# INTERIM FINANCIAL REPORT

# FOR THE SIX MONTHS ENDED 31 DECEMBER 2007

**ASX CODE: RNI**

RESOURCE & INVESTMENT NL ABN 77 085 806 284
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The directors present their report together with the consolidated financial report for the six months ended 31 December 2007 and the auditor's independent review report thereon.

## DIRECTORS

The directors of the Company at any time during or since the end of the interim period are:

| NAME | PERIOD OF DIRECTORSHIP |
|---|---|
| **EXECUTIVE** | |
| Mr John LG Firth (Chief Executive Officer) | Director since January 1999 |
| Mr Peter D Danchin | Director since November 2001 |
| **NON-EXECUTIVE** | |
| Mr Miles A Kennedy (Chairman) | Director since September 2006 |
| Mr John R Hutton | Director since January 1999 |
| Mr Richard J Linnell | Director since July 2003 |

## REVIEW OF OPERATIONS

The principal activities of the Group during the period consisted of:

- Exploration for diamonds and other resources in Australia; and
- Evaluation of other exploration and business development opportunities including in Angola.

### Camutue Project – Angola

- Diamond production commenced during June 2007 at the Camutue Diamond Project in Angola where the Company is managing and supervising all production activities under an Operating Agreement with the Angolan-based company, Tecmad – Mining Services SARL.
- The Camutue Project is located in north-eastern Angola's Lunda Norte Province, 10km east of the town of Lucapa. Modern mining and diamond production infrastructure has been established on site. Production since June 2007 has averaged 2,000 carats per month, with diamond values and plant throughput for the half year higher than initially anticipated despite the impact of heavy rains. Realised diamond prices have averaged US$350/carat, which is considerably above budget.
- Under its agreement with Tecmad, the Company receives a fee of US$100,000 per month for managing production including all activities relating to run-of-mine production, as well as supervising the weighing, sampling, testing and assaying of diamonds. The Company received its first monthly payment in June 2007 and has continued to receive this fee for each month during the half year.
- In addition to the cash flow provided by the Operating Agreement with Tecmad, the Company's involvement at the Camutue Project means that the Company is well placed to secure additional opportunities in this well-established diamond mining district.

### Ellendale East and Ellendale South Projects – Western Australia

*(JV with Caldera Resources Inc (Caldera) (TSX:CDR) the Company earning up to 51%)*

- During the half year, the Company conducted further laboratory-based studies to analyse the results of initial drilling at the Ellendale East Project in Western Australia and reviewed all available data to determine whether a bulk sampling program is warranted at the project.
- The Ellendale East and nearby Ellendale South Projects are located in the West Kimberley region, to the south-east of the Ellendale 4 Mining Operation (Kimberley Diamond Company/Gem Diamonds Limited). The two projects comprise five contiguous Exploration Licences and Exploration Licence Applications covering an area of 800 square kilometres.
- Previous drilling programs conducted by the Company and Caldera Resources Inc at Ellendale East located coarse-grained fragmental rocks with strong similarities to the tuffaceous phases of lamproite pipes. Petrological and mineralogical work has demonstrated that these rocks contain small diamonds as well as chromite grains with compositions similar to lamproitic/kimberlitic chromites.
- Preliminary analysis of these results suggests that a previously unrecognised diamond-emplacement event may exist in the West Kimberley region, with the fragmental rocks from Ellendale East hosted by a rock formation that appears to be 250 million years older than the lamproite pipes of the nearby Ellendale Field.

- This represents a potentially significant discovery, although at this stage it is unclear whether the fragmental rocks recovered from Ellendale East will host economic concentrations of diamonds or prove to be a pathfinder to an economic source.
- As at 31 December 2007, the directors of the Company have reassessed the recoverable amount of exploration and evaluation assets related to the Caldera project and determined it appropriate to recognise an impairment loss of $646,375.

**Swartsand Project – South Africa**

- During the period, the Company completed a shallow bulk sampling program over a 900 by 250 metre palaeo-channel outlined from previous drilling at the Swartsand Project, which is located in the Namaqualand region of South Africa.
- The bulk sample, which comprised two samples that were processed through a rented processing plant, produced sub-economical results. As a result, the Company terminated its exploration activities at Swartsand.

