

28 September 2007

The Manager
Company Announcements Office
Australian Stock Exchange Limited
Exchange Centre
Level 4, 20 Bridge Street
SYDNEY NSW 2000

VIA: www.asxonline.com

Dear Sir,

Re: Annual Financial Report for the year ended 30 June 2007

Please find attached Rusina Mining NL's audited Financial Report for the year ended 30 June 2007.

The audited Annual Report, which will include the Financial Report together with the Notice of Annual General Meeting, is expected to be mailed to shareholders in the last week of October.

A copy of the Annual Financial Report will be available on our website www.rusina.com.au.

Yours faithfully,



Mark Hanlon
*CHIEF FINANCIAL OFFICER &
COMPANY SECRETARY*

Rusina Mining NL
and its controlled entities
ABN 51 009 242 451

Annual Financial Report
30 June 2007

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Rusina Mining NL and its controlled entities

Directors' report

For the year ended 30 June 2007

The directors present their report together with the financial report of Rusina Mining NL ("the Company") and of the consolidated entity, being the Company and its controlled entities, for the year ended 30 June 2007 and the auditor's report thereon.

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Directors' report (continued)

For the year ended 30 June 2007

1. Directors

The directors of the Company at any time during or since the end of the financial year are:

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Gordon Theodore Hothersall Getley Chairperson, Independent Non-Executive Director (Appointed 27 February 1990)	Mr Getley has over 35 years experience in corporate governance in his own corporation and is currently a director of a number of private trading companies. He has many years experience in administration as State and National President of AMP Advisors, State and National President of the Association of Financial Advisors as well as Chairman/President of a number of sporting associations and clubs. Mr Getley's other listed public company directorship in the previous three years was Medec Ltd (April 2003 to the present).
David John Hands Independent Non-Executive Director (Appointed 23 January 2006)	Mr Hands previously held directorships with Gerald Metals Limited and LIFFE Holdings Plc. Mr Hands brings to the Board significant experience in marketing, financing and trading of metals and minerals with strong institutional and banking relationships. Mr Hands did not hold any directorships in other listed companies in the previous three years
Robert Gordon Matthews Gregory B.E. (Min) M.Aus.I.M.M Managing Director and Chief Executive Officer (Appointed a Director 29 September 2005, CEO & Managing Director 7 November 2005)	Mr Gregory is a Mining Engineer with extensive mine development and operational experience in South East Asia and Australia, both in open pit and underground mines. Mr Gregory's experience includes that of Vice President-Mine Development for Climax Mining's Didipio Project in the Philippines from 1996 to 2000. Previous to this appointment Mr Gregory was responsible for the construction of the Tanjianshan Gold Project in Western China. Mr Gregory brings valuable corporate development and operational experience to the Company and will head a team of professionals to take the Acoje Project through scoping study to bankable feasibility and a decision to mine. Mr Gregory did not hold any directorships in other listed companies in the previous three years.
Philip Nicholas Fillis M.Sc, FAusIMM.(CP), FIMMM.,MAIG., MICA, Independent Non-Executive Director (Appointed 1 September 2006)	Mr Fillis has over 30 years experience in the exploration and mining industry. Following graduation from the University of London with a B.Sc in 1972 and from the University of Leicester with an M.Sc in 1974. Mr Fillis spent the first 15 years of his career with major corporations (Seltrust, US Steel Corp, Esso Minerals). Since 1986, as an Independent Consultant, Mr Fillis has undertaken many on-site exploration or mining project reviews and technical audits, and taken part in several feasibility studies. Commodities studied include gold, base metals, iron ore and uranium. Geographical areas covered comprise the Australasia - Pacific region, southeast Asia, China, Europe, West & South Africa, Brazil, Central Asia and Russia. Mr Fillis is a director and Principal Geologist of DevMin Pty Ltd an independent mining consulting group based in Perth, Western Australia. Mr Fillis did not hold any directorships in other listed companies in the previous three years
Julian Simon Maheson Tambyrajah B.Com (Acc), Assoc. Dip. Bus. Admin., ACIS, ASA, PNA, Former Finance Director, Chief Financial Officer and Company Secretary (Resigned 31 August 2006).	
Rodger Stuart Johnston B.Econ. CPA, Former Independent Non-Executive Director (Removed 23 August 2006)	
Peter Taylor John Hampshire Former Independent Non-Executive Director (Resigned 11 July 2006).	

Rusina Mining NL and its controlled entities
Directors' report (continued)
For the year ended 30 June 2007

2. Company secretary

Timothy Marcus Stephen (Mark) Hanlon was appointed to the position of Company Secretary on 26 September 2006 following the resignation of Mr Gregory from this position. Mr Hanlon spent 10 years in commercial and merchant banking with Partnership Pacific Ltd, Westpac and the Bank of New Zealand before entering commerce in 1994. He has a broad background of senior executive experience across a wide range of industries including mining services, electricity distribution, electronic contract manufacturing, packaging and insurance.

He has previously held the position or equivalent position as CFO and Company Secretary with other listed public companies such as Century Drilling Limited and International Contract Manufacturing Limited. Mr Hanlon holds a Bachelor of Business degree (Finance and Accounting) and a Master of Business degree (Banking and Finance).

Robert Gordon Matthews Gregory B.E. (Min) M.Aus.I.M.M was appointed 1 September 2006 following the resignation of Mr Tambyrajah until a suitable qualified full time Company Secretary could be recruited. Mr Gregory resigned as Company Secretary on 25 September 2006.

Julian Simon Maheson Tambyrajah (Resigned 31 August 2006) B.Com (Acc), Assoc. Dip. Bus. Admin. ACIS, ASA, PNA was appointed to the position of Company Secretary on 16 December 2005. Mr Tambyrajah previously held the position of CFO & Company Secretary with other listed public companies such as Giants Reef Mining Limited, ShieldLiner Limited and DRDgold Limited during the previous 6 years.

3. Directors' meetings

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the financial year are:

Director	Board Meetings	
	A	B
Robert G M Gregory	14	14
Gordon T H Getley	14	14
David J Hands	14	14
Philip N Fillis	10	10
Julian S M Tambyrajah	4	4
Rodger S Johnston	2	2
Peter T J Hampshire	-	-

A – Number of meetings attended.

B – Number of meetings held during the time the director held office during the year.

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Directors' report (continued)

For the year ended 30 June 2007

4. Corporate governance statement

In accordance with the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations* ("**ASX Principles and Recommendations**")¹, Rusina Mining NL ("**Company**") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Principles and Recommendations, the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company and the Board, resources available and activities of the Company. Where, after due consideration, the Company's corporate governance practices depart from the ASX Principles and Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

Further information about the Company's corporate governance practices is set out on the Company's website at www.rusina.com.au. In accordance with the ASX Principles and Recommendations, information published on the Company's website includes charters (for the Board and its committees), the Company's code of conduct and other policies and procedures relating to the Board and its responsibilities.

EXPLANATIONS FOR DEPARTURES FROM BEST PRACTICE RECOMMENDATIONS

During the Company's 2006/2007 financial year ("**Reporting Period**") the Company has complied with each of the ASX Principles and Recommendations, other than in relation to the matters specified below.

Principle 1

Recommendation 1.1: Formalise and disclose the functions reserved to the Board and those delegated to management.

Notification for Departure: For a portion of the Reporting Period, the Board had not adopted a formal Board Charter.

Explanation for Departure: On 19 March 2007 the Board adopted a Board Charter in accordance with the recommendation. The Board Charter is fully disclosed on the Company's website.

Principle 1

Recommendation 1.1: Formalise directors' appointments in writing.

Notification of Departure: Formal letters of appointment for the non-executive directors were not put in place until after the Reporting Period.

Explanation for Departure: While the directors' appointments were formalised through the regulatory body and their appointments approved by shareholders, their appointment in writing was not formalised until after the Reporting Period. The Company presently follows the recommendation as set out in the ASX Principles and Recommendations.

Principle 2

Recommendation 2.1: A majority of the Board should be independent directors.

¹ A copy of the ASX Principles and Recommendations is set out on the Company's website under the Section entitled "Corporate Governance".

Rusina Mining NL and its controlled entities
 Directors' report (continued)
 For the year ended 30 June 2007

4. Corporate governance statement (continued)

Notification of Departure: For a small portion of the Reporting Period, the Board was comprised of an equal number of independent and non-independent directors.

Explanation for Departure: Due to changes to the composition of the Board, for the period 23 August 2006 to 31 August 2006 the Board did not have a majority of independent directors. However, for the balance of the Reporting Period the Board was comprised of a majority of independent directors and currently remains so, in accordance with the ASX Principles and Recommendations.

Principle 2

Recommendation 2.2: The Chairperson should be an independent director.

Recommendation 2.3: The roles of Chairperson and Managing Director should not be exercised by the same individual.

Notification of Departure: For a small portion of the Reporting Period the Managing Director was Chairperson to the Board.

Explanation for Departure: Mr Getley, an independent director was Chairperson for the majority of the Reporting Period with the exception of the period of time from 17 August 2006 to 1 September 2006. During that time, the Managing Director fulfilled the role of Chairperson as he was considered the most appropriate director to take the position. Mr Getley's directorship was subject to shareholder election and it was considered to be in the best interests of the Company for Mr Getley to step aside as Chairperson until his successful re-election.

Principle 2

Recommendation 2.4: The Board should establish a nomination committee.

Notification of Departure: A separate nomination committee has not been formed.

Explanation for Departure: The full Board considers those matters and issues arising that would usually fall to a nomination committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee. During the Reporting Period, the Board adopted a Nomination Committee Charter which it applies when convening as a nomination committee.

Principle 3

Recommendation 3.2: Disclose the policy concerning trading in company securities by directors, officers and employees.

Notification of Departure: The Company did not have a formal policy on trading in company securities until 19 March 2007.

Explanation for Departure: Although prior to 19 March 2007 there was no written policy, there was an understanding as to when it was appropriate for trading in securities to occur. This understanding was formalised in part by the Company's Code of Conduct. However, the Company now has a written securities trading policy in accordance with the recommendation.

Principle 4

Recommendations 4.2 and 4.3: The Board should establish an audit committee and structure it in accordance with Recommendation 4.3.

Notification of Departure: A separate audit committee has not been formed and therefore is not structured in accordance with the compositional recommendation.

Rusina Mining NL and its controlled entities

Directors' report (continued)

For the year ended 30 June 2007

4. Corporate governance statement (continued)

Explanation for Departure: The full Board carries out the role of an audit committee. Therefore, as the Board is currently comprised, an executive participates in audit discussions. Further, Mr Getley maintains the chair during such meetings. The Board considers that no efficiencies or other benefits would be gained by establishing a separate audit committee. The Board has also adopted an Audit Committee Charter, which it applies when convening as the audit committee. The Audit Committee Charter provides that the Board may meet with the external auditor without management present, as required. Further, the Company's Chief Financial Officer and Company Secretary, Mr Hanlon, attends the Board meetings when audit matters are being discussed. Mr Hanlon holds a Bachelor of Business degree (Finance and Accounting) and a Master of Business (Banking and Finance).

Principle 4

Recommendation 4.4: The audit committee should have a formal charter.

Notification of Departure: For a portion of the Reporting Period, the Company did not have a formal Audit Committee Charter.

Explanation for Departure: On 19 March 2007 the Board formalised into a specific charter those matters which would normally be considered by a separated audit committee. The formal Audit Committee Charter is to assist the Board to identify those issues and responsibilities of an audit committee.

Principle 5

Recommendation 5.1: Establish written policies and procedures to ensure compliance and accountability with ASX Listing Rule disclosure requirements.

Notification of Departure: For a portion of the Reporting Period, there were no written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability for compliance.

Explanation for Departure: While informal procedures were in place the Company formalised these procedures and adopted them on 19 March 2007. Therefore the Company now has comprehensively formulated written policies and procedures in accordance with the recommendation contained in the ASX Principles and Recommendations.

Principle 7

Recommendation 7.1: Establish policies on risk oversight and management.

Notification of Departure: A formal risk management policy was not formalised until 19 March 2007.

Explanation for Departure: Previously the Board monitored and received advice on areas of operational and financial risk and the control framework for risk. The Board also considered strategies for appropriate risk management arrangements and identified specific areas of risk which it regularly considered. On 19 March 2007 the Board formally adopted a Risk Management Policy.

Principle 9

Recommendation 9.2: The Board should establish a remuneration committee.

Notification of Departure: A separate remuneration committee has not been formed.

Explanation for Departure: The full Board considers those matters and issues arising that would usually fall to a remuneration committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate remuneration committee. During the Reporting Period, the Board adopted a Remuneration Committee Charter which it applies when convening as a remuneration committee.

Rusina Mining NL and its controlled entities

Directors' report (continued)

For the year ended 30 June 2007

4. Corporate governance statement (continued)

Principles 2, 3, 4, 7 and 9

Recommendations 2.5, 3.3, 4.5, 7.3 and 9.5:

Notification of Departure: Specific material identified in each of the above recommendations was not made publicly available on the Company's website.

Explanation for Departure: As a result of various charters and policies not being formalised (as disclosed above), the recommended website disclosure was not made. However, since the Company has now formally adopted new charters and policies the appropriate website disclosure can be made and the Company now makes full disclosure in accordance with the ASX Principles and Recommendations.

