

Midwinter Resources N.L.

(ACN 126 129 413)

Annual Report

*For the Year Ended
30 June 2008*

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Corporate Directory

DIRECTORS

Jon O'Callaghan (Chairman)
David Seymour (Non Executive Director)
Philip Molin (Non Executive Director)

AUDITORS

Bentleys
Level 1, 12 Kings Park Road
West Perth, WA 6005

COMPANY SECRETARY

Piers Lewis

SHARE REGISTRY

150 Stirling Hwy
Nedlands
WA 6009

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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Email: info@midwinterresources.com.au
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STOCK EXCHANGE LISTING

The Company is listed on Australian Stock
Exchange Limited
Home Exchange – Perth
ASX Codes: MWN
MWNO

CHAIRMAN'S REPORT

Dear Shareholder

In late October 2007 the Company completed its initial public offering of \$4 million and listing on the ASX. The Company's primary objective is to generate significant shareholder wealth by identifying, acquiring, exploring and/or developing substantial mineral projects that possess the potential for significant cashflow and/or exploration upside.

Upon listing, the Company acquired an interest in two gold projects in Western Australia, being the Old Bronzewing Project located in the Eastern Goldfields of Western Australia and the Wilson's Reef Project located in the East Kimberley region of Western Australia.

The Company also maintains an active program of identifying and evaluating projects in any jurisdiction that satisfy the corporate strategy of the Company. To this end, the Company has recently entered into an agreement to acquire an 80% interest in the Landak Bauxite project in Kalimantan, Indonesia.

The Landak project comprises three licence applications covering 70,000 hectares of tenure in north-west Kalimantan, Indonesia. The project area is located 160km by sealed road north east of the town and coastal port of Pontianak.

Preliminary work carried out at Landak has defined four areas with potential for economic bauxite. Whilst there has been insufficient exploration to define a mineral resource, and it is uncertain if further exploration will result in the determination of a mineral resource, a review of available data has resulted in an exploration target of 250Mt - 350Mt of raw material being defined.

We are looking forward to productive year and I take this opportunity to thank shareholders for their continuing support. I would also like to thank our board and team of consultants and advisors for the contribution that they have made to the running and development of the Company over the past year.

Yours sincerely

Jon O'Callaghan
Chairman

DIRECTORS' REPORT

Your directors present their report on the Company for the year ended 30 June 2008.

1. DIRECTORS

The names of directors in office at any time during or since the end of the year are:

Jon O'Callaghan
Philip Miolin
David Seymour

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

COMPANY SECRETARY

Mr Piers Lewis was appointed as Company Secretary on 8 July 2008 following the resignation of Miss Lisa Wynne.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial year was mineral exploration and project acquisition.

There were no significant changes in the nature of the Company's principal activities during the financial year other than as stated in the Chairman's Report.

3. OPERATING RESULTS

The loss of the Company after providing for income tax amounted to \$197,229 (2007: \$6,702 loss).

4. DIVIDENDS PAID OR RECOMMENDED

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

5. REVIEW OF OPERATIONS

Midwinter Resources NL successfully listed on the Australian Stock Exchange in October 2007, raising capital of \$4.356 million.

A Memorandum of Understanding ("MoU") was signed with Marr Group ("Marr") on 17 December 2007 whereby Marr will provide the Company with the opportunity to acquire a majority interest in a substantial mineral project located in Russia ("Project").

On 18 January 2008, the Company advanced \$2 million to Blackham Resources Limited ("Blackham"), the loan was repaid in full on 20 January 2008 plus a 1% fee on loan proceeds and 200,000 Blackham Options exercisable at \$1 expiring 17 January 2013.

6. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 17 July 2007, the Company issued 4,200,000 ordinary shares at \$0.001 each to promoters. The Company also issued 11,700,000 partly paid shares (paid to \$0.0001 each) to parties involved in the promotion of the Company.

On 31 August 2007, the Company issued 3,075,000 ordinary shares at \$0.10 each to parties for seed capital purposes.

On 25 October 2007, the Company issued 17,425,000 ordinary shares at \$0.25 each to various parties pursuant to the prospectus dated 12 September 2007. The offer was fully subscribed and the Company commenced quotation on the Australian Stock Exchange on 30 October 2007.

DIRECTORS' REPORT (Continued)

On 30 October 2007, the Company issued 300,000 ordinary shares at \$0.25 each to Maincoast Pty Ltd and Peter Symonds as vendor stock.

On 14 December 2007, the Company lodged a short form prospectus for a non-renounceable entitlements issue of 18,350,001 New Options on the basis of 1 New Option for every 2 Shares held by Shareholders at an issue price of 1 cent per New Option to raise up to \$183,500. The Company advises that the offer was closed on 18 January 2008 and the shortfall of the issue was 793,998 Options which was subsequently placed in accordance of Section 4.120 of the prospectus.

On 15 February 2008, 200,000 options were issued to Mr Alan Thom as consideration for the provision of ongoing technical services. The options are exercisable at \$0.50 on or before 14 February 2010.

There were no other significant changes in the state of affairs of the Company during the financial year.

7. AFTER BALANCE DATE EVENTS

On 17 July 2008, 2,880,000 Ordinary Shares and 11,500,000 Partly Paid Shares in the Company were released from Escrow.

The company announced on 26 August 2008 that it had been granted an option to purchase an 80% interest in the Landak Bauxite project located in north-west Kalimantan, Indonesia.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

8. FUTURE DEVELOPMENTS

Other than as referred to in this report, further information as to likely developments in the operations of the Company and expected results of those operations would, in the opinion of the Directors, be speculative and prejudicial to the interests of the Company and its shareholders.

9. INFORMATION ON DIRECTORS**BOARD OF DIRECTORS**

The names and details of the Company directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Jonathon O'Callaghan (Non-Executive Chairman)

Mr O'Callaghan has two decades of business experience, primarily as a corporate financier to emerging natural resource companies. His experience includes initiating, structuring, managing and capitalising a broad range of transactions including IPOs and secondary capital raisings, stock exchange listings, asset acquisitions and divestments, takeovers and re-organisations.

Mr O'Callaghan has played a key role in the inception, growth and development of numerous companies, including three that have gone on to become S&P/ASX Top 200 companies. Now based in London, he continues to draw on his extensive network and business experience to identify and secure exceptional natural resource projects

Responsibilities: Mr O'Callaghan is a member of the Nomination and Remuneration Committee and a member of the Audit Committee.

