	38.5%
G Lazarou	29/6/2007	500,000	29/6/2007	30/6/2010	50	9.56	N/A	63.7%

The options were issued free of charge, and were valued by using the Black & Scholes option pricing model by Capital & Corporate Advisors Pty Ltd. The calculation of all option valuations included the share price on 15 May 2007 of 35 cents, a volatility factor of 70%, an annual risk-free rate of 5.29% and discount for unlisted options of 30% for non negotiability and/or lack of liquidity.

Performance income as a proportion of total compensation

No performance based bonuses have been paid to key management personnel during the financial period.

14. INDEMNIFYING OFFICERS

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every Officer or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer, auditor or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

The Company has paid premiums to insure each director and officer against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity of director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The total amount of premiums paid was \$13,860.

DIRECTORS' REPORT (CONTINUED)**15. OPTIONS**

Unissued Shares Under Option

At the date of this report unissued ordinary shares of the company under option are:

Expiry Date	Exercise Price	Number of Shares
31 January 2008	\$0.30	3,000,000
31 March 2008	\$0.20	14,859,494
20 October 2008	\$0.30	100,000
31 December 2008	\$0.40	1,000,000
27 March 2009	\$0.25	50,000
21 May 2009	\$0.25	75,000
18 June 2009	\$0.50	100,000
5 July 2009	\$0.35	8,000,000
27 March 2010	\$0.25	50,000
21 May 2010	\$0.25	75,000
18 June 2010	\$0.41	75,000
30 June 2010	\$0.45	1,000,000
30 June 2010	\$0.50	2,600,000
18 June 2011	\$0.41	75,000
30 June 2011	\$0.41	150,000
30 June 2011	\$0.50	100,000
5 July 2012	\$0.50	8,000,000

During the year ended 30 June 2007, 15,507 options were exercised at 20 cents each, raising \$3,101.40.

16. PROCEEDINGS ON BEHALF OF COMPANY

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

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

17. AUDITORS INDEPENDENCE DECLARATION

The auditor's independence declaration is included in the financial report.

18. NON AUDIT SERVICES

The board of directors, in accordance with advice from the audit committee, is satisfied that no non-audit services were performed during the year by the Company's auditors.

DIRECTORS' REPORT (CONTINUED)

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

A handwritten signature in black ink, appearing to read 'P. J. van der Borgh'. The signature is written in a cursive style with a large, circular flourish at the end.

Peter van der Borgh
Managing Director

Dated this 27th day of September 2007.


**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF CORTONA RESOURCES LIMITED**

I declare that to the best of my knowledge and belief, during the year ended 30 June 2007, there have been:

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



Mack & Co
Chartered Accountants
2nd Floor, 35 Havelock Street
West Perth WA 6005



N A Calder, Partner
SEPTEMBER 27 2007
Date

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Note	Consolidated 2007 \$	Company 2007 \$	Consolidated 2006 \$	Company 2006 \$
Revenue from continuing activities	2	151,907	744,210	56,032	295,940
Administrative expenses		(233,024)	(760,250)	(87,610)	(277,360)
Capitalised exploration expenditure written off	3	-	-	(9,685)	-
Depreciation expense	3	(15,801)	(15,801)	(3,147)	(3,147)
Directors fees		(200,000)	(200,000)	(50,421)	(50,421)
Finance costs	3	(635)	(536)	(1,282)	(1,224)
Impairment of non-current assets	3	-	(65,176)	-	(59,947)
Occupancy expenses		(25,617)	(25,617)	(9,952)	(9,906)
Employee benefits	3	(347,134)	(347,134)	(59,798)	(59,798)
Loss before income tax expense	3	(670,304)	(670,304)	(165,863)	(165,863)
Income tax expense		-	-	-	-
Loss for period		(670,304)	(670,304)	(165,863)	(165,863)
Basic loss per share (cents per share)	24	2.25	2.25	0.71	0.71
Diluted loss per share (cents per share)	24	2.25	2.25	0.71	0.71

The accompanying notes form part of these financial statements.

BALANCE SHEET
AS AT 30 JUNE 2007

	Note	Consolidated 2007 \$	Company 2007 \$	Consolidated 2006 \$	Company 2006 \$
CURRENT ASSETS					
Cash and cash equivalents	10	8,029,205	8,028,705	3,002,845	2,966,811
Trade and other receivables	11	48,158	48,158	71,089	30,513
Other assets	12	10,674	10,674	1,552	1,552
TOTAL CURRENT ASSETS		8,088,037	8,087,537	3,075,486	2,998,876
NON CURRENT ASSETS					
Trade and other receivables	11	-	1,631,910	-	610,242
Plant and equipment	13	44,045	44,045	57,381	57,381
Other financial assets	14	-	431,819	-	431,819
Exploration and evaluation expenditure	16	2,063,229	-	965,451	-
TOTAL NON CURRENT ASSETS		2,107,274	2,107,774	1,022,832	1,099,442
TOTAL ASSETS		10,195,311	10,195,311	4,098,318	4,098,318
CURRENT LIABILITIES					
Trade and other payables	17	6,852,738	6,852,738	194,554	194,554
Provisions	18	18,739	18,739	3,768	3,768
TOTAL CURRENT LIABILITIES		6,871,477	6,871,477	198,322	198,322
TOTAL LIABILITIES		6,871,477	6,871,477	198,322	198,322
NET ASSETS		3,323,834	3,323,834	3,899,996	3,899,996
EQUITY					
Issued capital	19	3,881,617	3,881,617	4,041,959	4,041,959
Reserves	20	278,384	278,384	23,900	23,900
Accumulated losses	21	(836,167)	(836,167)	(165,863)	(165,863)
TOTAL EQUITY		3,323,834	3,323,834	3,899,996	3,899,996

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	Consolidated 2007 \$	Company 2007 \$	Consolidated 2006 \$	Company 2006 \$
Total equity at the beginning of the period		3,899,996	3,899,996	-	-
Loss for the year	21	(670,304)	(670,304)	(165,863)	(165,863)
Total recognised income and expense for the year attributable to members of Cortona Resources Ltd		(670,304)	(670,304)	(165,863)	(165,863)
Transactions with equity holders in their capacity as equity holders:					
Shares issued during the year	19	33,100	33,100	4,360,570	4,360,570
Transaction costs	19	(193,442)	(193,442)	(318,611)	(318,611)
Employees share options	20	254,484	254,484	23,900	23,900
		94,142	94,142	4,065,859	4,065,859
Total equity at the end of the period		3,323,834	3,323,834	3,899,996	3,899,996

The accompanying notes form part of these financial statements.

**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	Consolidated 2007 \$	Company 2007 \$	Consolidated 2006 \$	Company 2006 \$
Cash Flows from Operating Activities					
Payments to suppliers and employees		(499,779)	(538,468)	(133,930)	(141,071)
Interest received		140,696	140,232	49,896	49,437
Interest paid		(85)	(85)	-	-
<i>Net cash flows used in operating activities</i>	25(a)	<u>(359,168)</u>	<u>(398,321)</u>	<u>(84,034)</u>	<u>(91,634)</u>
Cash Flows From Investing Activities					
Proceeds from sale of tenements		20,000	-	-	-
Payment for exploration and evaluation		(1,175,707)	-	(298,185)	-
Purchase of exploration assets		-	-	(65,000)	-
Purchase of plant and equipment		(2,465)	(2,465)	(60,528)	(60,528)
Net cash acquired on acquisition of subsidiary		-	-	175,152	-
<i>Net cash flows provided used in investing activities</i>		<u>(1,158,172)</u>	<u>(2,465)</u>	<u>(248,561)</u>	<u>(60,528)</u>
Cash Flows from Financing Activities					
Share applications held in trust		6,540,600	6,540,600	-	-
Proceeds from issue of shares		3,100	3,100	3,648,751	3,648,751
Payment for costs of issue of shares		-	-	(313,311)	(313,311)
Loan to subsidiary		-	(1,081,020)	-	(216,467)
<i>Net cash flow provided by financing activities</i>		<u>6,543,700</u>	<u>5,462,680</u>	<u>3,335,440</u>	<u>3,118,973</u>
Net increase in cash held		5,026,360	5,061,894	3,002,845	2,966,811
Cash and cash equivalents at beginning of financial period		<u>3,002,845</u>	<u>2,966,811</u>	-	-
Cash and cash equivalents at end of financial period	25(b)	<u>8,029,205</u>	<u>8,028,705</u>	<u>3,002,845</u>	<u>2,966,811</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial report of Cortona Resources Limited and controlled entities complies with International Financial Reporting Standards (IFRS) in their entirety.