**Other Projects**

- During the half, the Company continued with the ongoing process of converting the old order prospecting permits at the Namakwa Diamond Project in South Africa to new order mining rights and permits. The Company has reached agreement to divest this project to Prismatica Diamonds (Pty) Limited. The purchase price, payable only when all the relevant conversions and transfers have taken place, is US$1.5 million payable over three years. In the interim, Prismatica is continuing to explore and mine the Namakwa Concessions under RNI's existing licences, with the cost of converting the existing permits covered by Prismatica. In addition, Prismatica will pay a rental of R75,000 per month to RNI once exploration and mining commences.
- The Company has terminated exploration activities at the Kimberley Project in Western Australia. As a result, the directors of the Company have reassessed the recoverable amount of the exploration and evaluation assets relating to the project and determined it appropriate to recognise an impairment loss of $377,760.
- Planning has continued for potential field exploration programs at the Yule River Project in the Pilbara region of Western Australia where the Company has entered into an agreement with ASX-listed Brumby Resources Ltd ("Brumby"). Under the terms of the agreement, Brumby has obtained the rights to all minerals produced from the tenements in consideration to the Company of a 1% Net Smelter Royalty. Due to the sale of the Yule River exploration tenements to Brumby, the directors of the Company have determined it appropriate to recognise an impairment loss of $264,058 as at 31 December 2007.

**FINANCIAL POSITION**

The interim financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business. For the six months ended 31 December 2007 the Group recorded a loss of $1,838,916 and had a net working capital surplus of $42,562. At 31 December 2007 the Group had a net deficit of equity of $1,884,953.

An amount of $3,256,402 included in non-current payables represents a loan payable to New Africa Mining Fund ("NAMF"). The NAMF loan is unsecured, subordinated, interest free and uncallable. There are no fixed terms for repayment of this loan. The loan will only be repaid if there are sufficient funds in a controlled entity, NDC Mining Company (Pty) Ltd, to cover all existing commitments and provisions for foreseeable costs.

The Group expects to be able to maintain sufficient cash reserves to meet day-to-day obligations as and when they fall due for the next 12 month period, predominantly funded by the continuation of the Group's operating agreements as an independent contractor and operator on the Camutue Project in Angola.

Should the Camutue Project in Angola not generate the expected positive cash contribution to the Group in the next 12 months, the Group has available to it one or more of the following sources of funding:

- Sale of listed investments;
- Sale of surplus plant and equipment;
- Sale of exploration properties (Swartsand); and
- Further issue of shares.

The Board of Directors is aware of the Company's working capital requirements to continue its normal business activities and based on the above matters, consider the going concern basis of preparation to be appropriate for this financial report.

In the event that the above matters do not eventuate there exists uncertainty as to whether the Group will be able to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

**LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

The lead auditor's independence declaration is set out on page 4 and forms part of the directors' report for the six months ended 31 December 2007.

Dated at West Perth this 14th day of March 2008.

Signed in accordance with a resolution of the directors:

**MILES A KENNEDY**
**NON-EXECUTIVE CHAIRMAN**

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

To: the directors of Resource & Investment NL

I declare that, to the best of my knowledge and belief, in relation to the review for the period ended 31 December 2007 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

D P McComish

*Partner*

Perth

Dated: 14 March 2008



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## CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2007

| | Note | 31 Dec 2007 $ | 31 Dec 2006 $ |
|---|---|---|---|
| Revenue from provision of services | | 674,178 | - |
| Other income | | 6,982 | 6,293 |
| Administrative expenses | | (328,908) | (1,121,566) |
| Project expenses | | (607,985) | (72,344) |
| Impairment of listed investments | | (194,236) | - |
| Impairment of exploration assets | 7 | (1,352,589) | - |
| Share option issue expenses | | (12,270) | (111,581) |
| Other expenses | | (26,923) | - |
| **Loss from operating activities** | | **(1,841,751)** | **(1,299,198)** |
| Financial income | | 21,317 | 57,077 |
| Financial expenses | | (18,482) | (4,410) |
| **Net financing income** | | **2,835** | **52,667** |
| **Loss before tax** | | **(1,838,916)** | **(1,246,531)** |
| Income tax benefit | | - | - |
| **Net loss for the period** | | **(1,838,916)** | **(1,246,531)** |
| **Attributable to:** | | | |
| Equity holders of the parent | | (1,838,916) | (1,246,531) |
| Minority interests | | - | - |
| **Net loss for the period** | | **(1,838,916)** | **(1,246,531)** |
| Basic and diluted loss per share attributable to ordinary equity holders | | ($0.054) | ($0.042) |

The consolidated interim income statement is to be read in conjunction with the accompanying notes.

