ACN 119 749 647

NOTICE OF 2009 ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Modena Resources Limited will be held at 1.00 pm on Thursday, 26 November 2009 at The Esplanade River Suite Hotel, 112 Melville Parade, Como, Western Australia.

This notice should be read in conjunction with the accompanying Explanatory Statement. A proxy form accompanies this notice.

A. CONSIDERATION OF REPORTS

To receive and consider the Financial Report, the Directors' Report and the Independent Audit Report of the Company for the financial year ended 30 June 2009 ("Financial Reports").

B. ITEMS FOR APPROVAL

Resolution 1 - Adoption of Remuneration Report
To consider and, if thought fit, pass the following as an advisory resolution of the Company:

"That, the Company's Remuneration Report for the year ended 30 June 2009 (set out in the Directors' Report) be adopted."

Resolution 2 - Re-election of a Director, Wayne Bellman
To consider and, if thought fit, pass the following as an ordinary resolution of the Company:

"That, Wayne Bellman, who retires in accordance with Rule 11.12 of the Company's Constitution, and having offered himself for re-election and being eligible, is hereby re-elected as a Director of the Company."

Resolution 3 - Re-election of a Director, David Sutherland
To consider and, if thought fit, pass the following as an ordinary resolution of the Company:

"That, David Sutherland, who retires in accordance with Rule 11.12 of the Company's Constitution, and having offered himself for re-election and being eligible, is hereby re-elected as a Director of the Company."

Resolution 4 - Approval for Issue of Convertible Notes and the Issue of Shares on Conversion of Convertible Notes
To consider and, if thought fit, pass the following as an ordinary resolution of the Company:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Directors be authorised to:

(a) issue 1,666,667 convertible notes with a face value of $1,000,000; and

(b) allot and issue Shares upon the conversion of up to 1,666,667 convertible notes with a face value of $1,000,000 such number of Shares to be determined at a conversion price of the lesser of:

(i) 15 cents per Share; or
(ii) the price that is 80% of the volume weighted average market price of the Company's ordinary fully paid shares calculated over the last 30 days on which sales were recorded before the date of conversion and issue,

and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice Annual of General Meeting."

> The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of an ordinary security holder, if the resolution is passed, and any associate of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

BY ORDER OF THE BOARD
MODENA RESOURCES LIMITED

Jim Story

JIM STORY
Company Secretary

DATED: 26 October 2009

ENTITLEMENT TO ATTEND AND VOTE

In accordance with regulation 7.11.37 of the Corporations Regulations 2001, the Company has determined that the shareholding of each person for the purpose of determining entitlements to attend and vote at the meeting will be the entitlement of that person set out in the Company's share register as at 1:00pm (WST) on 24 November 2009. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

HOW TO VOTE

To vote on the resolutions you will need to either attend the meeting or complete and return the Proxy Form enclosed with this booklet. The sending of a proxy form will not prevent you from attending and voting at the meeting.

A member entitled to attend and vote is entitled to appoint no more than two proxies. A proxy need not be a member of the Company. Where more than one proxy is appointed, the member may specify the proportion or number of that member's votes that each proxy may exercise.

Proxy forms should be sent to the registered office of the Company, at Suite B, 150 Hay Street, Subiaco WA 6008,or by fax to 08 9388 8450 as soon as possible, and in any event, no later than 48 hours prior to the meeting (including any adjournment of the meeting).

To be effective, the instrument by which the proxy is appointed by a shareholder and, if the instrument is signed by the shareholder's attorney, the authority under which the instrument is signed or a certified copy of the authority (together with such other evidence as the Directors may require of the validity and non-revocation of an authority), must be received by the company at least 48 hours before the meeting (including any adjournment of the meeting).

QUESTIONS FROM SHAREHOLDERS

The chairman of the meeting will allow a reasonable opportunity for shareholders to ask questions or make comments on the management of the Company at the meeting.

Mr Peter Toll of BDO Kendalls, as the auditor responsible for preparing the auditor's report for the financial year ended 30 June 2009 (or his representative), will attend the meeting. The chairman of the meeting will allow a reasonable opportunity for the members as a whole to ask the auditor questions at the meeting about:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

To assist the Board and the auditor of the Company in responding to any questions you may have, please submit any questions by fax or to the address below by no later than 5pm (WST) on Thursday, 19 November 2009:

By mail:	Company Secretary Modena Resources Limited Suite B 150 Hay Street Subiaco WA 6008
By fax:	(08) 9388 8450
In person:	Suite B 150 Hay Street Subiaco WA 6008

As required by section 250PA of the Corporations Act, the Company will make available at or before the start of the meeting copies of the list of questions directed to the auditor that are relevant to the content of the auditor's report or the conduct of the audit of the annual financial report for the financial year ended 30 June 2009. The chairman of the meeting will allow a reasonable opportunity for the auditor to respond to the questions set out on this list.

EXPLANATORY STATEMENT

Information included in this Explanatory Statement is intended to assist with your consideration of the ordinary business proposed at the Modena Resources Limited's Annual General Meeting ("AGM").

The purpose of this Explanatory Statement is to provide Shareholders with information that is reasonably required by Shareholders to decide how to vote upon the resolutions. The Directors recommend that Shareholders read this Explanatory Statement before determining whether or not to support the Resolutions.

CONSIDERATION OF ACCOUNTS

The 2009 Annual Report, which contains the Financial Reports for the year ended 30 June 2009, will be placed on the Company's website following its release to the market. Each shareholder who has requested it will have received a hard copy of the Annual Report.

Following the consideration of the Financial Reports, the Chairman will give shareholders a reasonable opportunity to ask questions about or comment on the management of the Company. The Chairman will also give shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the Independent Audit Report;
- the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the Auditor in relation to the conduct of the audit.

The Chairman will also give the Auditor a reasonable opportunity to answer written questions submitted by shareholders that are relevant to the content of the Independent Audit Report or the conduct of the audit. A list of written questions, if any, submitted by shareholders will be made available at the start of the AGM and any written answer tabled by the Auditor at the AGM will be made available as soon as practicable after the AGM.

ORDINARY BUSINESS

Resolution 1 – Adoption of Remuneration Report

The Remuneration Report is available on pages 9 to 12 of Modena Resources Limited's 2009 Annual Report which can be viewed on the Company's website (www.modenaresources.com). The Remuneration Report sets out the remuneration policy for the Company and its controlled entities, and reports the remuneration arrangements in place for Key Management Personnel (identified for the purposes of the Accounting Standards) and other Modena Resources Limited employees.

Section 250R(2) of the Corporations Act 2001 requires listed companies to put an annual non-binding resolution to shareholders to adopt the Remuneration Report. In line with the legislation, this vote will be advisory only, and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when considering the Company's remuneration policy.

The Chairman will give shareholders a reasonable opportunity to ask questions about or make comments on the Remuneration Report.

Resolution 2 – Re-election of a Director, Wayne Bellman

BBus (Major Accounting), GDip Portfolio Analysis and Design – Non-Executive Chairman

Mr Bellman was appointed as a director on 30 January 2009.

Mr Bellman is a Director of Arturus Capital Limited and has extensive experience in technology and related areas of banking and finance. Mr Bellman has held senior executive roles with technology vendors covering solutions in retail, wholesale and funds management sectors. Mr Bellman also has public company board experience as a former Director of Admerex Limited and Australian Power and Gas Company Limited.

Resolution 3 – Re-election of a Director, David Sutherland

Mr David Sutherland was appointed as a director on 12 February 2009.

Mr Sutherland has worked in the investment banking and funds management industry for over 28 years. He was initially involved in the merchant banking industry, then later was a Director in charge of fixed income with Credit Suisse First Boston. Mr Sutherland has managed a private investment fund and acts as a consultant to investment funds and individuals.

Resolution 4 – Approval for Issue of Convertible Notes and the Issue of Shares on Conversion of Convertible Notes

Resolution 4 of the Notice of Annual General Meeting seeks Shareholder approval for:

(a) the issue of 6,666,667 Convertible Notes with a face value of $1,000,000; and

(b) the allotment and issue of Shares upon the conversion of up to 1,666,667 convertible notes with a face value of $1,000,000, such number of Shares to be determined at a conversion price of the lesser of:

  (i) 15 cents per Share; or

  (ii) the price that is 80% of the volume weighted average market price of the Company's ordinary fully paid shares calculated over the last 30 days on which sales were recorded before the date of conversion and issue.

In May 2009, the Company obtained an unsecured loan of $1,000,000 from Arturus Capital Limited.

Agreement has been reached for Arturus Capital Limited to subscribe for Convertible Notes ("Notes") to the value of the loan. The principal terms of the Notes are as detailed in (c) below, with conversion of the Notes to Shares conditional on Shareholder approval, if necessary.

ASX Listing Rule 7.1 relevantly provides that the prior approval of the shareholders of Modena is required to an issue of equity securities if the securities will, when aggregated with the securities issued by Modena during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

The number of Shares that may be issued by the Company upon the conversion of Notes may exceed the 15% threshold requiring shareholder approval. To retain the Company's 15% equity security placement capability, shareholder approval is being sought for the issue of Shares on conversion of Notes so as to allow the issue of further securities in the future, without the necessity for Shareholder approval.

In compliance with the information requirements of ASX Listing Rule 7.3 members are advised of the following particulars in relation to the issue of the Notes and of Shares on conversion of Notes:

(a) no additional funds will be raised by the issue of the Notes. The Notes will be issued in substitution for and as full repayment and discharge of an unsecured loan provided of $1,000,000. A Note will convert into the number of Shares calculated by dividing that part of the amount provided as an advance pursuant to the Note, the face value, by the Conversion price as described in (c) below.

(b) the Notes will be issued to Arturus Capital Limited.

(c) The principal terms of the Notes are as follows:

Face value per Note:	$0.15 each
Redemption Date:	29 January 2010, with the option to extend the redemption date to 29 January 2011 at the absolute discretion of the Noteholder. Modena has right to early repayment without penalty other than interest outstanding.
Coupon rate:	12% per annum, payable monthly in arrears
Conversion price:	The lesser of: (a) 15 cents per share; or (b) the price that is 80% of the volume weighted average market price of the Company's ordinary fully paid shares calculated over the last 30 days on which sales were recorded before the date of conversion and issue.
Conversion right:	Convertible, in whole or in part, by the Noteholder at any time from the date of issue and prior to the Redemption Date.
Security:	Unsecured.
ASX:	The company will not apply to ASX for quotation of the Notes. Upon conversion of a Note the Company will apply for quotation of the Shares issued pursuant to the conversion.

(d) The terms and conditions of the Shares issued upon conversion of Notes will be the same as the Shares in the Company already on issue and will from the date of issue rank equally in all respects with the then existing Shares.

(e) No additional funds will be raised by the issue of the Notes. The Notes will be issued in substitution for and as full repayment and discharge of an unsecured loan provided of $1,000,000. The unsecured loan funds were to provide funds for ongoing participation of the Company's working interest in the Bullseye Prospect and for additional working capital.

(f) The issue of Notes will occur on one date, within three months of the date of this meeting. Allotment of Shares will occur progressively upon the conversion of Notes.

If Resolution 4 is not approved by Shareholders, noteholders will not be entitled to convert the Notes to Shares, other than in the circumstance where the Company has the capacity under its 15% placement limit. A noteholder in this instance will only have right of redemption in accordance with the terms of the Note deed.

PROXY FORM

The Secretary
Modena Resources Limited
Suite B, 150 Hay Street
Subiaco WA 6008

I/We (full name)

____

of____

being a member(s) of Modena Resources Limited, hereby appoint as my/our proxy

____

of____

or, failing him/her the Chairperson of the Meeting to attend and vote for me/us at the annual general meeting of the Company to be held at 1.00pm on Thursday, 26th November 2009 and at an adjournment thereof in respect of __________% of my/our shares or, failing any number being specified, ALL of my/our shares in the Company.

RESOLUTIONS

		FOR	AGAINST	ABSTAIN
1	Adoption of Remuneration Report	☐	☐	☐
2	Re-election of Director – Wayne Bellman	☐	☐	☐
3	Re-election of Director – David Sutherland	☐	☐	☐
4	Approval for Issue of Convertible Notes and Issue of Shares on Conversion	☐	☐	☐

If the member is an individual or joint holder:

_____________________________ _____________________________

Usual Signature Usual Signature

Dated this day of 2009.

If the member is a Company:

Signed in accordance with the
Constitution of the company
in the presence of:

_________________________ _________________________ _________________________

Director/Sole Director Director/Secretary Sole Director and Sole Secretary

Dated this day of 2009.

NOTES

1. A member entitled to attend and vote is entitled to appoint not more than two proxies.

2. Where more than one proxy is appointed and that appointment does not specify the proportion or number of the member's votes, each proxy may exercise half of the votes.

3. A proxy need not be a member of the Company.

4. A proxy is not entitled to vote unless the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed is either deposited at the registered office of the Company (Suite B, 150 Hay Street, Subiaco, Western Australia, 6008) or sent by facsimile to that office on Fax: *08 9388 8450* to be received not less than 48 hours prior to the time of the meeting.