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

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial report has also been prepared on an accruals basis and is based on historical costs, except for derivative financial instruments and available-for-sale financial assets that have been measured at fair value.

(a) *Principles of Consolidation*

A controlled entity is any entity Cortona Resources Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 15 to the financial statements. All controlled entities have a June financial year-end.

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

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

Subsidiary acquisitions are accounted for using the purchase method of accounting.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Cortona Resources Limited.

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) 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 period. 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 periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither that accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity are not in the income statement.

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Exploration and evaluation expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- (i) such costs are expected to be recouped through successful development and exploitation or from sale of the area; or
- (ii) exploration and evaluation activities in the area have not, at balance date, reached a stage which permit a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(d) Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Impairment

The carrying amounts of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists and where the carrying values exceed the recoverable amount, the assets or cash generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in the income statement in the cost of sales line item.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the Company commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets vary from 20% to 40%.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the Company are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Leased assets are depreciated on a diminishing value basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset or over the term of the lease.

Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(f) Earnings Per Share

Basic earnings per share ("EPS") is calculated by dividing the net loss attributable to members for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated as net loss attributable to members, adjusted for, costs of servicing equity (other than dividends) and preference share dividends; the after tax effect of dividends and interest associated with dilutive potential ordinary shares that would have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(g) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Revenue is recognised as the interest accrues.

(h) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(i) Goods and Services Tax (GST)

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

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Impairment

At each reporting date the Company assesses whether there is any indication that an asset may be impaired. Where an indication of impairment exists, the Company makes a formal estimate of recoverable amount. Where carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or Company assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(k) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the income statement.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

(l) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outlay of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, 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.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the Company to employee superannuation funds and are charged as expenses when incurred.

(n) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(o) Share-based payment transactions

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transaction").

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(p) Issued capital

Ordinary shares are classified as equity.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(q) Trade and Other Receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the group will not be able to collect the debt.

(r) Critical accounting judgements, estimates and assumptions

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

Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using Black-Scholes option pricing model, using the assumptions detailed in note 5.

Exploration and evaluation costs

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

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2007

	Consolidated 2007 \$	Company 2007 \$	Consolidated 2006 \$	Company 2006 \$
2. REVENUE FROM CONTINUING ACTIVITIES				
Operating activities				
- Administration fee receivable from controlled entity	-	599,527	-	241,360
- Interest received	135,554	135,090	56,032	54,580
- Gain on sale of tenements	6,760	-	-	-
- Other	9,593	9,593	-	-
	151,907	744,210	56,032	295,940
3. EXPENSES				
Loss from operations before income tax has been determined after the following specific expenses:				
Capitalised exploration expenditure written off	-	-	9,685	-
Depreciation	15,801	15,801	3,147	3,147
Employee benefits expense				
- Share based payments	254,484	254,484	18,600	18,600
- Recruitment	-	-	6,949	6,949
- Salaries	62,403	62,403	27,331	27,331
- Superannuation	30,247	30,247	6,918	6,918
	347,134	347,134	59,798	59,798
Finance costs				
- Bank charges	550	451	1,282	1,224
- Interest paid	85	85	-	-
	635	536	1,282	1,224
Impairment of receivable from controlled entity	-	65,176	-	59,947

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2007

4. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of key management personnel

The following persons were key management personnel of Cortona Resources Limited during the financial year:-

Clive Jones	Non-Executive Chairman
Peter van der Borgh	Executive Director
George Lazarou	Non-Executive Director

(b) Remuneration policy of key management personnel

The objective of the Company's executive reward framework is set to attract and retain the most qualified and experienced directors and senior executives. The board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness
- Acceptability to shareholders
- Performance linkage
- Capital management

Non Executive Directors

The constitution of the Company provides that the non-executive directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time determined by the Company in a general meeting (currently \$120,000). The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The remuneration policy has been tailored to increase goal congruence between shareholders and directors. Currently, this is facilitated through the issue of free options to directors to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing wealth.

Directors fees

A director may be paid fees or other amounts as the directors determine where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. A director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2007

4. KEY MANAGEMENT PERSONNEL DISCLOSURES (Continued)

Service agreements

The employment conditions of the managing director, Mr van der Borgh is formalised in a contract of employment. Other than the managing director, all executives are permanent employees of Cortona Resources Limited. Peter van der Borgh is employed under a fixed three year contract commencing on 1 March 2006, and is paid a base salary, inclusive of superannuation to be reviewed annually by the board. The Board has increased Mr van der Borgh's base salary (inclusive of superannuation) to \$220,000 per annum effective from 1 July 2007 (2006: \$152,600 per annum, inclusive of superannuation).

In accordance with the Executive Services Agreement of Mr van der Borgh, the Company may, for reasons of serious misconduct specified in the Agreement, terminate employment by giving notice to that effect to the Executive. Furthermore, the Company may terminate the Executive's employment at any time by paying out in full the remaining term of employment, subject to all applicable limits imposed by the Corporations Act and the ASX listing Rules.

Retirement benefits

Other retirement benefits may be provided directly by the Company if approved by shareholders.

(c) Compensation of key management personnel by individual

Compensation of key management personnel for the year ended 30 June 2007

	Short-Term		Post Employment		Share Based Payments	Total
	Salary & Fees	Non Monetary	Super-annuation	Retirement Benefits	Options	
	\$	\$	\$	\$	\$	\$
Directors						
Clive Jones (i) & (ii)	35,000	-	-	-	95,600	130,600
Peter van der Borgh (ii)	140,000	-	12,600	-	95,600	248,200
George Lazarou (ii) & (iii)	60,487	-	2,250	-	47,800	110,537
Total	235,487	-	14,850	-	239,000	489,337

- (i) The amount was paid to Widerange Corporation Pty Ltd, a company controlled by Mr Jones.
- (ii) The fair value of the Options is calculated at the date of grant using the Black-Scholes model.
- (iii) An aggregate amount of \$35,487 was paid, or was due and payable to Mining Corporate Pty Ltd, a company of which Mr George Lazarou is a director, for the provision of company secretarial services to the Company.

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2007

4. KEY MANAGEMENT PERSONNEL DISCLOSURES (Continued)

Compensation of key management personnel for the period ended 30 June 2006

	Short-Term		Post Employment		Share Based Payments	Total
	Salary & Fees	Non Monetary	Super-annuation	Retirement Benefits	Options	
	\$	\$	\$	\$	\$	\$
Directors						
Clive Jones (i) & (ii)	9,287	-	-	-	2,650	11,937
Peter van der Borgh (ii) & (iv)	55,667	-	4,200	-	13,300	73,167
George Lazarou (ii) & (iii)	59,310	-	597	-	2,650	62,557
Total	124,264	-	4,797	-	18,600	147,661

- (i) The amount was paid to Widerange Corporation Pty Ltd, a company controlled by Mr Jones.
- (ii) The fair value of the Options is calculated at the date of grant using the Black-Scholes model.
- (iii) An aggregate amount of \$52,676 was paid, or was due and payable to Mining Corporate Pty Ltd, a company of which Mr George Lazarou is a director, for the provision of company secretarial services to the Company and IPO compliance services.
- (iv) An aggregate amount of \$9,000 was paid, or due and payable to Peter van der Borgh for the provision of consultancy services. This amount has been included in the above amount of \$55,667.

(d) Compensation options: Granted and vested during the year

Compensation options issued to key management personnel in 2007 and vesting during the year are shown below. Further details on the terms and conditions of these options are contained in note 19 (d).