NOMINATION COMMITTEE

The full Board carries out the role of the nomination committee. The full Board did not officially convene as nomination committee during the Reporting Period, however nomination-related discussions occurred from time to time during the year as and when required.

AUDIT COMMITTEE

The full Board, in its capacity as the audit committee, held two meetings during the Reporting Period. All Board members attended both meetings.

Details of each of the director's qualifications are set out in the Director's Report. Of particular note, Mr Getley has many years of experience in administration as State and National President of AMP Advisors, State and National President of the Association of Financial Advisors. Because of his experience, Mr Getley meets the test of financial literacy, expertise and industry knowledge. Further, the Company's Chief Financial Officer and Company Secretary, Mr Hanlon, attends the Board meetings when audit matters are being discussed. Mr Hanlon holds a Bachelor of Business degree (Finance and Accounting) and a Master of Business (Banking and Finance).

REMUNERATION COMMITTEE

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report.

The full Board, in its capacity as the remuneration committee, held one meeting during the Reporting Period. All of the non-executive directors were in attendance. The executive, Mr Gregory, was absent from the discussions in accordance with Corporations Act requirements, as his remuneration was being discussed.

OTHER

Skills, Experience, Expertise and term of office of each Director

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

Rusina Mining NL and its controlled entities

Directors' report (continued)

For the year ended 30 June 2007

4. Corporate governance statement (continued)

Identification of Independent Directors

In considering the independence of directors, the Board refers to the criteria for independence as set out in Box 2.1 of the ASX Principles and Recommendations ("**Independence Criteria**"). To the extent that it is necessary for the Board to consider issues of materiality, the Board refers to the thresholds for qualitative and quantitative materiality as adopted by the Board and contained in the Board Charter, which is disclosed in full on the Company's website.

Applying the Independence Criteria, the independent directors of the Company are Gordon Getley, Philip Fillis and David Hands.

Statement concerning availability of Independent Professional Advice

If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his/her office as a director, then, provided the director first obtains approval for incurring such expense from the Chairperson, the Company will pay the reasonable expenses associated with obtaining such advice.

Confirmation whether performance Evaluation of the Board and its members have taken place and how conducted

During the Reporting Period an evaluation of the Board and its members was carried out. The evaluation process comprised of a 'Peer Review' procedure. The Procedure is described as follows.

Each Board member commented on the other directors performance objectively and specifically in relation to their statutory duties and as outlined in Principle 8 of the ASX Principles and Recommendations. Knowledge about the Company (financial, strategic, operational and risk management positions) as well as a director's understanding of their rights, duties and responsibilities and industry knowledge was reviewed.

Performance was defined as the care, skill and diligence with which a director undertakes these duties including, but not limited to, timeline of attending Board matters, availability for Board meetings, readiness and understanding of Company business and putting the Company before personal interests. An overall summary of the review was prepared by the Chairperson and endorsed by the Board.

Existence and Terms of any Schemes for Retirement Benefits for Non-Executive Directors

There are no termination or retirement benefits for non-executive directors.

Rusina Mining NL and its controlled entities

Directors' report (continued)

For the year ended 30 June 2007

4.1 Remuneration report

4.1.1. Principles of compensation – audited

Remuneration levels for directors, secretaries, senior managers of the Company, and relevant group executives of the consolidated entity (“the directors and senior executives”) are competitively set to attract and retain appropriately qualified and experienced directors and senior executives.

Further details of principles, policies and elements of remuneration are contained in the corporate governance statement above.

Long-term incentive

The Group's remuneration policy has been tailored to increase goal congruence between shareholders and directors and key management personnel. Currently, this is facilitated through the issue of options to key management personnel through the Company's Employee Share Option Plan to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. At this stage of the Group's development, there are no further links between the remuneration of key management personnel and the performance of the Group.

At the general meeting of 23 August 2006, the shareholders approved an Employee Share Option Plan (ESOP) which authorises the Board to issue up to 5% of the Company's equity as an incentive scheme to employees, Directors (subject to further shareholder approval) and consultants based on criteria to be determined by the Board. Full details of the ESOP can be found in the Notice of General Meeting announced to the ASX on 21 July 2006.

Service contracts

It is the consolidated entity's policy that service contracts for executive directors and senior executives, excluding the CEO, are unlimited in term but capable of termination on 3 months notice and that the consolidated entity retains the right to terminate the contract immediately, by making payment equal to 3 months' pay in lieu of notice.

The service contract outlines the components of remuneration paid to the executive directors and senior executives but does not prescribe how remuneration levels are modified year to year. Remuneration levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by the senior executive and any changes required to meet the principles of the remuneration policy.

Non-executive directors

Remuneration for directors paid as directors' fees was last voted upon by shareholders at the EGM of 11 August 1997, and is not to exceed an aggregate of \$250,000 per annum which is set based on advice from external advisors with reference to fees paid to other non-executive directors of comparable companies. Non-executive Directors' base fees are presently \$40,000 (plus 9% superannuation) per annum, and the Chairperson's base fee is \$50,000 (plus 9% superannuation). Directors' fees cover all main Board activities and membership of committees.

Executive directors

Robert Gordon Matthews Gregory, Managing Director and Chief Executive Officer

Robert Gordon Matthews Gregory, Managing Director and Chief Executive Officer, has a contract of employment with the Company and its subsidiaries with a commencement date of 7 November 2005. The total annual salary package received by Mr Gregory during the financial year was \$364,294 (2006:\$278,100) (including superannuation).

The contract is for a limited term of 2 years from commencement date. The contract specifies the duties and obligations to be fulfilled by the CEO and provides that the Board and CEO will early in each financial year, consult and agree objectives for achievement during that year. The contract can be terminated either by the Company or Mr Gregory providing 3 months notice. The Company may make a payment in lieu of notice of 3 months of base salary. The CEO has no entitlement to a termination payment in the event of removal for misconduct.

Rusina Mining NL and its controlled entities
Directors' report (continued)
For the year ended 30 June 2007

4.1 Remuneration report (continued)

4.1.1 Principles of compensation – audited (continued)

Mark Hanlon, Chief Financial Officer and Company Secretary

Timothy Marcus Stephen (Mark) Hanlon, Chief Financial Officer and Company Secretary has a contract of employment with Rusina Mining NL with a commencement date of 26 September 2006. The total annual salary package received by Mr Hanlon during the financial year was \$150,920 (including superannuation).

This contract is for an unlimited term and is capable of termination on three months notice. The contract specifies the duties and obligations to be fulfilled by the CFO and provides that the Board and CFO will early in each financial year, consult and agree objectives for achievement during that year. The contract can be terminated either by the Company or Mr Hanlon providing 3 months notice. The Company may make a payment in lieu of notice of 3 months of the pro-rata base salary. The CFO has no entitlement to a termination payment in the event of removal for misconduct.

Rusina Mining NL and its controlled entities Directors' report (continued)

For the year ended 30 June 2007

4.1 Remuneration report (continued)

4.1.2 Directors' and executive officers' remuneration (Consolidated)

Details of the nature and amount of each major element of remuneration of each director of the Company and each of the five named Company executives and relevant group executives who receive the highest remuneration are:

		Short-Term				Post-employment	Other long term	Share-based payments	Total \$	Audited Yes/No	Non-audited S300A (1)(e)(i) Proportion of remuneration performance related %	Non-audited S300A (1)(e)(vi) Value of options as proportion of remuneration %
		Salary & fees \$	STI cash bonus \$	Non-monetary benefits \$	Total \$	Super-annuation benefits \$	Insurance premiums (B) \$	Value of options (A) \$				
Non-executive directors												
GTH Getley (Chairman)	2007	48,832	-	-	48,832	4395	-	-	53,227	YES	-	-
	2006	-	-	-	-	35,799	2,598	-	38,397	YES	-	-
DJ Hands	2007	40,000	-	-	40,000	3,600	-	-	43,600	YES	-	-
	2006	19,136	-	-	19,136	-	2,598	-	21,734	YES	-	-
PN Fillis (appointed 1 September 2006)	2007	33,261	-	-	33,261	2,993	-	-	36,254	YES	-	-
	2006	-	-	-	-	-	-	-	-	YES	-	-
Executives												
RGM Gregory, CEO, Managing Director	2007	283,663	50,000	22,068	355,731	8,563	-	262,900	627,194	YES	-	42%
	2006	181,859	-	-	181,859	5,567	2,598	-	190,024	YES	-	-
TMS Hanlon CFO, Company Secretary (appointed 26 September 2006)	2007	138,459	-	-	138,459	12,461	-	207,656	358,576	YES	-	58%
	2006	-	-	-	-	-	-	-	-	YES	-	-
Former												
JS Tambyrajah, CFO, Finance Director, Company Secretary (resigned 31 August 2006)	2007	94,515	-	-	94,515	3,548	-	-	98,063	YES	-	-
	2006	82,213	-	-	82,213	7,399	2,598	-	92,210	YES	-	-
RS Johnston (removed 23 August 2006)	2007	7,404	-	-	7,404	528	-	-	7,932	YES	-	-
	2006	33,349	-	-	33,349	3,001	2,598	-	38,948	YES	-	-
PTJ Hampshire (resigned 11 July 2006)	2007	1,196	-	-	1,196	108	-	-	1,304	YES	-	-
	2006	26,954	-	-	26,954	-	2,598	-	29,552	YES	-	-
GR Hemming (resigned 8 November 2005)	2007	-	-	-	-	-	-	-	-	YES	-	-
	2006	7,120	-	-	7,120	641	2,598	-	10,359	YES	-	-
PR Elliott (resigned 7 October 2005)	2007	-	-	-	-	-	-	-	-	YES	-	-
	2006	-	-	-	-	-	2,598	-	2,598	YES	-	-
RJ Barras (resigned 22 September 2005)	2007	-	-	-	-	-	-	-	-	YES	-	-
	2006	4,511	-	-	4,511	406	2,598	-	7,515	YES	-	-
Total compensation: key management personnel	2007	647,330	50,000	22,068	719,398	36,196	-	470,556	1,226,150		-	-
	2006	355,142	-	-	355,142	52,813	23,382	-	431,337		-	-

Rusina Mining NL and its controlled entities
 Directors' report (continued)
 For the year ended 30 June 2007

4.1 Remuneration report (continued)

Notes in relation to the table of directors' and executive officers remuneration - audited

- A. The fair value of the options is calculated at the date of grant using a Black-Scholes model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options allocated to this reporting period. In valuing the options, market conditions have been taken into account.
- B. The Company pays insurance premiums that cover certain directors and officers. The premium is split between the Company directors and other officers only. The average premium per person has been included in remuneration.

The following factors and assumptions were used in determining the fair value of options on grant date:

Grant Date	Expiry Date	Fair value per option	Exercise price	Price of shares on grant date	Expected volatility	Risk free interest rate	Dividend yield
16 August 2004	30 June 2007	2.58 cents	20.00 cents	15.50 cents	30%	5.75%	Nil
6 May 2005	31 March 2008	10.60 cents	20.00 cents	21.30 cents	97%	5.75%	Nil
23 August 2006	23 August 2008	9.03 cents, 8.91 cents and 8.34 cents	16.40 cents	17.00 cents	94%	5.88%	Nil
8 December 2006	7 December 2008	10.38 cents	20.00 cents	20.00 cents	93%	5.88%	Nil
16 May 2007	15 May 2009	29.80 cents	47.00 cents	54.00 cents	92%	6.25%	Nil

4.1.3 Options and rights over equity instruments granted as compensation – audited

Details on options over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period and details on options that were vested during the reporting period are as follows:

	Number of options granted during 2007	Grant date	Fair value per option at grant date (cents)	Exercise price per option (cents)	Expiry date	Number of options vested during 2006
Directors						
RGM Gregory	3,000,000	23/08/06	9.03, 8.91, 8.34	16.40	23/08/08	3,000,000
JS Tambyrajah	2,000,000	23/08/06	9.03, 8.91	16.40	23/08/08	-
Executives						
TMS Hanlon	2,000,000	08/12/06	10.38	20.00	07/12/08	2,000,000

No options were granted during the prior year or have been granted since the end of the financial year. The options were provided at no cost to the recipients.

All options expire on the earlier of their expiry date or termination of the individual's employment. The options are exercisable three years from grant date. For options granted in the current year, the earliest exercise date is 23 August 2008.

Rusina Mining NL and its controlled entities
 Directors' report (continued)
 For the year ended 30 June 2007

4.1 Remuneration report (continued)

4.1.4 Analysis of share-based payments granted as remuneration - unaudited

Details of vesting profile of the options granted as remuneration to each director of the Company and each of the Company executives is detailed below.

Directors	Options granted		% vested in year	Forfeited in year (A)	Financial years in which options vest	Value yet to vest \$	
	Number	Date				Min (B)	Max (C)
GTH Getley	300,000	03/06/05	-	-	2005	-	-
RS Johnston	300,000	03/06/05	-	-	2005	-	-
GTH Getley	500,000	15/09/04	-	-	2007	-	-
RS Johnston	500,000	15/09/04	-	-	2007	-	-
RGM Gregory	3,000,000	23/08/06	100%	-	2007	-	-
JS Tambyrajah	2,000,000	23/08/06	-	(2,000,000)	-	-	-
TMS Hanlon	2,000,000	08/12/06	100%	-	2007	-	-

A. The 2,000,000 options forfeited during the year represent the reduction from the maximum number of options available to vest due to the resignation of Julian Tambyrajah on 31 August 2006.

