

## ANNUAL REPORT 2007



## Corporate Directory

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Richard Harris – Executive Chairman  
Russell Davis – Exploration Director  
Kevin Hart – Non-Executive Director  
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## Contents

|    |   |
|----|---|
| 1  | HIGHLIGHTS                                |
| 2  | PROJECT LOCATIONS                         |
| 4  | CHAIRMAN'S LETTER                         |
| 5  | REVIEW OF OPERATIONS                      |
| 19 | SCHEDULE OF INTERESTS IN MINING TENEMENTS |
| 20 | CORPORATE GOVERNANCE STATEMENT            |
| 24 | DIRECTORS' REPORT                         |
| 30 | AUDITORS' INDEPENDENCE DECLARATION        |
| 31 | INCOME STATEMENT                          |
| 32 | BALANCE SHEET                             |
| 33 | STATEMENT OF CHANGES IN EQUITY            |
| 34 | CASH FLOW STATEMENT                       |
| 35 | NOTES TO THE FINANCIAL STATEMENTS         |
| 52 | DIRECTORS' DECLARATION                    |
| 53 | INDEPENDENT AUDIT REPORT                  |
| 55 | ASX SHAREHOLDER INFORMATION               |



## Eleckra's Eventful First Year

The year under review has been an eventful first year as a listed company for Eleckra Mines Limited ("Eleckra" "Company") with a number of significant achievements and developments. Eleckra undertook two RC drilling programs and two RAB and aircore drilling programs during the year under review, spending a significant \$2.2m on exploration. The company obtained excellent gold drilling results extending mineralization around its existing 740,000 oz Au resource base at Attila and Alaric and has generated some exciting new gold targets, with a hit of 2m at 10.3 g/t Au at the Renegade prospect. The Attila resource is being remodeled to incorporate results of the drilling this year. The company has also enjoyed interest in its Thatcher Soak Uranium Project following the release of impressive drilling results from Uranex NL which is actively exploring at Thatcher Soak immediately to the west of Eleckra's tenements. Eleckra is planning an aircore drilling program at Thatcher Soak in the October-November period, 2007.

## Developments in the 2007 Financial Year

- July 2006** Eleckra lists and commences trading on the ASX (code EKM).  
Eleckra's first drilling program commences.
- September 2006** Results of Eleckra's first RC drilling program announced. Gold mineralization at Attila extended along strike to north and southern strike extension of Attila North confirmed. Best result was 3m at 9.36 g/t Au from 68m at Attila North. Deeper drilling extends Attila mineralization at depth with 19m at 1.44 g/t Au from 67m.
- October 2006** RAB drilling program completed with best results of 4m at 6.5 g/t Au from 22m and 4m at 2.04 g/t Au from 6m at Khan North. 12m at 1.24 g/t Au from 27m at Augusta.
- January 2007** Project generation work expands the company's uranium exploration portfolio. Tenement applications applied for covering an area of 790km<sup>2</sup> over potential calcrete – associated uranium targets within the Lake Rason drainage system and the confluence of the Lake Wells and Lake Carnegie drainage systems in WA.
- Anomalous uranium assays obtained within Eleckra's Thatcher Soak tenements from sampling previously drilled aircore and RAB holes. Best results included 3m at 204 ppmU from 1m within the Thatcher Soak drainage channel at Khan North and 1m at 296 ppmU from 3m and 2m at 206 ppmU from 2m at the Thatcher Soak prospect.
- April 2007** Infill RAB drilling at the Augusta gold prospect confirms gold anomalism over 4.8km strike length with peak gold values including 1m at 12 g/t Au and 15m at 0.5 g/t Au.
- Three new exploration license applications, targeting gold were made over interpreted extensions of the Yamarna fault zones between Yamarna and the Tropicana gold deposits.
- Eleckra applies for additional exploration licenses covering an area of 600km<sup>2</sup> over potential calcrete uranium targets in the Lake Wells region of WA. The company's uranium prospective tenement portfolio increased to 2,000km<sup>2</sup> in area.
- May 2007** Eleckra raises \$2m through a convertible note issue to specialist UK uranium fund Geiger Counter Ltd.
- Company announces appointment of Mr Richard Harris as Executive Chairman and Mr Kevin Hart as Non-Executive Director following the resignation of Mr Richard Revelins as Chairman and director of the company.
- Eleckra shares reach a high of \$0.70 on the Australian Securities Exchange.
- June 2007** Extensional drilling at Attila returns encouraging results of 7m at 3.72 g/t Au from 111m and 8m at 2.63 g/t Au from 90m. A new mineralised zone named Renegade discovered at Khan North with 2m at 10.3 g/t Au from 19m.
- July 2007** Operational management enhanced with the new appointment of Mr Ziggy Lubieniecki as Senior Geologist.
- August 2007** \$2m convertible note debt converted into 4m Eleckra shares at \$0.50 per share.
- Eleckra signs farmin agreement to explore exploration license application 70/2955 in the Dinninup area, southwest WA. Eleckra can earn a 90% interest in the tenement application covering an area of 250km<sup>2</sup> by spending \$500,000.
- Eleckra announces plans to commence an aircore drilling program at Thatcher Soak Uranium Project following a data review of past exploration work at Thatcher Soak and encouraging results release by Uranex NL, who are exploring on adjacent tenements.

# Project Locations

## Eleckra's Key Assets Comprise

### Yamarna Project

*(100% interest subject to separate royalty agreements)*

- Measured, Indicated and Inferred Mineral Resources of 740,000 oz (12.6mt at 1.8 g/t Au)
- 4,800km<sup>2</sup> area of tenements comprising 45 granted tenements and 39 tenement applications
- Yamarna pastoral lease covering 1,438km<sup>2</sup>

The Yamarna Project tenements cover most of the Yamarna Greenstone Belt and portions of the adjacent Dorothy Hills and Mount Venn greenstone belts within Western Australia's Eastern Goldfields.

The Yamarna Project is situated on the eastern margin of the Archaean Yilgarn Craton in Western Australia, some 140km east of Laverton and 900km north east of Perth. The Yilgarn Craton hosts numerous world class ore bodies and accounts for more than half of Australia's 8m oz annual gold production. The Yamarna Project has Measured, Indicated and Inferred Mineral Resources totalling 740,000 oz of gold (12.6mt at 1.8 g/t Au) and is considered prospective for uranium, copper, nickel, chrome and platinum group elements.

Eleckra also holds some 2,000km<sup>2</sup> of granted tenements and tenement applications prospective for uranium including sections of the Thatcher Soak calcrete hosted uranium prospect and extensions of the anomalous paleochannel. The Company's total tenement position at Yamarna covers approximately 4,800km<sup>2</sup> in area.

Eleckra's strategy at Yamarna is to build the project's gold resources to a sufficient size and grade to justify the economic development of a gold mining operation at Yamarna and advance the project's nickel potential. In addition Eleckra intends to develop its exciting uranium portfolio by realising the potential of the highly prospective Thatcher Soak uranium prospect, sections of which lie within Eleckra's tenements.

### Darkan Project

*(100% interest)*

- 190km<sup>2</sup> granted exploration licence.

The Darkan Project comprises one granted exploration license covering an area of 190km<sup>2</sup>. The project is centred some 60km southeast of the Boddington gold project in southwest WA. The tenement covers a section of the Darkan Fault, which the Company interprets as traversing close to the area of the Boddington gold deposit.

### Dinninup Project

*(Right to farm in to a 90% interest)*

- 250km<sup>2</sup> tenement application.

The Dinninup project comprises one tenement application. The project is located 60 km south of Darkan. Eleckra has the right to farm in to a 90% interest in the tenement by spending \$500,000. The principal target is gold copper mineralisation in stockwork veins of similar style to the polymetallic Boddington deposit.



Figure 1: Project Locations

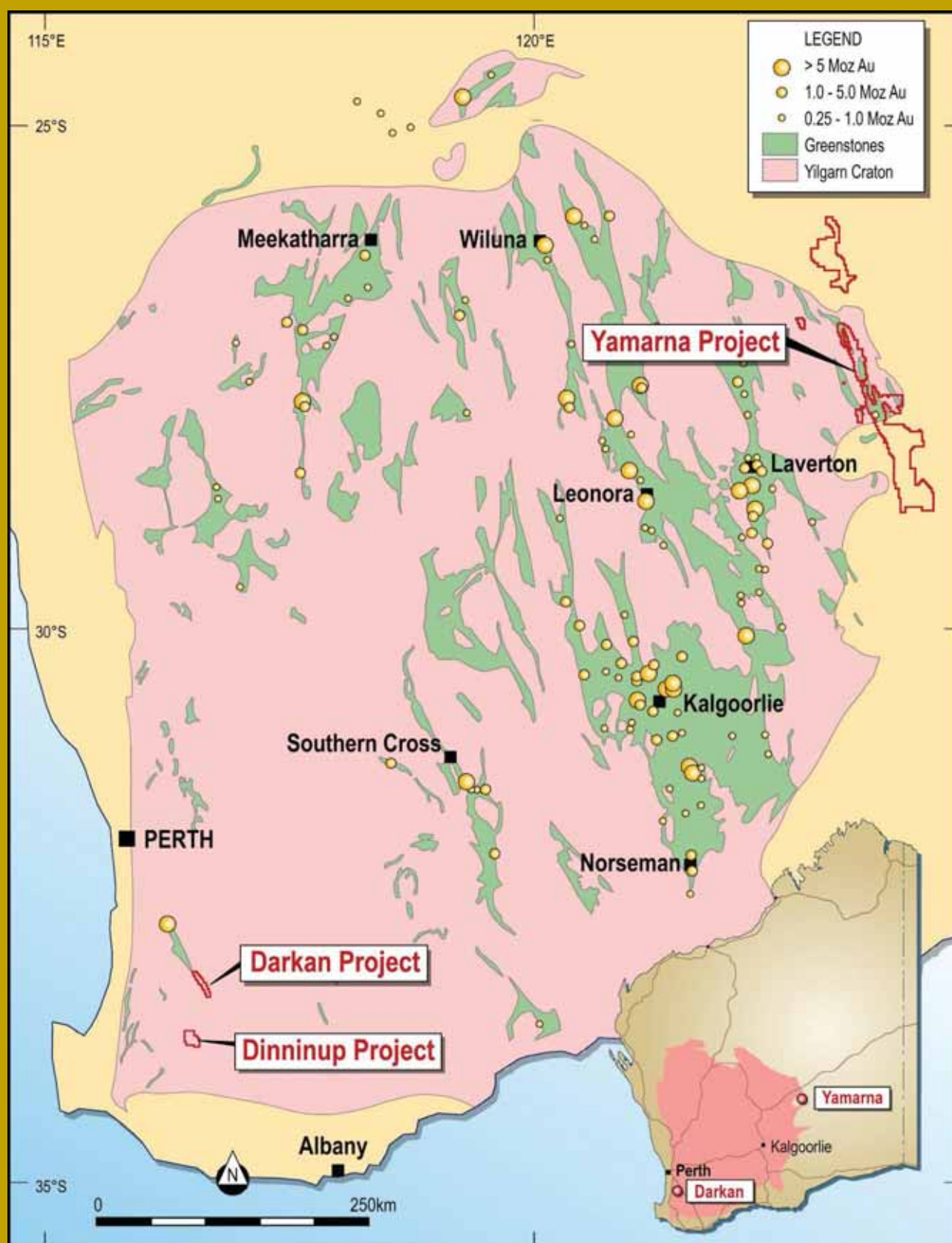


Figure 2: Yilgarn Craton, Yamarna, Darkan & Dinninup project locations, gold endowment and resources

# Chairman's Letter

Dear Shareholder

It is my pleasure to present to you the 2007 Annual Report.

It has been a busy first year as a listed company for Eleckra Mines Limited ("Eleckra"). Consistent with the projections and objectives outlined in our prospectus the company has focused the funds it has raised in its IPO on exploration at its Yamarna Project, located 140km east of Laverton, WA.

Eleckra undertook two RC drilling programs and two RAB and aircore drilling programs during the year under review, spending a significant \$2.2m on exploration. The company obtained some excellent gold drilling results, extending mineralization around its existing 740,000 oz gold resource base at Attila-Alaric and as a consequence the Attila resource is being remodelled to incorporate the results of this drilling. A number of regional exploration targets were also tested with success and some exciting new gold targets were outlined.

Project generation work has expanded the company's uranium exploration portfolio significantly to some 2000km<sup>2</sup> in area and three new exploration license applications targeting gold were made over extensions of the Yamarna fault zones between Yamarna and the Tropicana gold deposits. The company now holds an extensive ground holding at Yamarna totalling some 4800km<sup>2</sup> covering almost the entire Yamarna greenstone belt.

2008 promises to be an exciting financial year for our company with a major aircore drilling program planned at the company's Thatcher Soak uranium project in the first half of the financial year and further follow up work on our Yamarna gold project anticipated in the second half of the year.

I should like to take this opportunity to extend my thanks and appreciation to my fellow directors Exploration Director Russell Davis and Non-Executive Director and Company Secretary Kevin Hart for their support and hard work throughout the year and to our dedicated team of employees, consultants and advisers for their diligent work and achievements during the year. I would also like to particularly acknowledge the loyal support we have received from our stockbroker Hartleys throughout the period.

With significant gold resources already outlined at Attila-Alaric our company is well positioned to enjoy the benefits from future improvements in the gold bullion price, which pleasingly appears to have recently established itself in a positive upward trend. These factors coupled with the promise of future exploration success at Eleckra's Thatcher Soak uranium prospect makes me quietly optimistic about the fortunes for the company in the near term.

Yours sincerely



**Richard Harris**  
Executive Chairman

24<sup>th</sup> September 2007





## Eleckra's Projects

### Exploration Overview & Strategy

Eleckra has two exploration projects in Western Australia – the Yamarna Project in the Northeastern Goldfields and the Darkan gold-copper project to the southeast of Perth (Figure 2).

Yamarna is the Company's flagship project, covering almost the entire Yamarna greenstone belt. The project has undeveloped gold resources and is also highly prospective for uranium, chromite and nickel.

**The strategy at Yamarna is to build the project's gold resources to sufficient size and grade to justify the economic development of a gold mining operation. The Company also intends to develop its exciting uranium portfolio by realizing the potential of the Thatcher Soak uranium deposit, sections of which lie within Eleckra's tenements, and advance the project's nickel-copper and chromite potential.**

During the year Eleckra added several exploration license applications prospective for gold and uranium to the project which increased the area held under tenure by Eleckra in the Yamarna region to approximately 4,800km<sup>2</sup>.

Exploration proceeded on several fronts. Most work was directed to gold exploration, with the Company completing 15,563m of drilling at 14 prospects. This work produced encouraging results that extended the mineralised zones at Attila and Khan North.

**Work on the uranium potential of the Yamarna district highlighted the potential of the Company's Thatcher Soak tenements for defining economic uranium mineralization and also identified new targets that were secured with tenement applications. The Company intends to accelerate its uranium programs at Yamarna in the future.**

The value of the nickel-copper and chromite potential of the project tenements has yet to be fully realized and farm-in partners will be sought to progress exploration for these commodities.

The Darkan Project is centred some 60km southeast of the Boddington gold project in southwest WA and covers a section of the Darkan Fault, which the Company interprets as traversing through the world-class Boddington gold deposit.

**The Company's exploration strategy in the southwest of WA is to search for large tonnage gold-copper deposits like Boddington, using low-cost reconnaissance surface geochemistry.**

The Company's initial laterite sampling program at Darkan returned promising copper and gold results. Subsequently an agreement was reached to farm-in to a new tenement near Dinninup located 60km to the south of Darkan covering anomalous geochemistry in a similar favourable structural position.

The Company assessed potential acquisitions and joint ventures on a regular basis during the year.

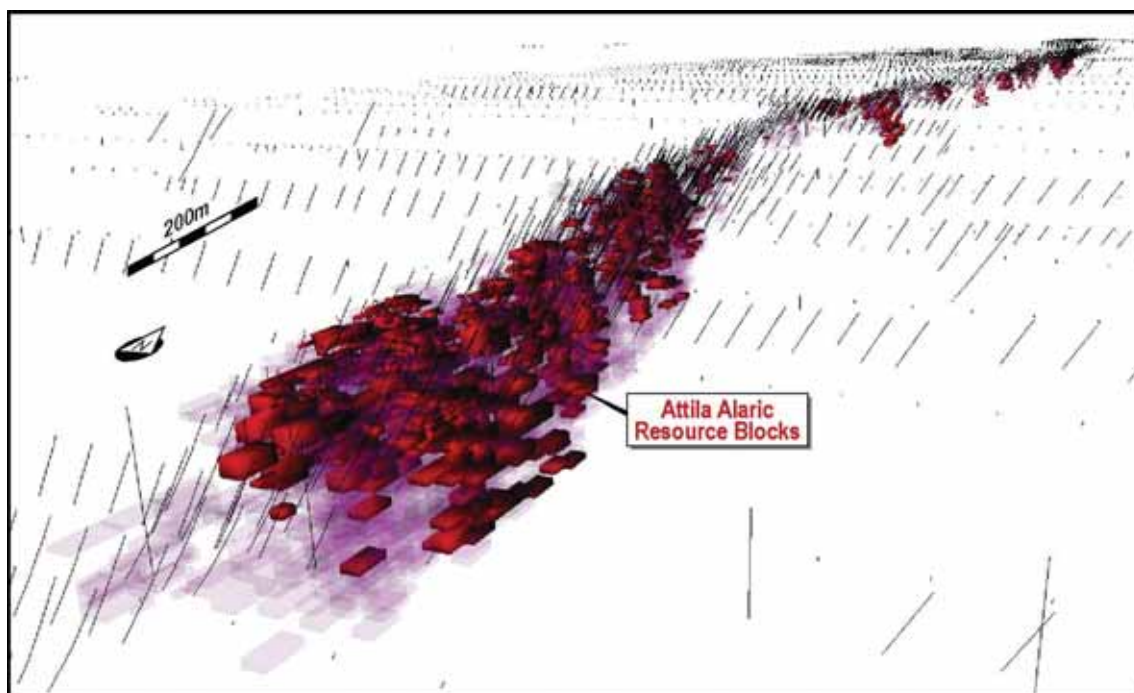


## Yamarna Project

*(100% interest subject to separate royalty agreements on some tenements)*

The Yamarna Project is located about 140km east of Laverton on the eastern edge of the Yilgarn Craton.