## Consolidated Interim Balance Sheet
AS AT 31 DECEMBER 2007

| | Note | 31 Dec 2007 $ | 30 Jun 2007 $ |
|---|---|---|---|
| **Current Assets** | | | |
| Cash and cash equivalents | | 291,275 | 889,151 |
| Trade and other receivables | | 217,218 | 28,502 |
| Inventories | | 16,165 | 16,175 |
| **Total Current Assets** | | 524,658 | 933,828 |
| **Non-Current Assets** | | | |
| Other receivables | | - | 180,563 |
| Investments | | 318,641 | 430,867 |
| Property, plant and equipment | | 1,081,476 | 1,097,066 |
| Exploration and evaluation assets | 7 | - | 1,230,694 |
| **Total Non-Current Assets** | | 1,400,117 | 2,939,190 |
| **Total Assets** | | 1,924,775 | 3,873,018 |
| **Current Liabilities** | | | |
| Trade and other payables | | 157,088 | 712,853 |
| Interest bearing liabilities | 8 | 299,342 | - |
| Provisions | | 25,666 | 25,681 |
| **Total Current Liabilities** | | 482,096 | 738,534 |
| **Non-Current Liabilities** | | | |
| Other payables | 3 | 3,256,402 | 3,258,300 |
| Provisions | | 71,230 | 71,272 |
| **Total Non-Current Liabilities** | | 3,327,632 | 3,329,572 |
| **Total Liabilities** | | 3,809,728 | 4,068,106 |
| **Net Liabilities** | | **(1,884,953)** | **(195,088)** |
| **Equity** | | | |
| Issued capital | | 25,077,334 | 25,077,334 |
| Reserves | | 1,692,542 | 1,560,740 |
| Accumulated losses | | (28,654,829) | (26,833,162) |
| **Total equity attributable to equity holders of the parent** | | **(1,884,953)** | **(195,088)** |
| **Minority interest** | | - | - |
| **Total Deficit** | | **(1,884,953)** | **(195,088)** |

The consolidated interim balance sheet is to be read in conjunction with the accompanying notes.

## CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2007

| | Attributable to equity holders of the parent | | | | | | | Minority interest | Total equity/ (deficit) |
|---|---|---|---|---|---|---|---|---|---|
| | Issued Capital $ | Accumulated Losses $ | Share-based Payments Reserve $ | Foreign Currency Translation Reserve $ | Fair Value Reserve $ | Option Premium Reserve $ | Total Equity/ (Deficit) $ | $ | $ |
| **FOR THE SIX MONTHS ENDED 31 DECEMBER 2007** | | | | | | | | | |
| **Opening balance at 1 July 2007** | 25,077,334 | (26,833,162) | 164,692 | 1,529,324 | (133,276) | - | (195,088) | - | (195,088) |
| Change in fair value of available-for-sale financial assets transferred to income statement | - | - | - | - | 133,276 | - | 133,276 | - | 133,276 |
| Currency translation differences | - | - | - | 3,505 | - | - | 3,505 | - | 3,505 |
| Loss for the period | - | (1,838,916) | - | - | - | - | (1,838,916) | - | (1,838,916) |
| Total recognised income and expense for the period | - | (1,838,916) | - | 3,505 | 133,276 | - | (1,702,135) | - | (1,702,135) |
| Cost of share-based payments | - | - | 12,270 | - | - | - | 12,270 | - | 12,270 |
| Expiry of options | - | 17,249 | (17,249) | - | - | - | - | - | - |
| **Closing balance at 31 December 2007** | 25,077,334 | (28,654,829) | 159,713 | 1,532,829 | - | - | (1,884,953) | - | (1,884,953) |
| | | | | | | | | | |
| **FOR THE SIX MONTHS ENDED 31 DECEMBER 2006** | | | | | | | | | |
| **Opening balance at 1 July 2006** | 23,392,783 | (25,095,976) | 211,096 | 1,272,349 | - | 890,517 | 670,769 | - | 670,769 |
| Change in fair value of available-for-sale financial assets | - | - | - | - | (111,662) | - | (111,662) | - | (111,662) |
| Currency translation differences | - | - | - | 79,268 | - | - | 79,268 | - | 79,268 |
| Loss for the period | - | (1,246,531) | - | - | - | - | (1,246,531) | - | (1,246,531) |
| Total recognised income and expense for the period | - | (1,246,531) | - | 79,268 | (111,662) | - | (1,278,925) | - | (1,278,925) |
| Issue of share capital | 464,433 | - | - | - | - | - | 464,433 | - | 464,433 |
| Exercise of options | 16,000 | - | - | - | - | - | 16,000 | - | 16,000 |
| Cost of share-based payments | - | - | 111,581 | - | - | - | 111,581 | - | 111,581 |
| Expiry of options | 1,061,946 | - | (171,429) | - | - | (890,517) | - | - | - |
| **Closing balance at 31 December 2006** | 24,935,162 | (26,342,507) | 151,248 | 1,351,617 | (111,662) | - | (16,142) | - | (16,142) |