Mr O'Callaghan has no other directorships of other listed entities in the past three years immediately before the end of the financial year.

DIRECTORS' REPORT (Continued)**Philip Miolin (Non-Executive Director)**

Mr Miolin has a Bachelor of Arts and is presently actively involved in the Arts. He has a Graduate Diploma in Education and is a sessional lecturer at Curtin University. He has a long history of involvement in the resources sector and is a long term investor in Australian Mining stocks.

He has a strong network of mining industry contacts that will further assist in the Company's growth.

Responsibilities: Mr Miolin is a member of the Audit Committee and a member of the Nomination and Remuneration Committee.

Mr Miolin has no other directorships of other listed entities in the past three years immediately before the end of the financial year.

David Seymour (Non-Executive Director)

David has over 25 years experience at executive level in the financial markets primarily in Investment banking and equities. He spent 10 years as a director of Capital Markets with UBS as well as holding positions as a Treasurer and General Manager with other financial institutions.

He has experience in equity/capital markets raisings, due diligence, risk management and ASX compliance and regulatory requirements combined with an extensive knowledge of global interest rate markets.

David brings additional financial, strategic and investment analysis skills to the Company.

Responsibilities: Mr Seymour is Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee.

Mr Seymour has no other directorships of other listed entities in the past three years immediately before the end of the financial year.

Piers Lewis (Company Secretary, appointed 8 July 2008)

Mr Lewis has over 11 years corporate experience. Previous appointments include Manager at Investment Banking Division, Credit Suisse – London, Senior Manager of Regulatory Projects at Mizuho International and Senior Analyst, NAB Capital. Mr Lewis qualified in 2001 as a Chartered Accountant with Deloitte, Perth.

Lisa Wynne (Company Secretary, resigned 8 July 2008)

Ms Wynne is a Chartered Accountant with 7 years experience working with listed entities in senior financial roles responsible for management and financial reporting, taxation, and ensuring continuous disclosure and compliance. Lisa presently works with a number of emerging ASX listed resource companies and specialises in financial and company secretarial transaction and corporate work.

CORPORATE STRUCTURE

Midwinter Resources NL is a company limited by shares that is incorporated and domiciled in Australia. Midwinter Resources NL had no controlled entities during the financial year.

FINANCIAL POSITION

The Company's working capital, being current assets less current liabilities was \$4,445,316 at 30 June 2008 (2007: (\$6,702)).

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.

DIRECTORS' REPORT (Continued)**DIRECTORS' MEETINGS**

The number of meetings attended by each of the Directors of the Company during the financial year was:

Board Meetings		
	Number held and entitled to attend	Number Attended
Jon O'Callaghan	7	6
David Seymour	7	7
Philip Miolin	7	7
Audit Committee Meetings		
	Number held and entitled to attend	Number Attended
Jon O'Callaghan	2	1
David Seymour	2	2
Philip Miolin	2	2
Due Diligence Committee Meetings		
	Number held and entitled to attend	Number Attended
Jon O'Callaghan	2	2
David Seymour	2	2
Philip Miolin	2	2

ENVIRONMENTAL ISSUES

The Company's operations are subject to State and Federal laws and regulation concerning the environment. Details of the Company performance in relation to environmental regulation are as follows:

The Company's exploration activities are subject to the Western Australian Mining Act. The Company has a policy of complying with or exceeding its environmental performance obligations. The Board believes that the Company has adequate systems in place for the management of its environmental requirements. The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors of the Company are not aware of any breach of environmental legislation for the financial year under review.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

DIRECTORS' REPORT (Continued)**SHARE OPTIONS**

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

Grant Date	Date of Expiry	Exercise Price	Number under Option
14 December 2007	30 September 2009	\$0.25	18,350,001
18 February 2008	14 February 2010	\$0.50	200,000
			18,550,001

REMUNERATION REPORT

This report details the type and amount of remuneration for each director of Midwinter Resources NL, and for the executives receiving the highest remuneration.

Remuneration Policy

It is the company's objective to provide maximum stakeholder benefit from the retention of a high quality board by remunerating directors fairly and appropriately with reference to relevant employment market conditions. To assist in achieving the objective the Board links the nature and amount of executive directors' emoluments to the company's financial and operational performance. The expected outcomes of this remuneration structure are:

- Retention and Motivation of Directors
- Performance rewards to allow Directors to share the rewards of the success of Midwinter Resources NL

The remuneration of an executive director will be decided by the Remuneration and Nomination Committee. In determining competitive remuneration rates the Committee reviews local and international trends among comparative companies and the industry generally. It also examines terms and conditions for the employee share option plan.

The maximum remuneration of non-executive Directors is the subject of Shareholder resolution in accordance with the Company's Constitution, and the Corporations Act 2001 as applicable. The appointment of non-executive Director remuneration within that maximum will be made by the Board having regard to the inputs and value of the Company of the respective contributions by each non-executive Director.

The Board may award additional remuneration to non-executive Directors called upon to perform extra services or make special exertions on behalf of the Company.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

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

Performance Based Remuneration

The issue of options to directors is in accordance with the Company's employee share option plan to encourage the alignment of personal and shareholder returns. The intention of this program is to align the objectives of directors/executives with that of the business and shareholders. In addition all directors and executives are encouraged to hold shares in the Company.

The Company has not paid bonuses to directors or executives to date.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The remuneration policy has been tailored to maximise the commonality of goals between shareholders and directors and executives. The method applied in achieving this aim to date being the issue of options to directors to encourage the alignment of personal and shareholder interests. The company believes this policy will be the most effective in increasing shareholder wealth.

DIRECTORS' REPORT (Continued)**Details of Remuneration for Year Ended 30 June 2008**

The remuneration for each director and of the one executive officer of the Company during the year was as follows:

Directors and Executive Officers' Emoluments

SHORT-TERM BENEFITS			POST EMPLOYMENT		SECURITIES ISSUED		TOTAL
Salary, Fees & Superannuation	Other	Non-Monetary	Superannuation	Retirement Benefits	Equity	Options	\$
Jon O'Callaghan – Chairman							
50,000	-	-	4,500	-	-	-	54,500
Philip Miolin – Non Executive Director							
35,000	-	-	3,150	-	-	-	38,150
David Seymour – Non Executive Director							
35,000	-	-	3,150	-	-	-	38,150
Lisa Wynne – Company Secretary (resigned 8 July 2008)							
28,778	-	-	-	-	-	-	28,778
Total Remuneration Directors							
148,778	-	-	10,800	-	-	-	159,578

No remuneration was paid to Directors or Executives during the financial period ended 30 June 2007.