Yamarna has the defined Attila-Alaric gold resources occurring within a regional scale mineralised gold trend termed the Yamarna shear zone (Figure 3). The presence of a major deep-crustal shear zone and associated complex structural corridor is considered to have positive implications for the formation of major gold deposits.



*Figure 3: Projection of Attila – Alaric resource blocks*

Much of the Archaean bedrock at Yamarna is obscured by a thin veneer of windblown sand and Permian sediments. Whilst making exploration challenging, the cover and isolation has resulted in Yamarna being one of the most under-explored greenstone belts in WA. The Company believes there is significant scope to discover more gold mineralisation at Yamarna given the lack of intensive historical exploration activity.

The discovery of the potentially multi-million ounce gold deposits beneath transported cover at Tropicana 100km to the south of Yamarna highlights the potential existing in this poorly explored region on the margin of the Yilgarn (Figure 4).

The Company has assembled a substantial regional tenement package that allows exploration in the belt for the first time to be approached in a systematic manner.

## Gold Exploration

Gold exploration at Yamarna focussed on extending the known resources and initiating testing the suite of gold exploration targets previously outlined at Yamarna.

Access issues on some tenements were gradually resolved during the year although procuring suitable drilling rigs and geological personnel in a timely manner proved challenging, causing some delays in completing programs.

The Company in its first year at Yamarna has tested a number of advanced to grass roots gold targets with some success, but there remain many that still require a first pass test and many which warrant further drilling to determine their significance.

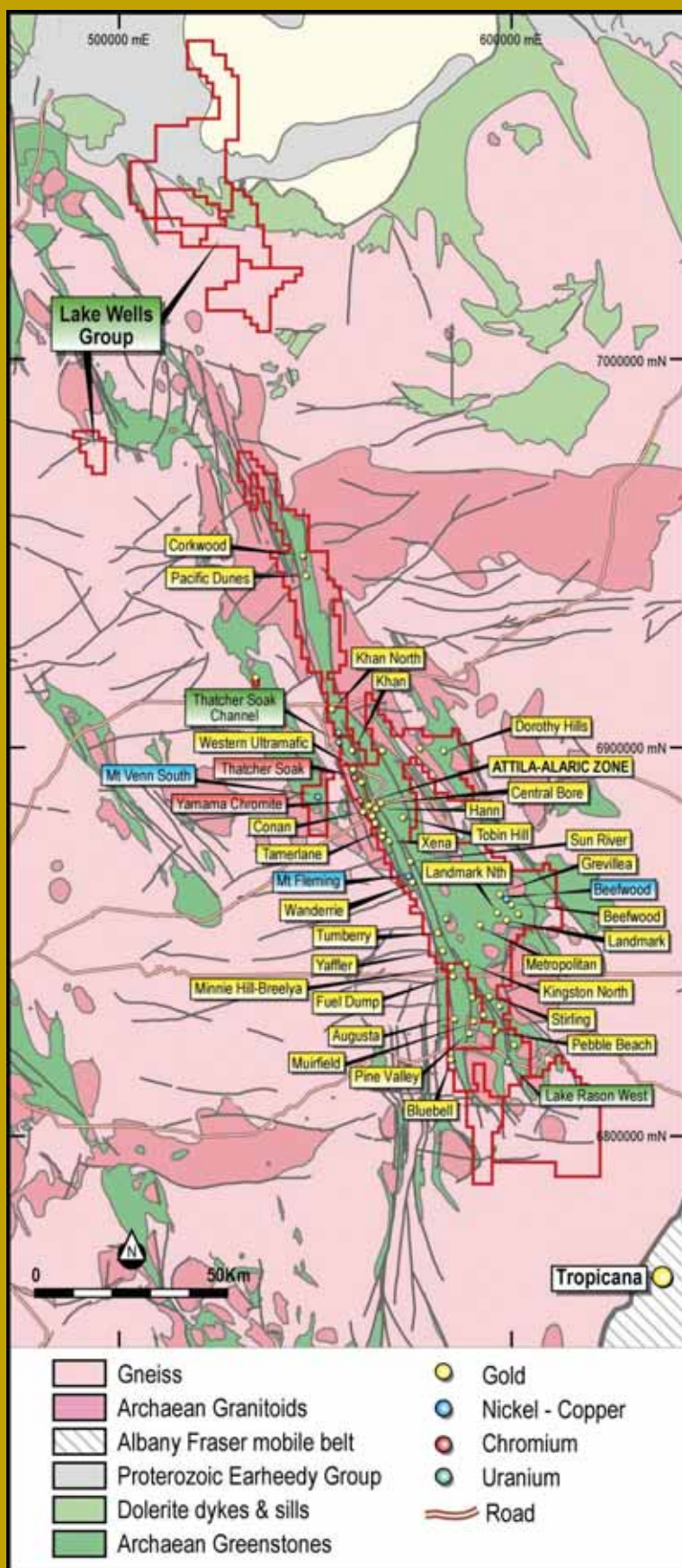
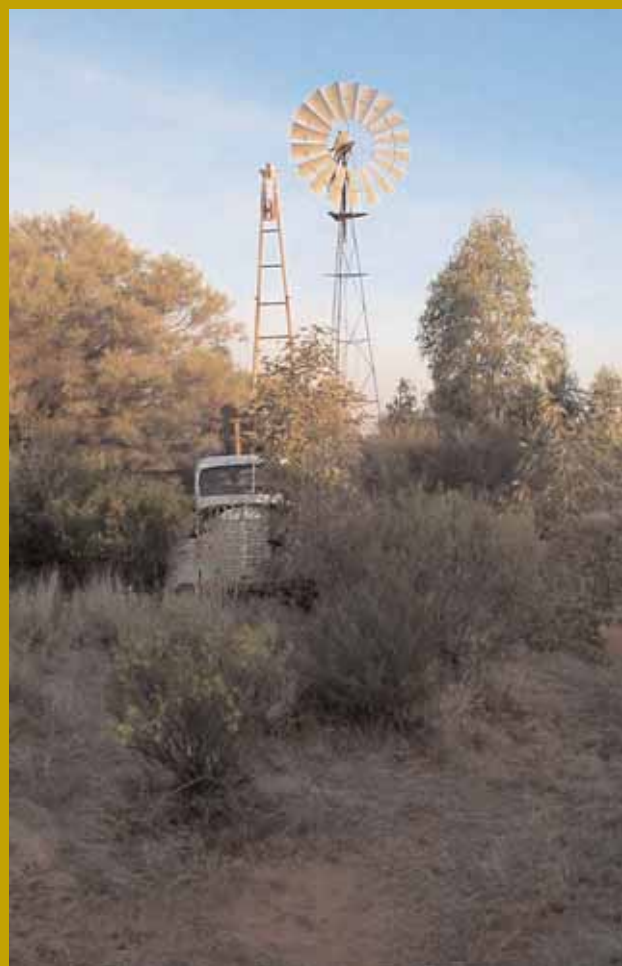


Figure 4: Yamarna Project tenements & prospects



# Review of Operations continued

## Gold Exploration continued

The Company relinquished tenements that it considered had been adequately tested and applied for new tenements over areas considered to hold untested gold potential. For example over 600km<sup>2</sup> has been applied for between Yamarna and the Tropicana gold deposits along the interpreted projections of the Yamarna shear zone. Much of the bedrock in this area is obscured by sand cover hence sensitive geochemical techniques will be used to screen the area for evidence of mineralization.

Exploration in the coming year will again focus on target areas which are considered to hold the best chance of success. Programs of grassroots geochemical sampling, reconnaissance and infill RAB and aircore drilling and where warranted, follow up RC drilling, will be undertaken.

## Attila-Alaric

Several gold deposits occur within the 14km strike length of the Attila-Alaric line of mineralisation. Whilst the average grade of the resources is 1.8g/t Au there are some significant intersections of much higher grade mineralisation which require further detailed definition drilling.

Extensional drilling in the Attila-Alaric zone returned encouraging results particularly at depth within the Attila deposit. Zones of moderate grade mineralization were shown to continue below the limits of previous drilling, providing confidence of the potential to add to the existing resources. Refer to Figure 5. Significant results include 9m at 2.04g/t Au from 74m in EYRC034 and 7m at 3.72g/t Au from 111m in EYRC040.

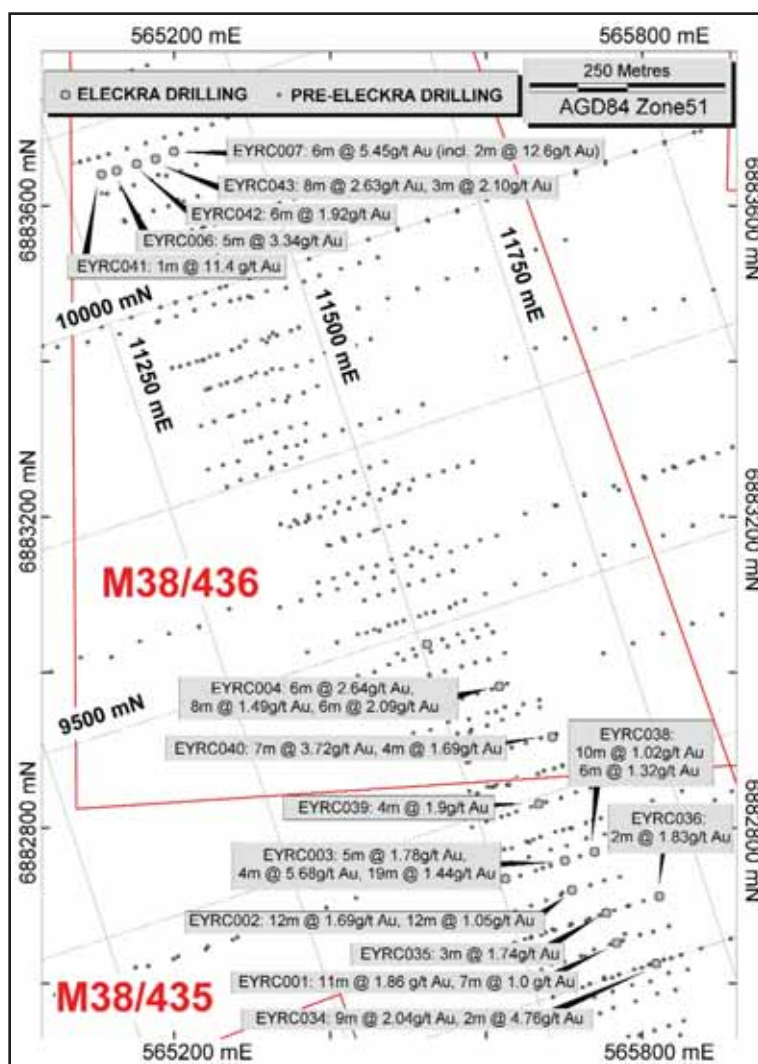


Figure 5: Attila deposit RC drilling summary



### Attila-Alaric continued

Drilling at the northern end of the Attila deposit highlighted the potential to extend the deposit further down plunge in this direction with additional drilling. Significant results included 1m at 11.4g/t Au from 25m in EYRC041 and 8m at 2.63g/t Au from 90m in EYRC043.

The Attila deposit is presently being remodelled to incorporate the results of the Company's recent drilling. Up-to-date operating cost and gold price parameters will then be applied to the new model to provide an indication of the economic value of the deeper mineralization and help direct further exploration.

The current Mineral Resource at Attila-Alaric is summarized in Table 1 below.

| Mineral Resources |  | At 1.0 g/t Au cut off |                 |                |
|-------------------|--|-----------------------|-----------------|----------------|
| Category          | Meaning  | Tonnes<br>000's       | Grade<br>Au g/t | Ounces         |
| Measured          | That part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence        | 2,380                 | 1.73            | 132,000        |
| Indicated         | That part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. | 4,300                 | 2.1             | 290,000        |
| Inferred          | That part of a Mineral Resource for which tonnage and/or grade can be estimated with only low levels of confidence.  | 5,900                 | 1.7             | 310,000        |
| <b>TOTAL</b>      |  | <b>12,600</b>         | <b>1.8</b>      | <b>740,000</b> |

*Table 1: Yamarna Mineral Resource Summary*

*All of the above Mineral Resources are located in several deposits within a 14km strike length within granted Mining Leases. The totals have been approximated due to rounding of resource figures.*

*"1.0 g/t Au cut off" refers to the minimum grade of gold per tonne (measured in grams) below which mineralised material is not included in the applicable Mineral Resource estimate.*

*"Ounces" describes a theoretical quantity and does not indicate that the actual amount of gold which could be recovered if extraction were economically viable will equal or exceed that amount.*

*A "Mineral Resource" is a concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such a form, quality and quantity that there are reasonable prospects for eventual economic extraction.*

### Yamarna Regional Targets

Regionally, outside of the Attila-Alaric area, the Company has a suite of gold targets within its tenement holding, ranging from conceptual targets, to targets with some surface and RAB geochemical anomalism, to more advanced prospects with ore grade intersections.

RAB, aircore and RC drilling programs were undertaken at several of these prospects during the year. Targets tested included Khan North, Breelya, Fuel Dump and Augusta, Central Bore, Tobin Hill and Wanderrie.

## Review of Operations continued

### Khan North

The Khan North prospect located 25km north of the Attila deposit was discovered during reconnaissance RAB drilling in 2003. Previous RC drilling included intersections of 37m (6m true width) at 8.2 g/t Au, 3m at 17.9 g/t Au and 2m at 11.8 g/t Au. The gold mineralization occurs in a sheared quartz porphyry unit, which is a different host rock to that hosting the Attila-Alaric deposits. RAB drilling carried out by the Company over a strike length of 4km across the interpreted position of the porphyry returned several anomalous zones (Figure 6).

The first phase of the Company's RC drilling at Khan North, totalling 14 holes for 994m was drilled below several of these RAB anomalies. The best intercept was from line 37200N located 800m north of the Khan North deposit. This new prospect, called Renegade, returned 2m at 10.3 g/t Au and 3m at 3.87 g/t Au in EYRC055 from what is believed to be the same quartz porphyry unit which hosts the mineralization at Khan North. These intersections are open down dip and along strike and will be followed up with additional drilling in due course.

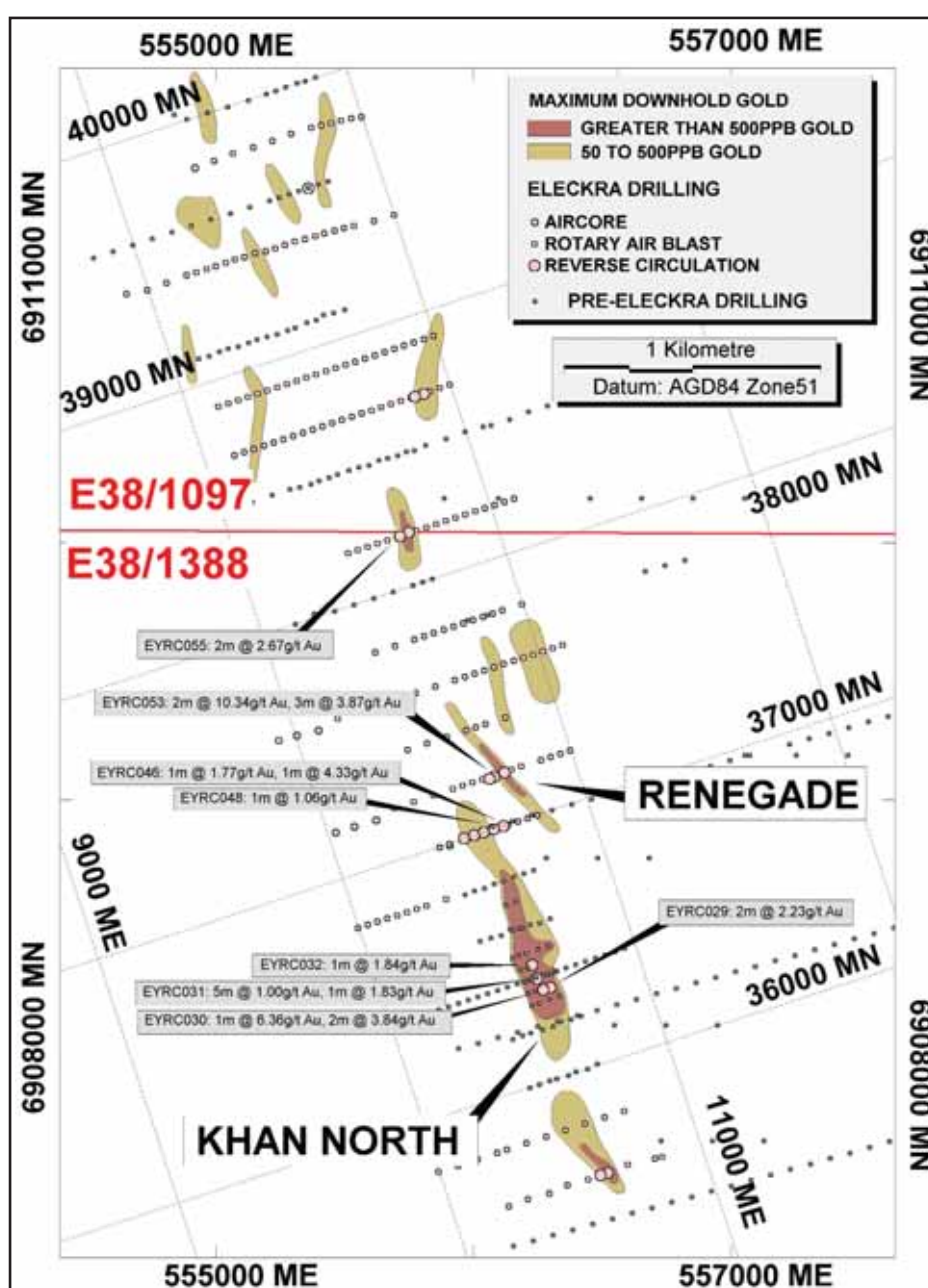


Figure 6: Khan North Drilling Summary



## Breelya

Breelya is located 45km along strike to the southeast of Attila within the Yamarna shear zone (Figure 7). Previous RC drilling by WMC within an anomalous zone 6km in strike length returned best intersections of 8m at 8.9 g/t Au (including 2m at 31.9 g/t Au) with follow-up along lines up to 400m apart that returned intercepts of 2m at 4.2 g/t Au and 2m at 1.74 g/t Au. The mineralisation is associated with a zone of extensive quartz-sericite-pyrite alteration of porphyry and dolerite.