B. The minimum value of options granted to directors and executives yet to vest is \$nil.

The movement during the reporting period, by value, of options over ordinary shares in Rusina Mining NL held by each Company director and each of the five named Company executives and relevant group executives is detailed below.

	Value of Options			Total option value in year \$
	Granted in year \$ (A)	Exercised in year \$ (B)	Forfeited in year \$ (C)	
GTH Getley	-	20,640	-	20,640
RGM Gregory	262,900	-	-	262,900
JS Tambyrajah	179,400	-	(179,400)	-
TMS Hanlon	207,656	-	-	207,656
	649,956	20,640	(179,400)	491,196

A. The value of options granted in the year is the fair value of the options calculated at grant date using a Black-Scholes model. The total value of the options granted is included in the table above. This amount is allocated to remuneration over the vesting period (i.e. in years 30 June 2005 to 8th December 2009).

B. The value of options exercised during the year is calculated as the market price of shares of the Company on the Australian Securities Exchange as at close of trading on the date the options were exercised after deducting the price paid to exercise the option.

C. The value of the options that lapsed during the year represents the benefit forgone and is calculated at the date the option lapsed using a Black-Scholes formula with no adjustments for whether the performance criteria have or have not been achieved.

Rusina Mining NL and its controlled entities

Directors' report (continued)

For the year ended 30 June 2007

4.2 Risk Management

Oversight of the risk management system

The Board oversees the establishment, implementation, and annual review of the Company's Risk Management System. Management has established and implemented the Risk Management System for assessing, monitoring and managing operational, financial reporting, and compliance risks for the consolidated entity. The Chief Executive Officer and Chief Financial Officer has declared, in writing to the Board, that the financial reporting risk management and associated compliance and controls have been assessed and found to be operating efficiently and effectively. The operational and other risk management compliance and controls have also been assessed and found to be operating efficiently and effectively. All risk assessments covered the whole financial year and the period up to the signing of the annual financial report for all material operations in the consolidated entity, and material associates and joint ventures.

Financial reporting

The Chief Executive Officer and Chief Financial Officer has declared, in writing to the Board that the Company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

Monthly actual results are reported against budgets approved by the directors and revised forecasts for the year are prepared regularly.

4.3 Environmental regulation

The consolidated entity's operations are subject to significant environmental regulation under both Commonwealth and State legislation in relation to its exploration and mining activities.

In order to meet the prescribed guidelines, the consolidated entity through its dealings with the Philippine, Namibian and Australian government departments detailed below, undertakes regular environmental reporting and has regular checks (as required) as to ensure it has complied within the respective departments environmental guidelines:

Philippines

- Department of Environmental and Natural Resources
- Mines and Geosciences Bureau

Namibia

- Ministry of Environment and Tourism
- Ministry of Mines and Energy

Australia

- Department of Mineral and Petroleum Resources

In addition, it should be recognised that as the consolidated entity's activities are presently confined to exploration, the potential impact of its activities on the environment are regarded as minimal.

4.4 Ethical standards

All directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the consolidated entity. Every employee has a nominated supervisor to whom they may refer any issues arising from their employment. The Board is in the process of establishing an Ethical Standards manual as part of a corporate governance manual currently being implemented and will promote and communicate these policies.

Rusina Mining NL and its controlled entities

Directors' report (continued)

For the year ended 30 June 2007

4.5 Conflict of interest

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. The Board has developed procedures to assist directors to disclose potential conflicts of interest.

Where the Board believes that a significant conflict exists for a director on a Board matter, the director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered. Details of director related entity transactions with the Company and consolidated entity are set out in Note 30 to the financial statements.

4.6 Communication with shareholders

The Board provides shareholders with information using a comprehensive Continuous Disclosure Policy which includes identifying matters that may have a material effect on the price of the Company's securities, notifying them to the ASX, posting them on the Company's website, and issuing media releases. More details of the policy are available on the Company's website.

In summary, the Continuous Disclosure policy operates as follows:

- the Chief Executive Officer, the Chief Financial Officer and the Company Secretary are responsible for interpreting the company's policy and where necessary informing the Board. The Company Secretary is responsible for all communications with the ASX/AIM. Such matters are advised to the ASX/AIM on the day they are discovered.
- the financial report is distributed to all shareholders (unless a shareholder has specifically requested not to receive the document), including relevant information about the operations of the consolidated entity during the year, changes in the state of affairs and details of future developments.
- the half-yearly report contains summarised financial information and a review of the operations of the consolidated entity during the period. The half-year financial report is reviewed by the company's auditors and is lodged with the Australian Securities and Investments Commission and the ASX/AIM, and sent to any shareholder who requests it.
- proposed major changes in the consolidated entity which may impact on share ownership rights are submitted to a vote of shareholders.
- all announcements made to the market, and related information (including information provided to analysts or the media during briefings), are placed on the Company's website after they are released to the ASX.
- the external auditor attends the annual general meetings to answer questions concerning the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

All of the above information, including that of the previous three years, is made available on the Company's website within one day of public release, and is emailed to all shareholders who lodge their email contact details with the Company. Information on lodging email addresses with the Company is available on the Company's website.

The Board encourages full participation of shareholders at the Annual General Meeting, to ensure a high level of accountability and identification with the consolidated entity's strategy and goals. Important issues are presented to the shareholders as single resolutions.

The shareholders are requested to vote on the appointment and aggregate remuneration of directors, the granting of options and shares to directors, the Remuneration report and changes to the Constitution. Copies of the Constitution are available on the Company's website and to any shareholder who requests it.

Rusina Mining NL and its controlled entities

Directors' report (continued)

For the year ended 30 June 2007

5. Principal activities

The principal activities of the consolidated entity during the course of the financial year were exploration for minerals in the Philippines, Namibia and Australia and are further disclosed in separate review of operations.

There were no other significant changes in the nature of the activities of the consolidated entity during the year.

6. Operating and financial review

Overview of the consolidated entity

Rusina Mining NL is an ASX and AIM listed Exploration Company that specialises in mining projects in the Philippines. The Company's major tenement interest is the Acoje Project in Zambales Province on the island of Luzon, Philippines. The Company has its corporate office in Perth, Western Australia, and its operational headquarters in Manila, Philippines.

Shareholder returns	AIFRS 2007	AIFRS 2006	AIFRS 2005	AGAAP 2004	AGAAP 2003
Net loss attributable to equity holders of the parent	4,002,549	9,571,272	2,963,927	2,105,321	1,537,149
Basic loss per share	2.57	7.44	3.15	0.86	5.63
Dividends paid	-	-	-	-	-
Dividends per share	-	-	-	-	-
Change in share price	44.0 cents	(1.0) cents	5.5 cents	9.2 cents	4.0 cents

Returns to shareholders increase through capital growth.

Investments for future performance

The Company has a management strategy to seek to develop projects quickly and cost effectively by partnering with other companies that may have a greater capacity and expertise. The Company has applied this strategy successfully over the past 12 months to the Acoje Project in the Philippines. The Company has partnered with DMCI Holdings, Inc., a major Philippine listed contractor, to develop short term cash flow by the direct shipping of nickel laterite ore. DMCI is funding all capital, mining, transport, and marketing of the ore in return for a 50% profit share. The first shipment is on schedule for September 2007. DMCI is also partnering with the Company to determine the feasibility of constructing a ferro-nickel furnace on Semirara Island, the site of DMCI's 3.5 million tonne p.a. coal mine. It is anticipated that a decision will be made on this project before the end of the calendar year. DMCI will free carry the Company's equity interest in this facility. The Company's long term nickel strategy is being achieved through a partnership with AIM listed European Nickel PLC which is spending US\$10 million to fund a feasibility study on a nickel heap leach project at Acoje. European Nickel will earn a 40% interest in the heap leach project upon the completion of the funding of the feasibility study. In addition to the current nickel projects the Company has also formed a joint venture with DMCI to explore and develop a number of highly prospective copper/ gold properties on the island of Mindanao. There are also significant chromite resources available on the Acoje tenement and the Company is currently seeking partners to develop these resources together with the Platinum Group Metals that have been located on the Acoje tenement.

Review of financial condition

Capital structure and treasury policy

As at 30 June 2007 the Company had 186,122,471 ordinary shares on issue, 38,623,418 31 March 2008 options with an exercise price of 20 cents, 3,000,000 23 August 2008 unquoted director incentive options with an exercise price of 16.4 cents, 5,900,000 7 December 2008 unquoted employee incentive options with an exercise price of 20 cents, 837,000 24 May 2008 unquoted adviser options with an exercise price of 21.25 cents and 1,050,000 15 May 2009 unquoted employee incentive options with an exercise price of 47 cents.

The Company monitors its cash flows on a weekly basis and reports to the Board on the cash position at each scheduled Board meeting. Additionally cash flow forecasts are prepared and reported on a monthly basis as part of internal management and is also reported to the Board at each scheduled Board meeting.

Rusina Mining NL and its controlled entities

Directors' report (continued)

For the year ended 30 June 2007

6. Operating and financial review (continued)

Liquidity and funding

As at 30 June 2007 the consolidated entity's cash position was \$2,142,426 (2006 \$2,533,982). Funds were raised during the year through a \$3.5m. placement to fund managers and institutions in November 2006. In addition \$1.88m. was raised through the exercise of 8.4m. listed options and 1.0m. unlisted options during the year. The Company secures funding from the issue of shares and/or debt instruments, as and when required. In August 2007 the Company raised \$3.8m from its partners European Nickel and DMCI through the placement of 9.5m. shares at 40 cents. As of the date of this report the Company had 37,441,335 listed 20 cent options that if exercised prior to their expiry in March 2008 will raise \$7.49m.

Cash flows from operations

The Company at present has no operating revenue streams consequently funding is secured on a share issue and debt funding basis until such time as the company's projects come into production and generate a positive cash flow.

Impact of legislation and other external requirements

There were no legislative and other external requirements that adversely impacted the Company during the year.

Review of principal businesses

The Company's principal business objective is the exploration and development of mineral tenements in the Philippines. The Company has a multi-focused strategy to develop its nickel project at Acoje and is committed to maximising the value from its other exploration properties. The short, medium and long term strategies the Company has implemented to develop its nickel resource are:

- In March 2007 the Company and DMCI Holdings Inc. entered into a Mining Agreement which provides for the mining, on a 50:50 profit share basis, of a five million tonne parcel of nickel laterites at the Company's Acoje property over a five year term. As part of this agreement DMCI is responsible for all funding, mining, grade control, rehabilitation, road and port development work as well as the sales and marketing obligations. There is no requirement for any capital injection by Rusina nor is there any sale of project equity or shareholder dilution. The mining of the Acoje nickel laterite deposit commenced in May and the first shipment is on schedule for the September 2007 quarter. This is the Company's short term nickel strategy.
- During May 2007 Rusina and DMCI entered an agreement, subject to feasibility, to construct a ferro-nickel facility at DMCI's Semirara Coal Mine located on Semirara Island below Occidental Mindoro in the Philippines. The facility is likely to be a small capacity Rotary Kiln and Arc Furnace which will produce high grade (>20% Ni) ferro-nickel suitable for sale anywhere. DMCI have agreed to carry Rusina's equity contribution to the project, to speed up financing and reduce risk to Rusina shareholders. This is the Company's medium term strategy.
- On 9 May 2007 the Company announced that it had entered into an agreement with European Nickel PLC to fund a feasibility study for the heap leaching of the nickel laterites at Acoje by spending up to US\$10 million to earn 40 % of the nickel laterite property. The feasibility study is capped at three years and will include a trial heap leaching operation to determine whether tropical laterite ores from Acoje can be successfully heap leached. European Nickel are considered leaders in the industry on heap leach technology having successfully demonstrated the process in their Caldag project in Turkey which is in the final stages of permitting prior to moving to full scale production. The agreement with European Nickel has secured the long term strategy on nickel for Rusina shareholders.

In addition to its nickel strategies, the Company entered into a joint venture post year end with DMCI whereby DMCI and Rusina have agreed to vend in all Copper/Gold exploration properties which includes the highly prospective Sodaco property which lies inside the Xstrata (65%) and Indophil (35%) Tampakan FTAA. Tampakan is the largest undeveloped copper project in South East Asia.

The Company also has a known Chromite resource at Acoje and it has commenced a feasibility study to re-open the underground workings to exploit this resource. The commencement of any underground mining operations will be subject to the Company entering into an agreement with a partner who has expertise in this area.

Rusina Mining NL and its controlled entities

Directors' report (continued)

For the year ended 30 June 2007

6. Operating and financial review (continued)

Lastly, the Company intends to use surplus cash flows to fund ongoing exploration for platinum group metals on the Acoje property and for other synergistic acquisitions complimentary to the Company's strategy. In this regard the Company announced on 26 June 2007 that it had entered into a six month option agreement to purchase Zambales Chromite Mining Corporation which owns a tenement 3 km north of Acoje and was explored successfully by Falconbridge Ltd in the 1970's for nickel laterites.