Employment Contracts of Directors and Senior Executives

There were no formal contracts finalised as at the completion of the June 2008 financial year for Non-executive Directors. Non-executive Directors are paid under the terms agreed to by a directors resolution at rates detailed below:

Mr O'Callaghan will receive director's fees of \$50,000 per annum exclusive of superannuation requirements.

Mr Seymour will receive director's fees of \$35,000 per annum exclusive of superannuation requirements.

Mr Miolin will receive director's fees of \$35,000 per annum exclusive of superannuation requirements

The Company Secretary has a monthly agreement on ordinary commercial terms.

DIRECTORS' REPORT (Continued)**DIRECTORS' INTERESTS IN SHARES AND OPTIONS**

As at the date of this report, the interests of the Directors in the ordinary shares and options of the Company are:

Directors	Ordinary Shares			Options			
	Balance at beginning of period	Purchased/(Sold)	Balance at end of period	Balance at beginning of period	Expired	Issued / Purchased ¹	Balance at end of period
J O'Callaghan	-	1	1	-	-	-	-
D Seymour	-	220,000	220,000	-	-	160,000	160,000
P Miolin	-	100,001	100,001	-	-	100,000	100,000

¹ Participated in 2:1 rights issue.

As at the date of this report, the interests of the Directors in the Partly Paid Contributing Shares of the Company are:

Directors	Partly Paid Contributing Shares		
	Balance at beginning of period	Purchased/(Sold)	Balance at end of period
J O'Callaghan	-	-	-
D Seymour	-	100,000	100,000
P Miolin	-	100,000	100,000

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company paid a premium of \$12,367 to insure Directors and Officers of the Company. The Directors and Officers have indemnities in place with the Company whereby the Company has agreed to indemnify the Directors and Officers in respect of certain liabilities incurred by the Director or Officer while acting as a director of the Company and to insure the Director or Officer against certain risks the Director or Officer is exposed to as an officer of the Company.

NON-AUDIT SERVICES

The board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2008:

	\$
Independent Accountants Report	7,000
	<u>7,000</u>

DIRECTORS' REPORT (Continued)

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2008 has been received and immediately follows the Directors' Report.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Midwinter Resources support and have adhered to the principles of sound corporate governance.

The Board recognises the recent recommendations of the Australian Stock Exchange Corporate Governance Council, and considers that Midwinter Resources is in compliance with those guidelines which are of critical importance to the commercial operation of a junior listed resources company. During the financial year, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Company. The Company's corporate governance statement and disclosures are contained in the annual report.

This report is made in accordance with a resolution of the Directors.



Philip Miolin
Director

Perth, Western Australia
26 September 2008

To The Board of Directors

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

This declaration is made in connection with our audit of the financial report of Midwinter Resources NL for the year ended 30 June 2008 and in accordance with the provisions of the Corporations Act 2001.

We declare that, to the best of our knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit;
- no contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to the audit.

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants



CHRIS WATTS
Director

DATED at PERTH this 26th day of September 2008

INCOME STATEMENT
For the year ended 30 June 2008

	NOTE	2008 \$	2007 \$
Revenues	2	225,982	-
Occupancy costs		(49,607)	-
Professional fees		(94,090)	-
Corporate		(30,521)	
Personnel		(134,988)	
Administration costs	3	(61,921)	(6,667)
Exploration costs		(45,602)	(25)
Other	3	(6,482)	-
Loss from ordinary activities before income tax benefit	3	(197,229)	(6,702)
Income tax benefit relating to ordinary activities	5	-	-
Net Loss attributable to members		(197,229)	(6,702)
Basic and diluted earnings (loss) per share (cents per share)	16	(1.1)	

The accompanying notes form part of these financial statements.

BALANCE SHEET
As at 30 June 2008

	NOTE	2008 \$	2007 \$
CURRENT ASSETS			
Cash and cash equivalents	6	4,410,003	-
Trade and other receivables	7	47,414	227
Other	9	4,604	-
TOTAL CURRENT ASSETS		4,462,021	227
NON CURRENT ASSETS			
Financial Assets	8	2,200	-
Exploration and evaluation expenditure	10	85,227	-
TOTAL NON CURRENT ASSETS		87,427	-
TOTAL ASSETS		4,549,448	227
CURRENT LIABILITIES			
Trade and other payables	11	16,705	6,927
TOTAL CURRENT LIABILITIES		16,705	6,927
TOTAL LIABILITIES		16,705	6,927
NET ASSETS/(LIABILITIES)		4,532,743	(6,700)
EQUITY			
Issued Capital	12	4,547,848	2
Reserves	13	188,826	-
Accumulated losses	14	(203,931)	(6,702)
TOTAL EQUITY		4,532,743	(6,700)

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT
For the Year Ended 30 June 2008

	NOTE	2008 \$	2007 \$
Cash Flows from Operating Activities			
- Payments to suppliers and employees		(370,667)	(2)
- Interest received		181,453	-
- Payments for exploration and evaluation		(4,131)	-
<i>Net cash used in operating activities</i>	17	<u>(193,345)</u>	<u>(2)</u>
Cash Flows from Investing Activities			
- Payment for exploration property		(51,000)	
- Purchase of financial assets		(2,000)	-
<i>Net cash used in investing activities</i>		<u>(53,000)</u>	<u>-</u>
Cash Flows from Financing Activities			
- Proceeds from issue of shares		4,852,620	2
- Payment for costs of issue of shares		(196,275)	-
<i>Net cash provided by financing activities</i>		<u>4,656,347</u>	<u>2</u>
Net increase in cash held		4,410,003	-
Cash at beginning of financial year		-	-
Cash at end of financial year	6	<u>4,410,003</u>	<u>-</u>

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
For the Year Ended
30 June 2008

	Issued Capital	Reserves	Accumulated Losses	Total
	\$	\$	\$	\$
Balance on Incorporation	2	-	-	2
Loss for the period	-	-	(6,702)	(6,702)
Balance at 30 June 2007	2	-	(6,702)	(6,700)
Issue of share capital	4,744,120	-	-	4,744,120
Issue of options	-	188,826	-	188,826
Costs to issue	(196,274)	-	-	(196,274)
Loss for the year	-	-	(197,229)	(197,229)
Balance at 30 June 2008	4,547,848	188,826	(203,931)	4,532,743

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2008**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial report covers the Company of Midwinter Resources NL. Midwinter Resources NL is a public company, incorporated and domiciled in Australia.