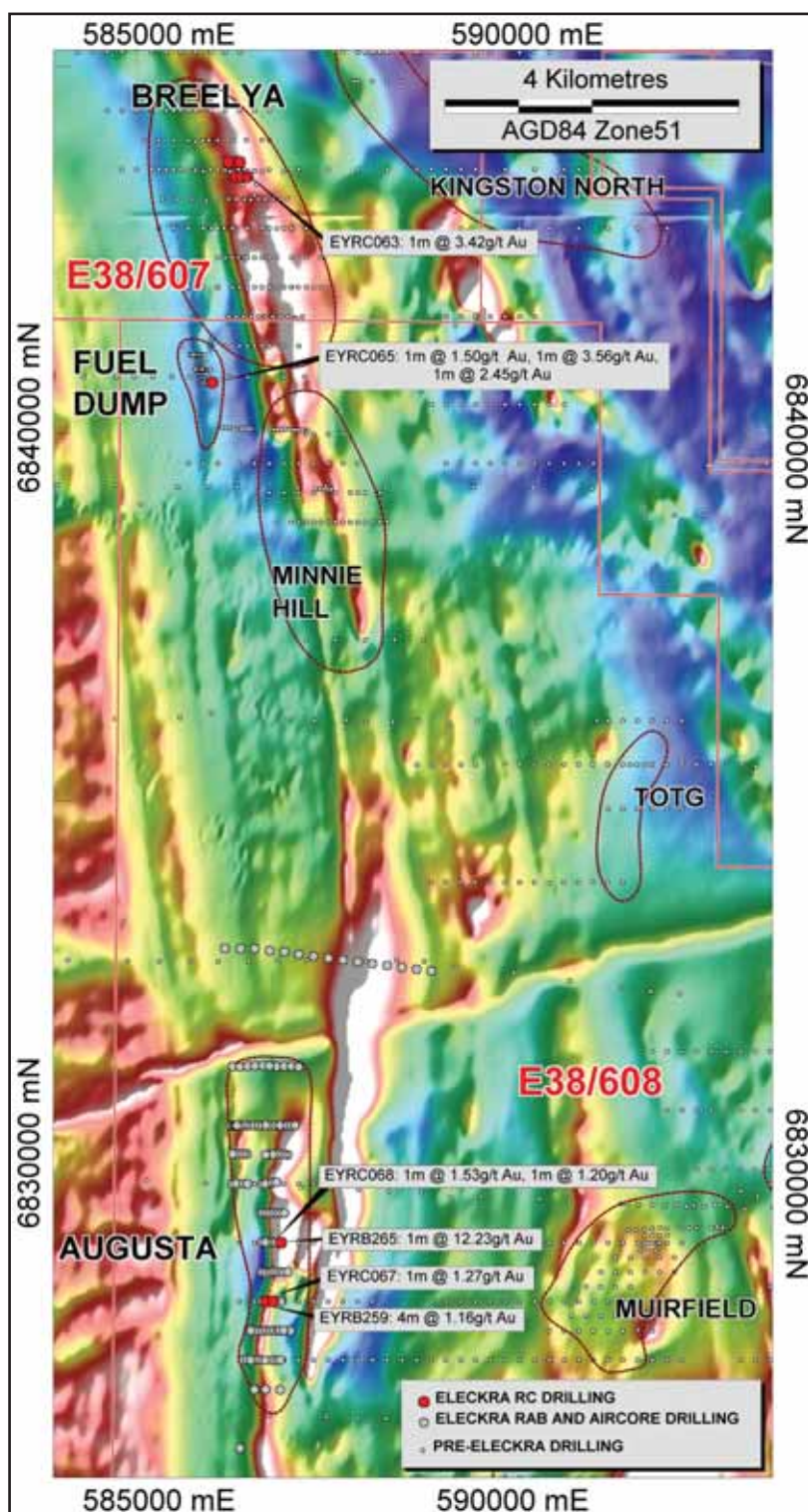


Figure 7: Breelya/Fuel Dump, August Drilling Summary

# Review of Operations continued

## Breelya continued

Six RC holes were drilled on lines 100m either side of the high grade intercept in order to determine the extent and orientation of the mineralized zones. The drilling confirmed that broad low-grade and narrow higher-grade gold mineralisation is shear zone hosted, with mineralisation located along the contact of a northwest trending silicified granite porphyry and dolerite. The best result was 1m at 3.4 g/t Au.

Further work will involve locating the focus of the mineralization within this broad zone of alteration and mineralization.

## Fuel Dump

Fuel Dump is located 3km south of Breelya within sheared mafic rocks. The one RC hole drilled at the Fuel Dump prospect (EYRC065) confirmed the potential of the prospect intersecting 1m at 1.5 g/t Au, 1m at 2.45 g/t Au and 1m at 3.55 g/t Au. With the southerly strike extensions untested, the prospect is highly prospective. An associated surface gold-in-laterite geochemical anomaly could be a useful guide for further exploration within the prospect.

## Augusta Prospect

The Augusta prospect is located 15km south of Breelya on a structurally complex section of the Yamarna shear zone. Aircore holes drilled by previous explorers on 200m centres on lines 800m apart returned a number of interesting results including 19m at 0.3 g/t Au, and 10m at 0.35 g/t Au.

The Company completed some infill RAB drilling which confirmed the anomaly over a 4.8km strike length, returning results of up to 1m at 12g/t Au and 15m at 0.5g/t Au. Three RC holes on two lines 800m apart were drilled to test deeper bedrock mineralisation. The holes intercepted narrow zones of +1g/t Au mineralisation within broad zones of low-grade mineralisation and alteration. Mineralisation is predominantly hosted within a variable sheared gabbro/amphibolite with magnetite-carbonate  $\pm$ pyrite alteration coincident with mineralisation. This alteration may prove to be a useful geophysical and geochemical tool for further exploration, especially to the east where the same stratigraphic unit is untested. Augusta is an extensive altered and mineralized zone which requires further testing.

## Uranium Exploration

The Company expanded its uranium exploration activities during the year.

Eleckra now holds a uranium-prospective tenement portfolio comprising three projects in the Yamarna region. The portfolio, approximately 2,000km<sup>2</sup> in area, covers radiometric anomalies with potential calcrete-associated uranium targets within the **Thatcher Soak**, **Lake Rason** and **Lake Wells** drainage systems (Figures 8 and 9).



Figure 8: Eleckra's Uranium Projects & major uranium deposits in Western Australia



## Thatcher Soak

Eleckra commissioned RSG Global Consulting Pty Ltd ("RSG") to conduct an independent review of the Company's uranium exploration properties. RSG reported that "the projects are predicated on their potential to variously host valley-fill calcrete uranium mineralisation similar to the Yeelirrie, Lake Way and Centipede deposits in the Wiluna area of Western Australia, sedimentary uranium mineralisation similar to the Mulga Rocks deposit near Kalgoorlie in Western Australia, and gold and base metal mineralisation in the Archaean basement greenstone successions that are present beneath superficial cover."

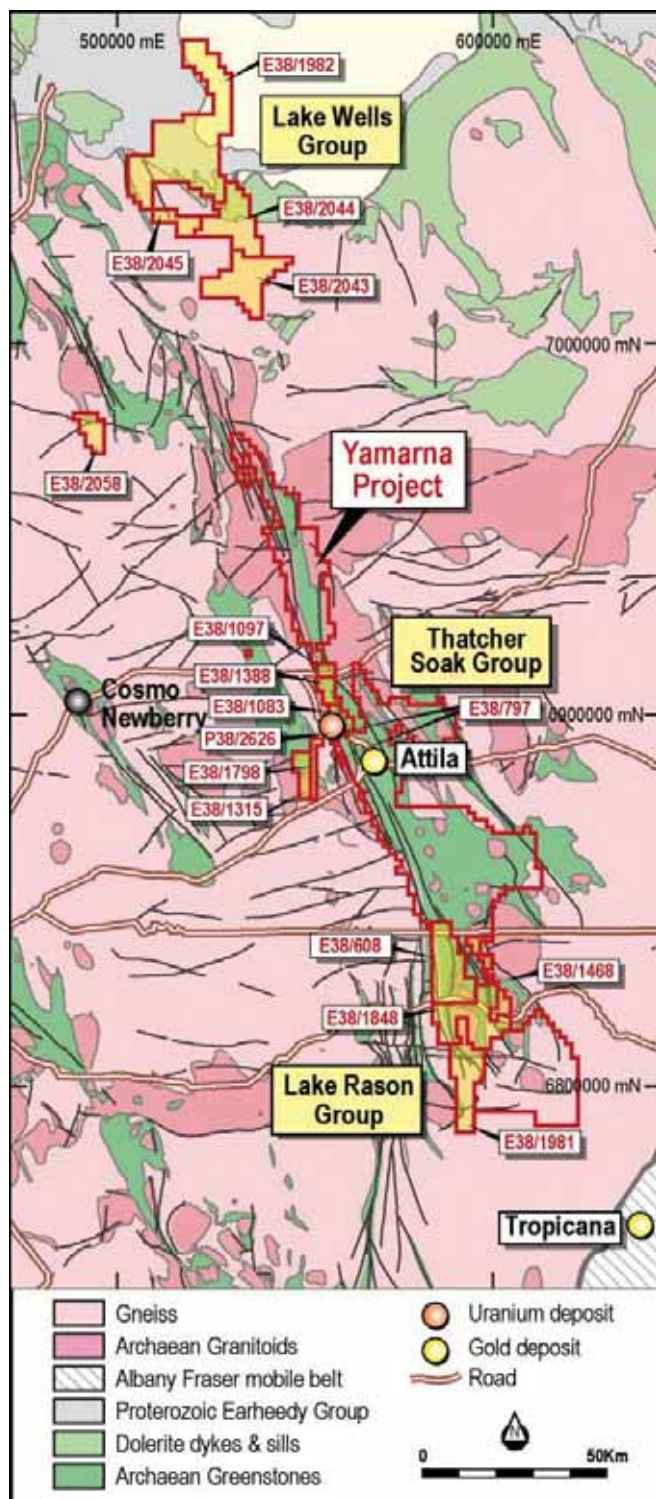


Figure 9: Eleckra's Uranium Project Tenements

## Thatcher Soak continued

RSG concluded that "Eleckra had accumulated a substantial uranium exploration portfolio that is based on sound research and strong technical merit. The Thatcher Soak Project hosts a portion of a uranium deposit identified during the 1970's and competitors holding adjacent tenements are actively exploring the western portion and potential extensions of this deposit. Eleckra is well placed to rapidly redefine the deposit and explore for possible extensions."

Eleckra's own review of prior exploration reported by previous 1970's uranium explorers in the Thatcher Soak area has highlighted the potential for the presence of significant calcrete uranium mineralisation within Eleckra's tenements. The better historical results are shown in Table 2.

Uranex NL ("Uranex"), actively exploring at Thatcher Soak immediately to the west of Eleckra's tenements released some impressive preliminary results from its first drilling program.

In a release to the Australian Securities Exchange on 28 June 2007, Uranex announced that "extensive uranium mineralisation has been intersected in the first round of drilling at its Thatcher Soak uranium project" and "tonnage and grade estimates are anticipated during the last quarter of this year, and a decision to proceed to a feasibility study made shortly thereafter".

Importantly for Eleckra, Uranex outlined higher grade peak equivalent  $U_3O_8$  values between 500-1000 ppm or greater along sections of the eastern boundaries of its tenements contiguous to Eleckra's Thatcher Soak tenements E38/1083 & E38/1388. In addition Uranex intersected a second deeper mineralised calcrete position between 9m and 15m depth (Figure 10).

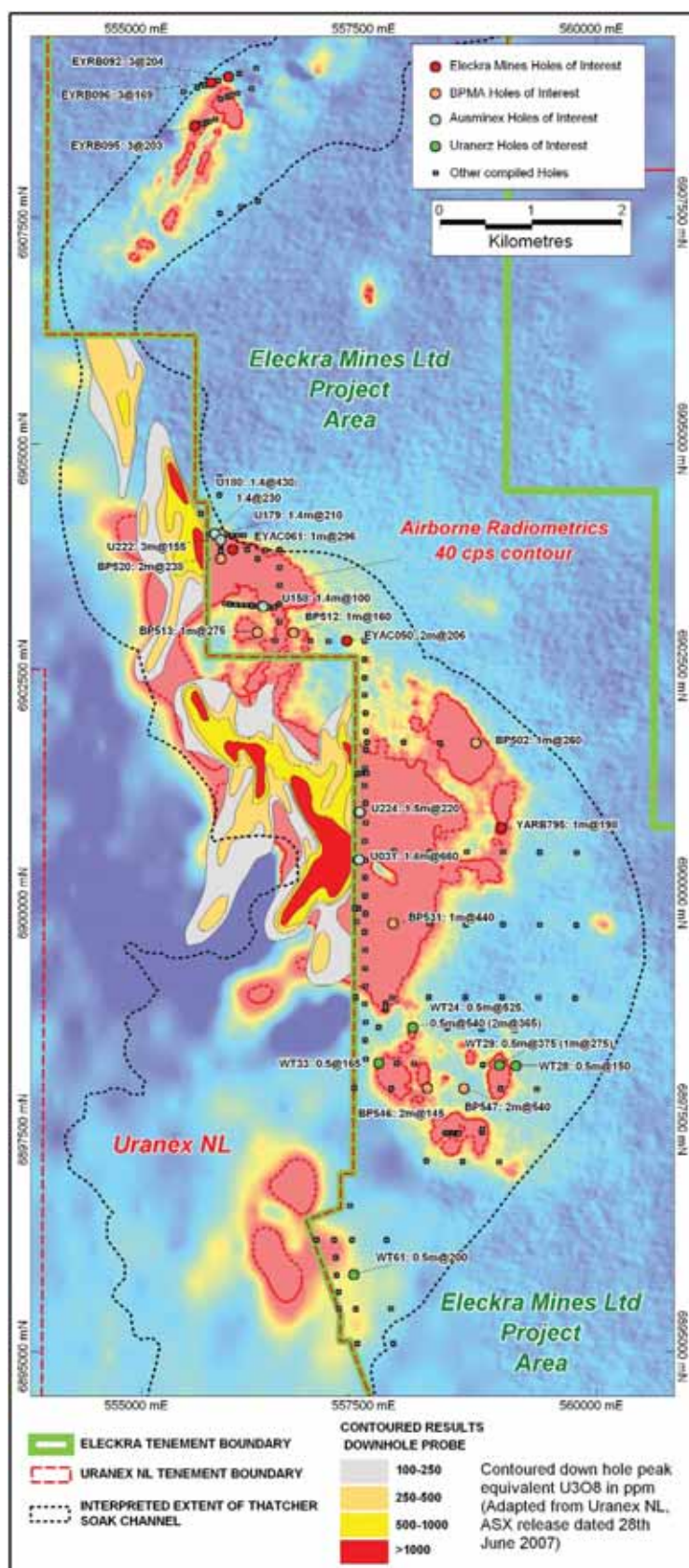


Figure 10: Thatcher Soak Uranium channel radiometric image with plan of Uranex NL contoured down hole peak equivalent  $U_3O_8$  in ppm as reported 28 June 2007



| Hole   | Approximate Location |         | Depth from (m) | Interval (m) | Recorded Grade*                      | Company                       |
|--|----------------------|---------|----------------|--------------|--------------------------------------|-------------------------------|
|  | E_AGD84              | N_AGD84 |                |              |                                      |                               |
| BP_502   | 558681               | 6901710 | 1.0            | 1.0          | 260 ppmU                             | BP Minerals Australia Pty Ltd |
| BP_531   | 557767               | 6899727 | 1.0            | 1.0          | 440 ppmU                             | BP Minerals Australia Pty Ltd |
| BP_547   | 558549               | 6897907 | 2.0            | 2.0          | 540 ppmU                             | BP Minerals Australia Pty Ltd |
| EYAC050  | 557261               | 6902842 | 2.0            | 2.0          | 206 ppmU                             | Eleckra Mines Limited         |
| EYRB092  | 6908553              | 555704  | 1.0            | 3.0          | 204 ppmU                             | Eleckra Mines Limited         |
| EYRB095  | 6908515              | 555590  | 0.0            | 3.0          | 203 ppmU                             | Eleckra Mines Limited         |
| EYRB096  | 6908503              | 555552  | 1.0            | 3.0          | 169 ppmU                             | Eleckra Mines Limited         |
| U031   | 557351               | 6900430 | 1.5            | 1.4          | 660 ppmU <sub>3</sub> O <sub>8</sub> | Ausminex                      |
| U180   | 555811               | 6904017 | 6.1            | 1.4          | 430 ppmU <sub>3</sub> O <sub>8</sub> | Ausminex                      |
| WT24   | 557986               | 6898582 | 1.5            | 2.0          | 365 ppmU <sub>3</sub> O <sub>8</sub> | Uranerz (Australia) Pty Ltd   |
| *As recorded by explorer (Converting uranium (U) to uranium oxide (U <sub>3</sub> O <sub>8</sub> ) involves multiplying the raw uranium value by a factor of 1.179. For example 260ppmU is equivalent to 306 ppmU <sub>3</sub> O <sub>8</sub> ). |                      |         |                |              |                                      |                               |

*Table 2*

Eleckra is particularly encouraged by Uranex's results which supports the potential for higher grade calcrete mineralisation within Eleckra's tenements. The scope for a second deeper underlying zone of mineralisation adds further upside to the ultimate magnitude of potential calcrete mineralisation within Eleckra's tenements at Thatcher Soak.