Significant changes in the state of affairs

Significant changes in the state of affairs of the consolidated entity during the financial year were as follows:

- On 23 August 2006 a general meeting of shareholders that had been requisitioned by interests associated with Mr Vladimir Nikolaenko was held to consider resolutions, among others, for the removal of Mr Gordon Getley, Mr Julian Tambyrajah and Mr David Hands. These motions were not successful. At the same meeting shareholders also voted on the removal of non-executive director Mr Rodger Johnstone, a resolution that was proposed by major shareholder City Natural Resource High Yield Trust. This resolution was carried.
- On 25 August 2006 a second meeting requisitioned by interests associated with Mr Nikolaenko was held to consider the election of Mr Bradley Moore as a director of the Company. This resolution was defeated.
- On 31 August Mr Tambyrajah resigned as an executive director and gave notice of his intention to resign as Chief Financial Officer and Company Secretary.
- During August the company relocated its Vice President, Mining to the Philippines to boost the technical capability of the regional headquarters.
- On 1 September 2006 the Company appointed Mr Philip Fillis as a non-executive director. Mr Fillis was appointed for his technical expertise in relation to mining developments
- On 26 September Mr Mark Hanlon was appointed as Chief Financial Officer and Company Secretary of the Company.
- In mid November the Company raised \$3.5 million from institutional holders and fund managers in London and Hong Kong through the issuance of 20,925,000 shares. The funds raised were for working capital purposes and to update the Company's nickel laterite resource at Acoje.
- On 23 November the Company entered into a Letter of Intent with Philippines public listed entity Geograce Resources which contemplated Geograce becoming the Company's local partner within the Acoje project.
- On 29 November at the Annual General Meeting shareholders elected new auditors, KPMG, to add value to the Company's international focus.
- During December the Company completed the digitisation of over 60 years of historic drill data on the Acoje property.
- On 25 January 2007 the Company successfully lodged an Exploration Permit over an ex Phelps Dodge property at Abogado in Mindanao. Prior drilling on the property had intersected gold and copper mineralisation.
- The first nickel laterite JORC compliant resource of 33.15 million tonnes grading 0.95% nickel and 0.07% cobalt was announced on 15 February. This resource estimate is from the limonite zone of the laterite only with the harder, higher grade saprolite material being subject to further drilling and testing.
- On 23 February the Company advised the market that it had received some results from a pit deepening program that had commenced into the saprolite zone of the laterite. Intersections of up to 9.1 m @ 1.85% and maximum grades of up to 3.3% were recorded.
- On 7 March the Company announced that it had entered into a mining agreement with Philippines based and listed DMCI Holdings Inc for the mining of a 5 million tonne parcel of nickel laterite at Acoje. The agreement is for a 50:50 profit share arrangement and DMCI is responsible for all funding, mining, transport and marketing with no requirement for any capital injection by Rusina. In addition DMCI have agreed, and Geograce have consented, that DMCI would take on the role of being the company's local Philippine partner.
- On 24 April the Company received approval from the Mines and Geosciences Bureau for the trial shipment of a 50,000 tonne parcel of nickel laterites.
- On 8 May the Company received an Environmental Clearance Certificate (ECC) over a 22.5 ha. Starter pit at Acoje which paves the way for the direct shipping of nickel laterites to commence.

Rusina Mining NL and its controlled entities

Directors' report (continued)

For the year ended 30 June 2007

6. Operating and financial review (continued)

- On 9 May the Company advised the market that it had entered into an agreement with European Nickel PLC to fund a feasibility study for the heap leaching of the nickel laterites at Acoje by spending US\$10.0 million to earn 40% of the nickel laterite property. European Nickel had also agreed to invest £1.0 million in Rusina shares by taking a placement at 40 cents. In the same announcement the Company also advised that DMCI and the company had agreed to form a 60:40 joint venture company, majority owned by DMCI, to acquire explore and develop mining properties in the Philippines. This includes the development, subject to feasibility, of a ferro-nickel smelter on Semirara Island, the site of DMCI's 3.5 million tonne pa coal mine and also the amalgamation of DMCI and the Company's copper/gold properties on Mindanao which includes the Sodaco property which lies within the boundary of the Xstrata controlled Tampakan FTAA. Tampakan is South East Asia's largest undeveloped copper project. DMCI also agreed to invest US\$1.2 million into the Company by way of a placement at 40 cents.
- On 26 June the Company announced that it had signed an Option Agreement to purchase all of the issued capital of Zambales Chromite Mining Company Inc, which holds a tenement 3 km to the north of the Acoje property. The ZMCI property was explored by Falconbridge in the 1970's and through the analysis of that data the Company is targeting a nickel limonite resource of between 6 and 24 million tonnes grading 1.6% to 1.1% nickel.
- On 27 June the Company converted its \$2.4 million Convertible Note into ordinary shares at the request of the holder. This will result in a cash flow saving to the Company of \$192,000 per annum.

7. Dividends

No dividends have been paid by the consolidated entity during the year ended 30 June 2007, nor have the directors recommended any dividend to be paid.

8. Events subsequent to reporting date

Events subsequent to reporting date of the consolidated entity during the year were as follows:

- On 2 July 2007, 370,800 ordinary shares were issued pursuant to the exercise of Rusina Mining NL listed options (RMLO).
- On 4 July 2007, 837,000 unlisted adviser options exercisable at 21.25 cents per share on or before 3 July 2009 were exercised.
- On 4 July 2007, 1,000,000 unlisted options exercisable at 20 cents each and expiring on 7 December 2008 were forfeited due to the resignation of an employee.
- On 17 July 2007, 1,520 ordinary shares were issued pursuant to the exercise of listed RMLO options.
- On 19 July 2007, 5,882,352 ordinary shares at 17 pence (approximately 40 cents) each and 5,882,352 unlisted options exercisable at 21 pence (approximately 50 cents) were issued to European Nickel Plc to fund Rusina's drilling program over the nickel saprolite mineralization at Acoje to establish a JORC compliant resource. The options were issued for nil consideration.
- On 24 July 2007, 2,200,000 unlisted options exercisable at 60 cents each on or before 12 January 2011 were issued to advisers in relation to performing broker and shareholder relation in the United States.
- On 26 July 2007 668,124 ordinary shares were issued pursuant to the exercise of the same number of listed RMLO options.
- On 1 August 2007, 141,425 ordinary shares were issued at 20 cents each pursuant to the exercise of listed RMLO options.
- On 10 August 2007, 214 ordinary shares were issued at 20 cents each pursuant to the exercise of listed RMLO options.
- On 15 August 2007, 3,658,537 ordinary shares at 32.8 US cents (approximately 40 Australian cents) each and 3,658,537 unlisted options exercisable at 41 US cents (approximately 50 Australian cents) were issued to DMCI Holdings Inc, Rusina's Philippine partner for general working capital purposes. The options were issued for nil consideration.
- On 24 August 2007 the Company received a Form 605 Ceasing to be a Substantial Shareholder Notice from Vladimir Nikolaenko.
- On 30 August 2007, 1,827,058 ordinary shares were issued at 16 cents each to CRAU under the terms of an Option Agreement dated 27 July 2006 to acquire the Acoje Mineral Production Sharing Agreement, and approved by Shareholders at a General Meeting on 17 July 2007. In addition 80 ordinary shares were issued at 20 cents each

Rusina Mining NL and its controlled entities

Directors' report (continued)

For the year ended 30 June 2007

pursuant to the exercise of listed RMLO options.

- On 31 August 2007 the Company announced that it had mailed to those shareholders holding less than a marketable parcel of shares on 21 August 2007 (1582 shares) a Notice of Intention to Sell Shareholding of Less than a Marketable Parcel.
- On 7 September 2007, 48,866 ordinary shares were issued at 20 cents each pursuant to the exercise of listed RMLO options.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

9. Likely developments

The consolidated entity will continue to pursue its policy of increasing the asset value and market share of its major business sectors during the next financial year.

The consolidated entity will focus on the exploration of its portfolio of mineral licences and the evaluation, merger, acquisition and/or joint venture of new projects and assets.

Further information about likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the consolidated entity.

10. Directors' interests

The relevant interest of each director in the shares, debentures, interests in registered schemes and rights or options over such instruments issued by the companies within the consolidated entity and other related bodies corporate, as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Rusina Mining NL		
	Ordinary shares	Options over ordinary shares
GTH Getley	857,336	285,334
RGM Gregory	-	3,085,000
PN Fillis	20,000	-
DJ Hands	-	-

11. Share options

Options granted to directors and officers of the Company

During or since the end of the financial year, the Company granted options for no consideration over unissued ordinary shares in Rusina Mining NL to the following executives of the Company as part of their remuneration:

	Number of options granted	Exercise price	Expiry date
Directors			
RGM Gregory	3,000,000	16.40 cents	23 August 2008
JS Tambyrajah (i)	2,000,000	25.80 cents	23 August 2008
Officers			
TMS Hanlon	2,000,000	20.00 cents	7 December 2008
(i)	Lapsed during the year following Mr Tambyrajah's resignation on 31 st August 2006.		

There have been no issues of options to directors or officers since the year end.

Rusina Mining NL and its controlled entities
 Directors' report (continued)
 For the year ended 30 June 2007

11. Share options (continued)
Unissued shares under options

At the end of the financial year unissued ordinary shares of the company under option are:

Expiry date	Exercise price	Number of shares
31 March 2008	20.00 cents	38,623,418
23 August 2008	16.40 cents	3,000,000
7 December 2008	20.00 cents	5,900,000
15 May 2009	47.00 cents	1,050,000
24 May 2008	21.25 cents	837,000
		49,410,418

All options expire on the earlier of their expiry date or termination of the employee's employment.

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Shares issued on exercise of options

During or since the end of the financial year, the Company issued ordinary shares as a result of the exercise of options as follows (there were no amounts unpaid on the shares issued):

Number of shares	Amount paid on each share
9,698,671	20.00 cents
837,000	21.25 cents

12. Indemnification and insurance of officers and auditors

Indemnification

The Company is drafting agreements to indemnify all current directors of the Company, and the former directors, against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of the company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

As part of those agreements the Company will agree to indemnify the current directors of its controlled entities for all liabilities to another person (other than the company or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Also, as part of these agreements the Company will agree to indemnify certain senior executives for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position in the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The senior executives in question are the CEO and CFO. The agreement stipulates that the Company will meet the full amount of any such liabilities, including legal fees.

Rusina Mining NL and its controlled entities
 Directors' report (continued)
 For the year ended 30 June 2007

13. Non-audit services

During the year, the Company's current auditor KPMG, has performed taxation and other services in addition to their statutory duties.

Details of the amounts paid to the previous and current auditors of the Company, and their related practices for audit and non-audit services provided during the year are set out below. In addition, amounts paid to other auditors for statutory audit have been disclosed:

	Consolidated	
	2007	2006
	\$	\$
Audit services:		
Auditors of the Company:		
Audit and review of financial reports (KPMG Australia)	43,500	20,000
Audit and review of financial reports (KPMG Philippines)	18,273	-
Taxation services	40,190	-
Accounting and advisory services	1,715	-
	<u>103,678</u>	<u>20,000</u>
Other auditors		
Audit and review of the financial report of subsidiaries (BDO Namibia)	7,648	3,611
Audit and review of financial reports (K Westaway)	-	8,060
	<u>7,648</u>	<u>11,671</u>

14. Proceedings on behalf of the Company

As at the date of this report the Company had not received any claims against it, nor had the Company brought any actions against other parties, refer Note 26 for further details.

15. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 25 and forms part of the directors' report for financial year 2007.

This report is made with a resolution of the directors:



Robert G M Gregory
 Chief Executive Officer

Dated at Perth this 27th day of September 2007

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Rusina Mining NL

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial 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.



KPMG



T R Hart
Partner

Perth
27 September 2007

Rusina Mining NL and its Controlled Entities
 For the year ended 30 June 2007
Income statements
AUD

	Note	Consolidated		The Company	
		2007	2006	2007	2006
		\$	\$	\$	\$
Other income	7	26,402	150,000	26,402	150,000
Administration expenses		(3,718,611)	(1,759,716)	(2,431,647)	(1,713,459)
Exploration and evaluation expenditure written off	19	-	(7,987,187)	-	(7,915,885)
Impairment of investments in controlled entities		-	-	(272,480)	-
Impairment of loans to controlled entities		-	-	(3,498,107)	(169,198)
Plant and equipment written-off		(10,968)	-	-	-
Depreciation		(95,542)	(40,404)	(40,051)	(1,536)
Less before financing costs		(3,798,719)	(9,637,307)	(6,215,883)	(9,650,078)
Financial income	10	74,201	108,480	70,561	107,914
Financial expenses	10	(278,031)	(42,445)	(191,818)	(26,047)
Net financing costs		(203,830)	66,035	(121,257)	81,867
Loss before tax		(4,002,549)	(9,571,272)	(6,337,140)	(9,568,211)
Income tax expense	11	-	-	-	-
Loss for the period		(4,002,549)	(9,571,272)	(6,337,140)	(9,568,211)
Attributable to:					
Equity holders of the parent		(3,995,199)	(9,571,272)	(6,337,140)	(9,568,211)
Minority interest		(7,350)	-	-	-
Loss for the period		(4,002,549)	(9,571,272)	(6,337,140)	(9,568,211)
Basic and diluted loss per share (cents)	12	(2.53)	(7.44)		

The income statements are to be read in conjunction with the notes of the financial statements.