5. If the member is a company it must execute under its Common Seal or otherwise in accordance with its Constitution.

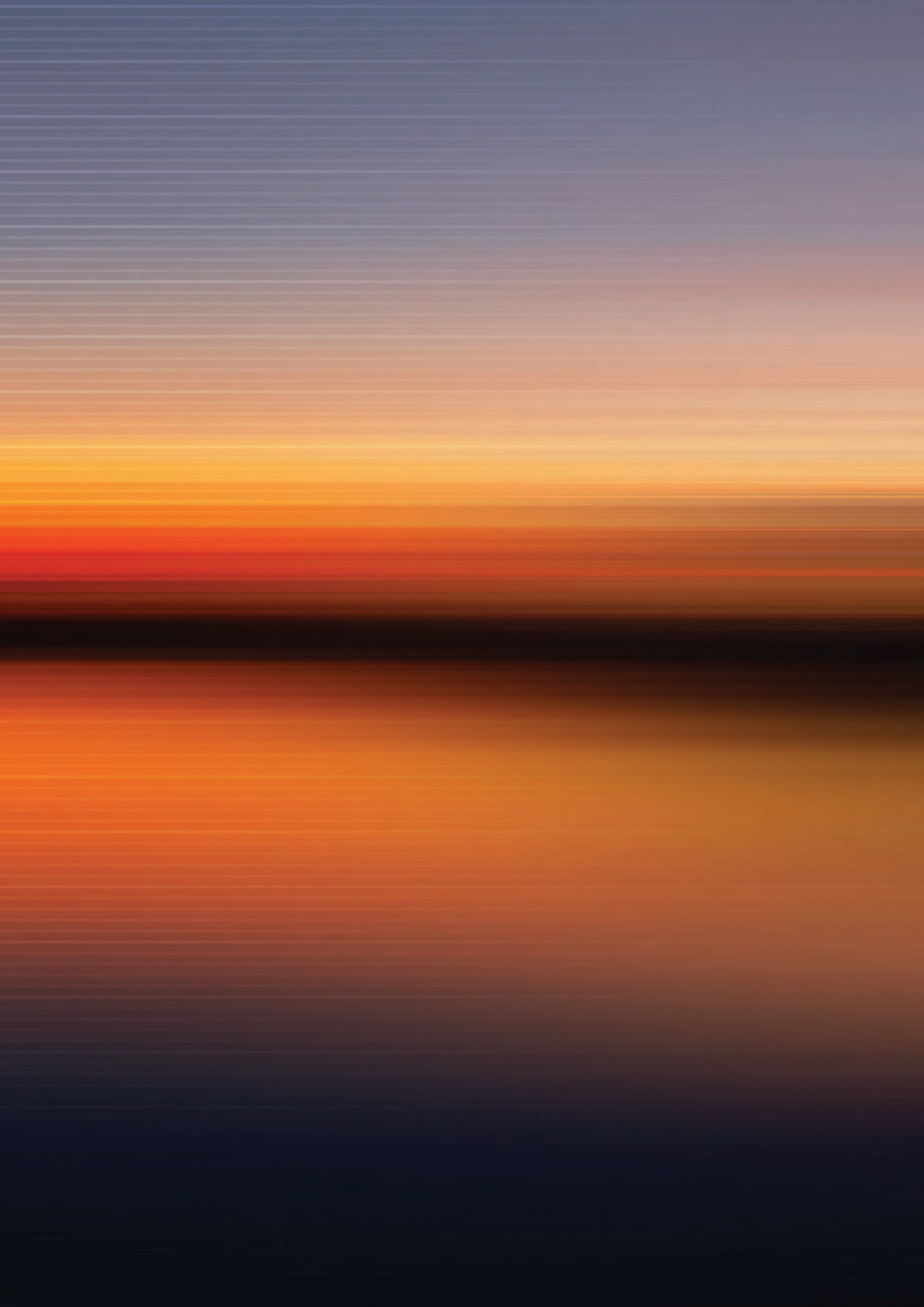
6. The Chairman intends to vote all undirected proxies in favour of all resolutions.

MODENA RESOURCES LIMITED

ACN 119749 647

ANNUAL REPORT

30 JUNE 2009



CORPORATE DIRECTORY

DIRECTORS

Wayne Bellman - Non-Executive Chairman
Craig Willis - Executive Director
David Sutherland - Non-Executive

JOINT SECRETARIES

James Story
Linton Scott

REGISTERED AND PRINCIPAL OFFICE

Suite B
150 Hay Street
Subiaco WA 6008

Telephone: (08) 9388 8430
Facsimile: (08) 8388 8450
Website: www.modenaresources.com

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000

Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

AUDITORS

BDO Kendalls Audit and Assurance (WA) Pty Ltd
128 Hay Street
Subiaco WA 6008

Telephone: (08) 9360 4200
Facsimile: (08) 9481 2524

AUSTRALIAN SECURITIES EXCHANGE

Modena Resources Limited shares (MDA) and options (MDAO) are listed on the Australian Securities Exchange.

Your Directors present their report on the Company consisting of Modena Resources Limited and its controlled entities ("the Group") for the year ended 30 June 2009.

DIRECTORS

The names of the Directors of the Company in office during the financial year and up to the date of this report are as follows:

Wayne Bellman – appointed 30 January 2009
Craig Willis
David Sutherland – appointed 12 February 2009
Neville Bassett – resigned 30 January 2009
Peter Hampshire – passed away 27 October 2008
Paul Black – appointed 29 April 2009; resigned 31 July 2009

Directors were in office from the beginning of the financial year until the date of this report unless otherwise stated.

The particulars of the qualifications, experience and special responsibilities of each Director are as follows:

Wayne Bellman, BBus (Major Accounting), GDip Portfolio Analysis and Design – Non-Executive Chairman

Mr Bellman is a Director of Arturus Capital Limited and has extensive experience in technology and related areas of banking and finance. Mr Bellman has held senior executive roles with technology vendors covering solutions in retail, wholesale and funds management sectors. Mr Bellman also has public company board experience as a former Director of Admerex Limited and Australian Power and Gas Company Limited.

Director since 30 January 2009.

During the past three years Mr Bellman has held the following other listed company directorships:

- Arturus Capital Limited (14 February 2008 – present)
- Australian Power and Gas Company Limited (20 November 2006 – 6 November 2007)

Craig Willis, Executive Director

Mr Willis is currently a Director of Acclaim Exploration Limited and previously with listed company Syntech Group Limited. He has significant experience in dealing with government instrumentalities pertaining to contract negotiations between private and public entities. He has previously project managed a number of successful operational developments within Australia Post. He has considerable project management and technology development experience, holding a number of public and private company directorships.

Director since 11 September 2006.

During the past three years Mr Willis has held the following other listed company directorships:

- Acclaim Exploration NL (30 June 2003 – present)

David Sutherland, Non-Executive Director

Mr Sutherland has worked in the investment banking and funds management industry for over 28 years. He was initially involved in the merchant banking industry, then later was a Director in charge of fixed income with Credit Suisse First Boston.

Mr Sutherland has managed a private investment fund and acts as a consultant to investment funds and individuals.

Director since 12 February 2009.

Mr Sutherland is a Director of Blackgate Resources Limited.

Neville Bassett, B.Bus, FCA – Non-Executive Director

Mr Bassett is a Chartered Accountant operating his own corporate consulting business, specialising in the area of corporate, financial and management advisory services. Mr Bassett consults to a number of publicly listed companies and private company groups in a diversity of industry sectors such as stockbroking, property and resources. He is a Director or company secretary of a number of public and private companies.

Mr Bassett has been involved with numerous public company listings and capital raisings. His involvement in the corporate arena has also taken in mergers and acquisitions, and includes significant knowledge and exposure to the Australian financial markets.

Mr Bassett has a wealth of experience in matters pertaining to the Corporations Act, ASX listing requirements, corporate taxation and finance.

Mr Bassett resigned as a non-executive director on 30 January 2009.

Peter Hampshire, Non-Executive Chairman

Mr Hampshire was a stockbroker and investment banker for 35 years. He started his career with Slater Walker Merchant Bank in London before moving back to Australia and spent 4 years with Merrill Lynch International. Mr Hampshire then joined Jacksons stockbrokers, followed by a period consulting to and director of both private and public investment and resource companies. Mr Hampshire was a stockbroker with Southern Cross Equities before joining Bell Potter Securities when he became Director of Investments for Admerex Limited.

During his career, Mr Hampshire had consulted to and advised a number of private and public companies in the areas of investment strategy, capital raising and currency and hedging strategies.

Mr Hampshire passed away on 27 October 2008.

Paul Black, Non-Executive Director

Mr Paul Black is a resident of the United States of America and resides in Corpus Christi, Texas.

Mr Black has a B.Sc. in Petroleum Engineering from the University of Texas at Austin. He co-founded BNP Petroleum, a company investing in oil and gas projects, and is currently Chairman and CEO. Prior to founding BNP, Mr Black was employed by Tana Oil & Gas Corporation as a Petroleum Engineer.

Mr Black was appointed as a non-executive Director on 29 April 2009 and resigned on 31 July 2009.

Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the Directors in the shares and options of Modena Resources Limited were:

	Number of Ordinary Shares	**Number of Options over Ordinary Shares**
W Bellman	900,000	-
C Willis	-	-
D Sutherland	-	-

COMPANY SECRETARIES

James Story, B.A., LLB, FCIS, Notary Public.

Mr Story was appointed as joint company secretary on 26 May 2009. Mr Story has over 30 years' experience in corporate and commercial law. For much of his career, he has worked as Company Secretary of a number of ASX listed entities. These include Data Advantage Limited (renamed Baycorp Advantage Limited), Namoi Cotton Co-Operative Limited, Aztec Mining Limited and Nicron Resources Limited. He was also the Company Secretary of Elders Resources Finance Limited, a joint venture which was part of the Elders IXL Group.

In addition, Mr Story has held a number of senior legal and administrative roles in-house. Jim's career began at the NSW Corporate Affairs Commission (the NSW branch of which is now known as ASIC).

Linton Scott CPA, ACIS, ACIM

Mr Scott was appointed company secretary on 11 September 2006. He qualified as an accountant in 1969 and gained experience in the financial aspect of listed companies whilst holding the position of Financial Accountant for companies involved in mining exploration within Western Australia and oil exploration off the Western Australian coast, and subsequently, a listed civil engineering & construction group throughout Australia.

Mr Scott has experience in commercial activities as Chief Executive Office of a family owned organisation with interest in finance, land subdivisions, property management & development, retail outlets and product distribution throughout Australia.

He has been Principal of his own accounting practice for the last 10 years.

Mr Scott was also a Non-Executive Director until 16 July 2007.

CORPORATE INFORMATION

Corporate Structure

Modena Resources Limited is a limited liability company that is incorporate and domiciled in Australia. Modena Resources Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year as follows:

Modena Resources Limited	-	parent entity
Murviel Trading SA	-	100% owned controlled entity

Nature of Operations and Principal Activities

The principal continuing activities during the year of entities within the consolidated entity was petroleum exploration.

OPERATING AND FINANCIAL REVIEW

Review Of Operations

<u>Corporate</u>

During the year, the Company raised capital and issued securities as outlined under the heading 'Financing and Investing Activities'.

Operating Results

Consolidated loss after income tax for the financial year was $13,598,608 (2008: Loss $2,981,864). The loss for the year includes the write down and impairment of oil and gas interests of $10,202,948. The write offs were as a result of lack of exploration success and the directors ongoing analysis of the economic viability of the projects.

Financial Position

At 30 June 2009, the Consolidated Group had:

- cash reserves of $133,140; and
- net deficiency of $249,123.

Financing and Investing Activities

The Company issued the following securities during the year:

- In October 2008, the company issued 2,583,333 ordinary fully paid shares at an issue price of 27 cents each, raising gross proceeds of $697,500;

- In December 2008, the company issued 1,300,000 ordinary fully paid shares at an issue price of 27 cents each, raising gross proceeds of $351,000;

- In January 2009, the company issued 10,000,000 ordinary fully paid at an issue price of 10.5 cents each as consideration for the provision of a convertible note facility;

- In April 2009, the company issued 1,626,791 ordinary fully paid shares at an issue price of 7 cents pursuant to an entitlement issue, raising gross proceeds of $113,875; and

- The company issued 5,812,817 ordinary fully paid shares on the conversion of unsecured convertible notes with a face value of $879,342.

In addition, the company issued convertible notes ("Notes") with a total face value of A$3,720,000.

The principle terms of the Notes were as follows:

Description:	Series 3 - Unsecured	Secured
Face value:	$1,220,000	$2,500,000
Redemption date:	30/09/2010	29/01/2010, with option to extend to 29/01/2011 at the discretion of the Noteholder
Conversion price:	The lesser of 35 cents or 85% of 5 day average market price	The lesser of 25 cents or 80% of 30 day weighted average market price
Conversion right:	Convertible, in whole or part, by the Noteholder at any time prior to the redemption date; and by the Company where the closing price of the Company's shares is 35 cents or greater for 5 consecutive trading days.	Convertible, in whole or part, by the Noteholder at any time prior to the redemption date.
Interest rate:	10%	12%

Dividends

No dividends were paid during the year and no recommendation is made as to dividends.

Project Review

Bullseye Prospect (15% before casing point working interest, prior to back in rights of vendor; 9% after casing point working interest)

The Bullesye prospect is located in the Iberville Parish, Louisiana, USA. The Bullseye prospect leases cover an area of 1,700 net acres.

Highlights

- Successfully completed and placed on production Jumonville #2.
- Two wells on production now from the Bullseye Project generating significant cashflow.
- Successful conversion of Acosta into a salt water disposal well, providing significant operating cost reductions.
- Commencement of Reserve calculation for Bullseye.
- Project facilities fully operational.
- Further potential in untested hydrocarbon zones.

Jumonville #2 Bullseye Prospect, Iberville Parish, Louisiana

As announced on 30 June 2009, Jumonville #2 successfully perforated and commenced production from the Miogyp sandstone with an initial production rate of 750 barrels of oil per day and 250,000 cubic feet of gas. The well is currently producing at 600 bbl oil per day and 350 mcf gas per day.

The Jumonville #2 well was been brought into immediate commercial production providing a substantial increase to cash flow. Jumonville oil is high quality 40 gravity oil which under the current sales contract yields a $2 per barrel premium to West Texas Intermediate (WTI).

All of the objective formations were penetrated and the Jumonville #2 well has delivered an excellent commercial result in its prime objective. In addition, the Jumonville #2 well still has another oil zone yet to be tested in the Camerina section which provides further upside across the Bullseye prospect along with the Marg Vag, a new interval which is a highly productive oil zone north of the Bullseye Prospect and has been penetrated in the Jumonville #1 and #2 wells.

Jumonville #1 Bullseye Prospect, Iberville Parish, Louisiana

The well produced 28,895 bbl of oil and 19,657 mcf of gas for the quarter ending 30 June 2009 and total overall production since initial production has been 110,533 bbl of oil and 41,080 mcf of gas.

Acosta #1 Well, Bullseye Prospect, Iberville Parish, Louisiana

With the normal increase in water production from the water drive Miogyp interval, the Joint Venture elected to convert the Acosta well into a salt water disposal well at a low cost while still retaining the well bore to eventually drill a side track in order to develop one of the new Miogyp locations and or test the Camerina. The financial benefit of injecting produced water is material as current costs of disposing of water is over $4 per barrel. This disposal well is presently saving the joint venture over US$200,000 per month in water disposal costs and has substantially reduced operating costs.

Given the current economic benefit of using the Acosta well for water disposal, testing of the Camerina in this well will most likely occur after testing of the Camerina in the Jumonville #1 well. However, there are opportunities in the present market to drill a new very low cost disposal well which may change current plans.

Bullseye Prospect Reserve Study

Following the drilling and completion of Jumonville #2 the Operator Golden Gate Petroleum has commissioned a Reserve Study to quantify the proven and probable reserves of the Miogyp discovery at the Bullseye prospect. It is anticipated that the study results will be announced in September 2009.

Bullseye Prospect Facilities

Tank Battery and Flow lines

Following the commencement of oil being produced from Jumonville #1 in late September 2008 the Company commenced construction of production facilities to cater for production of both oil and gas.

The tank battery and surface production facilities consists of four 1,500 bbl tanks, water injection tanks, separators, heater treater, dehydration units along with various flow lines capable of handling the Miogyp development.

The construction of these facilities over a very small period represents a significant achievement and has enabled the Company to continue producing and selling both oil and gas in order to assist with funding the drilling of Jumonville #2.

The current capacity is adequate to cater for 3,000 barrels of oil and 5 million cubic of gas per day.

Wilson Prospect (10% working interest)

The Wilson Prospect is located in Pardre Island, Texas, USA on the Gulf of Mexico.