### Uranium Program

Eleckra's review of past exploration at Thatcher Soak coupled with positive conclusions from the independent experts report and encouraging results released by Uranex NL has resulted in the Company's decision to plan a first round aircore drilling program at its Thatcher Soak Uranium Project.

The drilling campaign will be designed to provide an initial test of the potential for economic calcrete uranium mineralisation within the tenements that Eleckra owns at the Thatcher Soak prospect.

Eleckra intends to focus drilling on the known near surface calcrete potential of the Thatcher Soak channel but will also evaluate the potential for a second deeper layer as indicated by the Uranex NL drilling. Selected holes will be deepened to test for uranium mineralization associated with layers containing organic material that may occur within the deeper parts of the channel.

Depending on the receipt of regulatory approvals and rig availability the program is anticipated to commence in the October-November period 2007.

### Chromite, PGE's and Copper-Nickel Exploration

The Yamarna tenements include portions of layered mafic-ultramafic sequences of the Mount Venn and Yamarna greenstone belts. These belts are considered to have potential for chromite PGE's and nickel-copper, the value of which has not been fully developed. The Company will explore other funding opportunities in order to progress exploration for these metals.

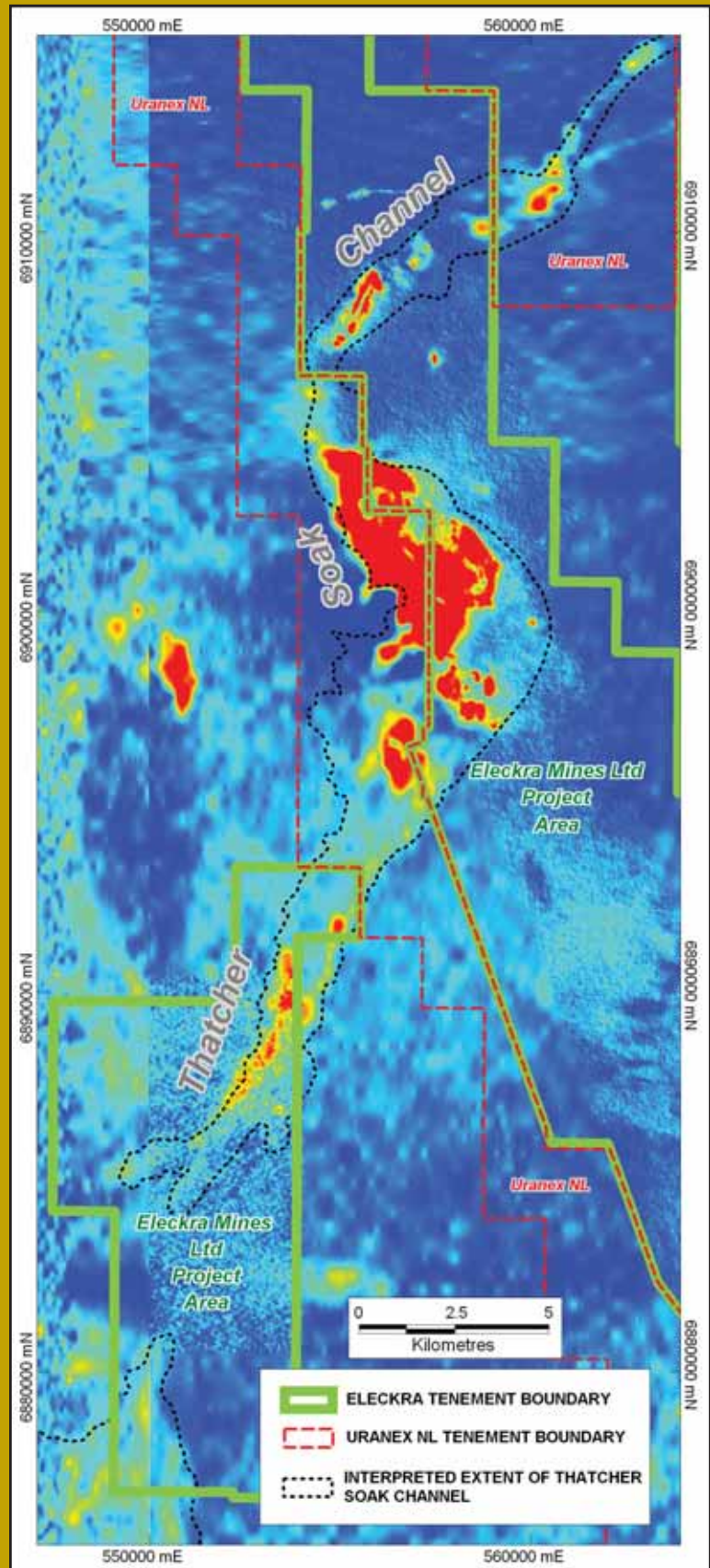


Figure 11: Uranium channel radiometrics highlighting the Thatcher Soak Paleochannel & Eleckra's Tenement Boundary



## Darkan Project

*(100% interest in E70/2732 and earning up to 90% of E70/2955)*

The Darkan project is centred 60km to the southeast of the Boddington gold-copper deposit. Boddington has current reserves of over 13moz of gold and is currently under development (Figure 12).

The project covers a section of the Darkan Fault, which the Company interprets as traversing through the Boddington deposit.

**The Company's exploration strategy in the southwest of WA is to search for large tonnage gold-copper deposits like Boddington, using low-cost reconnaissance surface geochemistry.**

The Company's initial laterite sampling program at Darkan returned slightly elevated gold, copper and silver values in sheared and quartz veined rocks close to the trace of the fault zone. The results are considered encouraging and supportive of the exploration concept. Additional sampling is planned to improve the definition of the anomalies, which will require compensation/access agreements being negotiated with the relevant landholders.

In August 2007 the Company announced that it had signed a Farmin Agreement to explore Exploration License application 70/2955 in the Dinninup area 60km to the south of Darkan. The tenement is about 250km<sup>2</sup> in area and covers anomalous geochemistry in a similar favourable structural position.

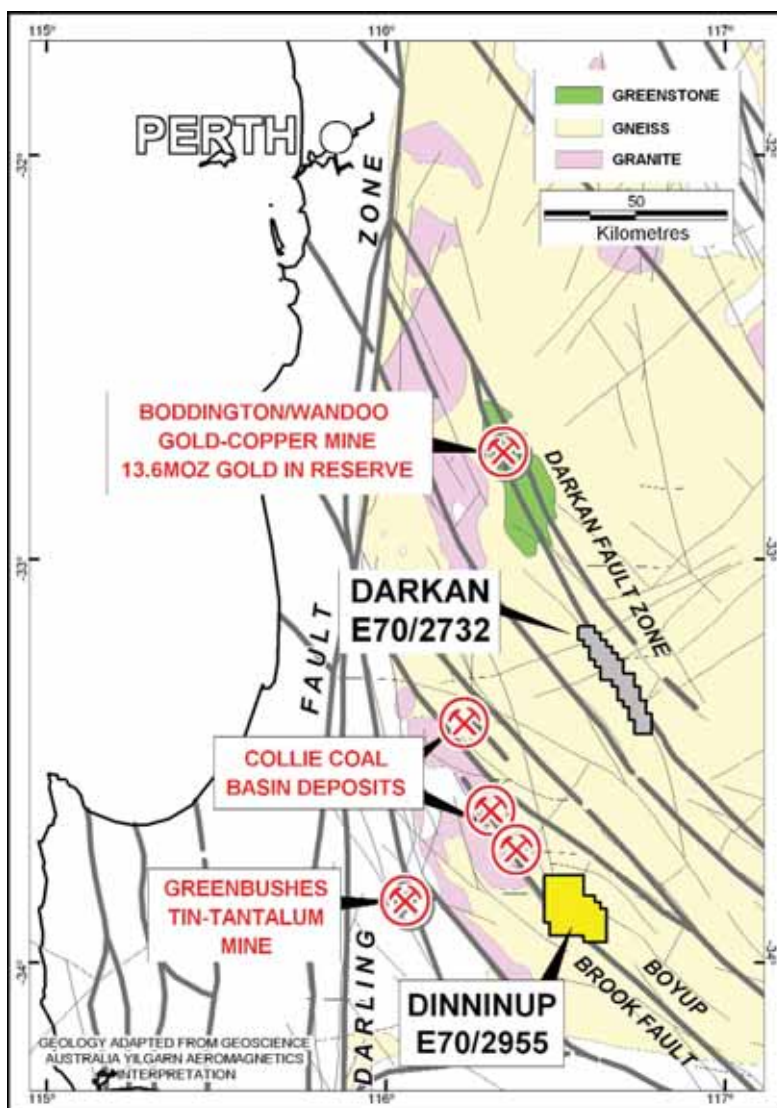


Figure 12: Location of Dinninup Project (E70/2955)

# Review of Operations continued

## Darkan Project continued

The terms of the agreement are as follows:

- Eleckra can earn a 90% interest in the tenement by spending \$500,000 by the fifth anniversary of the grant date of the tenement.
- The remaining 10% interest will be free-carried by Eleckra up until a decision to mine is made.
- Eleckra refunded \$10,000 of previous exploration costs on execution of the agreement and a further \$15,000 will be refunded when the tenement is granted.
- Eleckra can withdraw from the Agreement at any time after completing a reconnaissance laterite sampling program comprising not less than 150 samples.

The principal target is gold-copper mineralisation in stockwork vein systems similar in style to the polymetallic Boddington deposit. Previous regional-scale geochemical sampling also returned anomalous tin and tantalum values which are of interest as the Greenbushes tin-tantalum deposits are located 45km to the west.

The Dinninup Project will complement Eleckra's Darkan project, and form part of Eleckra's exploration strategy of searching for world-class gold deposits of the Boddington – type in the southwest of WA.

The first phase of exploration will involve laterite sampling along public access roads and tracks.

### NOTES:

*\*\*Uranium mineralisation grades in Figure 10 as reported by Uranex NL, are annotated with a sub-prefix 'e' because they have been reported as uranium equivalent grades derived from down-hole gamma ray logging results and should be regarded as approximations only.*

*Gamma logging or "total count gamma logging" (the method used by Uranex) is a common method used to estimate uranium grade where the radiation contribution from thorium and potassium is very small. Sandstone and calcrete hosted deposits are usually of this type. Gamma logging does not account for energy derived from thorium and potassium (as does spectral gamma logging) and thus the result is expressed as an equivalent value or eU<sub>3</sub>O<sub>8</sub>.*

*The gamma radiation from potassium, uranium and thorium is dominated by gamma rays at specific energy levels. These energy levels are sufficiently well separated such that they can be measured independently of each other. They are typically measured as narrow energy bands that contain the specific energy levels. Bands are used because the measuring systems do not have the resolution to target a specific energy wavelength. There is some scattering of higher energy gamma radiation, eg thorium, into lower energy radiation, eg uranium and potassium. This scattered radiation can be calculated from suitable calibration procedures and removed from the lower energy level measurements. This method is commonly termed spectral gamma logging.*

*The information in this report which relates to Exploration Results is based on information compiled by Russell Davis, an Executive Director of Eleckra Mines Limited, who is a Member of the Australasian Institute of Mining and Metallurgy. Russell Davis has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Russell Davis consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.*

*The information in this report that relates to Exploration Results and Mineral Resources for uranium is based on information compiled by Mr George Tahan of RSG Global Consulting Pty Ltd. Mr Tahan has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Tahan has the appropriate relevant qualifications, experience, competence and independence to be generally considered as an "Expert" under the definition provided in the VALMIN Code and is a Fellow of the Australian Institute of Mining and Metallurgy. Mr Tahan consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*RSG Global Consulting Pty Ltd is an integrated mineral industry consulting firm, which has been providing services and advice to international mining companies and financial institutions since 1987.*