The consolidated interim statement of changes in equity is to be read in conjunction with the accompanying notes.

| | *Note* | *31 Dec 2007* *$* | *31 Dec 2006* *$* |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash receipts from customers | | 791,695 | - |
| Cash paid to suppliers and employees | | (1,153,836) | (1,335,202) |
| Cash utilised in operations | | (362,141) | (1,335,202) |
| Interest received | | 21,317 | 57,077 |
| **Net cash inflow/(outflow) from operating activities** | | **(340,824)** | **(1,278,125)** |
| | | | |
| **Cash flows from investing activities** | | | |
| Payments for exploration and evaluation expenditure | | (256,394) | (812,859) |
| Payments for property, plant and equipment | | (36,255) | (1,643) |
| Proceeds from sale of property, plant and equipment | | 35,000 | 47,858 |
| Payments for investments | | - | (579,454) |
| Proceeds from sale of investments | | 25,597 | - |
| **Net cash inflow/(outflow) from investing activities** | | **(232,052)** | **(1,346,098)** |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares and options | | - | 16,000 |
| Interest paid to related entity | | - | (37,224) |
| Reclassification of environmental bonds | | - | (129,801) |
| Repayment of borrowings – related entity | *8* | (25,000) | - |
| **Net cash inflow/(outflow) from financing activities** | | **(25,000)** | **(151,025)** |
| | | | |
| **Net increase/(decrease) in cash and cash equivalents** | | **(597,876)** | **(2,775,248)** |
| Cash and cash equivalents at the beginning of the period | | 889,151 | 3,514,761 |
| **Cash and cash equivalents at the end of the period** | | **291,275** | **739,513** |

The consolidated interim statement of cash flows is to be read in conjunction with the accompanying notes.

## 1. REPORTING ENTITY

Resource & Investment NL (the "Company") is a Company domiciled in Australia. The consolidated interim financial report of the Company as at the end of the six months ended 31 December 2007 comprises the Company and its subsidiaries (together referred to as the "Group").

The consolidated annual financial report of the Group as at and for the year ended 30 June 2007 is available upon request from the Company's registered office at 12 Walker Avenue, West Perth 6005 or at www.rninl.com.au.

## 2. STATEMENT OF COMPLIANCE

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting,* and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2007. The consolidated interim financial report was approved by the Board of Directors on 13 March 2008.

## 3. FINANCIAL POSITION

The interim financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business. For the six months ended 31 December 2007 the Group recorded a loss of $1,838,916 and had a net working capital surplus of $42,562. At 31 December 2007 the Group had a net deficit of equity of $1,884,953.

An amount of $3,256,402 included in non-current payables represents a loan payable to New Africa Mining Fund ("NAMF"). The NAMF loan is unsecured, subordinated, interest free and uncallable. There are no fixed terms for repayment of this loan. The loan will only be repaid if there are sufficient funds in a controlled entity, NDC Mining Company (Pty) Ltd, to cover all existing commitments and provisions for foreseeable costs.

The Group expects to be able to maintain sufficient cash reserves to meet day-to-day obligations as and when they fall due for the next 12 month period, predominantly funded by the continuation of the Group's operating agreements as an independent contractor and operator on the Camutue Project in Angola.

Should the Camutue Project in Angola not generate the expected positive cash contribution to the Group in the next 12 months, the Group has available to it one or more of the following sources of funding:

- Sale of listed investments;
- Sale of surplus plant and equipment;
- Sale of exploration properties (Swartsand); and
- Further issue of shares.