The financial report of Midwinter as an individual entity complies with all International Financial Reporting Standards (IFRS) in their entirety.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

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

(a) Exploration, Evaluation and Development Expenditure

Costs incurred during exploration and evaluation related to an area of interest are accumulated. Costs are carried forward provided such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not at balance date reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. In these instances the Company must have rights of tenure to the area of interest and must be continuing to undertake exploration operations in the area.

These assets are considered for impairment on an annual basis, depending on the existence of impairment indicators including:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; and
- sufficient key data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Costs carried forward in respect of an area of interest that is abandoned are written off in the year in which the decision to abandon is made.

(b) Financial Instruments

Financial instruments 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, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial instruments are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Company determines the classification of its financial instruments after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2008**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) 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 three preceding 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.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

(v) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2008**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(c) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-borrowings in current liabilities on the balance sheet.

(d) Trade and Other Receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the entity will not be able to collect the debts. Bad debts are written off when identified.

(e) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

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

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(f) Impairment of Assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from the other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generated unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation increase.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2008**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(g) Goods and Services Tax (GST)

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

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

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

(h) Taxation

The Company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit/loss from ordinary activities adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(i) Trade and Other Payables

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2008**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(j) Share Based Payments

Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(k) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(l) Earnings Per Share

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

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

Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Estimates – Exploration and evaluation costs

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

The financial report was authorised for issue on 26 September 2008 by the board of directors.

	2008 \$	2007 \$
2. REVENUE		
Operating activities		
- interest received	205,782	-
- other revenue	20,200	-
Total Revenue	225,982	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2008**

3. LOSS FOR THE YEAR**Expenses**

	2008	2007
	\$	\$
Exploration Expenditure written off	45,602	25
Option Expense	5,326	-

4. AUDITORS' REMUNERATION

	2008	2007
	\$	\$
Remuneration of the auditor for:		
- Auditing or reviewing the financial report	15,000	4,000
- Independent Accountant's Report	7,000	-
	<u>22,000</u>	<u>4,000</u>

5. INCOME TAX EXPENSE

The components of the tax expense/(income) comprise:	2008	2007
	\$	\$
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>

(a) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:

Net profit/(loss) before tax	(197,229)	(6,702)
Prima facie tax (benefit) on loss from ordinary activities before income tax at 30% (2007 30%)	<u>(59,170)</u>	<u>(2,010)</u>
Add:		
Tax effect of:		
Non-deductible expenses	-	-
Option Expense	1,598	-
	<u>1,598</u>	<u>-</u>
Less:		
Tax effect of:		
Revaluation of shares not subject to income tax	(60)	-
Interest accrual	(13,229)	-
Tax benefit of deductible equity raising costs	(39,255)	-
Deferred tax asset not brought to account at balance date as realisation of the benefit is not probable	<u>110,116</u>	<u>2,010</u>
	<u>-</u>	<u>-</u>
Income tax attributable to entity	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2008**

No income tax is payable by the Company. The Directors have considered it prudent not to bring to account the deferred tax asset of income tax losses and exploration deductions until it is probable of deriving assessable income of a nature and amount to enable such benefit to be realised.

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(h) occur:

- temporary differences \$11,691 (2007: \$0)
- tax losses: operating losses \$197,232 (2007: \$6,702)
- tax losses: capital losses \$39,255 (2007: \$0)

	2008 \$	2007 \$
6. CASH AND CASH EQUIVALENTS		
Cash at bank	19,803	-
Petty cash	200	2
Deposits at call (i)	4,390,000	-
	<u>4,410,003</u>	<u>2</u>

(i) The bank deposits are bank bills maturing within 30 days, and pay interest at a rate of 7.54% and 7.61% per annum.

	2008 \$	2007 \$
7. TRADE AND OTHER RECEIVABLES		
Current		
Trade debtors	3,084	-
Accrued interest	44,330	-
GST receivable	-	227
	<u>47,414</u>	<u>227</u>

8. FINANCIAL ASSETS		
Non-Current		
Shares in listed corporations, at fair value	2,200	-
	<u>2,200</u>	<u>-</u>

9. OTHER ASSETS		
Prepayments	4,604	-
	<u>4,604</u>	<u>-</u>

10. EXPLORATION AND EVALUATION EXPENDITURE

Non-Current

Costs carried forward in respect of areas of interest in:

- Exploration and evaluation phases – at cost	<u>85,227</u>	<u>-</u>
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2008**

Movement	2008 \$	2007 \$
(a) Brought forward	-	-
Exploration expenditure capitalised during the year	130,855	25
Provision for impairment	-	-
Exploration expenditure written off	(45,628)	(25)
	<u>85,227</u>	<u>-</u>

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

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

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

	2008 \$	2007 \$
11. TRADE AND OTHER PAYABLES		
Current - Unsecured		
Trade creditors	6,705	2,927
Other creditors and accrued expenses	10,000	4,000
	<u>16,705</u>	<u>6,927</u>

12. ISSUED CAPITAL

	2008 \$	2007 \$
(a) Share capital		
Ordinary shares		
Fully paid	25,000,002 4,546,678	2 2
(b) Other equity securities		
Partly-Paid Contributing Shares	11,700,000 1,170	- -
Total contributed equity	<u>36,700,002 4,547,848</u>	<u>2 2</u>

(c) Movements in Ordinary Shares

Details	Number of Shares	Issue price	\$'000
Balance at beginning of year	2		2
Shares issued – promoters	4,200,000	\$0.001	4,200
Shares issued – seed capitalists	3,075,000	\$0.10	307,500
Shares issued – IPO	17,425,000	\$0.25	4,356,250

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2008**

Shares issued – Vendor	300,000	\$0.25	75,000
Less: Transaction costs	<u>-</u>		<u>(196,274)</u>
Balance at end of year	25,000,002		4,546,678

(d) Movements in other equity securities

Details	Number of Shares	Issue price	\$'000
Partly-Paid Contributing Shares			
Balance at beginning of year	-		-
Shares issued	<u>11,700,000</u>	\$0.0001	<u>1,170</u>
Balance at end of year	<u>11,700,000</u>		<u>1,170</u>

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

(e) Capital Management

Management controls the capital of the company in order to provide the shareholders with adequate returns and ensure that the company can fund its operations and continue as a going concern.