# Schedule of Interests in Mining Tenements



| Tenement Number             | Registered Title Holder | Eleckra Interest | Status      | Project | Tenement Number             | Registered Title Holder | Eleckra Interest | Status      | Project      |
|-----------------------------|-------------------------|------------------|-------------|---------|-----------------------------|-------------------------|------------------|-------------|--------------|
| <b>YAMARNA PROJECT, WA</b>  |                         |                  |             |         | <b>MINING LEASES</b>        |                         |                  |             |              |
| <b>EXPLORATION LICENCES</b> |                         |                  |             |         | M38/435                     | Eleckra Mines Limited   | 100              | Granted     | Yamarna      |
| E38/361                     | Eleckra Mines Limited   | 100              | Granted     | Yamarna | M38/436                     | Eleckra Mines Limited   | 100              | Granted     | Yamarna      |
| E38/525                     | Eleckra Mines Limited   | 100              | Granted     | Yamarna | M38/437                     | Eleckra Mines Limited   | 100              | Granted     | Yamarna      |
| E38/526                     | Eleckra Mines Limited   | 100              | Granted     | Yamarna | M38/438                     | Eleckra Mines Limited   | 100              | Granted     | Yamarna      |
| E38/541                     | Eleckra Mines Limited   | 100              | Granted     | Yamarna | M38/439                     | Eleckra Mines Limited   | 100              | Granted     | Yamarna      |
| E38/607                     | Eleckra Mines Limited   | 100              | Granted     | Yamarna | M38/658                     | Eleckra Mines Limited   | 100              | Application | Yamarna      |
| E38/608                     | Eleckra Mines Limited   | 100              | Granted     | Yamarna | M38/668                     | Eleckra Mines Limited   | 100              | Application | Yamarna      |
| E38/610                     | Eleckra Mines Limited   | 100              | Granted     | Yamarna | M38/755                     | Eleckra Mines Limited   | 100              | Application | Yamarna      |
| E38/620                     | Eleckra Mines Limited   | 100              | Granted     | Yamarna | M38/788                     | Eleckra Mines Limited   | 100              | Granted     | Yamarna      |
| E38/691                     | Eleckra Mines Limited   | 100              | Granted     | Yamarna | M38/814                     | Eleckra Mines Limited   | 100              | Granted     | Yamarna      |
| E38/797                     | Eleckra Mines Limited   | 100              | Granted     | Yamarna | M38/841                     | Eleckra Mines Limited   | 100              | Granted     | Yamarna      |
| E38/804                     | Eleckra Mines Limited   | 100              | Granted     | Yamarna | M38/873                     | Eleckra Mines Limited   | 100              | Application | Yamarna      |
| E38/1054                    | Eleckra Mines Limited   | 100              | Granted     | Yamarna | M38/930                     | Eleckra Mines Limited   | 100              | Application | Yamarna      |
| E38/1083                    | Eleckra Mines Limited   | 100              | Granted     | Yamarna | M38/931                     | Eleckra Mines Limited   | 100              | Application | Yamarna      |
| E38/1084                    | Eleckra Mines Limited   | 100              | Granted     | Yamarna | M38/1003                    | Eleckra Mines Limited   | 100              | Application | Yamarna      |
| E38/1085                    | Eleckra Mines Limited   | 100              | Granted     | Yamarna | M38/1004                    | Eleckra Mines Limited   | 100              | Application | Yamarna      |
| E38/1086                    | Eleckra Mines Limited   | 100              | Granted     | Yamarna | M38/1147                    | Eleckra Mines Limited   | 100              | Application | Yamarna      |
| E38/1097                    | Eleckra Mines Limited   | 100              | Granted     | Yamarna | M38/1148                    | Eleckra Mines Limited   | 100              | Application | Yamarna      |
| E38/1312                    | Eleckra Mines Limited   | 100              | Granted     | Yamarna | M38/1178                    | Eleckra Mines Limited   | 100              | Application | Yamarna      |
| E38/1315                    | Eleckra Mines Limited   | 100              | Granted     | Yamarna | M38/1179                    | Eleckra Mines Limited   | 100              | Application | Yamarna      |
| E38/1336                    | Eleckra Mines Limited   | 100              | Granted     | Yamarna | <b>PROSPECTING LICENCES</b> |                         |                  |             |              |
| E38/1355                    | Eleckra Mines Limited   | 100              | Granted     | Yamarna | P38/1199                    | Eleckra Mines Limited   | 100              | Granted     | Yamarna      |
| E38/1386                    | Eleckra Mines Limited   | 100              | Granted     | Yamarna | P38/2626                    | Eleckra Mines Limited   | 100              | Granted     | Yamarna      |
| E38/1387                    | Eleckra Mines Limited   | 100              | Granted     | Yamarna | P38/2752                    | Eleckra Mines Limited   | 100              | Granted     | Yamarna      |
| E38/1388                    | Eleckra Mines Limited   | 100              | Granted     | Yamarna | P38/3150                    | Eleckra Mines Limited   | 100              | Granted     | Yamarna      |
| E38/1389                    | Eleckra Mines Limited   | 100              | Granted     | Yamarna | P38/3337                    | Eleckra Mines Limited   | 100              | Application | Yamarna      |
| E38/1468                    | Eleckra Mines Limited   | 100              | Granted     | Yamarna | P38/3338                    | Eleckra Mines Limited   | 100              | Application | Yamarna      |
| E38/1504                    | Eleckra Mines Limited   | 100              | Granted     | Yamarna | P38/3344                    | Eleckra Mines Limited   | 100              | Application | Yamarna      |
| E38/1528                    | Eleckra Mines Limited   | 100              | Granted     | Yamarna | P30/3345                    | Eleckra Mines Limited   | 100              | Application | Yamarna      |
| E38/1539                    | Eleckra Mines Limited   | 100              | Granted     | Yamarna | P38/3346                    | Eleckra Mines Limited   | 100              | Application | Yamarna      |
| E38/1545                    | Eleckra Mines Limited   | 100              | Granted     | Yamarna | P38/3350                    | Eleckra Mines Limited   | 100              | Application | Yamarna      |
| E38/1565                    | Eleckra Mines Limited   | 100              | Granted     | Yamarna | P38/3352                    | Eleckra Mines Limited   | 100              | Application | Yamarna      |
| E38/1567                    | Eleckra Mines Limited   | 100              | Granted     | Yamarna | P38/3752                    | Eleckra Mines Limited   | 100              | Application | Yamarna      |
| E38/1798                    | Eleckra Mines Limited   | 100              | Granted     | Yamarna | P38/3753                    | Eleckra Mines Limited   | 100              | Application | Yamarna      |
| E38/1845                    | Eleckra Mines Limited   | 100              | Application | Yamarna | P38/3754                    | Eleckra Mines Limited   | 100              | Application | Yamarna      |
| E38/1847                    | Eleckra Mines Limited   | 100              | Application | Yamarna | P38/3755                    | Eleckra Mines Limited   | 100              | Application | Yamarna      |
| E38/1848                    | Eleckra Mines Limited   | 100              | Application | Yamarna | <b>DARKAN PROJECT, WA</b>   |                         |                  |             |              |
| E38/1858                    | Eleckra Mines Limited   | 100              | Application | Yamarna | <b>EXPLORATION LICENCES</b> |                         |                  |             |              |
| E38/1931                    | Eleckra Mines Limited   | 100              | Application | Yamarna | E70/2732                    | Eleckra Mines Limited   | 100              | Granted     | Darkan       |
| E38/1932                    | Eleckra Mines Limited   | 100              | Application | Yamarna | E70/2955                    | GWHewlett               | 0                | Application | Dinninup     |
| E38/1964                    | Eleckra Mines Limited   | 100              | Application | Yamarna | <b>KITTY O'SHEA, QLD</b>    |                         |                  |             |              |
| E38/1981                    | Eleckra Mines Limited   | 100              | Application | Yamarna | EPM16636                    | Eleckra Mines Limited   | 100              | Application | Kitty O'Shea |
| E38/1982                    | Eleckra Mines Limited   | 100              | Application | Yamarna |                             |                         |                  |             |              |
| E38/2043                    | Eleckra Mines Limited   | 100              | Application | Yamarna |                             |                         |                  |             |              |
| E38/2044                    | Eleckra Mines Limited   | 100              | Application | Yamarna |                             |                         |                  |             |              |
| E38/2045                    | Eleckra Mines Limited   | 100              | Application | Yamarna |                             |                         |                  |             |              |
| E38/2046                    | Eleckra Mines Limited   | 100              | Application | Yamarna |                             |                         |                  |             |              |
| E38/2047                    | Eleckra Mines Limited   | 100              | Application | Yamarna |                             |                         |                  |             |              |
| E38/2048                    | Eleckra Mines Limited   | 100              | Application | Yamarna |                             |                         |                  |             |              |
| E38/2058                    | Eleckra Mines Limited   | 100              | Application | Yamarna |                             |                         |                  |             |              |

Table 4: Eleckra Mines Limited tenement schedule

# Corporate Governance Statement

The Directors of Eleckra Mines Limited ("Eleckra"), ("Company") support the establishment and ongoing development of good corporate governance for the Company and the consolidated entity.

Eleckra has adopted systems of control and accountability as the basis for the administration of corporate governance. These policies and procedures are summarised below. The Board of the Company is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

The Board and management are committed to corporate governance and, to the extent they are applicable to the Company, have adopted the Ten Essential Corporate Governance Principles and each of the Best Practice Recommendations as published by ASX Corporate Governance Council ("**ASX Principles and Recommendations**"). Eleckra officially listed on the Australian Stock Exchange Limited on 4 July 2006.

This Statement sets out the corporate governance practices in place during the course of the financial year and as at the date of this report which comply with the recommendations of the Corporate Governance Council unless otherwise stated.

## Corporate Governance Council Recommendation 1

### ***Role of the Board of Directors***

The role of the Board is to build long term sustainable value for its security holders whilst respecting the interests of its stakeholders.

In order to fulfil this role, the Board is responsible for the overall corporate governance of the consolidated entity including formulating its strategic direction, setting remuneration and monitoring the performance of Directors and Senior Executives. The Board relies on Senior Executives to assist it in approving and monitoring expenditure, ensuring the integrity of internal controls and management information systems and monitoring and approving financial and other reporting.

In broad terms the Board Charter clarifies the respective roles of the Board and senior management and assists in decision making processes.

## Corporate Governance Council Recommendation 2

### ***Board Composition***

The Constitution of the Company provides that the number of Directors shall not be less than three. There is no requirement for any share holding qualification.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include the quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the scope of activities of the consolidated entity, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Directors are initially appointed by the Board and are subject to re-election by shareholders at the next general meeting. In any event one third of the Directors are subject to re-election by shareholders at each general meeting.

The Board is presently comprised of three members, one Non-Executive Director and two Executive Directors including an Executive Chairman.

The Board has assessed the independence of its Non-Executive Director, Mr Hart according to the definition contained within the ASX Corporate Governance Guidelines and has concluded that, Mr Hart is not independent by virtue of his director related services provided to the company, through Endeavour Corporate.

The Board does not have a separate Nomination Committee as the selection and appointment process for Directors is carried out by the full Board. The company is not of a sufficient size to warrant a separate committee.

The Board at this point in time does not have any independent directors. However the board considers both its structure and composition are appropriate given the size of the company and its current scale of operation.



## Corporate Governance Council Recommendation 3

### ***Ethical and Responsible decision making***

#### **Code of conduct**

The Board believes in and supports ethical and responsible decision making.

The Board has adopted a Code of Conduct that applies to all employees, executives and Directors of the Company. This Code addresses expectations for conduct in the following areas:

- Responsibility to shareholders;
- Integrity and honesty;
- Respect for laws;
- Conflicts of interests;
- Protection of assets;
- Confidential information;
- Employment practices;
- Respect for the community;
- Respect for individuals;
- Fair trading and dealing;
- Compliance with Code of Conduct; and
- Periodic review of Code

#### **Security Trading Policy**

The Board has adopted a policy and procedure on dealing in the Company's securities by directors, officers and employees which prohibits dealing in the Company's securities when those persons possess inside information. It also provides that notification of intended trading should be given to the Chairman prior to trading.

The law prohibits insider trading and the Corporations Act and the ASX Listing Rules require disclosure of any trading undertaken by directors or their related entities in the Company's securities.

## Corporate Governance Council Recommendation 4

### ***Integrity in financial reporting***

#### **Managing Director and Company Secretary**

The Board requires the Managing Director and the Company Secretary provide a written statement that the financial statements of Company and the consolidated entity present a true and fair view, in all material aspects, of the financial position and operational results. In addition confirmation is provided that all relevant accounting standards have been appropriately applied.

#### **Audit Committee**

The Company does not have a separately constituted audit committee. The Company is not of a size nor are the affairs of a complexity sufficient to warrant the existence of a separate audit committee. All matters which could be delegated to such a committee are dealt with by the full board.

External audit recommendations, internal control matters and any other matters arising from the half-year audit review and the annual statutory audit are discussed directly between the Board and the audit engagement partner.

#### **External Auditors**

The Company's policy is to appoint external Auditors who clearly demonstrate quality and independence. Performance of the external auditor is reviewed annually by the Board. Auditor rotation is required by the Corporations Act 2001.

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 the preparation and content of the audit report.

## Corporate Governance Council Recommendation 5

### ***Timely and balanced disclosure***

The Board is committed to the promotion of investor confidence by providing full and timely information to all security holders and market participants about the consolidated entity's activities and to comply with the continuous disclosure requirements contained in the Corporations Act 2001 and the Australian Stock Exchange Listing Rules.

In view of the size of the Company and its experienced board and management structure, the Company has not adopted written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements at this time.

In accordance with ASX Listing Rules, the Company Secretary is appointed as the Company's disclosure officer.

## Corporate Governance Council Recommendation 6

### ***Rights of Security Holders***

#### **Communications**

The Board fully supports security holder participation at general meetings as well as ensuring that communications with security holders are effective and clear. This has been incorporated into a formal shareholder communication strategy.

In addition to electronic communication via the ASX web site, the Company will publish all ASX releases including Annual and Half-Yearly financial statements on the Company's website.

## Corporate Governance Council Recommendation 7

### ***Recognise and Manage Risk***

#### **Risk Management**

The identification and development of strategies to mitigate risks associated with the consolidated entity's operation is the responsibility of the Board. The Board recognises that as the Company progresses through exploration to evaluation, there are new issues and risks that need to be prudently addressed. If necessary, the Board draws on the expertise of external consultants to assist in dealing with and mitigating risk.

The company is not currently considered to be of a size, nor its affairs of such complexity to justify the implementation of a formal system for identifying, assessing, monitoring and managing risk in the organisation.

The Company does not have an internal audit function.

The Managing Director and Company Secretary are required to provide a statement to the Board on the Company's risk management and internal compliance and control systems.

## Corporate Governance Council Recommendation 8

### ***Encourage Enhanced Performance***

#### **Performance Review**

The Board has not undertaken a formal review of its performance for the year ended 30 June 2007.

The Chairman assesses the performance of the Board, individual directors and key executives on an informal basis. Due to the early stage of development of the Company, it is difficult for quantitative measures of performance to be established. As the Company progresses its current projects, the Board intends to establish appropriate evaluation procedures.

#### **Independent professional advice and access to information**

Each Director has the right to access all relevant information in respect to the Company and to make appropriate enquiries of senior management.

Each Director has the right to seek independent professional advice on matters relating to him as a director of the company at the company's expense, subject to prior approval of the Chairman which shall not be unreasonably withheld.



## Corporate Governance Council Recommendation 9

### ***Remunerate Fairly and Responsibly***

The Company's remuneration policy is to ensure that the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Disclosure of the details of the nature and amount of each element of directors, including non-executive directors, and executive's remuneration is included in the financial statements.

No bonuses and/or incentive payments have been paid and are not anticipated.

### **Remuneration Committee**

The Board determines all compensation arrangements for Directors. It is also responsible for setting performance criteria, performance monitors, share option schemes, incentive performance schemes, superannuation entitlements, retirement and termination entitlements and professional indemnity and liability insurance cover.

The Board has not created a separate Remuneration Committee. Due to the early stage of development and small size of the Company, a separate remuneration committee was not considered to add any efficiency to the process of determining the levels of remuneration for the Directors and key executives.

Remuneration is currently in accordance with the general principals recommended by the ASX, that is, non-executive Directors receive a fixed fee for their services and do not receive performance based remuneration.

The Board ensures that, all matters of remuneration will continue to be in accordance with Corporations Act requirements, by ensuring that none of the Directors participate in any deliberations regarding their own remuneration or related issues. To the extent that additional executives are appointed in the future and the scope of the Company's activities expands the Company will reconsider whether a change in the structure of executive remuneration is appropriate.

## Corporate Governance Council Recommendation 10

### ***Recognise the legitimate interests of Stakeholders***

It is expected that all directors, managers and employees observe the highest standards of integrity, objectivity and business ethics in conducting its business, striving at all times to enhance the reputation and performance of the Company in respect of legal and other obligations to all legitimate stakeholders.

Accordingly, the Board acknowledges the rights of stakeholders and has adopted a Code of Conduct (refer Principle 3) in-line with the recommendations of this Principle 10.

# Directors' Report

The Directors present their report on Eleckra Mines Limited for the year ended 30 June 2007.

## Directors

The names and details of the Directors of Eleckra Mines Limited during the financial year and until the date of this report are:



### **Richard Harris – BSc (Hons)**

#### *Chairman (Executive)*

Mr Harris was appointed the Executive Chairman upon the resignation of Mr Revelins on 17 May 2007. His previous position was the Managing Director. Mr Harris was appointed to the Board on 7 November 2005.

Mr Harris has over 25 years experience in the mining and stockbroking industries and his prior positions include senior mining analyst Hartleys Limited, senior business analyst – acquisitions WMC Limited and international mining analyst – Associate Director Shearson Lehman Hutton Limited, London.

Mr Harris holds a Bachelor of Science Honours degree in Mining Engineering from the University of Wales, UK.

Mr Harris has considerable experience evaluating mining companies and projects, advising and raising capital for resource companies. Having specialized in the junior gold sector Mr Harris has established a wide network of relationships with senior executives and management across both the mining and financial markets and brings strong skills and experience in project and company evaluations, acquisition strategy and negotiation.



### **Russell Davis – BSc (Hons), MBA, MAIMM, FFIN**

#### *Exploration Director (Executive)*

Mr Davis is a geologist with over 25 years experience in mineral exploration, management, property acquisition, mining and development. During this period he has worked on the exploration and development of a range of commodities for companies including Texasgulf Australia Limited, ELF Aquitaine Australia Limited, Noranda Australia Limited, Asarco Australia Limited, Wiluna Mines Limited and Asarco Exploration Company Inc. Mr Davis brings with him considerable expertise, in particular, given Mr Davis' association with Asarco, Mr Davis is familiar with many details of the Yamarna Project.

Mr Davis has held senior positions including Chief Mine Geologist, Exploration Manager and Regional Manager for Asarco. In recent years Mr Davis has been responsible for instigating and managing mineral exploration activities for Asarco and for acquiring projects held by Eleckra Mines Limited.

Mr Davis holds a Bachelor of Science with Honours from the University of Queensland, a Graduate Diploma of Applied Finance and Investment from the Securities Institute of Australia and an MBA from Deakin University. Mr Davis is a Member of the Australasian Institute of Mining and Metallurgy and a fellow of the Financial Services Institute of Australasia.

Mr Davis was appointed as a Director on 28 May 2004.



### **Kevin R Hart**

#### *Non-Executive Director & Company Secretary*

Mr Hart is a Chartered Accountant and has over 20 years experience in accounting and the management and administration of public listed entities in the mining and exploration industry.

He is currently a partner in an advisory firm which specialises in the provision of company secretarial services to ASX listed entities and was appointed Company Secretary on 4 August 2006 and as a Non-Executive Director on 17 May 2007.

He is also a Director of Alloy Resources Limited an ASX listed entity.

### **Richard Revelins – BEc**

#### *Non-Executive Director resigned 17 May 2007*

Mr Revelins has held senior executive positions in merchant banking and stockbroking firms and has acted as an advisor to a number of public companies in such matters as takeovers, mergers and acquisitions, sale of businesses, debt and equity raisings and strategic financial advice.



## Directors' Interests

As at the date of this report the Directors' interests in shares and unlisted options of the Company are as follows:

| Director | Directors' Interests in Ordinary Shares | Directors' Interests in Unlisted Options |
|----------|---|--|
| R Harris | 3,120,000                               | 3,000,000                                |
| R Davis  | 3,130,000                               | 3,000,000                                |
| K Hart   | Nil                                     | Nil                                      |

## Directors' Meetings

The number of meetings of the Company's Directors held during the year ended 30 June 2007 and the number of meetings attended by each Director were:

| Director                          | Board of Directors' Meetings |          |
|-----------------------------------|------------------------------|----------|
|                                   | Eligible to attend           | Attended |
| R Revelins (Resigned 17 May 2007) | 6                            | 6        |
| R Harris                          | 8                            | 8        |
| R Davis                           | 8                            | 8        |
| K Hart                            | 2                            | 2        |

## Principal Activities

The principal activities of the company during the financial year consisted of mineral exploration in Western Australia.