Rusina Mining NL and its Controlled Entities
 For the year ended 30 June 2007
Consolidated statements of changes in equity
AUD

	Share capital	Translation reserve	Option premium reserve	Accumulated Losses	Minority Interests	Total equity
	\$	\$	\$	\$	\$	\$
Consolidated						
Balance at 1 July 2005	38,131,032	-	1,366,900	(29,859,608)	-	9,638,324
Loss for year				(9,571,272)	-	
Total recognised income and expense	-	-	-	(9,571,272)	-	(9,571,272)
Options Issued	-	-	352,069	-	-	352,069
Share based payments	-	-	25,800	(79,465)	-	(53,665)
Shares issued	756,221	-	(45)	-	-	756,176
Transaction costs	(129,993)	-	-	-	-	(129,993)
Exchange differences arising on translation of foreign operations	-	3,061	-	-	-	3,061
Balance at 30 June 2006	38,757,260	3,061	1,744,724	(39,510,345)	-	994,700
Balance at 1 July 2006	38,757,260	3,061	1,744,724	(39,510,345)	-	994,700
Total recognised income and expense	-	-	-	(3,995,199)	30,702	(3,964,497)
Share based payments	-	-	672,365	-	-	672,365
Shares issued	8,693,476	-	-	-	-	8,693,476
Transaction costs	(247,248)	-	-	-	-	(247,248)
Exchange differences arising on translation of foreign operations	-	53,802	-	-	-	53,802
Balance at 30 June 2007	47,203,488	56,863	2,417,089	(43,505,544)	30,702	6,202,598
Company						
Balance at 1 July 2005	38,131,032	-	1,366,900	(29,859,608)	-	9,638,324
Loss for the year				(9,568,211)	-	
Total recognised income and expense	-	-	-	(9,568,211)	-	(9,568,211)
Options Issued	-	-	352,069	-	-	352,069
Share based payments	-	-	25,800	(79,465)	-	(53,665)
Shares issued	756,221	-	(45)	-	-	756,176
Share costs net of tax	(129,993)	-	-	-	-	(129,993)
Balance at 30 June 2006	38,757,260	-	1,744,724	(39,507,284)	-	994,700
Balance at 1 July 2006	38,757,260	-	1,744,724	(39,507,284)	-	994,700
Total recognised income and expense	-	-	-	(6,337,140)	-	(6,337,140)
Share based payments	-	-	672,365	-	-	672,365
Shares issued	8,693,476	-	-	-	-	8,693,476
Share costs net of tax	(247,248)	-	-	-	-	(247,248)
Balance at 30 June 2007	47,203,488	-	2,417,089	(45,844,424)	-	3,776,153

The statement of changes in equity is to be read in conjunction with the notes to the financial statements.

Rusina Mining NL and its Controlled Entities
 For the year ended 30 June 2007
Balance sheets
AUD

	Note	Consolidated		The Company	
		2007	2006	2007	2006
		\$	\$	\$	\$
Assets					
Cash and cash equivalents	13	2,400,273	2,533,982	2,142,426	2,430,554
Trade and other receivables	14	279,428	91,532	64,754	40,041
Other current assets	15	215,916	-	-	-
Total current assets		2,895,617	2,625,514	2,207,180	2,470,595
Investments	16	-	-	-	347,279
Property, plant and equipment	18	335,130	344,790	78,503	122,670
Intangible assets	19	3,455,733	1,495,579	1,783,912	1,495,579
Total non-current assets		3,790,863	1,840,369	1,862,415	1,965,528
Total assets		6,686,480	4,465,883	4,069,595	4,436,123
Liabilities					
Trade and other payables	20	382,034	958,774	223,179	932,597
Employee benefits	22	101,848	112,409	70,263	108,826
Total current liabilities		483,882	1,071,183	293,442	1,041,423
Interest-bearing loans and borrowings	21	-	2,400,000	-	2,400,000
Total non-current liabilities		-	2,400,000	-	2,400,000
Total liabilities		483,882	3,471,183	293,442	3,441,423
Net assets		6,202,598	994,700	3,776,153	994,700
Equity					
Issued capital	23	47,203,488	38,757,260	47,203,488	38,757,260
Reserves		2,473,952	1,747,785	2,417,089	1,744,724
Accumulated losses		(43,505,544)	(39,510,345)	(45,844,424)	(39,507,284)
Total equity attributable to equity holders of the Company		6,171,896	994,700	3,776,153	994,700
Minority interest		30,702	-	-	-
Total equity		6,202,598	994,700	3,776,153	994,700

The balance sheets are to be read in conjunction with the notes to the financial statements.

Rusina Mining NL and its Controlled Entities
For the year ended 30 June 2007
Statements of cash flows
AUD

Note	Consolidated		The Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Cash flows from operating activities				
Cash paid to suppliers and employees	(4,027,148)	(2,154,481)	(2,571,359)	(1,806,354)
Exploration and evaluation expenditure	(1,960,155)	(3,065,057)	(288,333)	(3,162,983)
Interest received	74,721	108,480	71,080	107,914
Interest paid	(248,426)	(1,849)	(216,015)	(1,849)
Net cash from operating activities	29 (6,161,008)	(5,112,907)	(3,004,627)	(4,863,272)
Cash flows from investing activities				
Acquisition of property, plant and equipment	(137,181)	(270,260)	(24,673)	(99,605)
Proceeds from the sale of property, plant and equipment	57,151	-	57,151	-
Loans to controlled entities	-	-	(3,423,308)	(248,994)
Other	-	-	-	(272,480)
Net cash from investing activities	(80,030)	(270,260)	(3,390,830)	(621,079)
Cash flows from financing activities				
Proceeds from the issue of share capital and options	6,293,476	1,134,045	6,293,476	1,134,045
Share issue costs	(186,147)	(129,994)	(186,147)	(129,994)
Proceeds from borrowing	-	2,400,000	-	2,400,000
Net cash from financing activities	6,107,329	3,404,051	6,107,329	3,404,051
Net increase/(decrease) in cash and cash equivalents	(133,709)	(1,979,116)	(288,128)	(2,080,300)
Cash and cash equivalents at 1 July 2006	2,533,982	4,513,098	2,430,554	4,510,854
Cash and cash equivalents at 30 June 2007	13 2,400,273	2,533,982	2,142,426	2,430,554

The statements of cash flows are to be read in conjunction with the notes to the financial statements.

Rusina Mining NL and its Controlled Entities

For the year ended 30 June 2007

Notes to the Financial Statements

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Rusina Mining NL and its Controlled Entities

For the year ended 30 June 2007

Notes to the Financial Statements

1. General Information

Rusina Mining NL ("the Company") is a listed public company domiciled in Australia.

The Company's registered office and its principal place of business are as follows:

Registered office	Principal place of business
Level 1 83 Havelock Street West Perth WA 6005	Level 1 83 Havelock Street West Perth WA 6005

2. Basis of Preparation

(i) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The Company's financial report does not comply with the IFRS's as the Company has elected to apply the relief provided to parent entities by AASB 132, *Financial Instruments: Presentation and Disclosure*, in respect of certain disclosure requirements.

The financial statements were approved by the Board of Directors on 27/09/07.

(ii) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

(iii) Going concern

The consolidated entity incurred a loss for the year of \$4,002,549. It has net working capital of \$2,373,683. The loss has arisen primarily as a result of non cash share based payments and increased corporate costs.

The Company's focus is the further exploration and evaluation of various projects within the Philippines, including the Acoje project. In order to perform that work the Company will require funding which the Company proposes will be made available by existing cash reserves, via revenues from the direct shipping of nickel laterites, and from the receipt of funds from the exercise of March 2008 options. In addition, the Company has entered into several joint venture arrangements which require the joint venture partner to fully or partially fund any exploration/ development work or to free carry the Company through a minimum level of expenditure or time period.

(iv) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the majority of the Group.

3. Adoption of New and Revised Accounting Standards

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective.

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the consolidated entity's and the Company's financial report:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 7 'Financial Instruments: Disclosures' and consequential amendments to other accounting standards resulting from its issue	1 January 2007	30 June 2008
• AASB 101 'Presentation of Financial Statements' – revised standard	1 January 2007	30 June 2008
• AASB 2007-7 'Amendments to Australian Accounting Standards'	1 July 2007	30 June 2008

Rusina Mining NL and its Controlled Entities

For the year ended 30 June 2007

Notes to the Financial Statements

- AASB 8 'Operating Segments' 1 January 2009 30 June 2010

3. Adoption of New and Revised Accounting Standards (continued)

Initial application of the following Standards and Interpretations is not expected to have any material impact to the financial report of the consolidated entity and the Company:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB Interpretation 10 'Interim Financial Reporting and Impairment'	1 November 2006	30 June 2008
• AASB Interpretation 11 'AASB 2 – Group and Treasury Share Transactions'	1 March 2007	30 June 2008
• AASB 2007-1 'Amendments to Australian Accounting Standards arising from AASB Interpretation 11'	1 March 2007	30 June 2008
• AASB Interpretation 12 'Service Concession Arrangements'	1 January 2008	30 June 2009
• AASB 2007-2 'Amendments to Australian Accounting Standards arising from AASB Interpretation 12'	1 January 2008	30 June 2009
• AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments'	1 July 2007	30 June 2008
• AASB Interpretation 13 'Customer Loyalty Programmes'	1 July 2008	30 June 2009
• AASB Interpretation 14 'AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'	1 January 2008	30 June 2009
• AASB 123 'Borrowing Costs' – revised standard	1 January 2009	30 June 2010
• AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123'	1 January 2009	30 June 2010

AASB Interpretation 10

AASB 134 'Interim Financial Reporting' requires an entity to apply the same accounting policies in its interim financial report as are applied in its annual financial report. It also states that measurements for interim reporting purposes are made on a year-to-date basis so that the frequency of reporting does not affect an entity's annual reports. AASB Interpretation 10 clarifies that an entity cannot reverse an impairment loss recognised in a previous interim period in relation to goodwill or either an investment in an equity instrument or in a financial asset carried at cost

This approach is consistent with impairment reversal prohibitions in AASB 136 'Impairment of Assets' and AASB 139 'Financial Instruments: Recognition and Measurement'.

AASB Interpretation 10 is required to be applied prospectively from the date at which the entity first applied AASB 36 (ie. 1 July 2004) and AASB 139 (ie. 1 July 2005), for goodwill and investments in either equity instruments or financial assets carried at cost, respectively.

AASB Interpretation 11 and AASB 2007-1

AASB Interpretation 11 clarifies the application of AASB 2 'Share-based Payment' to certain share-based payment arrangements involving the entity's own equity instruments and to arrangements involving equity instruments of the entity's parent. AASB 2007-1 amends AASB 2 to insert transitional provisions of IFRS 2 'Share-based Payment' that had previously been set out in AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards'.

AASB Interpretation 11 and AASB 2007-1 are required to be applied retrospectively.

AASB Interpretation 12 and AASB 2007-2

AASB Interpretation 12 provides guidance on the accounting by operators for public-to-private service concession arrangements. The company nor the consolidated entity does not operate such services.

AASB 2007-4

AASB 2007-4 makes amendments to a number of Australian Accounting Standards to introduce various accounting policy options, delete various disclosures presently required and make a number of editorial amendments.

Whilst a large number of Accounting Standards are amended by AASB 2007-4, key accounting policy options introduced by AASB 2007-4 relate to:

Rusina Mining NL and its Controlled Entities

For the year ended 30 June 2007

Notes to the Financial Statements

- the measurement and presentation of government grants;

3. Adoption of New and Revised Accounting Standards (continued)

- the accounting for jointly controlled entities using the proportionate consolidation method; and the presentation of the cash flow statement.

The consolidated entity does not intend to change any of its current accounting policies on adoption of AASB 2007-4; accordingly, there will no financial impact to the financial report. However, in the [consolidated entity's/company's] financial report for the financial year ending 30 June 2008, certain information may no longer be disclosed, or may be disclosed in an alternative manner, due to amendments made by AASB 2007-4 to the disclosure requirements of various Accounting Standards.

AASB Interpretation 13

AASB Interpretation 13 addresses the accounting by entities that provide their customers with incentives to buy goods or services by providing awards (i.e. award credits) as part of a sales transaction. AASB Interpretation 13 requires the entity that grants the awards to account for the sales transaction that gives rise to the award credits as a 'multiple element revenue transaction' and allocate the fair value of the consideration received or receivable between the award credits granted and the other components of the revenue transaction. AASB Interpretation 13 is required to be applied retrospectively.

AASB Interpretation 14

AASB Interpretation 14 addresses three issues for entities that (a) have a defined benefit superannuation plan; and (b) have a defined benefit plan asset. Neither the consolidated entity nor the Company has such a plan or an asset.