The company's capital includes ordinary share capital. There are no externally imposed capital requirements.

13. RESERVES

Option Reserve	2008 \$	2007 \$
Balance at the beginning of the financial period	-	-
Listed options issued	183,500	-
Options issued to consultants	<u>5,326</u>	-
Balance at the end of the financial year	<u>188,826</u>	-

	Number of Shares	Issue price	\$'000
Listed Options			
Balance at beginning of year	-		-
Options issued	<u>18,350,001</u>	\$0.01	<u>\$183,500</u>
Balance at end of year	<u>18,350,001</u>		<u>\$183,500</u>
Unlisted Options			
Balance at beginning of year	-		-
Options issued	<u>200,000</u>		-
Balance at end of year	<u>200,000</u>		-

The option reserve records funds received for options issued and items recognised as expenses on valuation of share options issued.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2008**

	2008 \$	2007 \$
14. ACCUMULATED LOSSES		
Accumulated losses at the beginning of the financial year	(6,702)	-
Net loss attributable to members	(197,229)	(6,702)
Accumulated losses at the end of the financial year	(203,931)	(6,702)

15. FINANCIAL INSTRUMENTS

a. Financial Risk Management Policies

The company's financial instruments consist solely of deposits with banks. No financial derivatives are held.

i. Financial Risk Exposures and Management

The main risk the company is exposed to through its financial instruments is interest rate risk.

Interest rate risk

Interest rate risk is managed by obtaining the best commercial deposit interest rates available in the market by the major Australian Financial Institutions.

Credit risk

The maximum exposure to credit risk, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

ii. Net Fair Values

The net fair values of:

- Listed investments have been valued at the quoted market bid price at balance date, adjusted for transaction costs expected to be incurred.
- Other assets and other liabilities approximate their carrying value.

iii. Sensitivity Analysis

Interest Rate Risk

The company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2008

At 30 June 2008, the effect on loss as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2008	2007
Change in loss		
— Increase in interest rate by 1.0%	44,000	-
— Decrease in interest rate by 1.0%	(44,000)	-
Change in equity		
— Increase in interest rate by 1.0%	44,000	-
— Decrease in interest rate by 1.0%	(44,000)	-

	1 year or less	Over 1-5 years	Non interest bearing	Total
	\$	\$	\$	\$
2008				
Financial assets				
Cash and cash equivalents	4,390,000	-	20,003	4,410,003
Trade and other receivables	-	-	47,414	47,414
Total financial assets	4,390,000	-	67,417	4,457,417
Financial liabilities				
Trade and other payables	-	-	16,705	16,705
Total financial liabilities	-	-	16,705	16,705

Weighted average interest rate 7.60%

	1 year or less	Over 1-5 years	Non interest bearing	Total
	\$	\$	\$	\$
2007				
Financial assets				
Cash and cash equivalents	-	-	-	-
Trade and other receivables	-	-	229	229
Total financial assets	-	-	229	229
Financial liabilities				
Trade and other payables	-	-	6,927	6,927

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2008

Total financial liabilities	-	-	6,927	6,927
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Weighted average interest rate Nil%

16. EARNINGS PER SHARE	2008	2007
	\$	\$
a) Earnings / (Loss) used in the calculation of basic EPS	(197,229)	(6,702)

	Number of Shares	Number of Shares
(b) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share:	18,443,991	2
(c) Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share:	18,443,991	2

17. CASH FLOW INFORMATION	2008	2007
	\$	\$
Reconciliation of cash flows from operating activities with profit/(loss) after income tax		
- Profit / (Loss) after income tax	(197,229)	(6,702)
Non-cash flows in loss for the year		
- Asset revaluation	(200)	-
- Employee equity settled transactions		
- Share based payments	5,326	
Cash flows not in loss for the year		
- Payments for exploration and evaluation	(19,830)	
Changes in assets and liabilities		
- Decrease/(Increase) in receivables & prepayments	(53,795)	(227)
- Exploration written off	45,603	
- Increase/(Decrease) in trade and other creditors, accruals and employee entitlements	26,780	6,927
Net cash inflows (outflows) from Operating Activities	(193,345)	(2)

18. SEGMENT INFORMATION

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

19. EVENTS SUBSEQUENT TO REPORTING DATE

On 17 July 2008, 2,880,000 Ordinary Shares and 11,500,000 Partly Paid Shares in the Company were released from Escrow.

**NOTES TO THE FINANCIAL STATEMENTS
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30 JUNE 2008**

The company announced on 26 August 2008 that it had been granted an option to purchase an 80% interest in the Landak Bauxite project located in north-west Kalimantan, Indonesia.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

20. RELATED PARTY TRANSACTIONS

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated. For the financial year ended 30 June 2008 there were no such transactions.

21. KEY MANAGEMENT PERSONNEL COMPENSATION

- a. Names and positions held of consolidated and parent entity key management personnel in office at any time during the financial year are:

Key Management Person	Position
Jon O'Callaghan	Non-executive Chairman
Philip Miolin	Non-executive Director
David Seymour	Non-executive Director

Key management personnel remuneration has been included in the Remuneration Report section of the Directors Report

- b.

Number of Options Held by Key Management Personnel

	Balance 1.7.2007	Granted as Compen- sation	Options Exercised*	Net Change Other*
Jon O'Callaghan	-	-	-	-
Philip Miolin	-	-	-	100,000
David Seymour	-	-	-	160,000
Total	-	-	-	260,000

Number of Options Held by Key Management Personnel

	Balance 30.6.2008	Total Vested 30.6.2008	Total Exer- cisable 30.6.2008	Total Unexer- cisable 30.6.2008
Jon O'Callaghan	-	-	-	-
Philip Miolin	100,000	100,000	100,000	-
David Seymour	160,000	160,000	160,000	-
Total	260,000	260,000	260,000	-

- c. Shareholdings

i) Number of Ordinary Shares held by Key Management Personnel

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2008**

	Balance 1.7.2007	Received as Compen- sation	Options Exercised	Net Change Other*	Balance 30.6.2008
Jon O'Callaghan	1	-	-	-	1
Philip Miolin	1	-	-	100,000	100,001
David Seymour	-	-	-	220,000	220,000
Total	2	-	-	320,000	320,002

* Net Change Other refers to shares purchased or sold during the financial year.

ii) Number of Partially Paid Contributing Shares held by Key Management Personnel

	Balance 1.7.2007	Received as Compen- sation	Options Exercised	Net Change Other*	Balance 30.6.2008
Jon O'Callaghan	-	-	-	-	-
Philip Miolin	-	-	-	100,000	100,000
David Seymour	-	-	-	100,000	100,000
Total	-	-	-	200,000	200,000

* Net Change Other refers to shares purchased or sold during the financial year.