Key Management Personnel	Granted Number	Vested Number	Grant Date	Value of Options at	Exercise Price	First Exercise Date	Last Exercise Date
				Grant Date \$			
C Jones	1,000,000	1,000,000	29.06.2007	95,600	\$0.50	29.06.2007	30.06.2010
P van der Borgh	1,000,000	1,000,000	29.06.2007	95,600	\$0.50	29.06.2007	30.06.2010
G Lazarou	500,000	2,500,000	29.06.2007	47,800	\$0.50	29.06.2007	30.06.2010
	<u>2,500,000</u>	<u>4,500,000</u>					

The options were issued free of charge, and were valued by using the Black & Scholes option pricing model by Capital & Corporate Advisors Pty Ltd. The calculation of all option valuations included the share price on 15 May 2007 of 35 cents, a volatility factor of 70%, an annual risk-free rate of 5.29% and discount for unlisted options of 30% for non negotiability and/or lack of liquidity.

(e) Shares issued on exercise of compensation options

There were no shares issued on exercise of compensation options during the period.

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2007

4. KEY MANAGEMENT PERSONNEL DISCLOSURES (Continued)

(f) Option holdings of key management personnel

2007	Balance at beginning period	Granted as Remuneration	Exercised	Bought & (Sold)	Balance at 30.06.07	Total Vested at 30.06.07	Total Exercisable at 30.06.07
Clive Jones	775,000	1,000,000	-	-	1,775,000	1,775,000	1,775,000
Peter van der Borgh	3,375,001	1,000,000	-	-	4,375,001	4,375,001	4,375,001
George Lazarou	550,000	500,000	-	-	1,050,000	1,050,000	1,050,000
	4,700,001	2,500,000	-	-	7,200,001	7,200,001	7,200,001

2006	Balance at beginning period	Granted as Remuneration	Exercised	Bought & (Sold) *	Balance at 30.06.06	Total Vested at 30.06.06	Total Exercisable at 30.06.06
Clive Jones	-	500,000	-	275,000	775,000	775,000	775,000
Peter van der Borgh	-	2,000,000	-	1,375,001	3,375,001	3,375,001	3,375,001
George Lazarou	-	500,000	-	50,000	550,000	550,000	550,000
	-	3,000,000	-	1,700,001	4,700,001	4,700,001	4,700,001

* Relates to a non-renounceable issue of options to all shareholders in May 2006 offering one option for each two shares held at a price of one cent each, exercisable at 20 cents on or before 31 March 2008.

(g) Shareholdings of key management personnel

2007	Balance at beginning period	Granted as Remuneration	On Exercise of Options	Bought & (Sold) *	Balance at 30.06.07
Clive Jones	550,000	-	-	115,625	665,625
Peter van der Borgh	2,750,002	-	-	15,625	2,765,627
George Lazarou	100,000	-	-	7,813	107,813
	3,400,002	-	-	139,063	3,539,065

* Relates to shares issued under a share purchase plan. Mr Jones also acquired 100,000 shares on market during the year.

2006	Balance at beginning period	Granted as Remuneration	On Exercise of Options	Bought & (Sold) *	Balance at 30.06.06
Clive Jones	-	-	-	550,000	550,000
Peter van der Borgh	-	-	-	2,750,002	2,750,002
George Lazarou	-	-	-	100,000	100,000
	-	-	-	3,400,002	3,400,002

* Relates to shares issued on 13 January 2007 in accordance with the Share Sale Agreement between Cortona Resources Limited and Wombola Gold Pty Ltd.

(h) Loans to key management personnel

There were an unsecured, interest free loan, repayable within 12 months made to Mr Peter van der Borgh during the year amounting to \$909.09. This loan was repaid in full in August 2007.

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2007

4. KEY MANAGEMENT PERSONNEL DISCLOSURES (Continued)

(i) Other transactions and balances with key management personnel Services

Mining Corporate Pty Ltd, a business of which Mr Lazarou is a director, provided company secretarial and other corporate services to Cortona Resources Limited during the year. The amounts paid were at arms length and are disclosed at note 4(c).

Cazaly Resources Limited, a company of which Mr Jones is a director, provided office facilities to Cortona Resources Limited during the year. The amounts paid totalled \$ 36,819 (2006:\$9,235) and were at arms length.

5. SHARE BASED PAYMENTS

Options are issued to key management personnel as part of their compensation under the company's Employee Share Option Plan. The options issued may be subject to performance criteria and are issued to key management personnel of Cortona Resources Limited to increase goal congruence between key management personnel and shareholders.

The following table illustrates the number and weighted average exercise prices (WAEP) of and movements in share options issued under Share Based Payment Scheme during the year:

	Consolidated 2007		Company 2007		Consolidated 2006		Company 2006	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
At beginning of reporting period	3,000,000	0.33	3,000,000	0.33	-	-	-	-
Granted during the period								
- Director remuneration	2,500,000	0.50	2,500,000	0.50	2,000,000	0.30	2,000,000	0.30
- Director remuneration	-	-	-	-	1,000,000	0.40	1,000,000	0.40
- Employee Options	250,000	0.25	250,000	0.25	-	-	-	-
- Employee Options	100,000	0.30	100,000	0.30	-	-	-	-
Exercised/expired during the period	-	-	-	-	-	-	-	-
Balance at the end of reporting period	<u>5,850,000</u>		<u>5,850,000</u>		<u>3,000,000</u>		<u>3,000,000</u>	
Exercisable at end of reporting period	<u>5,850,000</u>		<u>5,850,000</u>		<u>3,000,000</u>		<u>3,000,000</u>	

- (i) The options outstanding at 30 June 2007 had a weighted average exercise price of \$0.38, and a weighted average remaining life between 0.58 years and 3 years.
- (ii) The weighted average fair value of options granted during the year was \$0.096.
- (iii) Included under employee benefits expense in the income statement is \$254,484 (2006:\$18,600), which relates to equity-settled share-based payment transactions.

Options Exercised

No options were exercised during the year ended 30 June 2007.

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2007

6. RELATED PARTY DISCLOSURES

(a) Parent entity

The ultimate parent entity within the Group is Cortona Resources Limited.

(b) Wholly-owned group transactions

Loans

Cortona Resources Limited has provided an unsecured, interest free loan to its wholly owned subsidiary, Wombola Gold Pty Ltd totalling \$1,757,033 (2006:\$670,189) at balance date. The Company has made a provision for impairment against the loan for \$125,123 (2006:\$59,947) as at 30 June 2007, giving a net balance of \$1,631,910 (2006:\$610,242). There were no repayments made during the year.

Administration Fee

For the period ended 30 June 2007 the Company charged an administration fee to its wholly owned subsidiary, Wombola Gold Pty Ltd totalling \$599,527 (2006:\$241,360). This amount remains outstanding as at 30 June 2007.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 4.

7. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

No dividends were paid during the year. No recommendation for payment of dividends has been made.

	Consolidated 2007 \$	Company 2007 \$	Consolidated 2006 \$	Company 2006 \$
8. AUDITORS' REMUNERATION				
Remuneration of the auditor for Ord Partners:				
- Auditing or reviewing the financial report	-	-	10,000	10,000
- Other services	-	-	5,140	5,140
			15,140	15,140
Remuneration of the auditor for Mack & Co:				
- Auditing or reviewing the financial report	20,400	20,400	-	-
- Other services	-	-	-	-
	20,400	20,400	15,140	15,140
	20,400	20,400	15,140	15,140