AASB 123 (revised) and AASB 2007-6

AASB 123 (July 2004) permits an entity to either expense or capitalise borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets. Under AASB 123 (revised), entities are no longer permitted to choose between alternate treatments and must capitalise borrowing costs relating to qualifying assets. AASB 2007-6 makes amendments to various Accounting Standards arising from the issue of AASB 123 (revised).

AASB 123 (revised) is generally to be applied prospectively to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. Accordingly, no restatements will be required in respect of transactions prior to the date of adoption.

4. Significant accounting policies

a) Basis of consolidation

i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

ii) Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Gains and losses are recognised as the contributed assets are consumed or sold by the associates and jointly controlled entities or, if not consumed or sold by the associate or jointly controlled entity, when the consolidated entity's interest in such entities is disposed of.

Rusina Mining NL and its Controlled Entities

For the year ended 30 June 2007

Notes to the Financial Statements

4. Significant accounting policies (continued)

b) Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity.

iii) Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations, and of related hedges are taken to the translation reserve. They are released into the income statement upon disposal.

c) Property, plant and equipment

i) Owned assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses (see accounting policy g). The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

ii) Subsequent costs

The consolidated entity recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

iii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives in the current and comparative periods are as follows:

- buildings 40 years
- plant and equipment 3 - 20 years

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

d) Intangible assets

i) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Rusina Mining NL and its Controlled Entities

For the year ended 30 June 2007

Notes to the Financial Statements

4. Significant accounting policies (continued)

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.

Impairment testing is completed when required by the circumstances set out in AASB 6 "Exploration for and Evaluation of Mineral Resources".

Accumulated costs in relation to an abandoned area are written off in full against the loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Costs of site restoration or rehabilitation are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs may include the dismantling and removal of mining, plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with the clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on a discounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

e) Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses (see accounting policy g).

f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and term deposits with a maturity of less than 3 months.

g) Impairment

The carrying amounts of the consolidated entity's assets, other than deferred tax assets (see accounting policy n), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

i) Calculation of recoverable amount

The recoverable amount of the consolidated entity's investments in receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each balance date.

Rusina Mining NL and its Controlled Entities

For the year ended 30 June 2007

Notes to the Financial Statements

4. Significant accounting policies (continued)

The recoverable amount of other assets is the greater of their 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

ii) Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

h) Share capital

Transaction costs

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

i) Convertible notes

Convertible notes that can be converted to share capital at the option of the holder, where the number of shares issued does not vary with changes in their fair value, are accounted for as compound financial instruments. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds. The equity component of the convertible notes is calculated as the excess of the issue proceeds over the present value of the future interest and principal payments, discounted at the market rate of interest applicable to similar liabilities that do not have a conversion option. The interest expense recognised in the income statement is calculated using the effective interest method.

j) Employee benefits

i) Wages, salaries, annual leave, sick leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax. Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the consolidated entity as the benefits are taken by the employees.

ii) Share-based payment transactions

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

k) Provisions

A provision is recognised in the balance sheet when the consolidated entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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.

Rusina Mining NL and its Controlled Entities

For the year ended 30 June 2007

Notes to the Financial Statements

4. Significant accounting policies (continued)

l) Trade and other payables

Trade and other payables are stated at amortised cost.

m) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial asset.

n) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

o) Segment reporting

A segment is a distinguishable component of the consolidated entity that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

p) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows 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.

Rusina Mining NL and its Controlled Entities

For the year ended 30 June 2007

Notes to the Financial Statements

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 4, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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:

Recoverability of intangible assets and impairment of investments in and loans to subsidiaries

The Group assesses the recoverability of intangible assets by reference to a discounted cashflow model which includes sources of estimation uncertainty such as the discount rate used and the quantum of future sales that are likely to be generated under the model.

The parent assesses the impairment of its investments in its subsidiaries by reference to the net asset position of the parent in relation to the Group as a whole.

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 using a Black Scholes model, using the assumptions detailed in the Directors' Report.

6. Segment reporting

Segment information is presented in respect of the consolidated entity's business and geographical segments. The primary format, geographical segments, is based on the consolidated entity's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Geographical segments

The consolidated entity operates in three principal geographical areas:

- Philippines
- Namibia
- Australia

Business segments

The consolidated entity operates in predominantly one business segment, being mineral exploration activities.

Rusina Mining NL and its Controlled Entities

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6. Segment reporting (continued)

Geographical segments

	Philippines		Australia		Namibia		Eliminations		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Revenue										
Interest	3,640	566	70,561	107,914	-	-	-	-	74,201	108,480
Other	-	-	26,402	150,000	-	-	-	-	26,402	150,000
Total revenue	3,640	566	96,963	257,914	-	-	-	-	100,603	258,480
Segment result	(1,435,995)	(172,789)	(6,337,140)	(11,611,720)	-	(3,213)	3,770,586	2,216,450	(4,002,549)	(9,571,272)
Profit before financing costs	(1,353,422)	-	(6,215,883)	(11,850,544)	-	(3,213)	3,770,586	2,216,450	(3,798,719)	(9,637,307)
Net financing costs	(82,572)	-	(121,258)	66,035	-	-	-	-	(203,830)	66,035
Loss for the period									(4,002,549)	(9,571,272)
Total segment assets	2,611,580	371,734	4,069,595	4,436,123	5,305	5,305	-	(347,279)	6,686,480	4,465,883
Total segment liabilities	3,856,032	272,043	293,442	3,441,423	7,166,213	7,162,805	(10,831,804)	(7,405,088)	483,883	3,471,183
Cash flows from operating activities	(3,156,381)	(3,065,087)	(3,004,627)	(2,047,820)	-	(3,213)	-	-	(6,161,008)	(5,112,907)
Cash flows from investing activities	(112,508)	(260,986)	(3,390,830)	(621,079)	-	-	3,423,308	611,805	(80,030)	(270,260)
Cash flows from financing activities	-	-	6,107,329	3,404,051	-	-	-	-	6,107,329	3,404,051
Capital expenditure	112,508	260,986	24,673	9,274	-	-	-	-	137,181	270,260

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7. Other income

	Consolidated		The Company	
	2007	2006	2007	2006
Profit on sale of property, plant and equipment	26,402	-	26,402	-
Reversal of deferred acquisition cost	-	150,000	-	150,000
	<u>26,402</u>	<u>150,000</u>	<u>26,402</u>	<u>150,000</u>

8. Personnel expenses

Wages and salaries	1,079,099	485,840	703,052	397,274
Superannuation expense	45,566	52,987	45,566	52,987
Share based payments	611,263	-	611,263	-
Increase/ (decrease) in liability for annual leave	(484)	15,084	(484)	15,084
	<u>1,735,444</u>	<u>553,911</u>	<u>1,359,397</u>	<u>465,345</u>

9. Auditor's remuneration

Audit services

Auditors of the Company				
Audit and review of financial reports (KPMG Australia)	43,500	20,000	43,500	20,000
Audit and review of financial reports (KPMG Philippines)	18,273	-	-	-
Taxation services	40,190	-	40,190	-
Accounting and advisory services	1,715	-	1,715	-
	<u>103,678</u>	<u>20,000</u>	<u>85,405</u>	<u>20,000</u>

Other auditors

Audit and review of the financial reports of subsidiaries (BDO Namibia)	7,648	3,611	-	-
Audit and review of financial reports (K Westaway)	-	8,060	-	8,060
	<u>7,648</u>	<u>11,671</u>	<u>-</u>	<u>8,060</u>

10. Net financing costs

Interest income	74,201	108,480	70,561	107,914
Financial income	<u>74,201</u>	<u>108,480</u>	<u>70,561</u>	<u>107,914</u>
Interest expense	190,029	26,047	190,029	26,047
Net foreign exchange loss	88,002	16,398	1,789	-
Financial expenses	<u>278,031</u>	<u>42,445</u>	<u>191,818</u>	<u>26,047</u>
Net financing costs/(income)	<u>203,830</u>	<u>(66,035)</u>	<u>121,257</u>	<u>(81,867)</u>

Rusina Mining NL and its Controlled Entities

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Notes to the Financial Statements

11. Income taxes

Income tax recognised in profit or loss

The prima facie income tax expense on the pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

	Consolidated		Parent	
	30 June 2007	30 June 2006	30 June 2007	30 June 2006
Loss before income tax expense from continuing operations	4,002,549	9,571,272	6,337,140	9,568,211
Income tax benefit calculated at 30%	1,200,765	2,871,382	1,901,142	2,870,463
Effect of revenue that is non-assessable in determining taxable loss	751	45,000	751	45,000
Effect of expenses that are not deductible in determining taxable loss	(314,783)	(2,383,722)	(1,015,160)	(2,383,722)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	(886,733)	(532,660)	(886,733)	(532,660)
Income tax expense	-	-	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

12. Loss per share

Basic and diluted loss per share

The calculation of basic and diluted loss per share at 30 June 2007 was based on the loss attributable to ordinary shareholders of \$4,002,549 (2006: \$9,571,272) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2007 of 157,833,905 (2006: 128,720,159), calculated as follows:

Loss attributable to ordinary shareholders

	Consolidated	
	2007	2006
Loss for the period	4,002,549	9,571,272
Loss attributable to ordinary shareholders	4,002,549	9,571,272

Weighted average number of ordinary shares

	Consolidated	
	2007	2006
Issued ordinary shares at 1 July 2006	133,293,494	127,505,628
Effect of shares issued in July 2006	5,778,082	876
Effect of shares issued in August 2006	5,045,205	973
Effect of shares issued in October 2006	71,233	1,240
Effect of shares issued in November 2006	12,497,671	-
Effect of shares issued in March 2007	164,384	904,272
Effect of shares issued in April 2007	43,836	61,918
Effect of shares issued in May 2007	802,017	35,206
Effect of shares issued in June 2007	137,983	210,046
Weighted average number of ordinary shares at 30 June 2007	157,833,905	128,720,159

Note

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For the year ended 30 June 2007

Notes to the Financial Statements

13. Cash and cash equivalents

	Consolidated		The Company	
	2007	2006	2007	2006
Cash and cash equivalents	975,626	863,982	717,779	760,554
Term deposits	1,424,647	1,670,000	1,424,647	1,670,000
Cash and cash equivalents in the statement of cash flows	2,400,273	2,533,982	2,142,426	2,430,554

14. Trade and other receivables

Current	Consolidated		The Company	
	2007	2006	2007	2006
Other receivables and pre-payments	279,428	91,532	64,754	40,041
	279,428	91,532	64,754	40,041

15. Other current assets

	Consolidated		The Company	
	2007	2006	2007	2006
Sundry assets	215,916	-	-	-
	215,916	-	-	-

16. Investments

Non-current	Consolidated		The Company	
	2007	2006	2007	2006
Investments in controlled entities at cost	-	-	8,054,731	8,054,731
Provision for impairment	-	-	(8,054,731)	(7,782,251)
Receivables due from controlled entities	-	-	10,831,804	7,408,500
Provision for impairment	-	-	(10,831,804)	(7,333,701)
	-	-	-	347,279

For the year ended 30 June 2007, impairment losses of \$272,480 and \$3,498,103 were booked against investments in controlled entities and receivables due from controlled entities respectively. The impairment losses were incurred following an assessment of the recoverability of the loans in the context of the stage of development of the consolidated entity's assets.

17. Deferred tax assets and liabilities

Unrecognised deferred tax assets and (liabilities)

	Consolidated		The Company	
	2007	2006	2007	2006
The following deferred tax assets and (liabilities) have not been brought to account:				
Temporary differences	19,215	156,023	19,215	156,023
Temporary differences arising from exploration activities	(535,174)	-	(535,174)	-
Tax losses – revenue	2,673,161	1,619,923	2,673,161	1,619,923
Tax losses – capital	179,663	179,663	179,663	179,663
	2,336,865	1,955,609	2,336,865	1,955,609

The Company has estimated unrecouped income tax losses of \$9,334,932 (2006: \$6,379,155) available to be offset against future taxable income. A deferred tax asset in relation to the losses has not been recognised by the group on the basis that it is not probable that there will be future taxable income available against which the losses can be utilised.

The Company has not consolidated for tax purposes.