22. CHANGE IN ACCOUNTING POLICY

The following Australian Accounting Standards have been issued or amended and are applicable to the parent and consolidated group but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment	Standards Affected	Outline of Amendment	Application Date of Standard	Application Date for Group
AASB 2007-3 Amendments to Australian Accounting Standards	AASB 5 Non-current Assets Held for Sale and Discontinued Operations AASB 6 Exploration for and Evaluation of Mineral AASB 102 Inventories AASB 107 Cash Flow Statements AASB 119 Employee Benefits AASB 127 Consolidated and Separate Financial Statements AASB 134 Interim Financial Reporting AASB 136 Impairment of Assets	The disclosure requirements of AASB 114: Segment Reporting have been replaced due to the issuing of AASB 8: Operating Segments in February 2007. These amendments will involve changes to segment reporting disclosures within the financial report. However, it is anticipated there will be no direct impact on recognition and measurement	1.1.2009	1.7.2009

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2008**

AASB Amendment	Standards Affected	Outline of Amendment	Application Date of Standard	Application Date for Group
	AASB 1023	General Insurance Contracts	criteria amounts included in the financial report	
	AASB 1038	Life Insurance Contracts		
AASB 8 Operating Segments	AASB 114	Segment Reporting	As above	1.1.2009
AASB 2007-6 Amendments to Australian Accounting Standards	AASB 1	First time adoption of AIFRS	The revised AASB 123: Borrowing Costs issued in June 2007 has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact to the amounts included in the financial group as they already capitalise borrowing costs related to qualifying assets.	1.1.2009
	AASB 101	Presentation of Financial Statements		1.7.2009
	AASB 107	Cash Flow Statements		
	AASB 111	Construction Contracts		
	AASB 116	Property, Plant and Equipment		
	AASB 138	Intangible Assets		
AASB 123 Borrowing Costs	AASB 123	Borrowing Costs	As above	1.1.2009
AASB 2007-8 Amendments to Australian Accounting Standards	AASB 101	Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income.	1.1.2009
AASB 101	AASB 101	Presentation of Financial Statements	As above	1.1.2009

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2008

23. COMMITMENTS

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

	2008 \$	2007 \$
Not longer than one year	-	-
Longer than one year, but not longer than five years	18,040	-
Longer than five years	-	-
	<u>18,040</u>	<u>-</u>

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

24. SHARE BASED PAYMENTS

Options were also issued as consideration for the provision of ongoing technical services to a consultant on 18 February 2008.

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

	2008		2007	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
At beginning of reporting period	-		-	
Granted during the period				
- Employee & consultants options	200,000	\$0.50	-	
- Exercised	-		-	
Balance the end of reporting period	<u>200,000</u>	<u>\$0.50</u>	<u>-</u>	
Exercisable at end of reporting period	<u>200,000</u>	<u>\$0.50</u>	<u>-</u>	

25. CONTINGENT ASSETS AND LIABILITIES

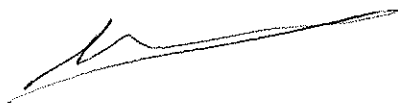
There are no contingent liabilities outstanding at the end of the year.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 14 to 33, are in accordance with the Corporations Act 2001:
 - (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 2008 and of the performance for the year ended on that date of the company; and
2. the Chief Executive Officer and Chief Financial Officer have each declared that:
 - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. in the 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.

This declaration is made in accordance with a resolution of the Board of Directors.



Philip Miolin
Director

Perth,
26 September 2008

Independent Audit Report

To the Members of Midwinter Resources NL

We have audited the accompanying financial report of Midwinter Resources NL (the company), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the company.

As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of directors and executives (remuneration disclosures), required by Accounting Standard AASB 124: Related Party Disclosures, under the heading 'Remuneration Report' in pages 9 to 10 of the directors' report and not in the financial report.

Directors Responsibility for the Financial Report

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

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Auditor's Opinion

In our opinion:

- a. The financial report of Midwinter Resources NL is in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the company's financial position as at 30 June 2008 and of its 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; and
- b. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1
- c. the remuneration disclosures that are contained in pages 9 to 10 of the directors' report comply with Accounting Standard AASB 124.

Bentleys

BENTLEYS
Chartered Accountants



CHRIS WATTS
Director

DATED at PERTH this 26th day of September 2008

ADDITIONAL SHAREHOLDER INFORMATION**Shareholding**

The distribution of members and their holdings of equity securities in the company as at 25 September 2008 was as follows:

Number Held as at 25 September 2008	Class of Equity Securities	
	Fully Paid Ordinary Shares	Options expiring 30 November 2008
1-1,000	0	3
1,001 - 5,000	11	97
5,001 - 10,000	111	106
10,001 - 100,000	265	166
100,001 and over	44	23
TOTALS	431	395

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

Nil

Substantial Shareholders

There are no substantial shareholders as at 25 September 2008.

Restricted Securities

The Company has issued the following restricted securities:

Class of Equity Security	Number	Date Ceasing To Be Restricted Securities
Fully Paid Ordinary Shares	1,152,000	30 October 2009

Voting RightsOrdinary Shares

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

ASX Listing Rule 4.10.19

In accordance with Listing Rule 4.10.19, the company states that it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives. The business objective is primarily mineral exploration.