The Board of Directors is aware of the Company's working capital requirements to continue its normal business activities and based on the above matters, consider the going concern basis of preparation to be appropriate for this financial report.

In the event that the above matters do not eventuate there exists uncertainty as to whether the Group will be able to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

## 4. SIGNIFICANT ACCOUNTING POLICIES

The Accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2007.

## 5. ESTIMATES

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2007.

## 6. SEGMENT REPORTING

The Group's operations comprise exploration and mine management and it operates geographically in Africa and Australia.

**Geographical segments – for the six months ended 31 December**

| **CONSOLIDATED** | **Africa** | | **Australia** | | **Consolidated** | |
|---|---|---|---|---|---|---|
| *in dollars* | **2007** | **2006** | **2007** | **2006** | **2007** | **2006** |
| Revenue from external customers | 674,178 | - | - | - | 674,178 | - |
| Net loss for the period | (631,222) | (659,833) | (1,207,694) | (586,698) | (1,838,916) | (1,246,531) |
| Segment assets | 1,455,810 | 1,656,188 | 468,965 | 2,624,268 | 1,924,775 | 4,280,456 |
| Capital and exploration expenditure | - | - | 158,150 | 1,002,859 | 158,150 | 1,002,859 |

## 7. EXPLORATION AND EVALUATION ASSETS

Revised drilling programmes and a review of operations during the current financial period have resulted in evaluation tests below management's expectations and certain operations in Australia have been suspended. As a result, the directors have reassessed the recoverable amount of the relevant exploration and evaluation assets and determined it appropriate to recognise impairment losses of $1,352,589.

## 8. RELATED PARTIES

Details of significant transactions during the period are as follows:

(i) During the financial year ended 30 June 2007, the Company entered into an arrangement with Blina Diamonds NL ("Blina"), a company of which Mr M A Kennedy was a director, to conduct all exploration, drilling and processing of samples related to the Company's Ellendale East and Ellendale South Projects (Caldera Projects), at cost plus 8% margin. At 30 June 2007 an amount of $440,402 was payable to Blina, representing $410,745 in cost reimbursements and $29,657 in management fees.

During the current period the Company has paid Blina $134,499 in reduction of the total amount receivable and the balance of the amount owing, being $305,903, was formalised in a loan agreement in November 2007. The Company has agreed to pay the outstanding balance, together with interest thereon at the rate of 10% per annum from 1 July 2007 compounded monthly and calculated at the reducing balance, by way of monthly instalments of $25,000. The first instalment was paid by the Company in December 2007. At 31 December 2007 an amount of $299,342 remained outstanding, representing $280,903 in principal and $18,439 in interest.

Other arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2007 annual financial report.

## 9. SUBSEQUENT EVENTS

There have been no events subsequent to balance date which could have a material effect on the Group's interim financial report at 31 December 2007.

## DIRECTORS' DECLARATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2007

In the opinion of the directors of Resource and Investment NL ("the Company"):

1. the financial statements and notes set out on pages 5 to 10, are in accordance with the Corporations Act 2001 including:

    (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2007 and of its performance for the half-year ended on that date; and

    (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at West Perth this 14th day of March 2007.

Signed in accordance with a resolution of the directors.

**MILES A KENNEDY**
**NON-EXECUTIVE CHAIRMAN**

KPMG

## Independent auditor's review report to the members of Resource & Investment NL

## Report on the financial report

We have reviewed the accompanying interim financial report of Resource & Investment NL, which comprises the consolidated interim balance sheet as at 31 December 2007, income statement, statement of changes in equity and cash flow statement for the interim period ended on that date, a description of accounting policies and other explanatory notes 1 to 9 and the directors' declaration of the Group comprising the company and the entities it controlled at the interim period's end or from time to time during the interim period.

*Directors' responsibility for the financial report*

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the interim 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.

*Auditor's responsibility*

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2007 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Resource & Investment NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Resource & Investment NL is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2007 and of its performance for the interim period ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.



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## Inherent uncertainty regarding continuation as a going concern

Without qualification to the conclusion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 3, there is significant uncertainty whether the Group will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

KPMG

KPMG

D P McComish

*Partner*

Perth

Dated: 14 March 2008