Rusina Mining NL and its Controlled Entities

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Notes to the Financial Statements

17. Deferred tax assets and liabilities (continued)

	Consolidated		The Company	
	2007	2006	2007	2006
Taxable temporary differences in relation to investments in subsidiaries for which deferred tax liabilities have not been recognised are attributable to the following:				
Foreign subsidiaries	124,445	-	-	-
	<u>124,445</u>	<u>-</u>	<u>-</u>	<u>-</u>

Rusina Mining NL and its Controlled Entities
For the year ended 30 June 2007

Notes to the Financial Statements

18. Property, Plant and equipment

Note	Consolidated			The Company		
	Land and buildings	Plant and equipment	Total	Land and buildings	Plant and equipment	Total
Cost						
Balance at 1 July 2005	28,773	104,270	133,043	28,773	104,270	133,043
Other acquisitions	-	270,260	270,260	-	9,274	9,274
Balance at 30 June 2006	28,773	374,530	403,303	28,773	113,544	142,317
Balance at 1 July 2006	28,773	374,530	403,303	28,773	113,544	142,317
Other acquisitions	-	125,623	125,623	-	24,673	24,673
Disposals	(28,773)	-	(28,773)	(28,773)	-	(28,773)
Balance at 30 June 2007	-	500,153	500,153	-	138,217	138,217
Depreciation and impairment losses						
Balance at 1 July 2005	-	18,109	18,109	-	18,109	18,109
Depreciation charge for the year	-	40,404	40,404	-	1,536	1,536
Balance at 30 June 2006	-	58,513	58,513	-	19,645	19,645
Balance at 1 July 2006	-	58,513	58,513	-	19,645	19,645
Depreciation charge for the year	-	95,542	95,542	-	40,069	40,069
Assets written off	-	10,968	10,968	-	-	-
Balance at 30 June 2007	-	165,023	165,023	-	59,714	59,714
Carrying amounts						
At 1 July 2005	28,773	86,161	114,934	28,773	86,161	114,934
At 30 June 2006	28,773	316,017	344,790	28,773	93,899	122,672
At 1 July 2006	28,773	316,017	344,790	28,773	93,899	122,672
At 30 June 2007	-	335,130	335,130	-	78,503	78,503

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Notes to the Financial Statements

19. Intangible assets

	Consolidated			The Company		
	Acoje Project, Philippines	Australia and Namibia interests	Total	Acoje Project, Philippines	Australia and Namibia interests	Total
Capitalised Exploration and Development Expenditure						
Balance at 1 July 2005	5,659,503	7,276	5,666,779	5,659,503	7,276	5,666,779
Net expenditure for the year	3,815,987	-	3,815,987	3,744,685	-	3,744,685
Amounts written off during the year (i)	(7,979,911)	(7,276)	(7,987,187)	(7,908,609)	(7,276)	(7,915,885)
Balance at 30 June 2006	1,495,579	-	1,495,579	1,495,579	-	1,495,579
Balance at 1 July 2006	1,495,579	-	1,495,579	1,495,579	-	1,495,579
Net expenditure for the year	1,960,154	-	1,960,154	288,333	-	288,333
Balance at 30 June 2007	3,455,733	-	3,455,733	1,783,912	-	1,783,912
Carrying amounts						
At 1 July 2005	5,659,503	7,276	5,666,779	5,659,503	7,276	5,666,779
At 30 June 2006	1,495,579	-	1,495,579	1,495,579	-	1,495,579
At 1 July 2006	1,495,579	-	1,495,579	1,495,579	-	1,495,579
At 30 June 2007	3,455,733	-	3,455,733	1,783,912	-	1,783,912

(i) During the prior year the consolidated entity sought specific legal advice (Baker McKenzie in the Philippines) in relation to its right of tenure over the Acoje mineral property. The company's 80% owned subsidiary, Kinloch Resources Limited ('Kinloch') held an operating agreement with the registered mineral property owner, Crau Mineral Resources Corporation ('CRAU'). In an announcement to the ASX dated 16 March 2006, the Company concluded that the existing Operating Agreement between Kinloch and CRAU was void. The Consolidated Entity further announced a new agreement directly with CRAU whereby Rusina holds the option to purchase 100% of the Acoje Mineral Production Sharing Agreement.

On 13 July 2006, the Company as one of the shareholders of Kinloch voted in favour of a resolution that Kinloch be placed into voluntary liquidation. On 26 July 2006 CRAU and Kinloch completed a deed of termination and release in relation to the existing Operating Agreement. On 27 July 2006, the Company signed a formal Option Agreement with CRAU Mineral Resources Corporation to purchase up to 100% of the Acoje MPSA.

The ultimate recoupment of costs carried forward in the exploration and evaluation phase is dependent on the successful development and commercial exploration on sale of the respective areas of interest.

Rusina Mining NL and its Controlled Entities

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Notes to the Financial Statements

20. Trade and other payables

Note	Consolidated		The Company	
	2007	2006	2007	2006
Current liabilities				
Trade payables	335,512	221,642	176,657	221,642
Other trade payables and accrued expenses	46,522	737,132	46,522	710,955
	<u>382,034</u>	<u>958,774</u>	<u>223,179</u>	<u>932,597</u>

21. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the consolidated entity's interest-bearing loans and borrowings.

Non-current liabilities

	Consolidated		The Company	
	2007	2006	2007	2006
Convertible notes (unsecured)	-	2,400,000	-	2,400,000
	<u>-</u>	<u>2,400,000</u>	<u>-</u>	<u>2,400,000</u>

Terms and debt repayment schedule

On 16 May 2006 the Company executed a Convertible Loan Note (Unsecured) for \$2,400,000 with City Natural Resources High Yield Trust Plc, with an interest rate 8% pa payable on a quarterly basis. The Convertible Loan Notes have a face value of \$2,400 per note, a conversion price of \$0.24 and mature in 2010. The convertible note is convertible at a fixed price of \$0.24 on the face value of the note (\$2,400,000) equating to 10,000,000 ordinary shares.

The Convertible Notes cannot be converted to equity during the first 12 months, and after this can be converted at the option of the Company if the 20 day average closing price is at least \$0.35 cents on the AIM. The Convertible Loan Note can also be converted at the option of the holder any time after the first 12 months up until the fourth anniversary of the issue of the notes being 16 May 2010. The Company is required to establish a reserve account with \$150,000 for the payment of interest. The entire amount of the convertible notes is classified as debt.

On 27 June 2007, the notes were converted by the holder into 10,000,000 ordinary shares.

22. Employee benefits

Current

	Consolidated		The Company	
	2007	2006	2007	2006
Salaries and wages accrued	22,002	15,181	22,002	15,181
Superannuation payable	2,925	25,999	2,925	25,999
Liability for PAYG Tax	57,155	56,145	30,735	52,561
Liability for annual leave	19,766	15,084	14,601	15,084
	<u>101,848</u>	<u>112,409</u>	<u>70,263</u>	<u>108,825</u>

a) Defined contribution superannuation funds

The consolidated entity makes contributions to a defined contribution superannuation fund. The amount recognised as expense was \$45,566 for the financial year ended 30 June 2007 (2006: \$52,987).

b) Share based payment arrangements

Details of share based payment arrangements with employees and directors are contained in Note 23.

Rusina Mining NL and its Controlled Entities

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Notes to the Financial Statements

23. Share based payment arrangements

The following share-based payment arrangements were in existence during the current period:

Options series	Number	Grant date	Expiry date	Exercise price (cents)
Directors				
Issued 3 June 2005	4,600,000	03/06/05	31/12/08	20.00
Issued 23 August 2006	3,000,000	23/08/06	23/08/08	16.40
Issued 23 August 2006	2,000,000	23/08/06	23/08/08	25.80
Employee Incentive Option Plan				
Issued 8 December 2006	5,900,000	08/12/06	07/12/06	20.00
Issued 16 May 2007	1,050,000	16/05/07	15/05/09	47.00
Adviser Options				
Issued 24 November 2006	837,000	24/11/06	24/05/08	21.25

The fair value of services received in return for share options granted to employees and advisers is measured by reference to the fair value of share options granted.

The estimate of the fair value of the services received is measured based on the Black-Scholes formula.

The terms and conditions of the grants are as follows, whereby all options are settled by physical delivery of shares:

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	2007	2007	2006	2006
Outstanding at the beginning of the period	\$0.20	1,000,000	\$0.20	1,500,000
Granted during the period		11,950,000		-
Forfeited during the period		(2,000,000)		(500,000)
Exercised during the period		(1,000,000)		-
Outstanding at the end of the period	\$0.23	9,950,000	\$0.20	1,000,000

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes formula. The contractual life of the 30 June 2007 options is used as an input into this model. Expectations of early exercise are incorporated into the Black-Scholes formula.

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24. Capital and reserves

Share capital

	The Company	
	Ordinary shares	
	2007	2006
Ordinary fully paid shares		
On issue at 1 July	133,293,494	127,505,628
Final payment of 5 cents on 12,875,000 previously partly paid ordinary shares	12,875,000	-
13,196,000 fully paid ordinary shares issued at 7 pence (16.53 cents) on 24 November 2006	13,196,000	-
7,729,000 fully paid ordinary shares issued at 17 cents on 24 November 2006	7,729,000	-
Exercise of 1,000,000 2007 options exercisable at 20 cents	1,000,000	-
Exercise of 8,028,977 2008 options exercisable at 20 cents	8,028,977	4,533
10,000,000 fully paid shares issued on 27 June 2007 at 24 cents on convertible note	10,000,000	-
2,000,000 fully paid ordinary shares issued at 8.5 pence (20.07 cents) on 21 Jan 2006	-	2,000,000
Final payment of 5 cents on 450,000 previously partly paid ordinary shares	-	450,000
Exercise of 3,333,333 30 June 2006 options at 10 cents	-	3,333,333
On issue at 30 June – fully paid	<u>186,122,471</u>	<u>133,293,494</u>
Partly paid ordinary shares issued at 5.5 cents and paid to 0.5 cents		
	2007	2006
Opening balance, July	12,875,000	13,325,000
Final payment of 5 cents on 12,875,000 previously partly paid ordinary shares	(12,875,000)	-
Final payment of 5 cents on 450,000 previously partly paid ordinary shares	-	(450,000)
On issue at 30 June – partly paid	<u>-</u>	<u>12,875,000</u>

Ordinary fully paid and partly paid shares participate in dividends and the proceeds on winding up of the Parent Entity in proportion to the number of shares held and the amounts paid up on shares.

At shareholders meetings when a poll is called each ordinary share is entitled to one vote or proportion thereof in respect of partly paid shares, otherwise each shareholder has one vote on a show of hands.

Option premium reserve

The option premium reserve comprises the consideration received in cash or services rendered for the issue of options in the Company. This also includes the take up of share based payments now required pursuant to AIFRS.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

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Notes to the Financial Statements

25. Financial instruments

Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice.

2007 Consolidated	Note	Effective interest rate	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Cash and cash equivalents*	13	5.6%	2,400,273	2,400,273	-	-	-	-
			<u>2,400,273</u>	<u>2,400,273</u>	-	-	-	-
2006 Consolidated	Note	Effective interest rate	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Cash and cash equivalents*	13	5.6%	2,533,982	2,533,982	-	-	-	-
Convertible notes*		8.0%	2,400,000	-	-	-	2,400,000	-
			<u>4,933,982</u>	<u>2,533,982</u>	-	-	<u>2,400,000</u>	-

Credit Risk

At balance date the maximum exposure to credit risk to recognised financial assets, excluding the value of any collateral or other security, is the carrying amount net of any provisions for doubtful debts of these assets as disclosed in the statement of financial position and noted to the financial statements.

Net fair values

For the financial assets and liabilities disclosed in this notes, the net fair value approximates their carrying value. No financial assets or liabilities are readily traded on organised markets.

For all financial assets and liabilities, the aggregate net fair values and carrying amount are disclosed in the Balance Sheet and in the notes to and forming part of the financial statements.

Foreign currency risk

The consolidated entity is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the AUD. The currencies giving rise to this risk are primarily Philippine Pesos and U.S. Dollars.

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26. Capital and other commitments

Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the consolidated entity is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various governments. These obligations are subject to periodic renegotiation. These obligations are not provided for in the financial report and are payable:

	Consolidated		The Company	
	2007	2006	2007	2006
Within one year	103,920	400,000	-	-
One year or later and no later than five years	1,402,918	400,000	-	-
Later than five years	597,539	-	-	-
	2,104,377	800,000	-	-

Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Consolidated		The Company	
	2007	2006	2007	2006
Less than one year	49,306	25,000	28,654	25,000
Between one and five years	13,669	35,000	12,119	35,000
More than five years	-	-	-	-
	62,975	60,000	40,773	60,000

The operating lease rental represents lease of the office premises and 3 car bays in Perth for a period of 3 years expiring 30 November 2008 with an option to extend for a further 3 years and the lease of office premises in Manila for a period of 1 year expiring 14 January 2008, and office premises and a lay down yard in Santa Cruz, Philippines for a period of 2 years to 31 December 2008 with a further 2 year option.

Lease payments in Perth are increased annually by approximately 4%. Lease payments in the Philippines are fixed. During the financial year ended 30 June 2007 \$50,754 was recognised in the income statement in respect of operating leases (2006: \$27,682).

27. Contingencies

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	Consolidated		The Company	
	2007	2006	2007	2006
Contingent liabilities considered remote	-	-	-	-
Contingent liabilities outstanding on Kinloch acquisition	-	2,250,000	-	2,250,000

On 15 March 2006 the Company announced that following a technical audit of the Philippine business the Operating Agreement between CRAU Mining Corporation and Kinloch Resources Limited (80% owned by Rusina, 20% by New Frontier Limited) which previously gave rights to explore on the Acoje MPSA in the Philippines, is void on legal advice. The contingent liability of \$2,250,000 in relation to the original acquisition was cancelled by the execution of a Deed of Termination and Release between CRAU and Kinloch dated 26 July 2006.

Additionally, the Company is entitled to seek recovery orders for recovery of the consideration paid to Kinloch Resources Limited and New Frontier Limited in the form of share options and cash and has reserved all its rights in respect of such claims.