The first well to be drilled on the Wilson Prospect, Kindee ST949#1 was spudded on 7 February 2007 and production commenced on 10 September 2007 at an initial rate of 2.5 million cubic feet a day. During the period to 30 June 2008 the well produced 483.6 million cubic feet of gas and 788 barrels of oil.

The Wilson ST949# well was shut-in, pending a workover to asses possible mechanical problems associated with the tubing/packer seal within the well. Prior to shut-in, water production from the well increased significantly, coupled with a reduction in production volumes.

Following a review of the prospectivity for commercially rectifying production problems on Kindee ST 949 #1, the joint venture agreed to plug and abandon the well.

All costs relating to the Wilson Prospect have been written off in full.

South Lost Hills Properties (10% working interest)

Modena holds a 10% working interest in two lease blocks each with an area of approximately 640 acres in Kern County, California, USA. This acreage is situated just south and adjacent to the southern limit of a major oil and gas producing area known as the South Lost Hills field.

No work was carried out on these properties during the year. All costs relating to the South Lost Hills Properties have been written off in full.

Armstrong Properties (25% working interest)

An undivided 25% leasehold and working interest in and to a defined oil and gas lease, covering certain lands and lease located in Kenedy County Texas USA. The lease covers an area of approximately 1,477 acres. The lease block has the potential for a number of prospective targets.

Drilling of the Tobin Armstrong #2 well to its target depth of 10 500’ was completed in mid February 2008. The Tobin Armstrong #2 well was logged and based on initial analysis by the operator, BNP Petroleum Corporation (“BNP”), logs show in excess of 100 feet of productive sands. BNP proceeded to casing and completion of a program to test and bring this well on production. However, a problem was encountered with the casing pipe requiring the piping to be replaced. This was completed and following further work by a workover rig a decision was made that the well was not economically viable.

Due to faults during the drilling program, the Operator has submitted a claim to the pipe broker who has in turn submitted such claim to its insurance carrier for the amount of US$835,000. The claim represents the amount of cost incurred on the well associated with dealing with defective surface casing. The company is hopeful of some cost recovery through this insurance claim.

Based on the initial success of Armstrong #2 showing encouraging productive sands, the potential exists for follow up wells on a number of additional prospective targets, offering good potential for future discoveries.

All exploration costs on Tobin Armstrong #2 have been written off in full.

Manzano Properties (12.5% working interest)

An undivided 12.5% leasehold and working interest in and to a defined oil and gas lease, covering certain lands and leases located in Kleberg County, Texas, USA known as the “Manzano Prospect”.

ST Tract 991#1
Plugged and abandoned during the year. All costs relating to the ST Tract 991#1 have been written off in full.

Dunn McCambell 11A
Dunn McCambell 11A produced in excess of 274,000 mcf of gas during period.

Jackson Shallow Gas Prospects

On 21 November 2008, the company announced that due to the current economic conditions, commitments to the Jackson Shallow Gas Prospects could not be justified and a decision had been taken to relinquish all rights in the Prospects. The Board was of the view that it was in the best interests of the company to concentrate on the successful Bullseye Prospect. The company received a credit for expenditure undertaken on the Jackson Shallow Gas Prospects.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the consolidated entity during the financial year are detailed under the heading 'Operating and Financial Review' of this Report.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review not otherwise disclosed in this report or in the financial report.

EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen, since the end of the financial year, which significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years, other than:

(A) In July 2009, the company issued 10,000,000 ordinary fully paid shares at an issue price of 7 cents each, raising gross proceeds of $700,000;

(B) the company has issued 2,277,151 ordinary fully paid shares on the conversion of unsecured convertible notes with a face value of $105,000;

(C) In July 2009, the company announced that it had signed a non-binding agreement with Crosby Asset Management (Hong Kong) Limited (in its capacity as the Investment Manager of Crosby Active Opportunities Master Fund Limited) and Crosby Special Situations Fund Limited to acquire a 14.17% interest in privately held ESK Limited ("ESK"), which owns production, development, and exploration assets in California.

ESK's indirect wholly owned subsidiary, Orchard Petroleum, Inc. ("Orchard"), has a portfolio of low risk, high quality production, development, appraisal and exploration projects in the prolific San Joaquin Basin in California. Orchard has a 100% working interest in and operates its two main projects, South Belridge and Southeast Lost Hills, which cover approximately 4,100 leased acres. As of 31 December 2008, Orchard had estimated proved and probable reserves of 24 million barrels of oil equivalent and in May 2009 achieved an average production rate of over 1,200 barrels of oil equivalent per day. Current daily production is estimated to be approximately 1,500 barrels of oil equivalent per day.

Orchard Highlights

- Proved and probable reserves (2P) of 24 million barrels of oil equivalent as of 31 December 2008 of which 9 million barrels of oil equivalent are in the proved reserves (1P) category based on a reserve study of Orchard's assets by Netherland, Sewell & Associates, Inc.;
- In May 2009, Orchard achieved an average production rate of over 1,200 barrels of oil equivalent per day (gross) and obtained positive results from a new well stimulation method which could result in a substantial increase in production rates and lower completion costs;
- Ongoing appraisal program targeting proven reservoirs; and
- Experienced senior management team with a strong track record of developing assets and managing operations in California.

Acquisition Terms

The non-binding agreement contemplates the Company acquiring a 14.17% interest in ESK Limited for 24,400,000 million fully paid new ordinary shares of the Company at an issue price A$0.15 per share. Additionally, the parties have agreed on a deferred consideration equivalent to a value of US$11.5 million, less the value at the completion date of the shares initially issued, payable in cash or new shares of the Company by December 2010, at Modena's election.

Modena will also seek to acquire up to an additional 5.83% shareholding in ESK on the same terms and conditions as above, potentially taking Modena's total shareholding to 20.00% in ESK. This acquisition is from other shareholders of ESK and is currently under negotiation.

The acquisition will be subject to, among other conditions, satisfactory completion of confirmatory due diligence by Modena on ESK and its assets, formal documentation, exercise or waiver of pre-emption rights of other ESK shareholders, and Modena shareholder approval.

Corporate

Modena is currently in the process of conducting due diligence. If the due diligence review is satisfactory, Modena will proceed to negotiate formal documentation with Orchard and post to its shareholders a notice convening a shareholders' meeting, setting out full details of the proposed acquisition and seeking the necessary approvals to complete the acquisition.

Subject to the completion of the acquisition, Mr Ajay Kejriwal will join the Board of the Company; and

(D) Mr Paul Black resigned as a Director of the Company.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The consolidated entity will continue to pursue its principal activity of exploration and evaluation, particularly in respect to the Projects as more particularly outlined under the heading 'Operating and Financial Review' of this Report. The company will also continue to pursue other potential investment opportunities to enhance shareholder value.

MEETINGS OF DIRECTORS

The numbers of meetings of Directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Board of Directors	
	Number eligible to attend	Number attended
W Bellman	4	4
C Willis	16	16
D Sutherland	2	2
N Bassett	13	13
P Hampshire	8	4
P Black	-	-

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each Director and Executive of Modena Resources Limited. The information provided in the remuneration report includes remuneration disclosures that are audited as required by section 308(3C) of the Corporations Act 2001.

For the purposes of this report Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the group, directly or indirectly, including any Director (whether Executive or otherwise) of the parent company, and includes five executives in the parent group receiving the highest remuneration.

For the purposes of this report the term "Executive" includes those key management personnel who are not Directors of the parent company.

Remuneration Committee
The full Board carries out the role and responsibilities of the Remuneration Committee and is responsible for determining and reviewing the compensation arrangements for the Directors themselves, the Managing Director and any Executives.

Executive remuneration is reviewed annually having regard to individual and business performance, relevant comparative remuneration and internal and independent external advice.

A. Remuneration policy
The board policy is to remunerate Directors at market rates for time, commitment and responsibilities. The board determines payments to the Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of Directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. Fees for Non-Executive Directors are not linked to the performance of the consolidated entity. However, to align Directors' interests with shareholders interests, the Directors are encouraged to hold shares in the company.

The Company's aim is to remunerate at a level that will attract and retain high-calibre Directors and employees. Company officers and Directors are remunerated to a level consistent with the size of the Company.

The Executive Directors and full time Executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to Directors and Executives is valued at the cost to the Company and expensed.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

The Company did not pay any performance-based component of remuneration during the year.

B. Remuneration structure

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive compensation is separate and distinct.

Non-Executive Director Compensation

Objective

The Board seeks to set aggregate compensation at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate compensation of Non-Executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination approved by shareholders was an aggregate compensation of $150,000 per year.

The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process. Non-Executive Directors' remuneration may include an incentive portion consisting of options, as considered appropriate by the Board, which may be subject to Shareholder approval in accordance with ASX listing rules.

Separate from their duties as Directors, the Non-Executive Directors undertake work for the Company directly related to the evaluation and implementation of various business opportunities, including oil and gas exploration/evaluation and new business ventures, for which they receive a daily rate. These payments are made pursuant to individual agreement with the non-executive Directors and are not taken into account when determining their aggregate remuneration levels.

Executive Compensation

Objective

The entity aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- reward executives for Company and individual performance against targets set by appropriate benchmarks;
- align the interests of Executives with those of shareholders;
- link rewards with the strategic goals and performance of the Company; and
- ensure total compensation is competitive by market standards.

Structure

In determining the level and make-up of Executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate. Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable Executive roles.

Remuneration consists of a fixed remuneration and a long term incentive portion as considered appropriate.

Compensation may consist of the following key elements:

- Fixed Compensation;
- Variable Compensation;
- Short Term Incentive (STI); and
- Long Term Incentive (LTI).

Fixed Remuneration
The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board having regard to the Company and individual performance, relevant comparable remuneration in the mining exploration sector and external advice.

The fixed remuneration is a base salary or monthly consulting fee.

Variable Pay — Long Term Incentives
The objective of long term incentives is to reward Directors/Executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. The incentive portion is payable based upon attainment of objectives related to the Director's/Executive's job responsibilities. The objectives vary, but all are targeted to relate directly to the Company's business and financial performance and thus to shareholder value.

Long term incentives (LTI's) granted to Directors/ Executives are delivered in the form of options.

LTI grants to Executives are delivered in the form of employee share options. These options are issued at an exercise price determined by the Board at the time of issue. The employee share options generally vest over a selected period.

The objective of the granting options is to reward Executives in a manner which aligns the element of remuneration with the creation of shareholder wealth. As such LTI's are made to Executives who are able to influence the generation of shareholder wealth and thus have an impact on the Company's performance.

The level of LTI granted is, in turn, dependent on the Company's recent share price performance, the seniority of the Executive, and the responsibilities the Executive assumes in the Company.

Typically, the grant of LTIs occurs at the commencement of employment or in the event that the individual receives a promotion and, as such, is not subsequently affected by the individual's performance over time.

No options have been issued in the current year.

C. Employment contracts of Directors and senior Executives

The employment arrangements of the Directors are not formalised in a contract of employment.

D. Details of remuneration for year

Directors
The following persons were Directors of Modena Resources Limited during the financial year:

Wayne Bellman	Chairman (non-executive) – appointed 30 January 2009
Craig Willis	Director (executive)
David Sutherland	Director (non-executive) – appointed 12 February 2009
Neville Bassett	Director (non-executive) – resigned 30 January 2009
Peter Hampshire	Chairman (non-executive) – passed away 27 October 2008
Paul Black	Director (non-executive) – appointed 29 April 2009; resigned 31 July 2009

Executives
The following persons were Executives of Modena Resources Limited during the financial year:

James Story	Company Secretary – appointed 26 May 2009
Linton Scott	Company Secretary

There were no other persons that fulfilled the role of a key management person, other than those disclosed as Executive Directors.

Remuneration
Details of the remuneration of each Director and named Executive officer of the company, including their personally-related entities, during the year was as follows:

		Short Term Benefits	**Post Employment**	**Share Based Payments**		
	Year	**Salary and fees $**	**Superannuation $**	**Options $**	**Total $**	Remuneration consisting of options during the year %
Directors						
W Bellman Appointed 30/01/2009	**2009** 2008	**21,102** -	**1,899** -	- -	**23,001** -	- -
C Willis	**2009** 2008	**280,000** 100,000	**22,500** -	- -	**302,500** 100,000	- -
D Sutherland Appointed 12/02/2009	**2009** 2008	- -	- -	- -	**-** **-**	- -
N Bassett Resigned 30/01/2009	**2009** 2008	**52,000** 53,000	- -	- -	**52,000** 53,000	- -
P Hampshire Passed away 27/10/2008	**2009** 2008	**50,000** -	- -	- -	**50,000** -	- -
P Black Appointed 29/04/2009	**2009** 2008	- -	- -	- -	- -	- -
Executives						
J Story	**2009** 2008	**-** **-**	- -	- -	**-** **-**	- -
L Scott	**2009** 2008	**30,000** 30,000	- -	- -	**30,000** 30,000	- -
Total	**2009** 2008	**433,102** 183,000	**24,399** -	- -	**457,501** 183,000	

There were no performance related payments made during the year. Performance hurdles are not attached to remuneration options, however the Board determines appropriate vesting periods to provide rewards over a period of time to key management personnel.

E. Compensation options to key management personnel

No options were granted as equity compensation benefits to Directors and Executives during the year.

F. Shares issued to key management personnel on exercise of compensation options

No shares were issued to Directors and Executives on exercise of compensation options during the year.

End of Audited Remuneration Report.

INSURANCE OF OFFICERS

The Company has in place an insurance policy insuring Directors and Officers of the Company against any liability arising from a claim brought by a third party against the Company or its Directors and officers, and against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as a Director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

In accordance with a confidentiality clause under the insurance policy, the amount of the premium paid to the insurers has not been disclosed. This is permitted under Section 300(9) of the Corporations Act 2001.

SHARE OPTIONS

At the date of this report, the unissued ordinary shares of Modena Resources Limited under option are as follows:

Date of Expiry	Exercise Price	Number under Option
30 June 2010	$0.20	68,428,622

68,432,722 options were granted during the financial year and 4,100 options were exercised during the financial year.

No person entitled to exercise these options had or has any right, by virtue of the option, to participate in any share issue of any other body corporate.

ENVIRONMENTAL REGULATIONS

There have been no recorded incidents of non-compliance with any applicable international, national or local declarations, treaties, conventions or regulations associated with environmental issues during the reporting period. There have not been any known significant breaches of any environmental regulations during the year under review and up until the date of this report.

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. For the first measurement period 1 July 2008 to 30 June 2009 the directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Modena Resources Limited support and have adhered to the principles of corporate governance and have established a set of policies and manuals for the purpose of managing corporate governance. The Company's detailed corporate governance policy statement is contained in the section headed 'Corporate Governance Statement' of the annual report.

AUDITOR'S INDEPENDENCE AND NON-AUDIT SERVICES

The auditor's independence declaration for the year ended 30 June 2009, as required under section 307C of the Corporations Act 2001, has been received and is included within the financial report.

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 4 to the financial statements. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the integrity and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

Signed in accordance with a resolution of directors.