ADDITIONAL SHAREHOLDER INFORMATION (CONT.)**Twenty Largest Shareholders**

The names of the twenty largest ordinary fully paid shareholders and 30 November 2008, 20 cent option holders are as follows:

Ordinary Shares		Number Held	% Held	Options	Number Held	% Held
1.	Ferrox Ltd	1,000,000	4.00	Ferrox Ltd	2,000,000	10.90
2.	Infeon Ltd	1,000,000	4.00	Redmet Limited	1,116,667	6.01
3.	Strummer Limited	1,000,000	4.00	Clive Jones	1,075,000	5.86
4.	Kingsreef Pty Ltd	974,000	3.90	Kakula Limited	1,058,333	5.77
5.	Redmet Limited	733,334	2.93	Kingsreef Pty Ltd	1,008,000	5.49
6.	Clive Jones	650,000	2.60	Sept Rouges Ltd	1,000,000	5.45
7.	Kakula Limited	616,666	2.45	Jodie Marwick	600,000	3.27
8.	Kingsreef Pty Ltd	516,000	2.01	Infeon Ltd	500,000	2.72
9.	Sept Rouges Ltd	500,000	2.00	Strummer Limited	500,000	2.72
10.	Dr Alastair R Brown	450,000	1.80	HSBC Custody Nominees	487,500	2.66
11.	Infeon Limited	378,000	1.51	Cleland Projects Pty Ltd	300,000	1.63
12.	Jodie Marwick	360,000	1.44	Kingsreef Pty Ltd	207,000	1.13
13.	Helen Hawkins	350,000	1.40	Black Planet Thoroughbreds Pty Ltd	203,833	1.11
14.	Red Emperor Resources NL	330,000	1.32	Brendan Lyons	203,832	1.11
15.	Katie McMahon	325,238	1.30	Sainter Nominees Pty Ltd	181,000	0.99
16.	I E Properties Pty Ltd	300,000	1.20	Alan Thom	175,000	0.95
17.	Dr Neil Tanudisastro	300,000	1.20	Helen Hawkins	175,000	0.95
18.	ANZ Nominees Limited	291,200	1.16	Red Emperor Resources NL	165,000	0.90
19.	Ringal Investments Pty Ltd	270,000	1.08	I E Properties Pty Ltd	150,000	0.82
20.	Bond Street Custodians Limited	240,000	0.96	Dr Neil Tanudisastro	150,000	0.82
		10,584,438	42.34		11,256,165	61.34

CORPORATE GOVERNANCE

The Board of Directors of Midwinter Resources Limited is responsible for corporate governance of the Company. The Board guides and monitors the business and affairs of Midwinter Resources Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

For further information on corporate governance policies adopted by Midwinter Resources Limited, refer to our website: www.midwinterresources.com.au/governance.html

The Corporate Governance practices of Midwinter were in place throughout the reporting period and have complied with each of the 10 Essential ASX Corporate Governance Principles and the corresponding Best Practice Recommendations.

Board Objectives

The Board will develop strategies for the Company, review strategic objectives, and monitor the performance against those objectives. The overall goals of the corporate governance process are to:

- drive shareholders value;
- assure a prudential and ethical base to the Company's conduct and activities; and
- ensure compliance with the Company's legal and regulatory obligations.

Principle 1: Lay solid foundations for management and oversight

The board has adopted a Charter that sets out the roles and responsibilities of the board. This may be viewed at www.midwinterresources.com.au/governance.html. The Charter includes, amongst other things that the Board will:

- developing initiatives for profit and assets growth;
- reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- acting on behalf of, and being accountable to, the Shareholders;
- identifying business risks and implementing actions to manage those risks; and
- developing and effecting management and corporate systems to assure quality
- reviewing the Company's systems of risk management and internal compliance and control, codes of conduct and legal compliance
- ensuring that policies and procedures are in place consistent with the Company's objectives, and ensuring the Company and its officers act legally, ethically and responsibly in all matters

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in Board discussions on a fully informed basis.

Principle 2: Structure the board to add value

Composition

The board currently consists of three non-executive directors, including the chairman. Details of their experience, qualifications and committee memberships are set out below. All directors were in office at the date of this report:

Jonathon O'Callaghan (Chairman)

Independent non-executive Chairman since June 2007

Term in office – 15 months

Mr O'Callaghan has two decades of business experience, primarily as a corporate financier to emerging natural resource companies. His experience includes initiating, structuring, managing and capitalising a broad range of transactions including IPOs and secondary capital raisings, stock exchange listings, asset acquisitions and divestments, takeovers and re-organisations.

Mr O'Callaghan has played a key role in the inception, growth and development of numerous companies, including three that have gone on to become S&P/ASX Top 200 companies. Now based in London, he continues to draw on his extensive network and business experience to identify and secure exceptional natural resource projects

Phillp Miolin (Non-Executive Director)

Independent non-executive Director since June 2007

Term in office – 15 months

Mr Miolin has a Bachelor of Arts and is presently actively involved in the Arts. He has a Graduate Diploma in Education and is a sessional lecturer at Curtin University. He has a long history of involvement in the resources sector and is a long term investor in Australian Mining stocks.

He has a strong network of mining industry contacts that will further assist in the Company's growth.

David Seymour (Non-Executive Director)

Independent non-executive Director since June 2007

Term in office – 15 months

David has over 25 years experience at executive level in the financial markets primarily in investment banking and equities. He spent 10 years as a director of Capital Markets with UBS as well as holding positions as a Treasurer and General Manager with other financial institutions.

He has experience in equity/capital markets raisings, due diligence, risk management and ASX compliance and regulatory requirements combined with an extensive knowledge of global interest rate markets.

David brings additional financial, strategic and investment analysis skills to the Company.

Appointment

Election of Board members is substantially the province of the Shareholders in general meeting. However, the Company commits to the following principles:

- the Board to comprise of Directors with a blend of skills, experience and attributes appropriate for the Company and its business;
- the principal criterion for the appointment of new Directors being their ability to add value to the Company and its business.

Board Independence

The Board has accepted the ASX Corporate Governance Councils definition of an Independent

Director contained in their report titled "The Principles of Good Corporate Governance and Best Practice Recommendations – March 2003".

Mr O'Callaghan, Mr Seymour and Mr Miolin have been assessed as Independent Directors. In reaching that determination, the Board has taken into account:

- The specific disclosures made in accordance with the Corporations Act, but each such director in respect of any material contract or relationship
- That no such director is, or is associated directly with, a substantial shareholder of the company
- Where applicable, the related party dealings referable to each such Director, noting that those dealings are not material under accounting standards. Full details of related party dealings are set out in the notes to the financial statements
- That no such non-executive Director has within the last three years been employed in an executive capacity by the company
- That no such non-executive Director is, or is associate with a supplier or customer of the company which is material under accounting standards
- That such non-executive Director's are free from any interest and any business or other relationship which could, or could reasonable be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Under the accounting standards, a matter is considered to be material if it is equal to or greater than 10% of the appropriate base amount.

Given the size of the company and the industry in which it operates, the current Board structure is considered to best serve the Company in meeting its objectives, given its small capitalisation, limited resources and existing operations. The composition of the Board is reviewed on an annual basis to ensure that the Board has the appropriate mix of expertise and experience.