On 26th June 2007, the Company entered into a six month option agreement to acquire all the issued capital of Zambales Chromite Mining Corporation which owns a tenement 3 km north of Acoje. The option agreement requires payment of US\$150,000 (A\$127,290) on signing the agreement plus a further US\$150,000 92 days later. If the option is exercised, the consideration will comprise US\$750,000 (A\$883,809) in cash plus US\$1,000,000 (A\$1,178,412) by Standby Letter of Credit with a 6 month term. At the date of this report the option had not been exercised.

Rusina Mining NL and its Controlled Entities

For the year ended 30 June 2007

Notes to the Financial Statements

28. Consolidated entities

	Note	Country of Incorporation	Ownership interest	
			2007	2006
Parent entity				
Rusina Mining NL		Australia		
Subsidiaries				
Barrier Mines Pty Ltd		Australia	100%	100%
Copper Mines and Metals (Namibia)		Australia	100%	100%
Crater Mining (Pty) Ltd		Namibia	100%	100%
Haib Copper (Pty) Ltd		Mauritius	100%	100%
Copper Mines of Southern Africa (Pty) Ltd		Namibia	100%	100%
Kinloch Resources Limited		British Virgin Islands	80%	80%
Fil-Asian Strategic Resources & Properties Corporation		Philippines	100%	100%
Fil-Asia Strategic Investments and Holdings Corporation		Philippines	40%	-

On 15 May 2006 Fil-Asian Strategic Resources & Properties Corporation ("FASRPC") was incorporated as a 100% owned Philippine entity for the management of the Philippine company structure. Fil-Asia Strategic Investments and Holdings Corporation ("FASIH") was incorporated during the year as a wholly owned subsidiary of FASRPC. Although the Company only holds 40% of FASIH, control is deemed to be exercised due to the terms of a promissory note between the Company and the major shareholder and an option agreement.

The Company has commenced the voluntary winding up of Copper Mines of Southern Africa (Pty) Ltd., Crater Mining (Pty) Ltd and Haib Copper (Pty) Ltd.

In addition the Company, as one of the shareholders of Kinloch, voted in favour of commencing the voluntary wind up of Kinloch Resources Limited on 13 July 2006. This process was substantially completed as at the date of this report.

29. Reconciliation of cash flows from operating activities

	Note	Consolidated		The Company	
		2007	2006	2007	2006
Cash flows from operating activities					
Loss for the period		(4,002,549)	(9,571,272)	(6,337,140)	(9,568,211)
Adjustments for:					
Profit on sale of property, plant and equipment		(26,402)	-	(26,402)	-
Depreciation		95,542	40,404	40,051	1,536
Assets written-off		10,968	-	-	-
Equity-settled share-based payment expenses		611,264	25,800	611,264	25,800
Write off of capitalised exploration expenditure		-	7,987,187	-	7,915,885
Impairment of investments in controlled entities		-	-	272,480	-
Impairment of loans to controlled entities		-	-	3,498,107	169,198
Operating profit before changes in working capital and provisions		(3,311,177)	(1,517,881)	(1,941,640)	(1,455,792)
(Increase)/decrease in receivables		(365,761)	51,908	(24,713)	95,207
(Increase)/decrease in exploration and evaluation expenditure		(1,960,153)	(3,065,057)	(288,334)	(3,162,983)
(Decrease)/increase in trade and other payables		(513,356)	(690,875)	(711,377)	(445,119)
(Decrease)/Increase in provisions and employee benefits		(10,561)	108,998	(38,563)	105,415
Net cash from operating activities		(6,161,008)	(5,112,907)	(3,004,627)	(4,863,272)

Rusina Mining NL and its Controlled Entities

For the year ended 30 June 2007

Notes to the Financial Statements

30. Key management personnel disclosures

The following were key management personnel of the consolidated entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors

GTH Getley (Chairperson – appointed as director 27 February 1990)

DJ Hands (appointed 23 January)

PN Fillis (appointed 1 September 2006)

RS Johnston (removed 23 August 2006)

PTJ Hampshire (resigned 11 July 2006)

Executive directors

RGM Gregory (CEO & Managing Director – appointed 29 September 2005)

JS Tambyrajah (CFO & Finance Director – resigned 31 August 2006)

Other key management personnel

TMS Hanlon (CFO & Company Secretary – appointed 26 September 2006)

The key management personnel compensation included in 'personnel expenses' (see Note 8) are as follows:

<i>In AUD</i>	Consolidated		The Company	
	2007	2006	2007	2006
Short-term employee benefits	719,938	378,524	474,888	257,285
Post employment benefits	36,196	52,813	36,196	52,813
Share based payments	470,556	-	470,556	-
	<u>1,226,690</u>	<u>431,337</u>	<u>1,004,248</u>	<u>310,098</u>

Individual directors and executives compensation disclosures

Information regarding individual directors and executives compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 and 2M.6.04 is provided in the Remuneration Report section of the Directors' report on pages 3 to 24.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company or the consolidated entity since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

Options and rights over equity instruments

The movement during the reporting period in the number of options over ordinary shares in Rusina Mining NL held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2006	Granted as compensation	Exercised	Other changes*	Balance on resignation	Held at 30 June 2007	Vested during the year	Vested and exercisable at 30 June 2007**
GTH Getley	800,000	-	(514,666)	-	N/A	285,334	-	285,334
RG Gregory	-	3,000,000	-	85,000	N/A	3,085,000	3,000,000	3,085,000
PN Fillis	-	-	-	-	N/A	-	-	-
DJ Hands	-	-	-	-	N/A	-	-	-
TMS Hanlon	-	2,000,000	-	50,000	N/A	2,050,000	2,000,000	2,050,000
J Tambyrajah	-	2,000,000	-	(2,000,000)	N/A	N/A	-	N/A
GR Hemming	2,250,000	-	-	-	2,250,000	N/A	-	N/A
RS Johnston	800,000	-	-	-	800,000	N/A	-	N/A
RJ Barras	1,750,000	-	-	-	1,750,000	N/A	-	N/A

*Other changes represent options that expired or were forfeited during the year or on market acquisitions

Rusina Mining NL and its Controlled Entities

For the year ended 30 June 2007

Notes to the Financial Statements

30. Key management personnel disclosures (continued)

	Held at 1 July 2005	Granted as compensation	Exercised	Other changes*	Held at 30 June 2006	Vested during the year	Vested and exercisable at 30 June 2006**
Directors							
GTH Getley	800,000	-	-	-	800,000	-	800,000
GR Hemming	2,500,000	-	-	-	2,250,000	-	2,250,000
RS Johnston	800,000	-	-	-	800,000	-	800,000
RJ Barras	2,250,000	-	-	(500,000)	1,750,000	-	1,750,000

All options expire on the earlier of their expiry date or one month after termination of the individual's employment.

Movements in shares

The movement during the reporting period in the number of ordinary shares in Rusina Mining NL held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2006	Purchases	Received on exercise of options	Sales	Balance on resignation	Held at 30 June 2007
Directors						
GTH Getley	310,132	32,538	514,666	-	N/A	857,336
PN Fillis	-	20,000	-	-	N/A	20,000
RS Johnston	5,333	-	-	-	5,333	N/A

No shares were granted to key management personnel during the reporting period as compensation.

	Held at 1 July 2005	Purchases	Received on exercise of options	Sales	Balance on resignation	Held at 30 June 2006
Directors						
GTH Getley	310,132	-	-	-	-	310,132
GR Hemming	265,664	-	-	-	265,664	N/A
RS Johnston	5,333	-	-	-	-	5,333

31. Non key management personnel disclosures

Identity of related parties

The consolidated entity has a related party relationship with its subsidiaries (see Note 28) and with its key management personnel (see Note 30).

Parent

Subsidiaries

Interest-free loans made by the Company to its subsidiary Fil-Asian Strategic Resources and Properties Corporation and Crater Mining (Pty) Limited are repayable on demand. At 30 June 2007, the amount owed to the Company was \$10,831,804 (2006: \$347,279). This was fully provided for at the year end.

Other key management personnel transactions

Farnley Nominees Pty Ltd, trading as Fillis Geological Services ("FGS"), a company controlled by Philip Fillis, a Director of the Company, provided geological consulting services to the consolidated entity during the year on normal commercial terms. Total services provided were \$18,618 (2006 Nil). There is no balance outstanding to FGS at the year end.

Rusina Mining NL and its Controlled Entities

For the year ended 30 June 2007

Notes to the Financial Statements

32. Subsequent events

Subsequent to the balance sheet date, the following events have occurred.

- On 2 July 2007, 370,800 ordinary shares were issued pursuant to the exercise of listed RMLO options.
- On 4 July 2007, 837,000 unlisted adviser options exercisable at 21.25 cents per share on or before 3 July 2009 were exercised.
- On 4 July 2007, 1,000,000 unlisted options exercisable at 20 cents each and expiring on 7 December 2008 were forfeited upon the resignation of an employee.
- On 17 July 2007, 1520 ordinary shares were issued pursuant to the exercise of listed RMLO options.
- On 19 July 2007, 5,882,352 ordinary shares at 17 pence (approximately 40 cents) each and 5,882,352 unlisted options exercisable at 21 pence (approximately 50 cents) were issued to European Nickel Plc to fund Rusina's drilling program over the nickel saprolite mineralization at Acoje to establish a JORC compliant resource. The options were issued for nil consideration.
- On 24 July 2007, 2,200,000 unlisted options exercisable at 60 cents each on or before 12 January 2011 were issued to advisers in relation to performing broker and shareholder relation in the United States.
- On 26 July 2007 668,124 ordinary shares were issued pursuant to the exercise of the same number of listed RMLO options.
- On 1 August 2007, 141,425 ordinary shares were issued at 20 cents each pursuant to the exercise of listed RMLO options.
- On 10 August 2007, 214 ordinary shares were issued at 20 cents each pursuant to the exercise of listed RMLO options.
- On 15 August 2007, 3,658,537 ordinary shares at 32.8 US cents (approximately 40 Australian cents) each and 3,658,537 unlisted options exercisable at 41 US cents (approximately 50 Australian cents) were issued to DMCI Holdings Inc, Rusina's Philippine partner for general working capital purposes. The options were issued for nil consideration.
- On 24 August 2007 the Company received a Form 605 Ceasing to be a Substantial Shareholder Notice from Vladimir Nikolaenko.
- On 30 August 2007, 1,827,058 ordinary shares were issued at 16 cents each to CRAU under the terms of an Option Agreement dated 27 July 2006 to acquire the Acoje Mineral Production Sharing Agreement, and approved by Shareholders at a General Meeting on 17 July 2007. In addition 80 ordinary shares were issued at 20 cents each pursuant to the exercise of listed RMLO options.
- On 31 August 2007 the Company announced that it had mailed to those shareholders holding less than a marketable parcel of shares on 21 August 2007 (1582 shares) a Notice of Intention to Sell Shareholding of Less than a Marketable Parcel.
- On 7 September 2007, 48,866 ordinary shares were issued at 20 cents each pursuant to the exercise of listed RMLO options.

Rusina Mining NL and its Controlled Entities

For the year ended 30 June 2007

Notes to the Financial Statements

Directors' declaration

1. In the opinion of the directors of Rusina Mining NL ("the Company"):
 - a) the financial statements and notes and the remuneration disclosures that are contained in sections 4.1.1, and 4.1.2 of the remuneration report in the directors' report, set out on pages 11 to 13, are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the financial position of the Company and the consolidated entity as at 30 June 2007 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - b) the remuneration disclosures that are contained in sections 4.1.1 and 4.1.2 of the remuneration report in the directors' report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures*
 - c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Managing Director for the financial year ended 30 June 2007.

Dated at Perth, 27th day of September 2007

Signed in accordance with a resolution of the directors:



Robert GM Gregory
Chief Executive Officer

Independent auditor's report to the members of Rusina Mining NL

Report on the financial report and AASB 124 remuneration disclosures contained in the directors' report

We have audited the accompanying financial report of Rusina Mining NL (the Company), which comprises the balance sheets as at 30 June 2007, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 32 and the directors' declaration of the Group 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 Australian Accounting Standard AASB 124 *Related Party Disclosures*, under the heading "Remuneration report" in sections 4.1.1 to 4.1.3 of the directors' report and not in the financial report. We have audited these remuneration disclosures.

Directors' responsibility for the financial report and the AASB 124 remuneration disclosures contained in the directors' 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 2(i), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report of the Group, comprising the financial statements and notes, complies with International Financial Reporting Standards but that the financial report of the Company does not comply.

The directors of the Company are also responsible for the remuneration disclosures contained in the directors' report.

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. Our responsibility is also to express an opinion on the remuneration disclosures contained in the directors' report based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the remuneration disclosures contained in the directors' report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures contained in the directors' report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report and the remuneration disclosures contained in the directors' 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 controls.

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 contained in the directors' report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance and whether the remuneration disclosures are in accordance with Australian Accounting Standard AASB 124.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's opinion on the financial report

In our opinion:

- (a) the financial report of Rusina Mining NL is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's and the Group'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 2(i).

Auditor's opinion on AASB 124 remuneration disclosures contained in the directors' report

In our opinion the remuneration disclosures that are contained in sections 4.1.1 to 4.1.3 of the directors' report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures*.



KPMG



T R Hart
Partner

Perth
27 September 2007