W Bellman
Chairman

Perth, 29 September 2009

BDO Kendalls

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29 September 2009

Modena Resources Limited
Suite B
150 Hay Street
SUBIACO WA 6008

Dear Sirs

DECLARATION OF INDEPENDENCE BY PETER TOLL TO THE DIRECTORS OF MODENA RESOURCES LIMITED

As lead auditor of Modena Resources Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Modena Resources Limited and the entities it controlled during the period.

Peter Toll
Director

BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
Western Australian, Perth

The Board of Directors of Modena Resources Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Modena Resources Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. This statement reports on Modena Resources Limited's key governance principles and practices.

1. COMPLIANCE WITH BEST PRACTICE RECOMMENDATIONS

The Company, as a listed entity, must comply with the Corporations Act 2001 and the Australian Securities Exchange Limited (ASX) Listing Rules. The ASX Listing Rules require the Company to report on the extent to which it has followed the Corporate Governance Recommendations published by the ASX Corporate Governance Council (ASXCGC). Where a recommendation has not been followed, that fact is disclosed, together with the reasons for the departure.

The table below summaries the Company's compliance with the Corporate Governance Council's Recommendations:

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
Principle 1	**Lay solid foundations for management and oversight**		
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	2(a)	Yes
1.2	Disclose the process for evaluating the performance of senior executives.	2(h), 3(b), Remuneration Report	Yes
1.3	Provide the information indicated in the Guide to reporting on principle 1.	2(a), 2(h), 3(b), Remuneration Report	Yes
Principle 2	**Structure the board to add value**		
2.1	A majority of the board should be independent directors.	2(e)	Yes
2.2	The chair should be an independent director.	2(c), 2(e)	Yes
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	2(b), 2(c)	Yes
2.4	The Board should establish a nomination committee.	2(d)	No
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors.	2(h)	Yes
2.6	Provide the information indicated in the Guide to reporting on principle 2.	2(b), 2(c), 2(d), 2(e), 2(h)	Yes
Principle 3	**Promote ethical and responsible decision-making**		
3.1	Establish a code of conduct and disclose the code or a summary as to:	4(a)	Yes
	• the practices necessary to maintain confidence in the company's integrity;		
	• the practices necessary to take into account the company's legal obligations and the reasonable expectations of its stakeholders; and		
	• the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.		
3.2	Establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary.	4(b)	Yes
3.3	Provide the information indicated in the Guide to reporting on principle 3.	4(a), 4(b)	Yes
Principle 4	**Safeguard integrity in financial reporting**		
4.1	The Board should establish an audit committee.	3(a)	Yes
4.2	The audit committee should be structured so that it:	3(a)	No
	• consists only of non-executive directors;		
	• consists of a majority of independent directors;		
	• is chaired by an independent chair, who is not chair of the Board; and		
	• has at least three members.		

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
4.3	The audit committee should have a formal charter	3(a)	Yes
4.4	Provide the information indicated in the Guide to reporting on principle 4.	3(a)	Yes
Principle 5	**Make timely and balanced disclosure**		
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	5(a), 5(b)	Yes
5.2	Provide the information indicated in the Guide to reporting on principle 5.	5(a), 5(b)	Yes
Principle 6	**Respect the rights of shareholders**		
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy.	5(a), 5(b)	Yes
6.2	Provide the information indicated in the Guide to reporting on principle 6.	5(a), 5(b)	Yes
Principle 7	**Recognise and manage risk**		
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	6(a)	Yes
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	6(a), 6(b), 6(d)	Yes
7.3	The Board should disclose whether it had received assurance from the chief executive officer and the chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	6(c)	Yes
7.4	Provide the information indicated in the Guide to reporting on principle 7.	6(a), 6(b), 6(c), 6(d)	Yes
Principle 8	**Remunerate fairly and responsibly**		
8.1	The Board should establish a remuneration committee.	3(b)	No
8.2	Clearly distinguish the structure on non-executive directors' remuneration from that of executive directors and senior executives.	3(b), Remuneration Report	Yes
8.3	Provide the information indicated in the Guide to reporting on principle 8.	3(b),	Yes

2. THE BOARD OF DIRECTORS

2(a) Roles and Responsibilities of the Board

The Board is accountable to the shareholders and investors for the overall performance of the Company and takes responsibility for monitoring the Company's business and affairs and setting its strategic direction, establishing and overseeing the Company's financial position.

The Board is responsible for:

- Appointing, evaluating, rewarding and if necessary the removal of the Chief Executive Officer ("CEO") and senior management;
- Development of corporate objectives and strategy with management and approving plans, new investments, major capital and operating expenditures and major funding activities proposed by management;

- Monitoring actual performance against defined performance expectations and reviewing operating information to understand at all times the state of the health of the Company;
- Overseeing the management of business risks, safety and occupational health, environmental issues and community development;
- Satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;
- Satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, risk management and internal control process are in place and functioning appropriately.
- Approving and monitoring financial and other reporting;
- Assuring itself that appropriate audit arrangements are in place;
- Ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted a Code of Conduct and that the Company practice is consistent with that Code; and other policies; and
- Reporting to and advising shareholders.

Other than as specifically reserved to the Board, responsibility for the day-to-day management of the Company's business activities is delegated to the Chief Executive Officer and Executive Management.

2(b) Board Composition

The Directors determine the composition of the Board employing the following principles:

- the Board, in accordance with the Company's constitution must comprise a minimum of three Directors;
- the roles of the Chairman of the Board and of the Chief Executive Officer should be exercised by different individuals;
- the majority of the Board should comprise Directors who are non-executive;
- the Board should represent a broad range of qualifications, experience and expertise considered of benefit to the Company; and
- the Board must be structured in such a way that it has a proper understanding of, and competency in, the current and emerging issues facing the Company, and can effectively review management's decisions.

The Board is currently comprised of two Non-Executive Directors and one Executive Director. The skills, experience, expertise, qualifications and terms of office of each director in office at the date of the annual report is included in the Directors' Report.

The Company's constitution requires one-third of the Directors (or the next lowest whole number) to retire by rotation at each Annual General Meeting (AGM). The Directors to retire at each AGM are those who have been longest in office since their last election. Where Directors have served for equal periods, they may agree amongst themselves or determine by lot who will retire. A Director must retire in any event at the third AGM since he or she was last elected or re-elected. Retiring Directors may offer themselves for re-election.

A Director appointed as an additional or casual Director by the Board will hold office until the next AGM when they may be re-elected.

The Chief Executive Officer is not subject to retirement by rotation and, along with any Director appointed as an additional or casual Director, is not to be taken into account in determining the number of Directors required to retire by rotation.

2(c) Chairman and Chief Executive Officer

The Chairman is responsible for:

- leadership of the Board;
- the efficient organisation and conduct of the Board's functions;
- the promotion of constructive and respectful relations between Board members and between the Board and management;
- contributing to the briefing of Directors in relation to issues arising at Board meetings;
- facilitating the effective contribution of all Board members; and
- committing the time necessary to effectively discharge the role of the Chairman.

The Chief Executive Officer is responsible for:

- implementing the Company's strategies and policies; and
- the day-to-day management of the Company's business activities

The Board specifies that the roles of the Chairman and the Chief Executive Officer are separate roles to be undertaken by separate people.

Due to the nature of the company's current activities it does not currently have a chief executive officer and this role is effectively undertaken by the Executive Director, Mr Willis.

2(d) Nomination Committee

The Company does not comply with ASX Recommendation 2.4. The Company is not of a relevant size to consider formation of a nomination committee to deal with the selection and appointment of new Directors and as such a nomination committee has not been formed.

Nominations of new Directors are considered by the full Board in accordance with the Company's "Selection of New Directors Policy".

2(e) Independent Directors

The Company recognises that independent Directors are important in assuring shareholders that the Board is properly fulfilling its role and is diligent in holding senior management accountable for its performance. The Board assesses each of the directors against specific criteria to decide whether they are in a position to exercise independent judgment.

Directors of Modena Resources Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

In making this assessment, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when assessing independence are whether a Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or another Company member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another Company member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or other Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or another Company member other than as a Director.

The Board is currently comprised of two independent non-executive Directors.

In accordance with the definition of independence above, and the materiality thresholds set, the following Directors of Modena Resources Limited are considered to be independent:

Name	Position
Wayne Bellman	Non-Executive Chairman
David Sutherland	Non-Executive Director

The term in office held by each director in office at the date of this report is as follows:

Name	Term in Office
Wayne Bellman	Since 30 January 2009
Craig Willis	Since 11 September 2006
David Sutherland	Since 12 February 2009

In recognition of the importance of independent views and the Board's role in supervising the activities of management the Chairman must be a Non-Executive Director.

2(f) Avoidance of conflicts of interest by a Director

In order to ensure that any interests of a Director in a particular matter to be considered by the Board are known by each Director, each Director is required by the Company to disclose any relationships, duties or interests held that may give rise to a potential conflict. Directors are required to adhere strictly to constraints on their participation and voting in relation to any matters in which they may have an interest.

2(g) Board access to information and independent advice

Directors are able to access members of the management team at any time to request relevant information.

There are procedures in place, agreed by the Board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the company's expense.

2(h) Review of Board performance

The performance of the Board is reviewed regularly by the Chairman. The Chairman conducts performance evaluations which involve an assessment of each Board member's performance against specific and measurable qualitative and quantitative performance criteria. The performance criteria against which directors and executives are assessed is aligned with the financial and non-financial objectives of Modena Resources Limited. Directors whose performance is consistently unsatisfactory may be asked to retire.

3. BOARD COMMITTEES

3(a) Audit Committee

Given the size and scale of the Company's operations the full Board undertakes the role of the Audit Committee. The Audit Committee does not comply with ASX Recommendation 4.2 as the Chair of the Board is Chair of the Audit Committee and the Audit Committee does not comprise only Non-Executive Directors. The role and responsibilities of the Audit Committee are summarised below.

The Audit Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors. The Board sets aside time to deal with issues and responsibilities usually delegated to the Audit Committee to ensure the integrity of the financial statements of the Company and the independence of the auditor.

The Board reviews the audited annual and half-year financial statements and any reports which accompany published financial statements and recommends their approval to the members. The Board also reviews annually the appointment of the external auditor, their independence and their fees.

The Board is also responsible for establishing policies on risk oversight and management. The Company has not formed a separate Risk Management Committee due to the size and scale of its operations.

External Auditors

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. It is BDO Kendalls Audit and Assurance (WA) Pty Ltd's policy to rotate engagement Directors on listed companies at least every five years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the notes to the financial statements in the Annual Report.

There is no indemnity provided by the company to the auditor in respect of any potential liability to third parties.

The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and preparation and content of the audit report.

There were no non-audit services provided by the auditors during the year.

3(b) Remuneration Committee

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

The Board has not established a separate Remuneration Committee due to the size and scale of its operations. This does not comply with Recommendation 8.1 however the Board as a whole takes responsibility for such issues.

The responsibilities include setting policies for senior officers remuneration, setting the terms and conditions for the CEO, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both executive and non-executive directors and undertaking reviews of the CEO's performance.

The Company has structured the remuneration of its senior executive, where applicable, such that it comprises a fixed salary, statutory superannuation and participation in the Company's employee share option plan. The Company believes that by remunerating senior executives in this manner it rewards them for performance and aligns their interests with those of shareholders and increases the Company's performance.

Non-executive directors are paid their fees out of the maximum aggregate amount approved by shareholders for non-executive director remuneration. The Company does not adhere to Recommendation 8.2 Box 8.2 'Non-executive directors should not receive options or bonus payments'. The Company may, in the future, granted options to non-executive directors. The Board is of the view that options (for both executive and non-executive directors) are a cost effective benefit for small companies such as Modena Resources Limited that seek to conserve cash reserves. They also provide an incentive that ultimately benefits both shareholders and the optionholders, as optionholders will only benefit if the market value of the underlying shares exceeds the option strike price. Ultimately, shareholders will make that determination.

The remuneration received by directors and executives in the current period is contained in the "Remuneration Report" within the Directors' Report of the Annual Report.

4. ETHICAL AND RESPONSIBLE DECISION MAKING

4(a) Code of Ethics and Conduct

The Board endeavours to ensure that the Directors, officers and employees of the Company act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities. The "Code of Conduct" sets out the principles, practices, and standards of personal behaviour the Company expects people to adopt in their daily business activities.

All Directors, officers and employees are required to comply with the Code of Conduct. Senior managers are expected to ensure that employees, contractors, consultants, agents and partners under their supervision are aware of the Company's expectations as set out in the Code of Conduct.

All Directors, officers and employees are expected to:

- comply with the law;
- act in the best interests of the Company;
- be responsible and accountable for their actions; and
- observe the ethical principles of fairness, honesty and truthfulness, including prompt disclosure of potential conflicts.

4(b) Policy concerning trading in Company securities

The Company's "Dealings in Company Shares and Options Policy" applies to all Directors, officers and employees. This policy sets out the restrictions on dealing in securities by people who work for, or are associated with the Company and is intended to assist in maintaining market confidence in the integrity of dealings in the Company's securities. The policy stipulates that the only appropriate time for a Director, officer or employee to deal in the Company's securities is when they are not in possession of price sensitive information that is not generally available to the market.

As a matter of practice, Company shares may only be dealt with by Directors and officers of the Company under the following guidelines:

- No trading is permitted in the period of 14 days preceding release of each quarterly report, half-yearly report and annual financial report of the Company or for a period of 2 trading days after the release of such report;
- Guidelines are to be considered complementary to and not replace the various sections of the Corporations Act 2001 dealing with insider trading; and
- Prior approval of the Chairman, or in his absence, the approval of two directors is required prior to any trading being undertaken.

5. TIMELY AND BALANCED DISCLOSURE

5(a) Shareholder communication

The Company believes that all shareholders should have equal and timely access to material information about the Company including its financial situation, performance, ownership and governance. The Company's "ASX Disclosure Policy" encourages effective communication with its shareholders by requiring that Company announcements:

- be factual and subject to internal vetting and authorisation before issue;
- be made in a timely manner;
- not omit material information;
- be expressed in a clear and objective manner to allow investors to assess the impact of the information when making investment decisions;
- be in compliance with ASX Listing Rules continuous disclosure requirements; and
- be placed on the Company's website promptly following release.

Shareholders are encouraged to participate in general meetings. Copies of addresses by the Chairman or Chief Executive Officer are disclosed to the market and posted on the Company's website. The Company's external auditor attends the Company's annual general meeting to answer shareholder questions about the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

5(b) Continuous disclosure policy

The Company is committed to ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by the Company. The Company's "ASX Disclosure Policy" described in 5(a) reinforces the Company's commitment to continuous disclosure and outline management's accountabilities and the processes to be followed for ensuring compliance.

The policy also contains guidelines on information that may be price sensitive. The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements with the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX.

6. RECOGNISING AND MANAGING RISK

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives. A written policy in relation to risk oversight and management has been established ("Risk Management and Internal Control Policy"). Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn responsibilities.