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2007

	Consolidated 2007 \$	Company 2007 \$	Consolidated 2006 \$	Company 2006 \$
9. INCOME TAX EXPENSE				
The components of tax expense comprise:				
Current tax	-	-	-	-
Deferred tax	-	-	-	-
The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:				
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2006:30%)	(201,091)	(201,091)	(49,759)	(49,759)
Add:				
Tax effect of:				
- Other non-allowable items	611	611	1,082	42
- Share based payments	76,345	76,345	5,580	5,580
- Provision against group borrowings	-	19,553	-	17,984
- Revenue losses not recognised	468,824	128,868	347,467	34,406
	<u>545,780</u>	<u>225,377</u>	<u>354,129</u>	<u>58,012</u>
Less:				
Tax effect of:				
- Exploration and evaluation expenditure deductible for income tax purposes not recognised	(320,333)	-	(289,635)	-
- Other non-assessable items	-	-	(6,760)	-
- Other deferred tax balances not recognised	(24,356)	(24,286)	(7,975)	(8,253)
	<u>(344,689)</u>	<u>(24,286)</u>	<u>(304,370)</u>	<u>(8,253)</u>
Income tax	-	-	-	-
The applicable weighted average effective	0%	0%	0%	0%
The following deferred tax balances have not been recognised:				
Deferred Tax Assets:				
Carry forward revenue losses	816,291	163,274	347,467	34,406
Capital raising costs	105,000	105,000	78,099	78,099
Property, plant and equipment	3,088	3,088	4,829	4,829
Provisions and accruals	12,964	12,964	6,158	6,158
Other	398	189	531	252
	<u>937,741</u>	<u>284,515</u>	<u>437,084</u>	<u>123,744</u>
Deferred Tax Liabilities:				
Exploration expenditure	609,968	-	289,635	-
Other	164	164	2,008	2,008
	<u>610,132</u>	<u>164</u>	<u>291,643</u>	<u>2,008</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2007

9. INCOME TAX (Continued)

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

	Consolidated \$ 2007	Company \$ 2007	Consolidated \$ 2006	Company \$ 2006
10. CASH AND CASH EQUIVALENTS				
Cash at bank	6,630,299	6,629,799	216,130	180,096
Short term bank deposits	1,398,906	1,398,906	2,786,715	2,786,715
	8,029,205	8,028,705	3,002,845	2,966,811

i) The cash at bank held at the year end is held at on a cash management and business cheque account which pays interest at a rate between 4.1% and 6.1% per annum.

11. TRADE AND OTHER RECEIVABLES

Current

GST Receivable	47,249	47,249	64,044	24,462
Related party loan (i)	909	909	-	-
Other debtors	-	-	7,045	6,051
	48,158	48,158	71,089	30,513

Non current

Loan- Wombola Pty Ltd	-	1,757,033	-	670,189
Provision for impairment	-	(125,123)	-	(59,947)
	-	1,631,910	-	610,242

(i) The relates to an amount owed by Mr Peter Van der Borgh, and was an unsecured, interest free loan, repayable within 12 months. This loan was repaid in full in August 2007.

Terms and conditions relating to the above financial instruments.

1. Trade debtors are non-interest bearing and generally on 60 days terms.
2. Related party receivables are non-interest bearing and have no fixed repayment terms.
3. Other receivables are non-interest bearing and have repayment terms between 30 and 90 days.
4. Security deposits are interest bearing and provide security towards performance bonds provided by the consolidated entity bank to state governmental agencies environmental obligations.

	Consolidated \$ 2007	Company \$ 2007	Consolidated \$ 2006	Company \$ 2006
12. OTHER ASSETS				
Current				
Prepayments	10,674	10,674	1,552	1,552

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2007

	Consolidated \$ 2007	Company \$ 2007	Consolidated \$ 2006	Company \$ 2006
13. PLANT AND EQUIPMENT				
Plant and equipment				
At cost	62,993	62,993	60,528	60,528
Accumulated depreciation	(18,948)	(18,948)	(3,147)	(3,147)
	44,045	44,045	57,381	57,381
(a) Movements in carrying amounts				
Movements in the carrying amounts for each class of plant and equipment between the beginning and the end of the period.				
<i>Plant and equipment</i>				
Carrying amount at the date of incorporation	57,381	57,381	-	-
Additions	2,465	2,465	60,528	60,528
Depreciation expense	(15,801)	(15,801)	(3,147)	(3,147)
Carrying amount at end of the period	44,045	44,045	57,381	57,381
14 OTHER FINANCIAL ASSETS				
Non current				
Investment in subsidiary	-	431,819	-	431,819

15. INTERESTS IN CONTROLLED ENTITIES

a) Controlled entities consolidated

The consolidated financial statements incorporate the assets, liabilities and the results of the following subsidiary in accordance with the accounting policy described in note 1(a):

Name	Country of Incorporation	Class of Shares	Equity Holding *	Equity Holding *
Wombola Gold Pty Ltd	Australia	Ordinary	100%	100%

* Percentage of voting power is in proportion to ownership.

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2007

	Consolidated \$ 2007	Company \$ 2007	Consolidated \$ 2006	Company \$ 2006
16. EXPLORATION AND EVALUATION EXPENDITURE				
Non-Current				
Costs carried forward in respect of areas of interest in:				
- Exploration and evaluation phases at cost	2,063,229	-	965,451	-
Brought forward	965,451	-	-	-
Consideration of the exploration assets acquired during the period – at cost	50,000	-	452,500	-
Exploration expenditure capitalised during the year	1,047,778	-	522,636	-
Exploration expenditure written off	-	-	(9,685)	-
At reporting date	2,063,229	-	965,451	-

The value of the economic entity's interest in exploration expenditure is dependent upon:

- the continuance of the economic entity's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

The economic entity's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

17. TRADE AND OTHER PAYABLES

Current (unsecured)

Trade creditors	260,989	260,989	151,139	151,139
Other creditors and accruals	51,149	51,149	43,415	43,415
Application monies	6,540,600	6,540,600	-	-
	6,852,738	6,852,738	194,554	194,554

Terms and conditions relating to the above financial instruments.

1. Trade creditors are non-interest bearing and generally on 60 day terms.
2. Other creditors are non-interest bearing have no fixed repayment terms.
3. Amounts relate to directors fees owing at year end and are payable within 30 days..

18. PROVISIONS

Current

Employee benefits	18,739	18,739	3,768	3,768
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The Company currently has 14 (2006:5) employees including Directors.

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2007

	Consolidated	Company	Consolidated	Company
	\$	\$	\$	\$
	2007	2007	2006	2006
19. ISSUED CAPITAL				
29,915,509 (2006: 29,750,002) Fully paid ordinary shares	3,733,022	3,733,022	3,893,209	3,893,209
21,709,494 (2006: 18,875,001) Options	148,595	148,595	148,750	148,750
	<u>3,881,617</u>	<u>3,881,617</u>	<u>4,041,959</u>	<u>4,041,959</u>

(a) Movements in fully paid ordinary shares on issue:

<i>Ordinary Shares</i>	Economic Entity		Company	
	\$	Number	\$	Number
At the beginning of the reporting period	3,893,209	29,750,002	3,893,209	29,750,002
Shares issued during the year:				
Acquisition of tenements at 20 cents each	30,000	150,000	30,000	150,000
Options exercised during the year	3,255	15,507	3,255	15,507
Capital raising costs	(193,442)	-	(193,442)	-
At reporting date	<u>3,733,022</u>	<u>29,915,509</u>	<u>3,733,022</u>	<u>29,915,509</u>

(b) Movements in options on issue:

<i>Options</i>	Economic Entity		Company	
	\$	Number	\$	Number
At the beginning of the reporting period	148,750	18,875,001	148,750	18,875,001
Options issued during the year:				
Employee options issued for nil consideration	-	350,000	-	350,000
Director options issued for nil consideration	-	2,500,000	-	2,500,000
Less: Options exercised during the year	(155)	(15,507)	(155)	(15,507)
At reporting date	<u>148,595</u>	<u>21,709,494</u>	<u>148,595</u>	<u>21,709,494</u>

(c) Terms of Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held.

At shareholders meetings each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2007

19. ISSUED CAPITAL (Continued)**(d) Terms of Options**

At the end of reporting period, there are 21,709,494 options over unissued shares as follows:

- 3,000,000 unlisted options exercisable at 30 cents on or before 31 January 2008;
- 14,859,494 listed options exercisable at 20 cents on or before 31 March 2008;
- 100,000 unlisted options exercisable at 30 cents on or before 20 October 2008;
- 1,000,000 unlisted options exercisable at 40 cents on or before 31 December 2008;
- 50,000 unlisted options exercisable at 25 cents on or before 27 March 2009;
- 75,000 unlisted options exercisable at 25 cents on or before 21 May 2009;
- 50,000 unlisted options exercisable at 25 cents on or before 27 March 2010;
- 75,000 unlisted options exercisable at 25 cents on or before 21 May 2010; and
- 2,500,000 unlisted options exercisable at 50 cents on or before 30 June 2010.