There were no significant changes in these activities during the financial year.

## Results of Operations

The net loss after income tax for the financial year was \$912,828 (2006: \$234,191).

Included in the loss for the current year is a write-off of deferred exploration expenditure totalling \$117,394 (2006: \$ Nil).

## Dividends

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year. No dividend was paid during the previous financial year.

## Review of Activities

### Exploration

A detailed review of the company's activities during the financial year is set out in the section titled "Review of Operations" in this Annual Report.

### Financial Position

At the end of the financial year the company had \$4,267,406 (2006: \$5,869,572) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure is \$4,730,800 (2006: \$2,655,506). Mineral exploration and evaluation expenditure during the year for the company before any write offs was \$2,192,688 (2006: \$2,655,506).

Expenditure was principally focused on the Yamarna Projects.

# Directors' Report continued

## Significant Changes in the State of Affairs

On 7 May 2007 the Company raised A\$2 million by the issue of unlisted convertible notes (4 million notes) at an issue price of \$0.50 per note. The notes had a coupon of 10% per annum, a 3 month term and were convertible into 4 million ordinary fully paid shares at a price of 50 cents per share.

Subsequent to the end of the financial year the convertible notes were converted to 4 million ordinary fully paid shares.

## Options Over Unissued Capital

### **Unlisted Options**

During the financial year and to the date of this report no options over unissued shares were issued. No shares were issued pursuant to the exercise of options during the financial year and to the date of this report.

Since the end of the financial year no unlisted options have been exercised.

As at the date of this report unissued ordinary shares of the Company under option are:

| Number of Options Granted | Exercise Price | Expiry Date   |
|---------------------------|----------------|---------------|
| 6,500,000 (i)             | 20 cents       | 31 March 2011 |

- (i) Unlisted options have a 24 month escrow period from the date of listing on the ASX Limited. The escrow period applies until 4 July 2008.

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

The holders of unlisted options are not entitled to any voting rights until the options are exercised into ordinary shares.

## Matters Subsequent to the End of the Financial Year

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the company, the results of those operations or the state of affairs of the company in subsequent financial years other than the conversion of Convertible Notes totalling \$2,000,000 into 4,000,000 fully paid shares of the Company at a conversion price of \$0.50.

## Likely Developments and Expected Results of Operations

Likely developments in the operations of the company are included elsewhere in this Annual Report. Disclosure of any further information has not been included in this report because, in the reasonable opinion of the Directors to do so would be likely to prejudice the business activities of the company and is dependent upon the results of the future exploration and evaluation.

## Environmental Regulation and Performance

The company holds various exploration licences to regulate its exploration activities in Australia. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of its exploration activities.

So far as the Directors are aware, all exploration activities have been undertaken in compliance with all relevant environmental regulations.



## Remuneration Report

### Remuneration Policy

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors and senior executives. Remuneration packages include fixed remuneration with bonuses or equity based remuneration entirely at the discretion of the Board based on the performance of the company.

Total remuneration for all Non-Executive Directors was voted on by shareholders, whereby it is not to exceed in aggregate \$200,000 per annum. Non-Executive Directors do not receive bonuses. Directors' fees cover all main Board activities.

At the date of this report the Company has not entered into any agreements with Directors or Senior Executives which include performance based components, nor is there any provision for issuing securities to Directors or Senior Executives.

Refer also to the Corporate Governance Statement for more detail on the Boards policy in this area.

### Details of Remuneration for Directors and Executive Officers

During the year there were no Senior Executives which were employed by the Company for whom disclosure is required.

Details of the remuneration of each Director of the company are as follows:

#### YEAR 2007

| Directors                         | Base Emolument<br>\$ | Superannuation Contributions<br>\$ | Other Benefits<br>\$ | Value of Options<br>\$ | Total<br>\$    |
|-----------------------------------|----------------------|------------------------------------|----------------------|------------------------|----------------|
| R Revelins (resigned 17 May 2007) | 75,000               | –                                  | 25,000               | –                      | 100,000        |
| R Harris                          | 190,000              | 17,100                             | 1,949                | –                      | 209,049        |
| R Davis                           | 170,000              | 15,300                             | 9,602                | –                      | 194,902        |
| K Hart                            | 5,000                | –                                  | –                    | –                      | 5,000          |
| <b>Total</b>                      | <b>440,000</b>       | <b>32,400</b>                      | <b>36,551</b>        | <b>–</b>               | <b>508,951</b> |

#### YEAR 2006

| Directors      | Base Emolument<br>\$ | Superannuation Contributions<br>\$ | Other Benefits<br>\$ | Value of Options<br>\$ | Total<br>\$    |
|----------------|----------------------|------------------------------------|----------------------|------------------------|----------------|
| R Revelins (i) | –                    | –                                  | –                    | 7,666                  | 7,666          |
| R Harris (ii)  | 56,000               | 5,040                              | –                    | 45,998                 | 107,038        |
| R Davis (iii)  | 40,000               | 3,600                              | –                    | 45,998                 | 89,598         |
| <b>TOTAL</b>   | <b>96,000</b>        | <b>8,640</b>                       | <b>–</b>             | <b>99,662</b>          | <b>204,302</b> |

(i) Options represent 100.0% of R Revelins remuneration.

(ii) Options represent 42.9% of R Harris remuneration.

(iii) Options represent 51.3% of R Davis remuneration.

## Remuneration Report continued

### **Executive Employment Agreements**

Remuneration and other terms of employment for the Executive Chairman and Exploration Director are set out in their respective Executive Employment Agreements. Major provisions are as follows:

#### **Richard Harris – Executive Chairman**

- Term of agreement – 3 years commencing 4 July 2006 (date Eleckra listed on ASX).
- Base salary of \$190,000 per annum from the date of listing on the Australian Stock Exchange, and prior to listing \$7,000 per month.
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, is equivalent to 2 years salary.

#### **Russell Davis – Exploration Director**

- Term of agreement – 3 years commencing 4 July 2006 (date Eleckra listed on ASX).
- Base salary of \$170,000 per annum from the date of listing on the Australian Stock Exchange, and prior to listing \$5,000 per month. In addition Mr Davis is entitled to the use of a company vehicle.
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, is equivalent to 2 years salary.

#### **Kevin Hart – Company Secretary & Non-Executive Director**

- Has an interest as a Partner in a Chartered Accounting firm, Endeavour Corporate. This firm provided company secretarial and accounting services to the Company in the ordinary course of business. The value of transactions in the financial year ending 30 June 2007 amounted to \$50,407. Terms and conditions were not more favourable than those available, or which might reasonably be expected to be available for a similar transaction to unrelated parties on an arms length basis.

### **Unlisted Options**

No unlisted options over unissued shares have been issued to directors or key management personnel of the company during or since the end of the financial year.

### **Officer's Indemnities and Insurance**

Subsequent to the end of the financial year the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Company has not provided any insurance for an auditor of the Company.

### **Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

### **Corporate Governance**

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of corporate governance. The Company's corporate governance statement is contained in the annual report.



## Non-audit Services

During the year Stantons International, the Company's auditor, has performed certain other services in addition to their statutory duties.

Total remuneration paid to auditors during the financial year:

|  | 2007<br>\$    | 2006<br>\$ |
|--|---------------|------------|
| Audit and review of the company's financial statements | 25,094        | 7,000      |
| Taxation and other services                            | 3,744         | 8,084      |
| <b>TOTAL</b>   | <b>28,838</b> | 15,084     |

The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact the impartiality and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on page 30.

## Auditor

Stantons International continues in office in accordance with section 327 of the Corporations Act 2001.

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

DATED at Perth this 24<sup>th</sup> day of September 2007.

**Richard Harris**  
Director

# Stantons International

ABN 41 103 088 697

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WEST PERTH WA 6005, AUSTRALIA  
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24 September 2007

Board of Directors  
Eleckra Mines Limited  
6 Altona Street,  
WEST PERTH WA 6005

Dear Directors

**RE: ELECKRA MINES LIMITED**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Eleckra Mines Limited.

As Audit Director for the audit of the financial statements of Eleckra Mines Limited for the year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

**STANTONS INTERNATIONAL**  
**(Authorised Audit Company)**



**John Van Dieren**  
**Director**

Member of Russell Bedford International



# Income Statement



FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

|   | Note | 2007<br>\$       | 2006<br>\$    |
|---|------|------------------|---------------|
| Revenue from continuing operations  | 6    | <b>233,310</b>   | 22,253        |
| <b>Total revenue</b>  |      |                  |               |
| Employee expenses   |      | <b>(296,889)</b> | (129,978)     |
| Employee expenses recharged to exploration  |      | <b>181,737</b>   | 119,451       |
| Equity based remuneration expense   |      | –                | (99,662)      |
| Non-Executive Directors' fees   |      | <b>(105,000)</b> | –             |
| Accounting and advisory expenses  |      | <b>(180,375)</b> | (27,945)      |
| Compliance costs  |      | <b>(90,689)</b>  | –             |
| Operating lease expenses  |      | <b>(38,033)</b>  | (11,274)      |
| Depreciation expense  | 11   | <b>(23,183)</b>  | (1,475)       |
| Corporate and office expenses   |      | <b>(158,008)</b> | (49,524)      |
| Legal costs   |      | <b>(35,918)</b>  | (38,649)      |
| Insurance   |      | <b>(28,736)</b>  | –             |
| Finance costs   |      | <b>(37,653)</b>  | (1,250)       |
| Travel expenses   |      | <b>(137,658)</b> | –             |
| Other expenses  |      | <b>(78,339)</b>  | (16,138)      |
| Exploration costs written off and expensed  |      | <b>(117,394)</b> | –             |
| <b>Loss before income tax</b>   |      | <b>(912,828)</b> | (234,191)     |
| Income tax expense  | 8    | –                | –             |
| <b>Loss attributable to members for the year</b>  | 20b) | <b>(912,828)</b> | (234,191)     |
|   |      | <b>Cents</b>     | <b>Cents</b>  |
| Earnings per share for loss attributable to the ordinary equity holders of the company. |      |                  |               |
| Basic earnings/(loss) per share   | 30   | <b>(1.57)</b>    | (2.63)        |
| Diluted earnings/(loss) per share   | 30   | <b>(1.57)</b>    | <b>(2.63)</b> |

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

# Balance Sheet

AS AT 30 JUNE 2007

|  | Note | 2007<br>\$       | 2006<br>\$ |
|--|------|------------------|------------|
| <b>Current assets</b>                                      |      |                  |            |
| Cash and cash equivalents                                  | 9    | 4,267,406        | 5,869,572  |
| Trade and other receivables                                | 10   | 76,542           | 65,416     |
| <b>Total current assets</b>                                |      | <b>4,343,948</b> | 5,934,988  |
| <b>Non-current assets</b>                                  |      |                  |            |
| Property, plant and equipment                              | 11   | 114,452          | 4,889      |
| Investment in subsidiary                                   | 12   | 598              | –          |
| Capitalised mineral exploration and evaluation expenditure | 13   | 4,730,800        | 2,655,506  |
| <b>Total non-current assets</b>                            |      | <b>4,845,850</b> | 2,660,395  |
| <b>Total assets</b>  |      | <b>9,189,798</b> | 8,595,383  |
| <b>Current liabilities</b>                                 |      |                  |            |
| Borrowings   | 14   | 2,000,000        | –          |
| Trade and other payables                                   | 15   | 142,763          | 698,926    |
| Interest bearing liability                                 | 16   | 11,889           | –          |
| Provisions   | 17   | 23,488           | –          |
| <b>Total current liabilities</b>                           |      | <b>2,178,140</b> | 698,926    |
| <b>Non-current liabilities</b>                             |      |                  |            |
| Interest bearing liability                                 | 16   | 46,095           | –          |
| <b>Total non-current liabilities</b>                       |      | <b>46,095</b>    | –          |
| <b>Total liabilities</b>                                   |      | <b>2,224,235</b> | 698,926    |
| <b>Net assets</b>  |      | <b>6,965,563</b> | 7,896,457  |
| <b>Equity</b>  |      |                  |            |
| Contributed equity   | 18   | 8,062,882        | 8,080,948  |
| Accumulated losses   | 20a) | (1,196,981)      | (284,153)  |
| Equity remuneration reserve                                | 20b) | 99,662           | 99,662     |
| <b>Total equity</b>  |      | <b>6,965,563</b> | 7,896,457  |

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

# Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007



|   | Note | 2007<br>\$       | 2006<br>\$ |
|---|------|------------------|------------|
| <b>Total equity at the beginning of the financial year</b>            |      | <b>7,896,457</b> | (49,961)   |
| Loss for the year   | 20b) | <b>(912,828)</b> | (234,191)  |
| Movement in equity remuneration reserve                               | 20a) | —                | 99,662     |
| Transactions with equity holders in their capacity as equity holders: |      |                  |            |
| Contributions of equity   | 18c) | —                | 8,746,500  |
| Transaction costs of equity issued                                    | 18c) | <b>(18,066)</b>  | (665,553)  |
| <b>Total equity at the end of the financial year</b>                  |      | <b>6,965,563</b> | 7,896,457  |

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

# Cash Flow Statement

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

|   | Note | 2007<br>\$         | 2006<br>\$ |
|---|------|--------------------|------------|
| <b>Cash flows from operating activities</b>                             |      |                    |            |
| Interest received   |      | 192,630            | 22,253     |
| Payments to suppliers and employees                                     |      | (868,752)          | (146,964)  |
| Interest paid   |      | (24,875)           | (1,250)    |
| <b>Net cash flows used in operating activities</b>                      | 29a) | <b>(700,997)</b>   | (125,961)  |
| <b>Cash flows from investing activities</b>                             |      |                    |            |
| Payments for exploration and evaluation                                 |      | (2,103,836)        | (218,089)  |
| Payments for tenement acquisition                                       |      | (96,269)           | (400,000)  |
| Proceeds from sale of plant and equipment                               |      | 1,245              | –          |
| Payment for investment in subsidiary                                    |      | (598)              | –          |
| Payments for plant and equipment  |      | (134,187)          | (7,000)    |
| <b>Net cash flows used in investing activities</b>                      |      | <b>(2,333,645)</b> | (625,089)  |
| <b>Cash flows from financing activities</b>                             |      |                    |            |
| Proceeds from loans received  |      | 2,057,301          | 53,300     |
| Repayment of loans  |      | (11,206)           | (50,000)   |
| Transaction costs on issue of shares                                    |      | (613,619)          | –          |
| Proceeds from the issue of shares                                       |      | –                  | 6,617,175  |
| <b>Net cash flows from financing activities</b>                         |      | <b>1,432,476</b>   | 6,620,475  |
| <b>Net increase/(decrease) in cash and cash equivalents</b>             |      | <b>(1,602,166)</b> | 5,869,425  |
| <b>Cash and cash equivalents at the beginning of the financial year</b> |      | <b>5,869,572</b>   | 147        |
| <b>Cash and cash equivalents at the end of the financial year</b>       | 9    | <b>4,267,406</b>   | 5,869,572  |
| Non cash financing activities   | 29b) |                    |            |

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

# Notes to the Financial Statements



FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

## Note 1 Basis of preparation of the financial report

The following is a summary of the significant accounting policies adopted by Eleckra Mines Limited in the preparation of these financial statements. These policies have been consistently applied to all years presented, unless otherwise stated.

### *Statement of compliance*

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) and the Corporations Act 2001. The financial report also complies with the IRFSs and interpretations adopted by the International Accounting Standards Board.

### *Adoption of new and revised Accounting Standards*

In the current year, the Company has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in any material changes to the Company's accounting policies.

At the date of authorisation of the financial report, the following Standards and Interpretations were in issue but not yet effective:

AASB 7 Financial instruments: Disclosures and consequential amendments to other accounting standards resulting from its issue. This is effective for annual reporting periods beginning on or after 1 January 2007.

AASB 101 Presentation of financial Statements – revised standard. This is effective for annual reporting periods beginning on or after 1 January 2007.

Interpretation 10 interim Financial Reporting and Impairment. This is effective for annual reporting periods beginning on or after 1 November 2006.

### *Report basis and conventions*

These financial statements have been prepared under the historical cost convention, and on an accrual basis.

### *Critical accounting estimates*

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

## Note 2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Eleckra Mines Limited as an individual entity.

### **a) Basis of consolidation**

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing controls, potential voting right that presently are exercisable are taken into account. The financial statements of a subsidiary where material are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In the Company's financial statements, investments in subsidiaries are carried at cost. Refer to note 12.

### **b) Segment reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

### **c) Revenue recognition and receivables**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, allowances and amounts collectable on behalf of third parties.

### *Interest income*

Interest income is recognised on a time proportion basis and is recognised as it accrues.

# Notes to the Financial Statements continued

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

## Note 2 Summary of significant accounting policies continued

### **d) Income tax**

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary timing differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to those timing differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

### **e) Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 26). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

### **f) Impairment of assets**

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

### **g) Cash and cash equivalents**

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

### **h) Fair value estimation**

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.