6(a) Board oversight of the risk management system

The Board is responsible for approving and overseeing the risk management system. The Board reviews, at least annually, the effectiveness of the implementation of the risk management controls and procedures.

The principle aim of the system of internal control is the management of business risks, with a view to enhancing the value of shareholders' investments and safeguarding assets. Although no system of internal control can provide absolute assurance that the business risks will be fully mitigated, the internal control systems have been designed to meet the Company's specific needs and the risks to which it is exposed.

Annually, the Board is responsible for identifying the risks facing the Company, assessing the risks and ensuring that there are controls for these risks, which are to be designed to ensure that any identified risk is reduced to an acceptable level.

The Board is also responsible for identifying and monitoring areas of significant business risk. Internal control measures currently adopted by the Board include:

- at least quarterly reporting to the Board in respect of operations and the Company's financial position, with a comparison of actual results against budget; and
- regular reports to the Board by appropriate members of the management team and/or independent advisers, outlining the nature of particular risks and highlighting measures which are either in place or can be adopted to manage or mitigate those risks.

6(b) Risk management roles and responsibilities

The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Executive management is responsible for implementing the Board approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of the Company's activities.

The Board is responsible for satisfying itself that management has developed and implemented a sound system of risk management and internal control.

6(c) Chief Executive Officer and Chief Financial Officer Certification

The Chief Executive Officer and Chief Financial Officer, or equivalent, provide to the Board written certification that in all material respects:

- The Company's financial statements present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards;
- The statement given to the Board on the integrity of the Company's financial statements is founded on a sound system of risk management and internal compliance and controls which implements the policies adopted by the Board; and
- The Company's risk management an internal compliance and control system is operating efficiently and effectively in all material respects.

6(d) Internal review and risk evaluation

Assurance is provided to the Board by executive management on the adequacy and effectiveness of management controls for risk on a regular basis.

INCOME STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		Consolidated		Parent Entity	
	Note	2009 $	2008 $	2009 $	2008 $
Revenue from sales	2(a)	**819,200**	158,409	**819,200**	158,409
Cost of sales	2(b)	**(862,397)**	-	**(862,397)**	-
Gross profit (loss)		**(43,197)**	158,409	**(43,197)**	158,409
Interest received		**11,505**	119,766	**11,505**	119,766
Exploration and evaluation expenditure		**(6,203,211)**	(2,167,701)	**(3,995,953)**	(2,167,701)
Impairment of capitalised exploration and evaluation		**(4,000,000)**	-	**-**	-
Impairment of receivables		**(672,035)**	-	**(2,879,293)**	-
Impairment of other financial assets		**-**	-	**(4,000,000)**	-
Depreciation and impairment		**(5,888)**	(3,012)	**(5,888)**	(3,012)
Directors fees and benefits expense		**(427,501)**	(153,000)	**(427,501)**	(153,000)
Administration, consulting and other expenses	2(c)	**(730,243)**	(542,018)	**(730,243)**	(542,018)
Interest and finance costs		**(1,470,701)**	(332,977)	**(1,470,701)**	(332,977)
Loss on sale of available for sale assets		**(57,337)**	(61,431)	**(57,337)**	(61,431)
Loss before income tax expense		**(13,598,608)**	(2,981,964)	**(13,598,608)**	(2,981,964)
Income tax expense	3	**-**	-	**-**	-
Net Loss attributable to members of the Modena Resources Limited		**(13,598,608)**	(2,981,964)	**(13,598,608)**	(2,981,964)
Loss per Share:					
		Cents	Cents		
Basic and diluted loss per share	5	**(17.5)**	(6.98)		

The above income statements should be read in conjunction with the accompanying notes.

BALANCE SHEETS AS AT 30 JUNE 2009

		Consolidated		Parent Entity	
	Note	2009 $	2008 $	2009 $	2008 $
ASSETS					
Current Assets					
Cash and cash equivalents	6	**133,140**	221,238	**133,140**	221,238
Trade and other receivables	7	**117,471**	703,276	**117,471**	2,817,836
Financial assets at fair value through profit and loss	8	**21,833**	123,055	**21,833**	123,055
Total Current Assets		**272,444**	1,047,569	**272,444**	3,162,129
Non-Current Assets					
Other financial assets	9	**-**	-	**-**	4,000,000
Property, plant and equipment	10	**35,352**	41,240	**35,352**	41,240
Deferred exploration and evaluation	11	**398,587**	11,849,989	**398,587**	5,735,429
Oil and gas production properties	12	**5,644,088**	-	**5,644,088**	-
Total Non-Current Assets		**6,078,027**	11,891,229	**6,078,027**	9,776,669
Total Assets		**6,350,471**	12,938,798	**6,350,471**	12,938,798
LIABILITIES					
Current Liabilities					
Trade and other payables	13	**897,489**	1,388,096	**897,489**	1,388,096
Borrowings	14	**4,562,105**	-	**4,562,105**	-
Total Current Liabilities		**5,459,594**	1,388,096	**5,459,594**	1,388,096
Non-Current Liabilities					
Borrowings	14	**1,140,000**	1,891,446	**1,140,000**	1,891,446
Total Non-Current Liabilities		**1,140,000**	1,891,446	**1,140,000**	1,891,446
Total Liabilities		**6,599,594**	3,279,542	**6,599,594**	3,279,542
Net Assets		**(249,123)**	9,659,256	**(249,123)**	9,659,256
EQUITY					
Issued capital	15	**15,671,409**	12,646,090	**15,671,409**	12,646,090
Reserves	16	**664,910**	-	**664,910**	-
Accumulated losses		**(16,585,442)**	(2,986,834)	**(16,585,442)**	(2,986,834)
Total Equity		**(249,123)**	9,659,256	**(249,123)**	9,659,256

The above balance sheets should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

Consolidated	Issued Capital $	Accumulated Losses $	Reserves $	Total $
Balance at 1 July 2007	600,300	(4,870)	15,000	610,430
Securities issued during the year	12,476,488	-	-	12,476,488
Transaction costs	(430,698)	-	-	(430,698)
Transaction with equity holders in their capacity as equity holders	12,045,790	-	-	12,045,790
Fair value adjustment to available for sale investments	-	-	(15,000)	(15,000)
Net loss recognised directly in equity	-	-	(15,000)	(15,000)
Loss attributable to members of the parent entity	-	(2,981,964)	-	(2,981,964)
Total recognised income and expense for the year	-	(2,981,964)	(15,000)	(2,996,964)
Balance at 30 June 2008	**12,646,090**	**(2,986,834)**	**-**	**9,659,256**
Securities issued during the year	**3,092,537**	**-**	**664,910**	**3,757,447**
Transaction costs	**(67,218)**	**-**	**-**	**(67,218)**
Transaction with equity holders in their capacity as equity holders	**3,025,319**	**-**	**664,910**	**3,690,229**
Loss attributable to members of the parent entity	**-**	**(13,598,608)**	**-**	**(13,598,608)**
Total recognised income and expense for the year	**-**	**(13,598,608)**	**-**	**(13,598,608)**
Balance at 30 June 2009	**15,671,409**	**(16,585,442)**	**664,910**	**(249,123)**

Parent	Issued Capital $	Accumulated Losses $	Reserves $	Total $
Balance at 1 July 2007	600,300	(4,870)	15,000	610,430
Securities issued during the year	12,476,488	-	-	12,476,488
Transaction costs	(430,698)	-	-	(430,698)
Transaction with equity holders in their capacity as equity holders	12,045,790	-	-	12,045,790
Fair value adjustment to available for sale investments	-	-	(15,000)	(15,000)
Net loss recognised directly in equity	-	-	(15,000)	(15,000)
Loss attributable to members of the parent entity	-	(2,981,964)	-	(2,981,964)
Total recognised income and expense for the year	-	(2,981,964)	(15,000)	(2,996,964)
Balance at 30 June 2008	**12,646,090**	**(2,986,834)**	**-**	**9,659,256**
Securities issued during the year	**3,092,537**	**-**	**664,910**	**3,757,447**
Transaction costs	**(67,218)**	**-**	**-**	**(67,218)**
Transaction with equity holders in their capacity as equity holders	**3,025,319**	**-**	**664,910**	**3,690,229**
Loss attributable to members of the parent entity	**-**	**(13,598,608)**	**-**	**(13,598,608)**
Total recognised income and expense for the year	**-**	**(13,598,608)**	**-**	**(13,598,608)**
Balance at 30 June 2009	**15,671,409**	**(16,585,442)**	**664,910**	**(249,123)**

The above statements of changes in equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
		Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)
Cash flows from operating activities					
Receipts from customers		**637,354**	158,409	**637,354**	158,409
Payments to suppliers and employees		**(1,135,214)**	(794,563)	**(1,135,214)**	(794,563)
Interest received		**11,431**	119,212	**11,431**	119,212
Interest paid		**(281,448)**	(121,888)	**(281,448)**	(121,888)
GST recoverable		**1,645**	(511)	**1,645**	(511)
Net cash (used in) operating activities	6(i)	**(766,232)**	(639,341)	**(766,232)**	(639,341)
Cash flows from investing activities					
Purchase of available-for-sale financial assets		**(32,215)**	(1,044,285)	**(32,215)**	(1,044,285)
Proceeds on sale of available-for-sale financial assets		**76,100**	1,279,799	**76,100**	1,279,799
Loan to controlled entity		**-**	-	**(92,698)**	(181,540)
Loan to other entity		**-**	(672,035)	**-**	(672,035)
Purchase of property, plant & equipment		**-**	(44,252)	**-**	(44,252)
Payments on exploration interests		**(5,827,324)**	(6,737,694)	**(5,734,626)**	(6,556,154)
Net cash (used in) investing activities		**(5,783,439)**	(7,218,467)	**(5,783,439)**	(7,218,467)
Cash flows from financing activities					
Proceeds from issue of securities		**1,828,106**	6,000,000	**1,828,106**	6,000,000
Payment of share issue costs		**(56,533)**	(430,698)	**(56,533)**	(430,698)
Proceeds from borrowings		**4,720,000**	2,861,116	**4,720,000**	2,861,116
Repayment of borrowings		**(30,000)**	(400,000)	**(30,000)**	(400,000)
Net cash provided by financing activities		**6,461,573**	8,030,418	**6,461,573**	8,030,418
Net (decrease) increase in cash held		**(88,098)**	172,610	**(88,098)**	172,610
Cash at beginning of the financial year		**221,238**	48,628	**221,238**	48,628
Cash at end of the financial year	6	**133,140**	221,238	**133,140**	221,238

The above cash flow statements should be read in conjunction with the accompanying notes.

1. ***Summary of Significant Accounting Policies***

(a) Basis of Preparation

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

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected financial assets for which the fair value basis of accounting has been applied.

Modena Resources Limited (the parent) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in the Directors' Report.

Reporting Basis and Conventions including Going Concern

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Company's and consolidated entity's assets and the discharge of their liabilities in the normal course of business.

The Board considers that the Company is a going concern and recognises that additional funding is required to ensure that the Company can continue to fund its and the consolidated entity's operations and further develop their petroleum exploration and evaluation assets during the twelve month period from the date of this financial report. Such additional funding, as occurred during the year ended 30 June 2009, can be derived from either one or a combination of the following:

- The placement of securities under ASX Listing Rule 7.1 or otherwise;
- An excluded offer pursuant to the Corporations Act 2001; or
- The sale of assets.

Accordingly, the Directors believe that subject to prevailing equity market conditions, the Company will obtain sufficient funding to enable it and the consolidated entity to continue as going concerns and that it is appropriate to adopt that basis of accounting in the preparation of the financial report. Should the company be unable to obtain sufficient funding as outlined above, there is significant uncertainty whether or not the entity will be able to continue as a going concern.

Subsequent to year end the Company completed the placement of 10,000,000 ordinary fully paid shares at an issue price of 7 cents each, raising gross proceeds of $700,000.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts or classification of liabilities that might be necessary should the Company and the consolidated entity not be able to continue as going concerns.

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

(b) Adoption of new and revised standards

In the year ended 30 June 2009, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2009. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2008, but have not been applied in preparing this financial report: There is no material impact in relation to adopting these standards.

1. *Summary of Significant Accounting Policies (Cont.)*

(b) Adoption of new and revised standards (Cont.)

(i) AASB 123 (revised June 2007) - Borrowing Costs

Applicable for periods commencing on or after 1 January 2009. The transitional provisions of this standard only require capitalisation of borrowing costs on qualifying assets where commencement date for capitalisation is on or after 1 January 2009. As such, there will be no impact on prior financial statements when this standard is adopted.

(ii) AASB 3 (reissued March 2008) - Business Combinations

Applicable to business combinations where the acquisition date is on or after the beginning of the first reporting period that commences 1 July 2009 or later. As there is no requirement to retrospectively restate comparative amounts for business combinations undertaken before this date, there is unlikely to be any impact on the financial statements when this revised standard is first adopted.

However, due to the nature of some of the changes in the revised standard, business combinations that the entity undertakes after this date may in future impact negatively on the results of the entity. For example, acquisition costs will have to be expensed instead of being recognised as part of goodwill.

Specific changes in respect of step acquisitions and sell downs may introduce situations whereby adopting the revised standard may improve profitability.

Also, deferred tax assets that do not satisfy recognition criteria when a business combination is initially accounted for, but do subsequently qualify for recognition post acquisition date, will be recognised as a credit to the income statement and there will be no consequential write-down of goodwill for a similar amount, provided that the deferred tax assets are recognised outside the initial measurement period of 12 months from acquisition date.

(iii) AASB 127 (reissued March 2008) - Consolidated and Separate Financial Statements

Applicable to periods commencing on or after 1 July 2009. As there is no requirement to retrospectively restate the effect of these revisions, there is unlikely to be any impact on the financial statements when this revised standard is first adopted.

(iv) AASB 2008-3 (issued March 2008) Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASB 1, AASB 2, AASB 4, AASB 5, AASB 7, AASB 101, AASB 107, AASB 112, AASB 114, AASB 116, AASB 121, AASB 128, AASB 131, AASB 132, AASB 133, AASB 134, AASB 136, AASB 137, AASB 138, AASB 139, Interpretation 9 and Interpretation 107]

Applicable to periods commencing on or after 1 July 2009. As there is no requirement to retrospectively restate the effect of these revisions, there is unlikely to be any impact on the financial statements when this revised standard is first adopted.

(v) AASB 2008-1 (issued February 2008) – Amendments to AASB 2 – Share-based Payments – Vesting Conditions and Cancellations.
Applicable to periods commencing on or after 1 January 2009. To date the entity has not issued any options to employees that include non-vesting conditions and as such there will be no impact on the financial statements when this revised standard is adopted for the first time.

(vi) IAS27, IAS 18 and IAS 36 (issued May 2008) – Consolidated and Separate Financial Statements, Revenue and Impairment of Assets.