	Consolidated 2007 \$	Company 2007 \$	Consolidated 2006 \$	Company 2006 \$
20. RESERVES				
Balance at beginning of financial period	23,900	23,900	-	-
Employee equity settled transactions	254,484	254,484	23,900	23,900
Balance at end of financial period	<u>278,384</u>	<u>278,384</u>	<u>23,900</u>	<u>23,900</u>
21. ACCUMULATED LOSSES				
Accumulated losses at the beginning of the financial period	(165,863)	(165,863)	-	-
Net loss attributable to members	(670,304)	(670,304)	(165,863)	(165,863)
Accumulated losses at the end of the financial period	<u>(836,167)</u>	<u>(836,167)</u>	<u>(165,863)</u>	<u>(165,863)</u>

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2007

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) *Interest Rate Risk*

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

(b) *Credit Risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the economic entity. The economic entity has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

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

23. FINANCIAL INSTRUMENTS

(a) **Interest rate risk exposures**

The Company's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table:

2007	Fixed interest maturing in			Non-Interest bearing \$	Total \$
	Floating interest rate \$	1 year or less \$	over 1 year less than 5 \$		
Financial Assets					
Cash at bank	6,630,299	-	-	-	6,630,299
Term deposit	-	1,398,906	-	-	1,398,906
Trade & other receivables	-	-	-	48,158	48,158
	<u>6,630,299</u>	<u>1,398,906</u>	<u>-</u>	<u>48,158</u>	<u>8,077,363</u>
Weighted Average Interest Rate	-%	6.5%	-	-	-
Financial Liabilities					
Trade & other creditors	-	-	-	(312,138)	(312,138)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(312,138)</u>	<u>(312,138)</u>
Weighted Average Interest Rate	-	-	-	-	-
Net financial assets (liabilities)	<u>6,630,299</u>	<u>1,398,906</u>	<u>-</u>	<u>(263,980)</u>	<u>7,765,225</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2007

23. FINANCIAL INSTRUMENTS (Continued)

2006	Fixed interest maturing in			Non-Interest bearing \$	Total \$
	Floating interest rate \$	1 year or less \$	over 1 year less than 5 years \$		
Financial Assets					
Cash at bank	216,130		-	-	216,130
Term deposit	-	2,786,715	-	-	2,786,715
Trade & other receivables	-	-	-	71,089	71,089
	<u>216,130</u>	<u>2,786,715</u>	<u>-</u>	<u>71,089</u>	<u>3,073,934</u>
Weighted Average Interest Rate	1.85%	5.8%	-	-	-
Financial Liabilities					
Trade & other creditors	-	-	-	(194,554)	(194,554)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(194,554)</u>	<u>(194,554)</u>
Weighted Average Interest Rate	-	-	-	-	-
Net financial assets (liabilities)	<u>216,130</u>	<u>2,786,715</u>	<u>-</u>	<u>(123,465)</u>	<u>2,879,380</u>

(b) Financial assets

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

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

(c) Financial liabilities

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

(d) Equity

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

(e) Credit risk exposures

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2007

23. FINANCIAL INSTRUMENTS (Continued)

(f) Net fair value of financial assets and liabilities

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

	Consolidated 2007	Consolidated 2006
	\$	\$
24. EARNINGS PER SHARE		
(a) Loss used in the calculation of basic earnings per share	(670,304)	(165,863)
	Number of Shares	Number of Shares
(b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share:	29,816,308	23,311,245
(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted earnings per share:	48,925,940	28,597,069

	Consolidat ed 2007	Company 2007	Consolidated 2006	Company 2006
	\$	\$	\$	\$
25. CASH FLOW INFORMATION				
(a) Reconciliation of cash flow from operations with loss after tax				
- Loss after income tax	(670,304)	(670,304)	(165,863)	(165,863)
Non-cash flows in loss from operations				
- Depreciation	15,801	15,801	3,147	3,147
- Options issued to employees and directors as remuneration	254,484	254,484	18,600	18,600
- Exploration expenditure written off	-	-	9,685	-
- Provision for impairment of loan	-	65,176	-	59,947
- GST adjustment	(9,593)	(9,593)	-	-
- Gain on sale of tenements	(6,760)	-	-	-
Changes in assets and liabilities				
- (Increase)/Decrease in receivables and prepayments	13,808	(97,281)	(72,640)	(78,729)
- Increase in trade and other creditors and accruals	28,425	28,425	119,269	67,496
- Increase in provisions	14,971	14,971	3,768	3,768
Net cash outflows from Operating Activities	(359,168)	(398,321)	(84,034)	(91,634)
(b) Reconciliation of cash and cash equivalents				
Cash and cash equivalents comprises:				
- Cash at bank and on hand	6,630,299	6,629,799	216,130	180,096
- Short-term deposits	1,398,906	1,398,906	2,786,715	2,786,715
	8,029,205	8,028,705	3,002,845	2,966,811

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2007

25. CASH FLOW INFORMATION (Continued)

(c) Acquisition of Entity

On 13 January 2006, the company acquired 100% interest in Wombola Pty Ltd. Details of the acquisition are as follows:-

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Purchase consideration	-	431,819	-	431,819
Equity consideration	-	431,819	-	431,819
Assets and liabilities held at acquisition date:				
Cash and cash equivalents	-	175,152	-	175,152
Trade and other receivables	-	20,648	-	20,648
Plant & equipment	-	2,544	-	2,544
Exploration and evaluation expenditure	-	-244,475	-	244,475
Trade and other payables	-	(11,000)	-	(11,000)
Goodwill on consolidation	-	-	-	-

The assets and liabilities arising from the acquisition are recognised at fair value which is equal to its carrying value.

(d) Non-cash financing and investing activities

The company issued 150,000 shares at 20 cents each in relation to tenements acquired from various parties during the period.

The company issued 2,500,000 options to directors and 350,000 options to employees under the Employee Share Based Payment Scheme during the year.

26. COMMITMENTS

(a) Exploration commitments

In order to maintain current rights of tenure to mining tenements, the economic entity has the following discretionary exploration expenditure requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable:

	Consolidated	Consolidated
	2007	2006
	\$	\$
Not longer than one year	946,080	239,840
Longer than one year, but not longer than five years	2,838,240	370,360
	<u>3,784,320</u>	<u>610,200</u>

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

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2007

26. COMMITMENTS (Continued)
(b) Operating lease expenditure commitments

	Consolidated 2007	Consolidated 2006
	\$	\$
Not longer than one year	53,760	-
Longer than one year, but not longer than five years	94,320	-
	148,080	-

The Company is currently leasing premises on a monthly tenancy in Perth.

The Kalgoorlie lease is due to expire on 31 May 2008, and the Orange lease is for 3 years commencing 1 July 2007.

27. SEGMENT INFORMATION

The Company operates predominantly in one geographical segment, being Australia, and in one industry, mineral mining and exploration.

28. EVENTS SUBSEQUENT TO REPORTING DATE

On 5 July 2007, Cortona Resources Limited acquired all the issued shares in Big Island Mining Limited, a wholly owned subsidiary of Moly Mines Limited. The consideration paid was \$5 million in cash, 12 million ordinary shares, 8 million options exercisable 2 years from date of issue at 35 cents, and 8 million options exercisable 5 years from date of issue at 50 cents, which only vest upon securing a 1,000,000 ounce of indicated/measured JORC compliant gold resource that the Company/BIM delineate.

Big Island Mining Limited owns 100% of twelve tenements at 6 project locations in New South Wales covering an area of approximately 1,500km². Each project has undergone some degree of past gold mining activity, and each is considered to have the potential for exploration upside. The flagship Majors Creek project encompasses the largest alluvial gold field in NSW (1.2 million oz), yet remains sparsely explored by modern methods for the primary sources of this gold. The recently delineated Dargues Reef resource (310,000oz Au) is interpreted to be one such source, and several additional primary targets have since been identified.

To assist in the acquisition of Big Island Mining Limited, the Company finalised a capital raising in July 2007 of \$10.85 million through the issue of 33,906,250 shares at an issue price of 32 cents.