Independent professional advice

There are procedures in place, as agreed by the board, to enable directors to seek independent professional advice on issues arising in the course of their duties at the company's expense.

Remuneration and Nomination Committee

A Remuneration and Nomination Committee has been established to assess and make recommendations to the Board regarding membership of the Board, including proposed new appointments. The Committee operates under a charter of the board which can be viewed at www.midwinterresources.com.au/governance.html. There were no meetings of this committee held during the reporting period.

Given the size and scope of the operations of the Company, the full board has assumed those responsibilities that are ordinarily assigned to a remuneration and nomination committee.

Where appropriate, independent consultants are engaged to identify possible new candidates for the Board.

Nomination Arrangements

Where a vacancy is considered to exist, the Committee will select an appropriate candidate through consultation with external parties and consideration of the needs of shareholders and the Company.

Such appointments will be referred to shareholders for re-election at the next annual general meeting. All Directors, except the Managing Director, are subject to re-election by shareholders at least every three years.

When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Board will determine the selection criteria for the position based on the skills deemed necessary for the Board to best carry out its responsibilities. The Board will then appoint the most suitable candidate (assuming one is available) who must stand for election at the next annual general meeting.

Performance

During the reporting year the Company did not have a formal process for evaluation of Directors and Executives due to their only being three in total. The Board undertakes an annual review of its own performance with external advice as appropriate.

Principle 3: Promote ethical and responsible decision making

Code of Conduct

The Directors, officers and employees of the Company are required to conduct themselves in accordance with the Company's Code of Conduct which can be viewed at www.midwinterresources.com.au/governance.html.

Share Trading Policy

The Company also has policies concerning trading in the Company's securities by directors, officers and employees. This policy can be viewed www.midwinterresources.com.au/governance.html.

Principle 4: Safeguard integrity of financial reporting

Audit Committee

The Board has established an audit committee, which operates under a charter of the Board and can be viewed at www.midwinterresources.com.au/governance.html.

Given the size and scope of the operations of the Company, the full board has assumed those responsibilities that are ordinarily assigned to a audit committee.

It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial and non information.

The members of the audit committee at the end of the year and date of this report were:

D Seymour (Chairman)

J O'Callaghan

P Miolin

P Lewis (Secretary) (appointed 8 July)

L Wynne (Secretary) (resigned 8 July)

For details on member qualifications and attendance at meetings of the Audit Committee held during the year refer to the Directors' Report.

Appointment of auditor

The shareholders in a general meeting are responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

Principle 5: Make timely and balanced disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. The Company has a Continuous Disclosure Policy available for viewing on the Company's website at www.midwinterresources.com.au/governance.html.

Principle 6: Respect the rights of shareholders

The Board of Catalyst is committed to open and effective communication, ensuring all shareholders is informed of all significant development concerning the Company. The Company has in place an effective Shareholder Communications Policy. This policy can be viewed at www.midwinterresources.com.au/governance.html.

Principle 7: Recognise and manage risk

Identification and Management of Risk

The Board's Charter clearly establishes that it is responsible for ensuring there is a good sound system for overseeing and managing risk. Due to the size and scale of operations, risk management issues are considered by the Board as a whole.

The Board's collective experience will enable accurate identification of the principal risks which may affect the Company's business. Management of these risks will be discussed by the Board at periodic (at least annual) strategic planning meetings. In addition, key operational risks and their management, will be recurring items for deliberation at Board meetings.

A copy of the Company's risk management policy can be viewed at www.midwinterresources.com.au/governance.html.

The Board has received assurance from the Financial Controller and Mr Seymour that the declarations made in accordance with section 295A of the Corporation Act 2001 are:

1. founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board
2. the Company's risk management and internal compliance and control system is operating

efficiently and effectively in all material respects.

Principle 8: Encourage enhanced performance

Performance

During the reporting year the Company did not conduct a formal process for evaluation of Directors and Executives due to their only being three in total. The Board undertakes an annual review of its own performance with external advice as appropriate.

Principle 9: Remunerate fairly and responsibly

Remuneration Arrangements

A Remuneration and Nomination Committee has been established to assess and make recommendations to the Board regarding membership of the Board and remuneration. The Committee operates under a charter of the board which can be viewed at www.midwinterresources.com.au/governance.html. There were no meetings of this committee held during the reporting period.

Given the size and scope of the operations of the Company, the full board has assumed those responsibilities that are ordinarily assigned to a remuneration and nomination committee.

Where appropriate, independent consultants are engaged to appropriate levels of remuneration

It is the company's objective to provide maximum stakeholder benefit from the retention of a high quality board by remunerating directors fairly and appropriately with reference to relevant employment market conditions. To assist in achieving the objective the Board links the nature and amount of executive directors' emoluments to the company's financial and operational performance. The expected outcomes of this remuneration structure are:

- Retention and motivation of Directors
- Performance rewards to allow Directors to share the rewards of the success of Midwinter Resources Limited

The remuneration of an executive director will be decided by the Remuneration and Nomination Committee. In determining competitive remuneration rates the Committee reviews local and international trends among comparative companies and the industry generally. It also examines terms and conditions for the employee share option plan.

The maximum remuneration of non-executive Directors is the subject of shareholder resolution in accordance with the Company's Constitution, and the Corporations Act 2001 as applicable. The appointment of non-executive Director remuneration within that maximum will be made by the Board having regard to the inputs and value of the Company of the respective contributions by each non-executive Director.

The Board may award additional remuneration to non-executive Directors called upon to perform extra services or make special exertions on behalf of the Company.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

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

Principle 10: Recognise the legitimate interest of stakeholders

Code of conduct

The Board is committed to the establishment and maintenance of appropriate ethical standards to underpin the Company's operations and corporate practices. The Directors, officers and employees of the Company are required to conduct themselves in accordance with the Company's Code of Conduct which can be viewed at www.midwinterresources.com.au/governance.html .

Corporate Governance Disclosures – Explanation of departure

During the financial year Midwinter Resources Ltd has complied with each of the 10 Essential Corporate Governance Principles and the corresponding Best Practice Recommendations.

**SCHEDULE OF MINERAL TENEMENTS
AS AT 26 SEPTEMBER 2008**

Project	Tenement	Interest held by Midwinter Resources NL
Bronzewing	P36/1504	100%
Bronzewing	P36/1503	100%
Wilson's Reef	P80/1544	20%

P Prospecting Licence
Licence

E Exploration Licence

M Mining