Applicable to periods commencing on or after 1 January 2009. There will be no impact as these requirements are only required to be applied prospectively for periods commencing on or after 1 January 2009. However, any pre-acquisition dividends received after this date may result in additional impairment charges on investments in subsidiaries, associates and jointly controlled entities. This is because such amounts would previously have been written off directly against the cost of the investment, whereas in future they will be recognised as revenue which may result in the investment being stated at an amount exceeding recoverable amount.

(vii) IAS 27 (issued May 2008) – paragraphs 38B and 38C

Applicable to periods commencing on or after 1 January 2009. There will be no impact as these requirements are only required to be applied prospectively to reorganisations occurring in annual periods commencing on or after 1 January 2009.

1. *Summary of Significant Accounting Policies (Cont.)*

(b) Adoption of new and revised standards (Cont.)

(viii) Improvements to IFRS (issued May 2008) – Improvements to IFRSs

i. IAS 27 - Consolidated and separate Financial Statements.
Applicable to periods commencing on or after 1 January 2009. This amendment will have no impact when this amendment is first adopted because the entity used the cost method under IAS 27 to account for its investment in subsidiaries, associates and jointed controlled entities which will continue to be measure under IFRS 5.

ii. IAS 23 – Borrowing costs
Applicable for periods commencing on or after 1 January 2009. There will be no impact as these amendments merely clarify existing practice.

iii. IAS 36 – Impairment of Assets
Applicable for periods commencing on or after 1 January 2009. There will be no financial impact when these amendments are first adopted because these amendments relate to additional disclosure requirements only.

(ix) AASB 8 (issued Feb 2007) – Operating Segments

Applicable to periods commencing on or after 1 January 2009. As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, disclosures required for the operating segments will be significantly different to what is currently reported (business and geographical segment).

(x) AASB 101 –(revised Sep 2007) – Presentation of Financial Statements

Applicable to annual reporting periods commencing on or after 1 January 2009. As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, there will be various changes to the way financial statements are presented and various changes to names of individual financial statements.

(c) Statement of Compliance

The financial report was authorised for issue on 30 September 2009.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Modena Resources Limited ("Company" or "Parent Entity") and its subsidiaries as at 30 June each year (the Group).

The financial statements of the subsidiaries are prepared for the same period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of subsidiaries for the period from their acquisition.

Details of the controlled entity is contained in Note 21. The controlled entity has a June financial year end.

1. *Summary of Significant Accounting Policies (Cont.)*

(e) Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(f) Income Tax

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

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

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

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

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

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

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

1. *Summary of Significant Accounting Policies (Cont.)*

(g) Foreign currency translation

Functional and presentation currency
The functional currency of the company is measured using the currency of the primary economic environment in which that entity operates. The financial report is presented in Australian dollars which is Modena Resources Limited's functional and presentation currency.

Transaction and balances
Foreign currency transactions are translated into functional currency using exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement.

(h) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

(i) Impairment of financial assets

The company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.

The amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit.

(j) Property, Plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amounts.

1. *Summary of Significant Accounting Policies (Cont.)*

(j) Property, Plant and equipment (Cont.)

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation
The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	*Depreciation Rate*
Plant and equipment	15 – 30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(k) Exploration and evaluation expenditure

Exploration and evaluation expenditure in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

(a) The exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or

(b) Exploration and evaluation activities in the area have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence, or otherwise, of economically recoverable reserves and active and significant operations in, or relation to, the area of interest are continuing.

The costs of drilling exploration wells are initially capitalised pending the results of the well. Costs are expensed where the well does not result in the successful discovery of economically recoverable hydrocarbons. Areas of interest may be recognised at either the field or the well level, depending on the nature of the project. Subsequent to the recognition of an area of interest, all further costs relating to an area or interest are capitalised.

Each potential or recognised area of interest is reviewed half yearly to determine whether economic quantities of reserves have been found or whether further exploration work is underway or planned to support the continued carry forward of capitalised costs. Upon approval for the commercial development of an area of interest, accumulated expenditure for the area of interest is transferred to oil and gas properties.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective area of interest.

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash-generating unit level whenever the facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

1. ***Summary of Significant Accounting Policies (Cont.)***

(l) Oil and gas properties

Oil and gas properties include construction, installation or completion of infrastructure facilities such as pipelines and platforms, transferred exploration and evaluation costs, and the cost of development wells, Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are charged to the income statement during the financial period in which they are incurred.

Oil and gas properties are amortised over the expected useful lives of the asset.

(m) Financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transactions costs. The company determines the classification of its financial assets after initial recognition.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss
Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Trade and other receivables
Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently at amortised cost less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts and is recognised in a separate account. Bad debts are written off when identified.

(iii) Available-for-sale investments
Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the other categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(n) Trade and other payables

Trade payables and other payables are recognised initially at fair value and subsequently carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(o) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

1. *Summary of Significant Accounting Policies (Cont.)*

(o) Interest bearing loans and borrowings (Cont.)

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or expenses.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

(p) Provisions

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

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

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

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(r) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(s) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(t) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

1. ***Summary of Significant Accounting Policies (Cont.)***

(u) Revenue recognition

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

Sales Revenue
Sales revenue is recognised when the significant risks and rewards of ownership have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of goods to the customer. Delivery of product is by pipeline and under well specific contracts that define transfer point of ownership. The nominated transfer point has appropriate meter equipment installed. Product pricing is dependant upon product quality and delivery volume rates, and base price marked to an appropriate commodity market benchmark.

Interest
Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

(v) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(w) Segment reporting

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other operating business segments. A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

(x) Significant Accounting Estimates and Judgments

Significant accounting judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Exploration and evaluation assets
The Group's accounting policy for exploration and evaluation expenditure is set out at Note 1(k). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the income statement.

Functional currency
The functional currency for each entity in the Group is the currency of the primary economic environment in which it operates. Where the indicators for determining functional currency are mixed, the Directors have used judgement to determine which currency most faithfully presents the economic effects of the underlying transactions. The Directors have determined that the functional currency of Modena Resources Limited is the Australian Dollar. Had they determined that the functional currency was USD this may have impacted the carrying amount of the assets on the balance sheet, with a corresponding change to equity and the profit and loss for the year.

1. *Summary of Significant Accounting Policies (Cont.)*

(x) Significant Accounting Estimates and Judgments (Cont.)

Significant accounting estimates and assumptions

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

Impairment of assets

In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset-specific discount rates and the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

	Consolidated		Parent Entity	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**

2. *Revenue and Expenses*

(a) Revenue

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Royalty revenue	**819,200**	158,409	**819,200**	158,409
Other revenue				
Interest received – other corporations	**11,505**	119,766	**11,505**	119,766
	830,705	278,175	**830,705**	278,175

(b) Cost of sales

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Operating costs	**280,823**	-	**280,823**	-
Amortisation - Depletion	**581,574**	-	**581,574**	-
	862,397	-	**862,397**	-

(c) Administration costs

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Corporate consulting fees	**253,520**	227,735	**253,520**	227,735
Audit fee	**54,520**	32,036	**54,520**	32,036
ASX & registry fees	**68,584**	19,262	**68,584**	19,262
Legal fees	**143,239**	11,807	**143,239**	11,807
Travel & accommodation	**36,305**	101,848	**36,305**	101,848
Other expenses	**174,075**	149,330	**174,075**	149,330
	730,243	542,018	**730,243**	542,018

3. *Income Tax Expense*

(a) Income Tax Expense

The income tax expense for the year differs from the prima facie tax as follows:

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Loss before income tax	**(13,598,608)**	(2,981,964)	**(13,598,608)**	(2,981,964)
Prima facie income tax (benefit) @ 30%	**(4,079,582)**	(894,589)	**(4,079,582)**	(894,589)
Tax effect of non-deductible items	**1,895,739**	-	**2,063,788**	-
Deferred tax assets not brought to account	**2,183,844**	894,589	**2,015,795**	894,589
Total income tax expense	**-**	-	**-**	-

(b) Deferred Tax Assets

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Deferred tax assets not brought to account arising from tax losses, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(f) occur:	**3,079,894**	896,050	**2,911,844**	896,050

There are no franking credits available to the Group.

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
4. *Auditors Remuneration*				
Amounts, received or due and receivable by BDO Kendalls Audit and Assurance (WA) Pty Ltd for:				
- audit and review of financial reports	**29,720**	32,036	**29,720**	32,036
- Tax compliance services	**24,800**	-	**24,800**	-
	54,520	32,036	**54,520**	32,036

5. *Earnings per Share (EPS)*

	Cents	Cents
Basic loss per share	**(17.5)**	(6.98)

The loss and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

Earnings – Net loss for year	**(13,598,608)**	(2,981,964)
	No.	No.
Weighted average number of ordinary shares used in the calculation of basic EPS	**77,551,741**	42,705,181

Diluted earnings per share has not been calculated as there were no options on issue which would be potential ordinary shares having a dilutive effect.

6. *Cash and Cash Equivalents*

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Cash at bank and on hand	**133,140**	221,238	**133,140**	221,238

Cash at bank earns interest at floating rates based on daily bank deposit rates.

The Group's and the parent entity's exposure to interest rate risk is discussed in Note 23.

(i) Reconciliation of loss for the year to net cash flows used in operating activities:

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Loss for the year	**(13,598,608)**	(2,981,964)	**(13,598,608)**	(2,981,964)
Depreciation and impairment	**5,888**	3,012	**5,888**	3,012
Amortisation of production assets	**581,574**	-	**581,574**	-
Exploration expenditure written off	**10,203,211**	2,167,701	**3,995,953**	2,167,701
Impairment of receivables	**672,035**	-	**2,879,293**	-
Impairment of other financial assets	**-**	-	**4,000,000**	-
Equity settled share based payment	**1,050,000**	-	**1,050,000**	-
Loss on sale of available-for-sale assets	**57,337**	61,431	**57,337**	61,431
Changes in assets and liabilities				
Receivables	**(182,805)**	(26,873)	**(182,805)**	(26,873)
Payables	**445,136**	137,352	**445,136**	137,352
Net cash flows (used in) operating activities	**(766,232)**	(639,341)	**(766,232)**	(639,341)

6. *Cash and Cash Equivalents (Cont.)*

(ii) Non-cash financing and investing activities

During the year:

(a) Convertible Notes with a face value of $879,342 were converted to 5,812,817 ordinary fully paid shares, pursuant to the conversion terms of the Notes; and

(b) The company issued 10,000,000 ordinary fully paid shares at an issue price of 10.5 cents each as consideration for the provision of a convertible note facility.

During the previous financial year:

(a) Convertible Notes with a face value of $2,476,488 were converted to 10,491,056 ordinary fully paid shares, pursuant to the conversion terms of the Notes; and

(b) The company issued 20,000,000 ordinary fully paid shares at an issue price of 20 cents each as consideration for the acquisition of Murviel Trading SA.

	Consolidated		**Parent Entity**	
	2009 $	**2008 $**	**2009 $**	**2008 $**
7. *Trade and other receivables*				
Current				
Amount receivable – Controlled entity	**-**	-	**2,207,258**	2,114,560
Allowance for impairment of receivable	**-**	-	**(2,207,258)**	-
	-	-	**-**	2,114,560
Trade receivables	**95,956**	-	**95,956**	-
Prepayments	**-**	10,685	**-**	10,685
GST and other taxes recoverable	**13,765**	15,336	**13,765**	15,336
Other receivables	**7,750**	5,220	**7,750**	5,220
Amount owing by other entity	**672,035**	672,035	**672,035**	672,035
Allowance for impairment of receivable	**(672,035)**	-	**(672,035)**	-
	117,471	703,276	**117,471**	2,817,836

Terms and conditions relating to the above financial instruments:

- Other receivables are non-interest bearing and generally repayable within 30 days.
- Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.
- The amount owing by other entity is an advance to assist with the acquisition of an oil rig, upon which no interest is charged and the advance is repayable on demand. The fair value approximates the carrying value of the receivable. An allowance for impairment loss is recognised when there is objective evidence that the loan receivable is impaired.
- Transactions between the parent entity and its subsidiary consist of intercompany loans, upon which no interest is charged and the loan is repayable on demand. The fair value approximates the carrying value of the receivable. An allowance for impairment loss is recognised when there is objective evidence that the inter-company loan receivable is impaired.
- Information about the Group's and parent entity's exposure to credit risk, foreign currency and interest rate risk in relation to trade and other receivables is provided in Note 23.
- The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above. Refer to Note 23 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

8. *Available for sale financial assets*

Current				
Listed shares – at fair value	**21,833**	123,055	**21,833**	123,055

Listed shares are readily saleable with no fixed terms. All shares held in listed companies are valued at their fair value. There would be no material capital gains tax payable if these assets were sold at the reporting date.

	Consolidated		Parent Entity	
	2009 $	**2008 $**	**2009 $**	**2008 $**
9. *Other financial assets*				
Non-Current				
Shares in controlled entities – Note 21	**-**	-	**4,000,000**	4,000,000
Allowance for impairment	**-**	-	**(4,000,000)**	-
	-	-	**-**	4,000,000
Reconciliation – Non Current				
At 1 July 2008, at fair value	**-**	-	**4,000,000**	-
Additions	**-**	-	**-**	4,000,000
Impairment	**-**	-	**(4,000,000)**	-
At 30 June 2009, at fair value	**-**	-	**-**	4,000,000

10. *Property, Plant and Equipment*

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Plant and equipment – at cost	**42,126**	44,252	**42,126**	44,252
Accumulated depreciation	**(6,774)**	(3,012)	**(6,774)**	(3,012)
	35,352	41,240	**35,352**	41,240
Total written down amount	**35,352**	41,240	**35,352**	41,240
Reconciliation:				
At 1 July 2008, net of accumulated depreciation	**41,240**	-	**41,240**	-
Additions	**-**	44,252	**-**	44,252
Depreciation charge and impairment	**(5,888)**	(3,012)	**(5,888)**	(3,012)
At 30 June 2009, net of accumulated depreciation	**35,352**	41,240	**35,352**	41,240

11. *Deferred exploration expenditure*

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Exploration and evaluation – at cost	**398,587**	11,849,989	**398,587**	5,735,429
Reconciliation:				
Expenditure brought forward	**11,849,989**	2,344,549	**5,735,429**	411,529
Tenements acquired from acquisition of controlled entity	**-**	4,000,000	**-**	-
Expenditure incurred during year	**4,710,253**	7,673,141	**4,617,555**	7,491,601
Transferred to production	**(5,958,444)**	-	**(5,958,444)**	-
Allowance for impairment *	**(10,203,211)**	(2,167,701)	**(3,995,953)**	(2,167,701)
Expenditure carried forward	**398,587**	11,849,989	**398,587**	5,735,429

* Allowance for impairment includes write offs incurred with respect to drilling and prospect costs. The write offs were as a result of lack of exploration success and the directors ongoing analysis of the economic viability of the projects.

The ultimate recoupment of the exploration and evaluation expenditure carried forward is dependent on the successful development and commercial exploitation or, alternatively, sale of the relevant areas of interest, at amounts at least equal to book value.