## Note 2 Summary of significant accounting policies *continued*

### **i) Property, plant and equipment**

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

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 company 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 of property, plant and equipment is calculated using the straight line and written down value methods to allocate their cost, net of residual values, over their estimated useful lives, as follows:

|                    |             |
|--------------------|-------------|
| Office equipment   | 5-7 years   |
| Office furniture   | 10-15 years |
| Field equipment    | 10 years    |
| Computer equipment | 2-3 years   |
| Vehicles           | 8 years     |

The asset's 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 (note 2f)).

### **j) Mineral exploration and evaluation expenditure**

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

- such costs are expected to be recouped through the successful development and exploitation of the area of interest, or alternatively by its sale; or
- exploration and/or evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations in, or in relation to, the area of interest are continuing.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the year in which that assessment is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

### **k) Joint ventures**

Interests in joint ventures have been brought to account by including the appropriate share of the relevant assets, liabilities and costs of the joint ventures in their relevant categories in the financial statements.

### **l) Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. The amounts are unsecured and usually paid within 30 days of recognition.

# Notes to the Financial Statements continued

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

## Note 2 Summary of significant accounting policies continued

### **m) Employee benefits**

#### *Wages, salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

#### *Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future salaries, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

#### *Share based payments.*

Share based compensation payments are made available to directors and employees.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share based payments reserve relating to those options is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

### **n) Contributed equity**

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.

### **o) Earnings per share**

#### *Basic earnings per share*

Basic earnings per share is calculated by dividing the earnings attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

#### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### **p) Goods and service tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as a part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flow.



### Note 3 Financial risk management

The Company's activities expose it to a variety of financial risks; market risk, credit risk, liquidity risk and cash flow interest risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

**a) Market risk**

Currently the Company is not exposed to any significant market risk.

**b) Credit risk**

The Company currently has no significant concentrations of credit risk.

**c) Liquidity risk**

The Company manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance resources to finance the Company's current and future operations.

**d) Cash flow and fair value interest rate risk**

As the Company has significant interest bearing assets, the Company's income and operating cash flows are materially exposed to changes in market interest rates. The assets are short term interest bearing deposits, and no financial instruments are employed to mitigate risk. (Note 21 – Financial Instruments).

### Note 4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

**Accounting for capitalised exploration and evaluation expenditure**

The Company's accounting policy is stated at 2j). There is some subjectivity involved in the carrying forward as capitalised or writing off to the income statement exploration and evaluation expenditure, however management give due consideration to areas of interest on a regular basis and are confident that decisions to either write off or carry forward such expenditure reflect fairly the prevailing situation.

**Accounting for share based payments**

The Company's accounting policy is stated at 2m). The value of these option payments are based on reasonable estimates using a recognised option pricing model.

### Note 5 Segment information

**Business segments**

The Company is involved in the mineral exploration sector.

**Geographical segments**

The Company is organised on a national basis with exploration and development interests within Western Australia.

### Note 6 Revenue and other income

From continuing operations

*Other revenue*

Interest received

**2007**  
**\$**

**2006**  
**\$**

**233,310**

22,253

# Notes to the Financial Statements continued

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

## Note 7 Expenses

Loss before income tax includes the following specific expenses:

### Depreciation

|  | 2007<br>\$ | 2006<br>\$ |
|--|------------|------------|
| Plant and equipment                              | 319        | –          |
| Office equipment                                 | 14,979     | 1,475      |
| Vehicles   | 7,885      | –          |
| Finance costs – loan interest                    | 37,653     | 1,250      |
| Loss on disposal of assets                       | 897        | –          |
| Exploration expenditure written off and expensed | 117,394    | –          |

## Note 8 Income tax expense

### a) Income tax expense

|   |   |   |
|---|---|---|
| Current income tax                                  | – | – |
| Deferred tax  | – | – |
| Income tax expense reported in the income statement | – | – |

### b) Reconciliation of income tax expense to prima facie tax payable

|   |           |           |
|---|-----------|-----------|
| Loss from continuing operations before income tax expense | (912,828) | (234,191) |
| Tax at Australian rate of 30% (2006 – 30%)                | (273,848) | (70,257)  |
| Non-deductible accrued expenses                           | 2,400     | 2,100     |
| Non-deductible leave provisions                           | 7,046     | –         |
| Non-deductible legal costs                                | 752       | –         |
| Non-deductible share based payment                        | –         | 29,899    |
| Non-deductible entertainment                              | 1,764     | –         |
| Accrued interest income                                   | (12,204)  | –         |
| Capital raising costs                                     | (42,252)  | (39,953)  |
| Exploration costs   | (622,588) | (67,652)  |
| Deferred tax benefit not brought to account               | 938,930   | 145,843   |
| Tax benefit   | –         | –         |

### c) Deferred tax – Balance Sheet

#### Assets

|  |           |           |
|--|-----------|-----------|
| Revenue losses available to offset against future taxable income | 1,828,762 | 889,832   |
| Accrued expenses   | 4,500     | 2,100     |
| Leave provisions   | 7,046     | –         |
| Deductible equity raising costs                                  | 123,653   | 159,733   |
|  | 1,963,961 | 1,051,665 |

#### Liabilities

|                         |             |           |
|-------------------------|-------------|-----------|
| Accrued income          | (12,204)    | –         |
| Exploration expenditure | (1,351,588) | (796,652) |
|                         | (1,363,792) | (796,652) |

#### Net deferred tax asset

|  |         |         |
|--|---------|---------|
|  | 600,169 | 255,013 |
|--|---------|---------|



## Note 9 Current assets – Cash and cash equivalents

Cash at bank and in hand

| 2007<br>\$       | 2006<br>\$ |
|------------------|------------|
| <b>4,267,406</b> | 5,869,572  |

### a) *Cash at bank and on hand*

These attract a weighted average interest at rate of 5% (2006: 4.25%).

## Note 10 Current assets – Trade and other receivables

Prepaid expenses

Interest receivable

GST recoverable

|               |        |
|---------------|--------|
| <b>4,025</b>  | –      |
| <b>40,680</b> | –      |
| <b>31,837</b> | 65,416 |
| <b>76,542</b> | 65,416 |

## Note 11 Non-current assets – Property, plant and equipment

### *Plant and equipment*

At cost

Accumulated depreciation

|              |   |
|--------------|---|
| <b>3,975</b> | – |
| <b>(319)</b> | – |
| <b>3,656</b> | – |

### *Office equipment*

At cost

Accumulated depreciation

|                 |         |
|-----------------|---------|
| <b>53,912</b>   | 6,364   |
| <b>(15,209)</b> | (1,475) |
| <b>38,703</b>   | 4,889   |

### *Motor vehicles*

At cost

Accumulated depreciation

|                |       |
|----------------|-------|
| <b>79,978</b>  | –     |
| <b>(7,885)</b> | –     |
| <b>72,093</b>  | –     |
| <b>114,452</b> | 4,889 |

## Reconciliation

### *Plant and equipment*

Net book value at start of the year

Additions

Depreciation

Net book value at end of the year

|              |   |
|--------------|---|
| –            | – |
| <b>3,975</b> | – |
| <b>(319)</b> | – |
| <b>3,656</b> | – |

### *Office equipment*

Net book value at start of the year

Additions

Disposals

Depreciation

Net book value at end of the year

|                 |         |
|-----------------|---------|
| <b>4,889</b>    | –       |
| <b>50,870</b>   | 6,364   |
| <b>(2,077)</b>  | –       |
| <b>(14,979)</b> | (1,475) |
| <b>38,703</b>   | 4,889   |

### *Motor vehicles*

Net book value at start of the year

Additions

Depreciation

Net book value at end of the year

|                |       |
|----------------|-------|
| –              | –     |
| <b>79,978</b>  | –     |
| <b>(7,885)</b> | –     |
| <b>72,093</b>  | –     |
| <b>114,452</b> | 4,889 |

No items of property, plant and equipment have been pledged as security by the company.

# Notes to the Financial Statements continued

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

## Note 12 Investment in subsidiary

During the year Eleckra Mines Limited acquired 100% of Thatcher's Soak Uranium Pty Ltd for \$598, the Company was incorporated in Western Australia on 22 March 2007.

The subsidiary company had no material assets or liabilities at the reporting date and in addition had no revenue or expenses during the period of incorporation to the end of the financial reporting period.

Consolidated financial statements have not been prepared as the Directors consider to do so would be immaterial to the reporting entity's net assets of the reporting date and its result and cash flows for the reporting period.

|   | 2007<br>\$       | 2006<br>\$ |
|---|------------------|------------|
| <b>Note 13 Non-current assets –</b>                               |                  |            |
| <b>Capitalised mineral exploration and evaluation expenditure</b> |                  |            |
| <i>In the exploration and evaluation phase</i>                    |                  |            |
| Cost brought forward  | 2,655,506        | –          |
| Acquisition costs incurred during the year                        | –                | 2,430,000  |
| Exploration expenditure during the year                           | 2,192,688        | 225,406    |
| Exploration expenditure written off                               | (117,394)        | –          |
| Cost carried forward  | <b>4,730,800</b> | 2,655,506  |

## Note 14 Current liabilities – Borrowings

|                   |                  |   |
|-------------------|------------------|---|
| Convertible Notes | <b>2,000,000</b> | – |
|-------------------|------------------|---|

On 7 May 2007 the Company issued a convertible note. The note had a face value of \$2.0 million and is convertible into 4,000,000 ordinary fully paid shares at 50 cents per share.

The interest rate applicable is 10% per annum. The notes have a 3 month term from the date of issue and are convertible at the election of the note holder or the Company. The note automatically converts on expiry of the term.

Subsequent to the end of the financial year the convertible notes were converted into 4,000,000 ordinary fully paid shares at 50 cents each.

|   | 2007<br>\$     | 2006<br>\$ |
|---|----------------|------------|
| <b>Note 15 Current liabilities – Trade and other payables</b> |                |            |
| Trade payables and accruals                                   | <b>142,763</b> | 698,926    |



2007  
\$

2006  
\$

## Note 16 Interest bearing liability

Finance lease liability

### *Minimum Lease Payment*

Less than one year

Between one and five years

|               |   |
|---------------|---|
| 16,636        | – |
| 52,683        | – |
| <b>69,319</b> | – |

*Less: Unexpired Interest Charges*

Less than one year

Between one and five years

|                 |   |
|-----------------|---|
| (4,747)         | – |
| (6,588)         | – |
| <b>(11,335)</b> | – |
| <b>57,984</b>   | – |

*Disclosed as:*

Current liability

Non-current liability

|               |   |
|---------------|---|
| 11,889        | – |
| 46,095        | – |
| <b>57,984</b> | – |

### *a) Interest rate risk exposure*

Details of the Company's exposure to interest rate changes on borrowings are set out in note 20.

### *b) Fair value disclosures*

Details of the fair value of borrowings for the Company are set out in note 20.

### *c) Security*

The carrying amounts of assets pledged as security for current and non current interest bearing liabilities are:

Motor Vehicle – (refer to note 11)

|               |   |
|---------------|---|
| <b>59,475</b> | – |
|---------------|---|

## Note 17 Provisions – current

Employee entitlements

|               |   |
|---------------|---|
| <b>23,488</b> | – |
|---------------|---|

## Note 18 Contributed equity

### *a) Ordinary shares*

The company is a public company limited by shares. The company was incorporated in Perth, Western Australia.

The company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

# Notes to the Financial Statements continued

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

|  |                 | 2007<br>No.       | 2006<br>No.       | 2007<br>\$       | 2006<br>\$ |
|--|-----------------|-------------------|-------------------|------------------|------------|
| <b>Note 18 Contributed equity</b> <i>continued</i>                       |                 |                   |                   |                  |            |
| <b>b) Share capital</b>  |                 |                   |                   |                  |            |
| Issued share capital   |                 | <b>58,100,000</b> | 58,100,000        | <b>8,062,882</b> | 8,080,948  |
| <b>c) Share movements during the year</b>                                |                 |                   |                   |                  |            |
|  | Issue<br>priced | <b>58,100,000</b> | 1                 | <b>8,080,948</b> | 1          |
| Shares issued to directors,<br>employees and promoters                   | \$0.01          | —                 | 9,000,000         | —                | 90,000     |
| Shares issued to directors, employees,<br>promoters and seed capitalists | \$0.07          | —                 | 7,949,999         | —                | 556,500    |
| Shares issued in respect of<br>IPO announced 13 June 2006                | \$0.20          | —                 | 30,000,000        | —                | 6,000,000  |
| Shares issued to vendors   | \$0.20          | —                 | 10,150,000        | —                | 2,030,000  |
| Shares issued to IPO broker<br>for management fee                        | \$0.07          | —                 | 1,000,000         | —                | 70,000     |
| Less: costs related to shares issued                                     |                 | —                 | —                 | <b>(18,066)</b>  | (665,553)  |
| At the end of the year   |                 | <b>58,100,000</b> | <b>58,100,000</b> | <b>8,062,882</b> | 8,080,948  |

## Note 19 Options

The Company does not have a formal Option Plan. Options have been issued in accordance with a resolution of directors. Options are issued free to eligible persons and vest on grant.

### a) Options issued during the year

No options were issued during the financial year.

During the previous financial year the company granted the following unlisted options over unissued shares:

| Number of Options Granted | Exercise Price | Expiry Date   |
|---------------------------|----------------|---------------|
| 6,500,000                 | 20 cents       | 31 March 2011 |

The share options were granted to directors on 24 November 2005 and have been valued for inclusion in remunerations disclosures using the Black Scholes option valuation methodology at \$99,662. The key assumptions in arriving at the value was an assumed IPO price of 20 cents, risk free rate of return 5.31%, a volatility of 50%, an exercise price of 20 cents, an expiry date of 31 March 2011, a 75% discount for risk that the IPO will not proceed or be unduly delayed and a 30% discount as the share options will not be listed on the ASX.

During the year no options were exercised.

### b) Options on issue at the balance date

The number of options outstanding over unissued ordinary shares at 30 June 2007 is 6,500,000 (2006: 6,500,000). The terms of these options are as follows:

| Number of Options Outstanding | Exercise Price | Expiry Date   |
|-------------------------------|----------------|---------------|
| 6,500,000                     | 20 cents       | 31 March 2011 |

### c) Subsequent to the balance date

No options have been granted or exercised subsequent to the balance date to the date of signing this report.



2007  
\$

2006  
\$

## Note 20 Reserves and accumulated losses

### a) Equity remuneration reserve

Balance brought forward at 1 July 2006

Transfer to equity remuneration reserve in respect of options issued

Balance carried forward at 30 June 2007

|               |        |
|---------------|--------|
| <b>99,662</b> | –      |
| <b>–</b>      | 99,662 |
| <b>99,662</b> | 99,662 |

The equity remuneration reserve is used to recognise the fair value of options issued but not exercised.

### b) Accumulated losses

Balance brought forward at 1 July 2006

Loss for the period

Balance carried forward at 30 June 2007

|                    |           |
|--------------------|-----------|
| <b>(284,153)</b>   | (284,153) |
| <b>(912,828)</b>   | (234,191) |
| <b>(1,196,981)</b> | (284,153) |

## Note 21 Financial instruments

The company's exposure to interest rate risk (note 3d)) is as follows:

|   | Fixed<br>interest<br>rate<br>% | Weighted<br>average<br>effective<br>interest<br>% | Funds<br>available<br>at floating<br>interest rate<br>\$ | Assets/<br>(liabilities)<br>non interest<br>bearing<br>\$ | Total<br>\$ |
|---|--------------------------------|---|--|---|-------------|
| <b>2007</b>                               |                                |   |  |   |             |
| <b>Financial assets</b>                   |                                |   |  |   |             |
| Cash and cash equivalents                 |                                | 5%  | 4,267,406  | –   | 4,267,406   |
| Trade and other receivables               |                                |   | –  | 76,542  | 76,542      |
| <b>Total financial assets</b>             |                                |   | 4,267,406  | 76,542  | 4,343,948   |
| <b>Financial liabilities</b>              |                                |   |  |   |             |
| Payables                                  |                                | –   | –  | (166,251)   | (166,251)   |
| Convertible Notes                         | 10%                            |   | (2,000,000)  | –   | (2,000,000) |
| Finance lease                             |                                | 9.5%  | (57,984)   | –   | (57,984)    |
| <b>Total financial liabilities</b>        |                                |   | (2,057,984)  | (166,251)   | (2,224,235) |
| <b>Net financial assets/(liabilities)</b> |                                |   | 2,209,422  | (89,709)  | 2,119,713   |
| <b>2006</b>                               |                                |   |  |   |             |
| <b>Financial assets</b>                   |                                |   |  |   |             |
| Cash and cash equivalents                 |                                | 4.25%   | 5,869,572  | –   | 5,869,572   |
| Trade and other receivables               |                                | –   | 65,416   | 65,416  |             |
| <b>Total financial assets</b>             |                                |   | 5,869,572  | 65,416  | 5,934,988   |
| <b>Financial liabilities</b>              |                                |   |  |   |             |
| Borrowings                                |                                | –   | –  | (698,926)   | (698,926)   |
| Payables                                  |                                | –   | –  | (698,926)   | (698,926)   |
| <b>Total financial liabilities</b>        |                                |   | 5,869,572  | (633,510)   | 5,236,062   |
| <b>Net financial assets/(liabilities)</b> |                                |   | 5,869,572  | –   | 5,869,572   |

# Notes to the Financial Statements continued

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

## Note 22 Dividends

No dividends were paid or proposed during the financial year.  
The company has no franking credits available as at 30 June 2007.