The Tambourah project was divested to GTI Resources Limited, which listed on the ASX in August 2007.

Except for the above, no other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

NOTES TO THE FINANCIAL STATEMENTS
For the Period Ended 30 June 2007

29. CONTINGENT LIABILITIES

A wholly owned subsidiary of Cortona Resources, Wombola Gold Pty Ltd (“Wombola”) has entered into an agreement for acquisition of mining tenements from Alcaston Mining NL. As part of the agreement Wombola shall pay a royalty equal to \$1 per dry tonne of gold ore mined and milled from the mining tenements up to a maximum aggregate of \$150,000.

Wombola as part of the agreement for the acquisition of mining tenements from Alcaston Mining NL, has also agreed to pay a third party an amount of \$325,000 in the event that Wombola outlines a reserve aggregate (as defined in terms of JORC code) in excess of 100,000 ounces of gold on certain tenements.

In the opinion of the directors, other than the matters disclosed above, there were no contingent liabilities at 30 June 2007, and the interval between 30 June 2007 and the date of this report.

30. CHANGE IN ACCOUNTING POLICY

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

AASB Amendment	AASB Standard Affected	Nature of Change in Accounting Policy and Impact	Application Date of the Standard	Application Date for the Group
2005–10	AASB 1: First time adoption of AIFRS	No change, no impact	1 January 2007	1 July 2007
	AASB 4: Insurance Contracts	No change, no impact	1 January 2007	1 July 2007
	AASB 101: Presentation of Financial Statements	No change, no impact	1 January 2007	1 July 2007
	AASB 114: Segment Reporting	No change, no impact	1 January 2007	1 July 2007
	AASB 117: Leases	No change, no impact	1 January 2007	1 July 2007
	AASB 133: Earnings per share	No change, no impact	1 January 2007	1 July 2007
	AASB 1023: General Insurance	No change, no impact	1 January 2007	1 July 2007
	AASB 1038: Life Insurance Contracts	No change, no impact	1 January 2007	1 July 2007
	AASB 139: Financial Instruments: Recognition and Measurement	No change, no impact	1 January 2007	1 July 2007
	AASB 132: Financial Instruments: Disclosure and Presentation	No change, no impact	1 January 2007	1 July 2007
AASB 7: Financial Instruments: Disclosure	AASB 132: Financial Instruments: Disclosure and Presentation	No change, no impact	1 January 2007	1 July 2007

DIRECTORS' DECLARATION

The directors of Cortona Resources Limited declare that:

1. the financial statements including notes are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2007 and of the performance for the year ended on that date of the company and economic entity;
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
 - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view;
3. in the Director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Peter van der Borgh
Managing Director

Dated 27th day of September 2007

**INDEPENDENT AUDIT REPORT TO THE MEMBERS
OF CORTONA RESOURCES LIMITED**

Scope

We have audited the accompanying financial report of Cortona Resources Limited and the consolidated entity, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

As permitted by the Corporations Regulations 2001, the Company has disclosed information about the remuneration of Directors and executives (remuneration disclosures), required by Accounting Standard AASB 124: Related Party Disclosures, under the heading 'Remuneration Policy of the Directors' report and not in the financial report.

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.

The Directors also are responsible for preparation and presentation of the remuneration disclosures contained in the Directors' report in accordance with the Corporations Regulations 2001.

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. We confirm that the independence declaration required by the Corporations Act 2001, provided to the Directors of Cortona Resources Limited, would be in the same terms if provided to the Directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion:

- a. the financial report of Cortona Resources Limited and its consolidated entity is in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- b. the financial report also complies with International financial Reporting Standards as disclosed in Note 1; and
- c. the remuneration disclosures that are contained in the Directors' report and notes to the financial statements comply with Accounting Standard AASB 124.



Mack & Co
Chartered Accountants
2nd Floor, 35 Havelock Street
West Perth WA 6005



N A Calder, Partner

SEPTEMBER 27 2007
Date

ADDITIONAL SHAREHOLDER INFORMATION

Shareholding

The distribution of members and their holdings of equity securities in the company as at 24 September 2007 was as follows:

Number Held as at 21 September 2006	Class of Equity Securities
	Fully Paid Ordinary Shares
1-1,000	8
1,001 - 5,000	54
5,001 – 10,000	86
10,001 - 100,000	397
100,001 and over	113
	<hr/>
TOTALS	658
	<hr/>

Holders of less than a marketable parcel: - fully paid shares 8

Substantial Shareholders

The names of the substantial shareholders listed in the Company's register as at 24 September 2007

Shareholder	Number
Moly Mines Limited	12,000,000
UBS Wealth Management Australia Nominees	6,749,375

Unquoted Securities

The Company has issued the following unquoted securities:

Class of Equity Security	Number	Number of Security Holders
31 January 2008 Options -\$0.30	3,000,000	4
20 October 2008 Options \$0.30	100,000	1
31 December 2008 Options \$0.40	1,000,000	1
27 March 2009 Options \$0.25	50,000	1
21 May 2009 Options \$0.25	75,000	1
18 June 2009 Options \$0.50	100,000	1
5 July 2009 Options \$0.35	8,000,000	1
27 March 2010 Options \$0.25	50,000	1
21 May 2010 Options \$0.25	75,000	1
18 June 2010 Options \$0.41	75,000	1
30 June 2010 Options \$0.45	1,000,000	1
30 June 2010 Options \$0.50	2,600,000	4
18 June 2011 Options \$0.41	75,000	1
30 June 2011 Options \$0.41	150,000	1
30 June 2011 Options \$0.50	100,000	1
5 July 2012 Options \$0.50	8,000,000	1

Restricted Securities

The Company has issued the following restricted securities:

Class of Equity Security	Number	Date Ceasing To Be Restricted Securities
Ordinary Fully Paid	6,425,002	21 March 2008
31 January 2008 Options -\$0.30	3,000,000	21 March 2008
31 December 2008 Options \$0.40	1,000,000	21 March 2008

ADDITIONAL SHAREHOLDER INFORMATION (CONT.)**Voting Rights**Ordinary Shares

In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

Twenty Largest Shareholders

The names of the twenty largest ordinary fully paid as at 24 September 2007 are as follows:

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
Moly Mines Limited	12,000,000	15.83
UBS Wealth Management Australia Nominees	6,749,375	8.90
Peter van der Borgh	2,765,627	3.65
Peter Bowman	1,656,250	2.18
Mark Anthony Munnelly	1,650,000	2.18
M I L & S E Bassett < Y-Z Superannuation A/C >	1,315,625	1.74
Kouta Bay Pty Ltd <Houndy Family A/C >	1,300,000	1.71
ANZ Nominees Limited <Cash Income A/C >	1,259,782	1.66
AFM Perseus Fund Limited	1,250,000	1.65
Rolen Pty Ltd	1,200,625	1.58
Heb Australia Investments Pty Ltd	1,000,000	1.32
David W & JC Sproule <Sproule Family A/C >	1,000,000	1.32
Gold Member Pty Ltd	750,000	0.99
Fortis Clearing Nominees Pty Ltd <Settlement A/C >	725,598	0.96
Geraldton Agricultural Service	662,525	0.87
Kingsreef Pty Ltd <NB & DL Family A/C >	658,125	0.87
Wide Range Corporation Pty Ltd	565,625	0.75
Charmaine Willoughby	500,000	0.66
Jim Lazarou	470,000	0.62
Clear Range Pty Ltd <Clear Range A/C >	465,000	0.61
TOTAL	37,944,157	50.05

ADDITIONAL SHAREHOLDER INFORMATION (CONT.)**Option Holdings**

The distribution of members and their holdings of equity securities in the company as at 24 September 2007 was as follows:

Number Held as at 21 September 2006	Class of Equity Securities	
	\$0.20 Options, expiring 31 March 2008	
1-1,000		7
1,001 - 5,000		70
5,001 – 10,000		36
10,001 - 100,000		213
100,001 and over		23
TOTALS		349

Twenty Largest Option Holders

The names of the twenty largest option holders as at 24 September 2007 are as follows:

Name	Number of Options Held	% Held of Options
Peter van der Borgh	1,375,001	9.25
Anthony Mark Munnelly	825,000	5.55
Kouta Bay Pty Ltd <Houndy Family A/C>	650,000	4.37
David Christopher Kemp	399,000	2.69
Gold Member Pty Ltd	375,000	2.52
GW International Pty Ltd	374,250	2.52
Geraldton Agricultural Service	368,500	2.48
Apsia Pty Ltd	307,500	2.07
International Business Network Services	300,000	2.02
Furnace Technologies Pty Ltd	280,000	1.88
Wide Range Corporation Pty Ltd	275,000	1.85
Dale Park Pty Ltd	262,500	1.77
Blue Summer Pty Ltd	250,000	1.68
Jim Lazarou	235,000	1.58
Clodene Pty Ltd	226,975	1.53
Kingsreef Pty Ltd	203,083	1.37
Delmac Pty Ltd <Ghirardello Superannuation A/C>	200,000	1.35
Maincoast Pty Ltd	200,000	1.35
Kingsreef Pty Ltd <NB & DL Family A/C>	165,000	1.11
Adrian Byass <Byass Family A/C>	141,925	0.96
TOTAL	7,413,734	49.90

CORPORATE GOVERNANCE

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has turned to the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations*. The Company is pleased to advise that the Company's practices are largely consistent with those ASX guidelines. As consistency with the guidelines has been a gradual process, where the Company did not have certain policies or committees recommended by the ASX Corporate Governance Council (the Council) in place during the reporting period, we have identified such policies or committees.

Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company is working towards compliance however it does not consider that all the practices are appropriate for the Company due to the size and scale of Company operations.

To illustrate where the Company has addressed each of the Council's recommendations, the following table cross-references each recommendation with sections of this report. The table does not provide the full text of each recommendation but rather the topic covered. Details of all of the recommendations can be found on the ASX Corporate Governance Council's website at http://www.asx.com.au/about/CorporateGovernance_AA2.shtm

Recommendation	Section
Recommendation 1.1 Functions of the Board and Management	1.1
Recommendation 2.1 Independent Directors	1.2
Recommendation 2.2 Independent Chairman	1.2
Recommendation 2.3 Role of the Chairman and CEO	1.2
Recommendation 2.4 Establishment of Nomination Committee	2.3
Recommendation 2.5 Reporting on Principle 2	1.2, 1.4.6, 2.3.2
Recommendation 3.1 Directors' and Key Executives' Code of Conduct	1.1
Recommendation 3.2 Company Security Trading Policy	1.4.9
Recommendation 3.3 Reporting on Principle 3	1.1 and 1.4.9
Recommendation 4.1 Attestations by CEO and CFO	1.4.11
Recommendation 4.2 Establishment of Audit Committee	2.1
Recommendation 4.3 Structure of Audit Committee	2.1.2
Recommendation 4.4 Audit Committee Charter	2.1
Recommendation 4.5 Reporting on Principle 4	2.1
Recommendation 5.1 Policy for Compliance with Continuous Disclosure	1.4.4
Recommendation 5.2 Reporting on Principle 5	1.4.4
Recommendation 6.1 Communications Strategy	1.4.8
Recommendation 6.2 Attendance of Auditor at General Meetings	1.4.8
Recommendation 7.1 Policies on Risk Oversight and Management	2.1.3
Recommendation 7.2 Attestations by CEO and CFO	1.4.11
Recommendation 7.3 Reporting on Principle 7	2.1.3
Recommendation 8.1 Evaluation of Board, Directors and Key Executives	1.4.10
Recommendation 9.1 Remuneration Policies	2.2.4
Recommendation 9.2 Establishment of Remuneration Committee	2.2
Recommendation 9.3 Executive and Non-Executive Director Remuneration	2.2.4.1 and 2.2.4.2
Recommendation 9.4 Equity-Based Executive Remuneration	2.2.4.1
Recommendation 9.5 Reporting on Principle 9	2.2.2 and 2.2.4
Recommendation 10.1 Company Code of Conduct	3

1. Board of Directors

1.1 Role of the Board

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

To assist the Board carry out its functions, it has developed a Code of Conduct to guide the Directors, the Chief Executive Officer, the Chief Financial Officer and other key executives in the performance of their roles.

1.2 Composition of the Board

To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and scale of operations. Directors are appointed based on the specific skills required by the Company and on their decision-making and judgment skills.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. Mr Clive Jones and Mr George Lazarou are Non-Executive Directors and are both independent directors as they meet the following criteria for independence adopted by the Company:

An Independent Director is a Non-Executive Director and:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member. Or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company or other group member other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Mr Peter van der Borgh is the Managing Director of the Company and does not meet the Company's criteria for independence. Dr Fisher is not an independent Non-Executive Director, as he has a substantial shareholding in the Company through Moly Mines Ltd.

1.3 Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following.

- Leadership of the Organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board.
- Strategy Formulation: to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
- Overseeing Planning Activities: the development of the Company's strategic plan.

- Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
- Monitoring, Compliance and Risk Management: the development of the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.
- Company Finances: approving expenses and approving and monitoring acquisitions, divestitures and financial and other reporting.
- Human Resources: appointing, and, where appropriate, removing the Chief Executive Officer or Managing Director (CEO / MD) and Chief Financial Officer (CFO) as well as reviewing the performance of the CEO and monitoring the performance of senior management in their implementation of the Company's strategy.
- Ensuring the Health, Safety and Well-Being of Employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.
- Delegation of Authority: delegating appropriate powers to the CEO to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.

Full details of the Board's role and responsibilities are contained in the Board Charter, a copy of which is available for inspection at the Company's registered office.

1.4 Board Policies

1.4.1 Conflicts of Interest

Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the *Corporations Act*, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

1.4.4 Continuous Disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the *ASX Listing Rules* the Company immediately notifies the ASX of information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

1.4.5 Education and Induction

It is the policy of the Company that new Directors undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors include:

- details of the roles and responsibilities of a Director;
- formal policies on Director appointment as well as conduct and contribution expectations;

- access to a copy of the Board Charter;
- guidelines on how the Board processes function;
- details of past, recent and likely future developments relating to the Board;
- background information on and contact information for key people in the organisation;
- an analysis of the Company;
- a synopsis of the current strategic direction of the Company; and
- a copy of the Constitution of the Company.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

1.4.6 Independent Professional Advice

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities.

1.4.7 Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company. Unless there is an exemption under the *Corporations Act* from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

1.4.8 Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- making it easy for shareholders to participate in general meetings of the Company; and
- requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company.

1.4.9 Trading in Company Shares

Due to the size of the Company, the Board does not consider it appropriate to implement a Share Trading Policy. Rather, it reminds directors, officers and employees of the prohibition in the *Corporations Act 2001* concerning trading in the Company's securities when in possession of "inside information".

1.4.10 Performance Review/Evaluation

It is the policy of the Board to conduct evaluation of its performance. The evaluation process was introduced via the Board Charter adopted on 19 January 2006 and will be implemented for the financial year ended 30 June 2006. The objective of this evaluation will be to provide best practice corporate governance to the Company.

1.4.11 Attestations by CEO and CFO

It is the Board's policy, that the CEO and the CFO make the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing the Annual Report. However, as at the date of this report the Company does not have a designated CEO or CFO. These roles are performed by the Managing Director and Company Secretary.

2. Board Committees

2.1 Audit Committee

Due to the size and scale of operations of the Company the full Board undertakes the role of the Audit Committee. Below is a summary of the role and responsibilities of an Audit Committee.

2.1.1 Role

The Audit Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors.

As the whole Board only consists of four (4) members, the Company does not have an audit committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues and an audit committee cannot be justified based on a cost-benefit analysis. However, in accordance with the ASX Listing Rules, the Company is moving towards establishing an audit committee consisting primarily of Independent Directors.

In the absence of an audit committee, the Board sets aside time to deal with issues and responsibilities usually delegated to the audit committee to ensure the integrity of the financial statements of the Company and the independence of the external auditor.

2.1.2 Responsibilities

The Audit Committee or as at the date of this report the full Board of the Company reviews the audited annual and half-yearly financial statements and any reports which accompany published financial statements and recommends their approval to the members.