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
12. *Oil and gas production*				
Oil and gas production – at cost	**6,225,662**	-	**6,225,662**	-
Accumulated amortisation	**(581,574)**	-	**(581,574)**	-
	5,644,088	-	**5,644,088**	-
Reconciliation:				
Carrying amount at beginning	**-**	-	**-**	-
Transferred from exploration	**5,958,444**	-	**5,958,444**	-
Additions	**267,218**	-	**267,218**	-
Amortisation	**(581,574)**	-	**(581,574)**	-
Carrying amount at end	**5,644,088**	-	**5,644,088**	-

13. *Trade and Other Payables*

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Current				
Trade payables and accruals	**649,858**	1,277,225	**649,858**	1,277,225
Interest payable – other corporations	**247,631**	110,871	**247,631**	110,871
	897,489	1,388,096	**897,489**	1,388,096

Terms and conditions relating to the above financial instruments:

- Trade creditors are non-interest bearing and are normally settled between 30 to 90 days.
- Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.
- Information about the Group's and the parent entity's exposure to foreign exchange risk is provided in Note 23.

14. *Borrowings*

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Current				
Convertible Notes – Secured (i)	**2,500,000**	**-**	**2,500,000**	**-**
Convertible Notes – Unsecured (ii)	**1,062,105**	**-**	**1,062,105**	**-**
Loan - Unsecured	**1,000,000**	**-**	**1,000,000**	**-**
	4,562,105	**-**	**4,562,105**	**-**
Non-Current				
Convertible Notes – Unsecured (ii)	**1,140,000**	1,891,446	**1,140,000**	1,891,446

Risk exposures
Details of the Group's exposure to risks arising from current and non-current borrowings are set out in Note 23.

14. *Borrowings (Cont.)*

(i) Convertible Notes - Secured

At balance date the company had secured convertible notes outstanding with a face value of $2,500,000. The principle terms of these convertible notes are as follows:

Face value per Note:	$0.25 each
Redemption Date:	29 January 2010, with the option to extend the redemption date to 29 January 2011 at the absolute discretion of the Noteholder. Modena has right to early repayment without penalty other than interest outstanding.
Coupon rate:	12% per annum, payable quarterly in arrears
Conversion price:	The lesser of: (a) 25 cents per share; or (b) the price that is 80% of the volume weighted average market price of the Company's ordinary fully paid shares calculated over the last 30 days on which sales were recorded before the date of conversion and issue.
Conversion right:	Convertible, in whole or in part, by the Noteholder at any time from the date of issue and prior to the Redemption Date.
Security:	The Notes are secured by way of Deed of Charge against the net cash flow from Modena's farm-in to and participation in the Bullseye Prospect, otherwise the Noteholder will rank equally with all other unsecured creditors of the Company. The charge created by the Deed shall operate as a floating charge over the charged property.

(ii) Convertible Notes – Unsecured

At balance date the company had unsecured convertible notes outstanding with a face value of $1,891,446. The principle terms of these convertible notes are as follows:

Number:	1,304,014	1,344,444	3,257,143
Face value:	$457,105	$605,000	$1,140,000
Redemption date:	31/01/2010	28/02/2010	30/09/2010
Conversion rights:	Convertible, in whole or part, by either the Noteholder or the Company at any time from the date of issue and prior to the Redemption date.	Convertible, in whole or part, by either the Noteholder or the Company at any time from the date of issue and prior to the Redemption date.	Convertible, in whole or part, by the Noteholder at any time from the date of issue and prior to the redemption date; and by the Company where the closing price of the Company's shares is 35 cents or greater for 5 consecutive trading days.
Conversion price:	The lesser of 35 cents or 85% of 5 day average market price.	The lesser of 45 cents or 85% of 5 day average market price.	The lesser of 35 cents or 85% of 5 day average market price.
Interest rate:	10.5%	12.5%	10%

The carrying amount of the Group's non-current borrowings, represented by unsecured convertible notes, approximates their fair value.

Risk exposures

Information about the Group's and parent entity's exposure to interest rate and foreign currency changes is provided in Note 23.

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
15. *Issued Capital*				
(a) **Issued and paid up capital**				
Ordinary shares fully paid	**15,671,409**	12,646,090	**15,671,409**	12,646,090
(b) **Movement in ordinary shares on issue**	**Number**	**$**	Number	$
At 1 July 2007	6,000,000	600,300	6,000,000	600,300
Issue for cash pursuant to prospectus – 14 November 2007	30,000,000	6,000,000	30,000,000	6,000,000
Issue on acquisition of Murviel Trading SA – 14 November 2007	20,000,000	4,000,000	20,000,000	4,000,000
Issue on conversion of convertible notes	10,491,056	2,476,488	10,491,056	2,476,488
Expenses of issue	-	(430,698)	-	(430,698)
At 1 July 2008	**66,491,056**	**12,646,090**	**66,491,056**	**12,646,090**
Issue on conversion of convertible notes	**5,812,817**	**879,342**	**5,812,817**	**879,342**
Issue on exercise of options	**4,100**	**820**	**4,100**	**820**
Issue for cash – 17 October 2008	**2,583,333**	**697,500**	**2,583,333**	**697,500**
Issue for cash – 23 December 2008	**1,300,000**	**351,000**	**1,300,000**	**351,000**
Issue in satisfaction of facility fee	**10,000,000**	**1,050,000**	**10,000,000**	**1,050,000**
Entitlement issue – 29 April 2009	**1,626,791**	**113,875**	**1,626,791**	**113,875**
Expenses of issue	**-**	**(67,218)**	**-**	**(67,218)**
At 30 June 2009	**87,818,097**	**15,671,409**	**87,818,097**	**15,671,409**

(c) **Share Options**

At the end of the year, the following options over unissued ordinary shares were outstanding:

- 68,428,622 listed options expiring 30 June 2010 at an exercise price of 20 cents each.

68,432,722 options were granted during the financial year and 4,100 options were exercised.

(d) **Terms and conditions of issued capital**

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

(e) **Capital Management Risk**

Information about the Group's and parent entity's capital risk management practices are provided in Note 23.

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
16. *Reserves*				
Option reserve	**664,910**	-	**664,910**	-
Nature and purpose of reserve The option issue reserve is used to accumulate amounts received on the issue of options and records items recognised as expenses on share based payments.				
Movements in reserve				
Opening balance 1 July	**-**	-	**-**	-
Issue of options for cash	**664,910**	-	**664,910**	-
Closing balance 30 June	**664,910**	-	**664,910**	-

17. *Contingencies*

There are no contingent liabilities or contingent assets of the Group at balance date.

18. *Interests in Joint Venture Operations*

At 30 June 2009 the Group was a participant in the following joint ventures:

	Working Interest	
	2009	2008
Bullseye Prospect		
Location: Iberia Parish, South Louisiana, USA #	9%	15%
Wilson Prospect		
Location: Padre Island, Texas, USA	10%	10%
South Lost Hills Properties		
Location: Kern County, California, USA	10%	10%
Armstrong Properties		
Location: Kenedy County, Texas, USA	25%	25%
Manzano Prospect		
Location: Kleberg County, Texas, USA	12.5%	12.5%
Jackson Shallow Gas Prospects		
Location: Jackson County, Texas, USA	-	52.5%

15% before casing point working interest, prior to back in rights of vendor; 9% after casing point working interest

The joint ventures are not separate legal entities. They are contractual arrangements between the participants for the sharing of costs and output and do not in themselves generate revenues and profit.

In order to maintain its percentage working interest in the freehold and leasehold interest in petroleum licenses, the Group has certain obligations to meet its share of joint venture costs. These commitments may be varied as a result of renegotiations, relinquishments, farm-outs or sales.

19. *Financial Reporting by Segments*

During the year, the Group operated principally in one business segment (for primary reporting) being petroleum exploration, and one geographical segment (for secondary reporting) being the United States of America. This is consistent with the previous corresponding period.

20. *Business Combination*

There were no acquisitions or disposals of business combinations during the financial year.

During the previous financial year, the Company acquired 100% of the voting shares of Murviel Trading SA.

The total cost of the combination was $4,000,000 and comprised an issue of equity instruments. The Group issued 20,000,000 ordinary fully paid shares with a fair value of $0.20 each, based on the issue price of the shares of Modena Resources Limited pursuant to a public offer prospectus.

The fair value of the identifiable assets and liabilities of Murviel Trading SA as at the date of acquisition are:

	Recognised on acquisition $	**Carrying Value $**
Cash and cash equivalents	-	-
Petroleum interests, exploration and evaluation expenditure	4,000,000	4,000,000
Fair value of identifiable net assets	4,000,000	4,000,000
Cost of the combination:		
Securities issued, at fair value	4,000,000	
Costs associated with the acquisition	-	
Total cost of the combination	4,000,000	
The cash inflow (outflow) on acquisition is as follows:		
Net cash acquired with subsidiary	-	
Cash paid	-	
Net cash inflow (outflow)	-	

From the date of acquisition Murviel Trading SA has contributed $Nil to the net loss of the Group.

21. *Related Party Disclosures*

(a) Subsidiaries

The consolidated financial statements include the financial statements of Modena Resources Limited and the subsidiary as listed in the following table.

	County of Incorporation	**% Equity Interest**		**Investment at cost**	
		2009 %	2008 %	**2009 $**	2008 $
Murviel Trading SA – at cost	Bahamas	**100**	100	**4,000,000**	4,000,000

(b) Parent entity

Modena Resources Limited is the ultimate Australian parent entity and ultimate parent of the Group.

(c) Key management personnel

Disclosures relating to key management personnel are set out in Note 22.

21. *Related Party Disclosure (Cont.)*

(d) Transactions with related parties

Transactions with related parties, where applicable, are made in arm's length transactions both at normal market prices and on normal commercial terms. Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash.

	Parent Entity	
	2009	**2008**
	$	**$**
Loans to controlled entity		
Balance at beginning of year	**2,114,560**	1
Loans advanced	**92,698**	2,114,560
Allowance for impairment of receivable	**(2,207,258)**	-
Balance at end of year	**-**	2,114,560

Modena Resources Limited has provided unsecured, interest free loans to its controlled entity, as disclosed in Note 7. An impairment assessment is undertaken each financial year by examining the financial position of the controlled entity and the market in which the controlled entity operates to determine whether there is objective evidence that the controlled entity is impaired. When such objective evidence exists, the company recognises an allowance for the impairment loss.

22. *Key Management Personnel Disclosures*

(a) Compensation of Key Management Personnel

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Short-Term employee benefits	**403,102**	183,000	**403,102**	183,000
Post Employment benefits	**24,399**	-	**24,399**	-
Other Long-Term benefits	**-**	-	**-**	-
Termination benefits	**-**	-	**-**	-
Share-based payment	**-**	-	**-**	-
Total compensation	**427,501**	183,000	**427,501**	183,000

(b) Option holdings of Key Management Personnel

There were no options held by key management personnel during the current or previous financial year.

(c) Shareholdings of Key Management Personnel

	Balance 01/07/08	Granted as Remuneration	Acquired	Disposed	Net Change Other#	Balance 30/06/09
Directors						
W Bellman	-	-	-	-	900,000	900,000
P Hampshire	60,000	-	-	-	(60,000)	-

	Balance 01/07/07	Granted as Remuneration	Acquired	Disposed	Net Change Other#	Balance 30/06/08
Directors						
P Hampshire	60,000	-	-	-	-	60,000

\# Includes shares held at date of appointment or resignation.

All equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

22. *Key Management Personnel Disclosures (Cont.)*

(d) Loans with Key Management Personnel

There were no loans to key management personnel or their related entities during the financial year.

23. *Financial Risk Management*

The Company's principal financial instruments comprise receivables, payables, cash and short-term deposits, borrowings and convertible notes. The Company manages its exposure to key financial risks in accordance with the Company's financial risk management policy. The objective of the policy is to support the delivery of the Company's financial targets while protecting future financial security.

The main risks arising from the Company's financial instruments are interest rate risk, credit risk, liquidity risk and foreign currency risk. The Group does not speculate in the trading of derivative instruments. The Company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 1 to the financial statements.

Risk Exposures and Responses

Interest rate risk
The Company's exposure to risks of changes in market interest rates relates primarily to the Company's cash balances. The Company constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. As the company has no variable rate interest bearing borrowings its exposure to interest rate movements is limited to the amount of interest income it can potentially earn on surplus cash deposits. The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date.

At balance date, the Group had the following financial assets exposed to variable interest rates that are not designated in cash flow hedges:

	Consolidated		Parent Entity	
	2009 $	**2008 $**	**2009 $**	**2008 $**
Financial Assets				
Cash and cash equivalents (interest-bearing accounts)	**133,140**	221,238	**133,140**	221,238
Net exposure	**133,140**	221,238	**133,140**	221,238

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. The 1.0% sensitivity is based on reasonably possible changes, over a financial year, using an observed range of historical LIBOR movements over the last 3 years.

23. *Financial Risk Management (Cont.)*

At 30 June 2009, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity relating to financial assets of the Group would have been affected as follows:

Judgements of reasonably possible movements:				
Post tax profit – higher / (lower)				
+ 1.0%	**1,331**	2,212	**1,331**	2,212
- 1.0%	**(1,331)**	(2,212)	**(1,331)**	(2,212)
Equity – higher / (lower)				
+ 1.0%	**1,331**	2,212	**1,331**	2,212
- 1.0%	**(1,331)**	(2,212)	**(1,331)**	(2,212)

It is not expected that interest rates will decrease in the foreseeable future.

Liquidity Risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

The Company anticipates a need to raise additional capital in the next 12 months to meet forecasted operational activities. The decision on how the Company will raise future capital will depend on market conditions existing at that time.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The Group has no access to credit standby facilities or arrangements for further funding or borrowings in place.

The financial liabilities the Group had at reporting date were trade payables incurred in the normal course of the business. These were non interest bearing and were due within the normal 30-60 days terms of creditor payments.

Maturities of financial liabilities
The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Consolidated

	Less than 6 months	**6-12 months**	**Between 1-2 years**	**Between 2-5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying amount (assets)/ liabilities**
	$	**$**	**$**	**$**	**$**	**$**	**$**
As at 30 June 2009							
Trade and other payables	**897,489**	**-**	**-**	**-**	**-**	**897,489**	**897,489**
Financial liabilities							
- Fixed rate	**-**	**4,562,105**	**1,140,000**	**-**	**-**	**5,702,105**	**5,702,105**
	897,489	**4,562,105**	**1,140,000**	**-**	**-**	**6,599,594**	**6,599,594**
As at 30 June 2008							
Trade and other payables	1,388,096	**-**	-	**-**	-	1,388,096	1,388,096
Financial liabilities							
- Fixed rate	-	**-**	1,891,446	**-**	-	1,891,446	1,891,446
	1,388,096	**-**	1,891,446	**-**	-	3,279,.542	3,279,.542

23. ***Financial Risk Management (Cont.)***

Parent

	Less than 6 months	6-12 months	Between 1-2 years	Between 2-5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
	$	$	$	$	$	$	$
As at 30 June 2009							
Trade and other payables	**897,489**	**-**	**-**	**-**	**-**	**897,489**	**897,489**
Financial liabilities							
- Fixed rate	**-**	**4,562,105**	**1,140,000**	**-**	**-**	**5,702,105**	**5,702,105**
	897,489	**4,562,105**	**1,140,000**	**-**	**-**	**6,599,594**	**6,599,594**
As at 30 June 2008							
Trade and other payables	1,388,096	**-**	-	**-**	-	1,388,096	1,388,096
Financial liabilities							
- Fixed rate	-	**-**	1,891,446	**-**	-	1,891,446	1,891,446
	1,388,096	**-**	1,891,446	**-**	-	3,279,.542	3,279,.542

Credit risk
Credit risk arises from the financial assets of the Company, which comprise deposits with banks and trade and other receivables. The Company's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of these instruments. The carrying amount of financial assets included in the Balance Sheet represents the Company's maximum exposure to credit risk in relation to those assets.

The Company does not hold any credit derivatives to offset its credit exposure.

The Company trades only with recognised, credit worthy third parties and as such collateral is not requested nor is it the Company's policy to securities it trade and other receivables.

Receivable balances are monitored on an ongoing basis with the result that the Company does not have a significant exposure to bad debts.

There are no significant concentrations of credit risk within the Company.

Capital Management Risk
Management controls the capital of the Group in order to maximise the return to shareholders and ensure that the group can fund its operations and continue as a going concern.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of expenditure and debt levels and share and option issues.

There have been no changes in the strategy adopted by management to control capital of the group since the prior year.

Foreign Currency Risk
As a result of the Group's farm-in operations in the United States of America, the Group's operations can be affected by movements in the US$/A$ exchange rates. The Company does not hedge this exposure.

The Group manages its foreign exchange risk by constantly reviewing its exposure to commitments payable in foreign currency and ensuring appropriate cash balances are maintained in Australian Dollars, to meet current operational commitments.

Management believes the balance date risk exposures are representative of the risk exposure inherent in financial instruments. The Group exposure to the foreign currency risk is considered immaterial at 30 June 2009.

Fair Value
The methods of estimating fair value are outlined in the relevant notes to the financial statements. All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair values unless other wise stated in the applicable notes.

24. ***Events Subsequent to Year End***

There are no matters or circumstances that have arisen since 30 June 2009 that have or may significantly affect the operations, results, or state of affairs of the consolidated entity in future financial years, other than:

(A) In July 2009, the company issued 10,000,000 ordinary fully paid shares at an issue price of 7 cents each, raising gross proceeds of $700,000; and

(B) the company has issued 2,277,151 ordinary fully paid shares on the conversion of unsecured convertible notes with a face value of $105,000;

(C) In July 2009, the company announced that it had signed a non-binding agreement with Crosby Asset Management (Hong Kong) Limited (in its capacity as the Investment Manager of Crosby Active Opportunities Master Fund Limited) and Crosby Special Situations Fund Limited to acquire a 14.17% interest in privately held ESK Limited ("ESK"), which owns production, development, and exploration assets in California.

ESK's indirect wholly owned subsidiary, Orchard Petroleum, Inc. ("Orchard"), has a portfolio of low risk, high quality production, development, appraisal and exploration projects in the prolific San Joaquin Basin in California. Orchard has a 100% working interest in and operates its two main projects, South Belridge and Southeast Lost Hills, which cover approximately 4,100 leased acres. As of 31 December 2008, Orchard had estimated proved and probable reserves of 24 million barrels of oil equivalent and in May 2009 achieved an average production rate of over 1,200 barrels of oil equivalent per day. Current daily production is estimated to be approximately 1,500 barrels of oil equivalent per day.

Orchard Highlights

- Proved and probable reserves (2P) of 24 million barrels of oil equivalent as of 31 December 2008 of which 9 million barrels of oil equivalent are in the proved reserves (1P) category based on a reserve study of Orchard's assets by Netherland, Sewell & Associates, Inc.;
- In May 2009, Orchard achieved an average production rate of over 1,200 barrels of oil equivalent per day (gross) and obtained positive results from a new well stimulation method which could result in a substantial increase in production rates and lower completion costs;
- Ongoing appraisal program targeting proven reservoirs; and
- Experienced senior management team with a strong track record of developing assets and managing operations in California.

Acquisition Terms

The non-binding agreement contemplates the Company acquiring a 14.17% interest in ESK Limited for 24,400,000 million fully paid new ordinary shares of the Company at an issue price A$0.15 per share. Additionally, the parties have agreed on a deferred consideration equivalent to a value of US$11.5 million, less the value at the completion date of the shares initially issued, payable in cash or new shares of the Company by December 2010, at Modena's election.

Modena will also seek to acquire up to an additional 5.83% shareholding in ESK on the same terms and conditions as above, potentially taking Modena's total shareholding to 20.00% in ESK. This acquisition is from other shareholders of ESK and is currently under negotiation.

The acquisition will be subject to, among other conditions, satisfactory completion of confirmatory due diligence by Modena on ESK and its assets, formal documentation, exercise or waiver of pre-emption rights of other ESK shareholders, and Modena shareholder approval.

Corporate

Modena is currently in the process of conducting due diligence. If the due diligence review is satisfactory, Modena will proceed to negotiate formal documentation with Orchard and post to its shareholders a notice convening a shareholders' meeting, setting out full details of the proposed acquisition and seeking the necessary approvals to complete the acquisition.

Subject to the completion of the acquisition, Mr Ajay Kejriwal will join the Board of the Company; and

(D) Mr Paul Black resigned as a Director of the Company.

25. ***Commitments***

Apart from as disclosed in Note 18 the Group has no other commitments as at 30 June 2009.

DIRECTORS DECLARATION

The directors of the company declare that:

1. The financial statements, comprising the income statement, balance sheet, cash flow statement, statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the company and the consolidated entity.

2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

3. The remuneration disclosures included in page 11 of the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2009, comply with section 300A of the Corporations Act 2001.

4. The directors have been given the declarations by the chief executive officer and chief financial officer, or equivalents, required by section 295A.

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

Wayne Bellman
Director

Perth, 29 September 2009

BDO Kendalls

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MODENA RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Modena Resources Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1 (c), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's review report was made.

BDO Kendalls

Auditor's Opinion

In our opinion the financial report of Modena Resources Limited is in accordance with the *Corporations Act 2001*, including:

(a) (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001.*

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1 (c).

Material uncertainty regarding continuation as a going concern

Without qualifying our opinion, we draw attention to the income statements in the financial report which indicates that the group incurred a net loss of $13,598,608 during the year ended 30 June 2009. This condition, along with other matters as set forth in Note 1 (a), indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Modena Resources Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001.*

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls

Peter Toll
Director

Signed in Perth, Western Australia
Dated this 29th day of September 2009

HOLDINGS AS AT 21 SEPTEMBER 2009

Number of Securities Held	FULLY PAID SHARES No. of Holders	OPTIONS 30 June 2010 No. of Holders
1 to 1,000	10	3
1,001 to 5,000	109	82
5,001 to 10,000	135	91
10,001 to 100,000	298	227
100,001 and over	119	89
Total Number of Holders	671	492
Number of holders of less than a marketable parcel	131	317
Percentage of the 20 largest holders	58.16%	59.91%

Substantial Shareholders

The company has been notified of the following substantial shareholdings:

	Number
Arturus Capital Limited	10,000,000
Azur Capital Group Limited	6,010,000
Ilanda Associates Limited	5,217,143

Voting Rights

The Constitution of the company makes the following provision for voting at general meetings:

On a show of hands, every ordinary shareholder present in person, or by proxy, attorney or representative has one vote. On a poll, every shareholder present in person, or by proxy, attorney or representative has one vote for any share held by the shareholder.

20 Largest Holders of Securities as at 21 September 2009:

Fully Paid Ordinary Shares

		No.	%
1.	Arturus Capital Limited	10,000,000	9.99
2.	Azur Capital Group Limited	6,010,000	6.00
3.	Alimold Pty Ltd	6,000,000	5.99
4.	Ilanda Associates Limited	5,217,143	5.21
5.	Novus Capital Nominees Pty Ltd <Nominee A/C>	3,750,000	3.75
6.	Alimold Pty Ltd	3,673,286	3.67
7.	Highland Timbers Pty Ltd	3,010,000	3.01
8.	Renford Consultants Pty Ltd	2,900,000	2.90
9.	Ilanda Associates Limited	2,893,357	2.89
10.	Fodemo Pty Ltd	1,920,000	1.92
11.	Lawnbet Pty Ltd <FMD Super Fund A/C>	1,865,700	1.86
12.	Bell Potter Nominees Ltd <BB Nominees A/C>	1,530,685	1.53
13.	GEB Capital Ltd	1,428,571	1.43
14.	James Lachlan & Heather June McPhee <The Trainspotter A/C>	1,313,993	1.31
15.	Nicholas Barham	1,304,121	1.30
16.	Andrew Lennox	1,243,000	1.24
17.	Everyoung International Holdings Limited	1,106,000	1.10
18.	Simon William Tritton <Investment A/C>	1,080,719	1.08
19.	Palla Nominees Pty Ltd	1,000,000	1.00
20.	Mohammad Reza Samvat <Samvat Family A/C>	969,000	0.97
		41,589,784	58.31

Options 30 June 2010

		No.	%
1.	Thomas Booth <Cedrus Libani Super Fund A/C>	11,953,044	17.47
2.	Andrew Waller	5,840,054	8.54
3.	Novus Capital Nominees Pty Ltd <Nominee A/C>	3,750,000	5.48
4.	Lawnbet Pty Ltd <FMD Super Fund A/C>	2,806,000	4.10
5.	Azur Capital Group Limited	2,000,000	2.92
6.	Group Seventy Three Super Fund Pty Ltd	1,945,000	2.84
7.	Renford Consultants Pty Ltd	1,638,416	2.39
8.	Nicholas Barham	1,304,121	1.91
9.	Bell Potter Nominees Ltd <BB Nominees A/C>	1,132,593	1.66
10.	Lawrence Angelo Buono & Valerie Jean Buono <Zoloto Super Fund A/C>	1,083,353	1.58
11.	Mohammad Reza Samvat <Samvat Family A/C>	1,019,000	1.49
12.	Palla Nominees Pty Ltd	1,000,000	1.46
13.	Najava Pty Ltd <MacIntosh Super Fund A/C>	986,066	1.44
14.	Ian George Knight	745,000	1.09
15.	Bernadette Ann Ross	725,000	1.06
16.	Waterbeach Investments Pty Ltd	700,000	1.02
17.	Michael Robert Bellamy	641,039	0.94
18.	Trafalgar Business Services Pty Ltd	602,000	0.88
19.	Addenbrooke Pty Ltd	561,063	0.82
20.	Marko Anthony Manenica	559,048	0.82
		41,491,521	62.38

Restricted Securities

The company has the following restricted securities on issue as at the date of this report:

- 47,500 ordinary fully paid shares held in escrow until 21 November 2009.

On-market Buy-back

Currently there is no on-market buy-back of the Company’s securities.

Consistency with business objectives

The company has used its cash and assets in a form readily convertible to cash that it had at the time of listing in a way consistent with its stated business objectives.

NOTES

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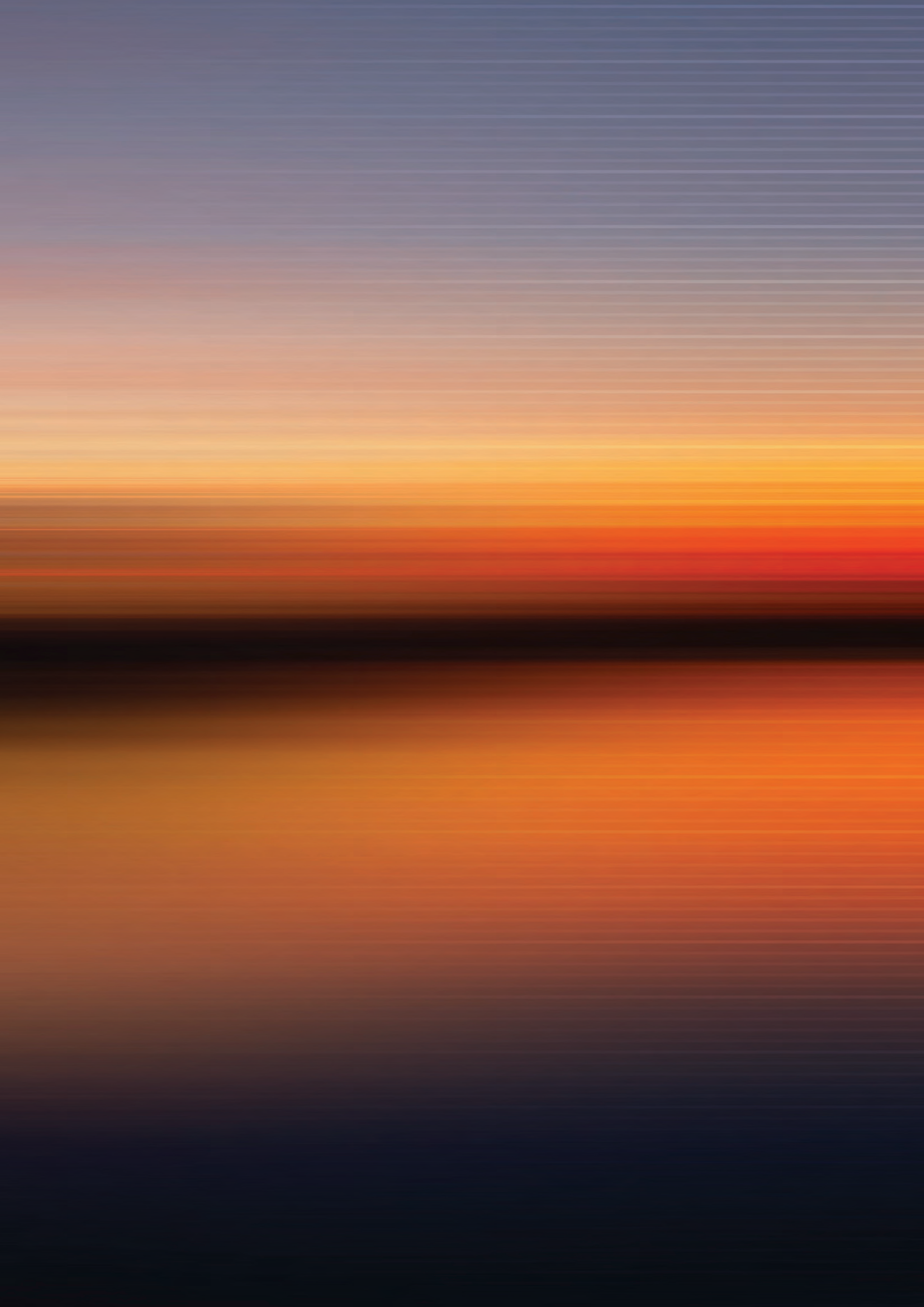

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