The Audit Committee or as at the date of this report the full Board of the Company each year reviews the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal.

The Audit Committee or as at the date of this report the full Board of the Company is also responsible for establishing policies on risk oversight and management.

2.1.3 Risk Management Policies

The Board's Charter clearly establishes that it is responsible for ensuring there is a sound system for overseeing and managing risk. As the whole Board only consists of four (4) members, the Company does not have a Risk Management Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

2.2 Remuneration Committee

2.2.1 Role

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

As the whole Board only consists of four (4) members, the Company does not have a remuneration committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

2.2.2 Responsibilities

The responsibilities of a Remuneration Committee, or the full Board include setting policies for senior officers' remuneration, setting the terms and conditions of employment for the Chief Executive Officer, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both Executive and Non-Executive Directors and making recommendations on any proposed changes and undertaking reviews of the Chief Executive Officer's performance, including, setting with the Chief Executive Officer goals and reviewing progress in achieving those goals.

2.2.3 Remuneration Policy^f

Directors' Remuneration for the majority of directors was approved at a Board meeting held on 19 January 2006.

2.2.3.1 Senior Executive Remuneration Policy

The Company is committed to remunerating its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, under the Senior Executive Remuneration Policy the remuneration of senior executive may be comprised of the following:

- fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;
- a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;
- participation in any share/option scheme with thresholds approved by shareholders;
- statutory superannuation.

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration the Company aims to align the interests of senior executives with those of shareholders and increase Company performance.

The value of shares and options were they to be granted to senior executives would be calculated using the Black and Scholes method.

The objective behind using this remuneration structure is to drive improved Company performance and thereby increase shareholder value as well as aligning the interests of executives and shareholders.

The Board may use its discretion with respect to the payment of bonuses, stock options and other incentive payments.

2.2.3.2 Non-Executive Director Remuneration Policy

Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors do not receive performance based bonuses and do not participate in equity schemes of the Company.

Non-Executive Directors are entitled to but not necessarily paid statutory superannuation.

2.2.4 Current Director Remuneration

Full details regarding the remuneration of Directors, is included in the Directors' Report.

2.3 Nomination Committee

2.3.1 Role

The role of a Nomination Committee is to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times.

As the whole Board only consists of four (4) members, the Company does not have a nomination committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

2.3.2 Responsibilities

The responsibilities of a Nomination Committee would include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Nomination Committee would also oversee management succession plans including the CEO/ MD and his/her direct reports and evaluate the Board's performance and make recommendations for the appointment and removal of Directors. Currently the Board as a whole performs this role.

2.3.3 Criteria for selection of Directors

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least two Directors with experience appropriate to the Company's target market. In addition, Directors should have the relevant blend of personal experience in accounting and financial management and Director-level business experience.

3. Company Code Of Conduct

The Board has decided against the implementation of a code of conduct as it does not believe that it is in the best interests of its employees or other stakeholders to have what purports to be an exhaustive code of conduct. The Board feels that such a code may be too prescriptive and not allow the employees the discretion they need to best serve the Company's stakeholders.

**SCHEDULE OF MINERAL TENEMENTS
AS AT 24TH SEPTEMBER 2007**

Granted Leases – Western Australia

<i>Project</i>	<i>Tenement</i>	<i>Interest held by Wombola Gold Pty Ltd</i>
North Monger	P26/2944	90%
North Monger	P26/2450	90%
North Monger	P26/2451	90%
North Monger	M26/0440	94%
North Monger	P26/2703	90%
North Monger	P26/2490	90%
North Monger	P26/2489	90%
North Monger	P26/2064	94%
North Monger	P26/2644	85%
North Monger	P26/2637	85%
North Monger	P26/2635	90%
North Monger	M26/0352	94%
North Monger	P26/2704	90%
North Monger	P26/2846	90%
North Monger	P26/2870	90%
North Monger	P26/2692	94%
North Monger	P26/2693	90%
North Monger	P26/3303	90%
North Monger	P26/3314	90%
North Monger	P26/3313	90%
North Monger	P26/3304	90%
North Monger	P26/3302	90%
North Monger	P26/3301	90%
North Monger	P26/3306	90%
North Monger	M26/0278	94%
North Monger	M26/0683	90%
North Monger	M26/0642	90%
North Monger	M26/0657	90%
North Monger	M26/0791	90%
North Monger	M26/0783	90%
North Monger	M26/0802	90%
North Monger	M26/0437	94%
North Monger	P26/3411	90%
North Monger	P25/1869	90%
North Monger	P25/1870	90%
North Monger	P25/1871	90%
North Monger	P26/3410	90%
North Monger	P25/1868	90%
North Monger	P26/3409	90%
North Monger	P26/3408	90%
North Monger	P26/3407	90%
North Monger	P26/3404	90%
North Monger	M26/0059	90%
North Monger	P26/2249	94%
North Monger	P26/3412	90%
North Monger	P26/3414	90%
North Monger	P26/3413	90%
North Monger	P26/2633	94%
North Monger	P26/3405	90%
North Monger	P26/3406	90%
Juglah	P25/1795	90%
Juglah	P25/1797	90%

Juglah	P25/1796		90%
Juglah	P25/1799		90%
Juglah	P25/1798		90%

Granted Leases – New South Wales

<i>Project</i>	<i>Tenement</i>		<i>Interest held by Big Island Mining Ltd</i>
Majors Creek	EL6003		100%
Majors Creek	EL6462		100%
Majors Creek	EL6548		100%
Majors Creek (Canberra)	ML103		100%
Booths Reward	EL6012		100%
Booths Reward	EL6445		100%
Christmas Gift	EL6010		100%
Nundle	EL6004		100%
Nundle	EL6118		100%
Winderera	EL6161		100%

Applications – Western Australia

<i>Project</i>	<i>Tenement</i>		<i>Interest held by Wombola Gold Pty Ltd</i>
North Monger	M26/0702		94%
North Monger	P26/3446		90%
North Monger	P25/1968		100%
North Monger	P26/3444		90%
North Monger	P26/3416		90%
North Monger	P25/1969		100%
North Monger	M26/0492		100%
North Monger	M26/0516		94%
North Monger	M26/0562		90%
North Monger	M26/0568		94%
North Monger	M26/0584		90%
North Monger	M26/0641		90%
North Monger	P26/3415		90%
North Monger	M26/0701		94%
North Monger	P26/3447		90%
North Monger	M26/0706		90%
North Monger	M26/0707		90%
North Monger	M26/0709		90%
North Monger	M26/0710		90%
North Monger	M26/0711		90%
North Monger	M26/0717		90%
North Monger	M26/0772		90%
North Monger	M26/0773		90%
North Monger	P26/3627		100%
North Monger	M26/0798		90%
North Monger	M25/0247		90%
North Monger	P25/1924		90%
North Monger	M26/0644		90%
North Monger	P26/3460		90%
North Monger	P26/3626		100%
North Monger	P26/3625		100%
North Monger	P26/3590		90%
North Monger	P26/3571		94%
North Monger	P26/3570		100%
North Monger	P26/3569		100%
North Monger	P26/3568		100%
North Monger	P26/3546		90%
North Monger	P26/3539		94%

North Monger	P26/3538		90%
North Monger	P26/3537		90%
North Monger	P26/3534		94%
North Monger	P26/3445		94%
North Monger	P26/3461		90%
North Monger	P26/3453		90%
North Monger	P26/3459		90%
North Monger	P26/3458		90%
North Monger	P26/3457		90%
North Monger	P26/3456		90%
North Monger	P26/3455		90%
North Monger	P26/3454		90%
North Monger	P26/3448		90%
North Monger	P26/3449		90%
North Monger	P26/3462		90%
North Monger	P26/3450		90%
North Monger	P26/3452		90%
North Monger	P26/3451		90%

Applications – New South Wales

<i>Project</i>	<i>Tenement</i>	<i>Interest held by Big Island Mining Ltd</i>
Eugowra	ELA2955	100%

P Prospecting Licence
M Mining Licence
MLA Mining Lease Application
EL Exploration Licence
ELA Exploration Licence Application