## Note 23 Key management personnel disclosures

### a) Directors

The following persons were directors of Eleckra Mines Limited during the financial year:

- (i) Chairman – Non-Executive  
Richard Revelins (resigned 17 May 2007)
- (ii) Non-Executive director and Company Secretary  
Kevin Hart (appointed 17 May 2007)
- (iii) Executive directors  
Richard Harris, Executive Chairman (appointed 7 November 2005)  
Russell Davis, Exploration Director (appointed 28 May 2004)

### b) Other key management personnel

There were no other persons employed by or contracted to the company during the financial year, having responsibility for planning, directing and controlling the activities of the company, either directly or indirectly.

### c) Key management personnel compensation

#### Compensation Policy

Compensation levels are competitively set to attract and retain appropriately qualified and experienced Directors and senior executives. Compensation packages include fixed compensation with bonuses or equity based compensation entirely at the discretion of the Board based on the performance of the company.

Total compensation for all Non-Executive Directors was voted on by shareholders, whereby it is not to exceed in aggregate \$200,000 per annum. Non-Executive Directors do not receive bonuses. Directors' fees cover all main Board activities.

At the date of this report the Company has not entered into any agreements with Directors or Senior Executives which include performance based components.

Refer also to the Corporate Governance Statement for more detail on the Boards policy in this area.

#### Details of Compensation for Directors and Executive Officers

During the year there were no Senior Executives which were employed by the Company for whom disclosure is required.

Details of the compensation of each Director of the company are as follows:

#### YEAR 2007

| Directors    | Base Emolument<br>\$ | Superannuation Contributions<br>\$ | Other Benefits<br>\$ | Value of Options<br>\$ | Total<br>\$    |
|--------------|----------------------|------------------------------------|----------------------|------------------------|----------------|
| R Revelins   | 75,000               | –                                  | 25,000               | –                      | 100,000        |
| R Harris     | 190,000              | 17,100                             | 1,949                | –                      | 209,049        |
| R Davis      | 170,000              | 15,300                             | 9,602                | –                      | 194,902        |
| K Hart       | 5,000                | –                                  | –                    | –                      | 5,000          |
| <b>Total</b> | <b>440,000</b>       | <b>32,400</b>                      | <b>36,551</b>        | <b>–</b>               | <b>508,951</b> |



## Note 23 Key management personnel disclosures *continued*

### c) *Key management personnel compensation* *continued*

#### YEAR 2006

| Directors      | Base Emolument<br>\$ | Superannuation Contributions<br>\$ | Other Benefits<br>\$ | Value of Options<br>\$ | Total<br>\$    |
|----------------|----------------------|------------------------------------|----------------------|------------------------|----------------|
| R Revelins (i) | –                    | –                                  | –                    | 7,666                  | 7,666          |
| R Harris (ii)  | 56,000               | 5,040                              | –                    | 45,998                 | 107,038        |
| R Davis (iii)  | 40,000               | 3,600                              | –                    | 45,998                 | 89,598         |
| <b>TOTAL</b>   | <b>96,000</b>        | <b>8,640</b>                       | <b>–</b>             | <b>99,662</b>          | <b>204,302</b> |

(i) Options represent 100% of R Revelins compensation.

(ii) Options represent 42.9% of R Harris compensation

(iii) Options represent 51.3% of R Davis compensation

#### *Executive Employment Agreements*

Compensation and other terms of employment for the Executive Chairman and Exploration Director are set out in their respective Executive Employment Agreements. Major provisions are as follows:

##### **Richard Harris – Executive Chairman**

- Term of agreement – 3 years commencing 4 July 2006 (date Eleckra listed on ASX).
- Base salary of \$190,000 per annum from the date of listing on the Australian Stock Exchange, and prior to listing, \$7,000 per month.
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, is equivalent to 2 years salary.

##### **Russell Davis – Exploration Director**

- Term of agreement – 3 years commencing 4 July 2006 (date Eleckra listed on ASX).
- Base salary of \$170,000 per annum from the date of listing on the Australian Stock Exchange, and prior to listing, \$5,000 per month. In addition Mr Davis is entitled to the use of a company vehicle.
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, is equivalent to 2 years salary.

### d) *Equity instrument disclosures relating to key management personnel*

#### *Option holdings*

The number of options over ordinary shares in the company held during the financial year by each director of Eleckra Mines Limited and other key management personnel of the company are set out below.

There were no options granted during the reporting period as remuneration.

#### YEAR 2007

| Directors  | Balance at start of the year | Granted during the year | Exercised during the year | Other changes during the year | Balance at the end of the year | Vested and exercisable at the end of the year |
|------------|------------------------------|-------------------------|---------------------------|-------------------------------|--------------------------------|---|
| R Revelins | 500,000                      | –                       | –                         | –                             | 500,000                        | 500,000                                       |
| R Harris   | 3,000,000                    | –                       | –                         | –                             | 3,000,000                      | 3,000,000                                     |
| R Davis    | 3,000,000                    | –                       | –                         | –                             | 3,000,000                      | 3,000,000                                     |
| K Hart     | –                            | –                       | –                         | –                             | –                              | –   |

# Notes to the Financial Statements continued

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

## Note 23 Key management personnel disclosures continued

### d) *Equity instrument disclosures relating to key management personnel* continued

#### YEAR 2006

| Directors  | Balance at start of the year | Granted during the year | Exercised during the year | Other changes during the year | Balance at the end of the year | Vested and exercisable at the end of the year |
|------------|------------------------------|-------------------------|---------------------------|-------------------------------|--------------------------------|---|
| R Revelins | –                            | 500,000                 | –                         | –                             | 500,000                        | 500,000                                       |
| R Harris   | –                            | 3,000,000               | –                         | –                             | 3,000,000                      | 3,000,000                                     |
| R Davis    | –                            | 3,000,000               | –                         | –                             | 3,000,000                      | 3,000,000                                     |

#### *Share holdings*

The number of shares in the company held during the financial year by each director of Eleckra Mines Limited and other key management personnel of the Company, including their personally related parties are set out below. There were no shares granted during the reporting period as compensation.

#### YEAR 2007

| Directors  | Balance at start of the year | Received during the year on exercise of options | Other changes during the year | Balance at the end of the year |
|------------|------------------------------|---|-------------------------------|--------------------------------|
| R Revelins | 5,720,000                    | –   | –                             | 5,720,000                      |
| R Harris   | 3,120,000                    | –   | –                             | 3,120,000                      |
| R Davis    | 3,130,000                    | –   | –                             | 3,130,000                      |
| K Hart     | –                            | –   | –                             | –                              |

#### YEAR 2006

| Directors  | Balance at start of the year | Received during the year on exercise of options | Other changes during the year | Balance at the end of the year |
|------------|------------------------------|---|-------------------------------|--------------------------------|
| R Revelins | –                            | –   | 5,720,000                     | 5,720,000                      |
| R Harris   | –                            | –   | 3,120,000                     | 3,120,000                      |
| R Davis    | 1                            | –   | 3,129,999                     | 3,130,000                      |

### e) *Loans made to key management personnel*

No loans were made to a director of Eleckra Mines Limited or any other key personnel, including personally related entities during the reporting period.

### f) *Other transactions with key management personnel*

Mr Kevin Hart has an interest as a Partner in a Chartered Accounting firm, Endeavour Corporate. This firm provided company secretarial and accounting services to the Company in the ordinary course of business. The value of transactions in the financial year ending 30 June 2007 amounted to \$50,407.

Terms and conditions were not more favourable than those available, or which might reasonably be expected to be available for a similar transaction to unrelated parties on an arms length basis.



## Note 24 Remuneration of auditors

Audit and review of the company's financial statements  
Taxation and other services

| 2007<br>\$    | 2006<br>\$ |
|---------------|------------|
| <b>25,094</b> | 7,000      |
| <b>3,744</b>  | 8,084      |
| <b>28,838</b> | 15,084     |

## Note 25 Contingencies

### a) *Contingent liabilities*

There were no material contingent liabilities noted or provided for in the financial statements of the company as at 30 June 2007 other than:

#### *Native Title and Aboriginal Heritage*

Native title claims have been made with respect to areas which include tenements in which the Company has an interest. The Company is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Company or its projects. Agreement is being or has been reached with various native title claimants in relation to Aboriginal Heritage issues regarding certain areas in which the Company has an interest.

### b) *Contingent assets*

There were no material contingent assets as at 30 June 2007.

## Note 26 Commitments

### a) *Exploration*

The company has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the company's exploration programmes and priorities. As at balance date, total exploration expenditure commitments on tenements held by the company have not been provided for in the financial statements and which cover the following twelve month period amount to \$2,665,340 (2006: \$1,816,338). These obligations are also subject to variations by farm-out arrangements or sale of the relevant tenements. This commitment does not include the expenditure commitments which are the responsibility of the joint venture partners.

### b) *Operating Lease Commitments*

Commitments for minimum lease payments in relation to non-cancellable operating leases are as follows:

Within one year  
Later than one year but not later than five years  
Later than 5 years

| 2007<br>\$    | 2006<br>\$ |
|---------------|------------|
| <b>48,300</b> | –          |
| <b>28,175</b> | –          |
| –             | –          |
| <b>76,475</b> | –          |

### c) *Contractual Commitment*

The following contractual commitments in respect of directors' employment contracts are as follows:

Within one year  
Later than one year but not later than five years  
Later than 5 years

|                |           |
|----------------|-----------|
| <b>392,400</b> | 392,400   |
| <b>392,400</b> | 784,800   |
| –              | –         |
| <b>784,800</b> | 1,177,200 |

## Note 27 Related party transactions

There were no related party transactions during the year, other than disclosed at note 23.

# Notes to the Financial Statements continued

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

## Note 28 Events occurring after the balance sheet date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the company, the results of those operations or the state of affairs of the company in subsequent financial years other than the conversion of Convertible Notes totalling \$2,000,000 into 4,000,000 fully paid shares of the Company at a conversion price of \$0.50 on 1 August 2007.

|  | 2007<br>\$       | 2006<br>\$ |
|--|------------------|------------|
| <b>Note 29a) Reconciliation of loss after tax to net cash inflow from operating activities</b> |                  |            |
| Loss from ordinary activities after income tax   | <b>(912,828)</b> | (234,191)  |
| Depreciation   | <b>23,183</b>    | 1,475      |
| Accrued Interest   | <b>(40,680)</b>  | –          |
| Interest payable   | <b>12,778</b>    | –          |
| Leave provision  | <b>23,488</b>    | –          |
| Net loss on disposal of assets   | <b>897</b>       | –          |
| Exploration expenditure written off  | <b>117,394</b>   | –          |
| Share based payments expense   | –                | 99,662     |
| (Increase)/decrease in receivables   | <b>(4,025)</b>   | (10,607)   |
| Increase/(decrease) in payables  | <b>78,796</b>    | 17,700     |
| Net cash outflow from operating activities   | <b>(700,997)</b> | (125,961)  |

## Note 29b) Non cash financing and investing activities

|  |   |           |
|--|---|-----------|
| Issue of shares as part of capital raising costs | – | 70,000    |
| Issue of shares to extinguish debt               | – | 29,375    |
| Acquisition of tenements by issuing shares       | – | 2,030,000 |



2007  
cents

2006  
cents

## Note 30 Earnings per share

### a) Basic earnings per share

Loss attributable to ordinary equity holders of the company

(1.57)

(2.63)

### b) Diluted earnings per share

Loss attributable to ordinary equity holders of the company

(1.57)

(2.63)

### c) Loss used in calculation of basic and diluted loss per share

Loss after tax from continuing operations

(912,828)

(234,191)

### d) Weighted average number of shares used as the denominator

Weighted average number of shares used as the denominator in calculating diluted earnings per share

58,100,000

8,912,163

58,100,000

8,912,163

Adjust for calculation of diluted earnings per share:

Options

6,500,000

6,500,000

6,500,000

6,500,000

Weighted average number of shares used as the denominator in calculating basic earnings per share

64,600,000

15,412,163

64,600,000

15,412,163

### e) Information concerning the classification of securities

#### (i) Options

Options to acquire ordinary shares granted by the company and not exercised at the reporting date are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share.

# Directors' Declaration

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In the opinion of the Directors of Eleckra Mines Limited ("the Company")

- a) the financial statements and notes set out on pages 31 to 51 are in accordance with the Corporations Act 2001, including:
  - (i) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the financial position of the company as at 30 June 2007 and of its performance, as represented by the results of its operations, changes in equity and cash flows, for the financial year ended on that date.
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2007.

This declaration is made in accordance with a resolution of the Directors.  
On behalf of the board

Signed at Perth this 24<sup>th</sup> day of September 2007.



**Richard Harris**  
Director

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECTRA MINES LIMITED**

### **Report on the Financial Report**

We have audited the accompanying financial report of Electra Mines Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

#### *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 designing, implementing 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 Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report of the Company, 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 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 opinion.

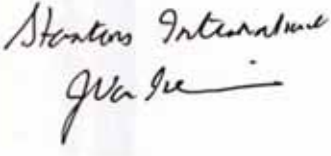
#### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

#### *Auditor's Opinion*

1. In our opinion:
  - (a) the financial report of Eleckra Mines Limited 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 2007 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.
  - (b) the financial report of the Company does comply with International Financial Reporting Standards as disclosed in note 1.

**STANTONS INTERNATIONAL**  
**(An Authorised Audit Company)**

A handwritten signature in black ink, appearing to read 'J P Van Dieren', is written over a faint, light blue rectangular stamp or watermark.

**J P Van Dieren**  
Director

West Perth, Western Australia  
24 September 2007

# ASX Shareholder Information



Pursuant to the Listing Requirements of the Australian Stock Exchange Limited, the shareholder information set out below was applicable as at 18 September 2007.

## A. Distribution of Equity Securities

Analysis of numbers of shareholders by size of holding:

| Distribution      | Number of shareholders |
|-------------------|------------------------|
| 1 – 1,000         | 3                      |
| 1,001 – 5,000     | 22                     |
| 5,001 – 10,000    | 66                     |
| 10,001 – 100,000  | 203                    |
| More than 100,000 | 86                     |
| <b>TOTALS</b>     | <b>380</b>             |

There were four shareholders holding less than a marketable parcel of ordinary shares.

## B. Substantial Shareholders

An extract of the Company's Register of Substantial Shareholders (who hold 5% or more of the issued capital) is set out below:

| Shareholder Name               | Issued Ordinary Shares |                      |
|--------------------------------|------------------------|----------------------|
|                                | Number of shares       | Percentage of shares |
| Asarco Exploration Company Inc | 5,000,000              | 8.05%                |
| Mining Projects Group Ltd      | 4,650,000              | 7.49%                |
| Perth Select Seafoods Pty Ltd  | 4,010,000              | 6.46%                |
| Russell John Davis             | 3,130,000              | 5.04%                |
| Richard Milne Harris           | 3,120,000              | 5.02%                |

## C. Restricted Securities

There are 12,675,000 restricted ordinary shares that are held in escrow until 4 July 2008.

# ASX Shareholder Information continued

## D. Twenty Largest Shareholders

The names of the twenty largest holders of ordinary shares are listed below:

| Shareholder Name                   | Ordinary Shares   |                      |
|------------------------------------|-------------------|----------------------|
|                                    | Number            | Percentage of Issued |
| Asarco Exploration Company Inc     | 5,000,000         | 8.05%                |
| Mining Projects Group Ltd          | 4,650,000         | 7.49%                |
| Perth Select Seafoods Pty Ltd      | 4,010,000         | 6.46%                |
| National Nominees Ltd              | 4,000,000         | 6.44%                |
| Terra Gold Mining Ltd              | 3,000,000         | 4.83%                |
| Russell John Davis                 | 2,500,000         | 4.03%                |
| Richard Milne Harris               | 2,010,000         | 3.24%                |
| Challenger Trading Corporation Ltd | 1,750,000         | 2.82%                |
| ANZ Nominees Ltd                   | 1,097,000         | 1.77%                |
| Zenix Nominees Pty Ltd             | 1,000,000         | 1.61%                |
| Apache Investments Ltd             | 1,000,000         | 1.61%                |
| Lisa Revelins                      | 950,000           | 1.53%                |
| Donald Norman Coultas              | 900,000           | 1.45%                |
| Andrew Donnelly                    | 821,737           | 1.32%                |
| Tangee Pty Ltd                     | 700,000           | 1.13%                |
| Michael Owen Meredith              | 671,750           | 1.08%                |
| Roseland Asset Pty Ltd             | 660,400           | 1.06%                |
| Weasel Securities Pty Ltd          | 600,000           | 0.97%                |
| Jemaya Pty Ltd                     | 600,000           | 0.97%                |
| Jillian Elizabeth Harris           | 500,000           | 0.81%                |
|                                    | <b>36,420,887</b> | <b>58.67%</b>        |

## E. Voting Rights

In accordance with the Company's Constitution, voting rights in respect of ordinary shares are on a show of hands whereby each member present in person or by proxy shall have one vote and upon a poll, each share will have one vote.

## F. Use of Capital

Pursuant to the requirements of ASX Listing Rule 4.10.19 the Company has used all funds raised from its Initial Public Offering (IPO) in a manner consistent with the projections and objectives outlined in the IPO document.

## G. Largest Optionholders

The names of the largest holders of unlisted options on issue are listed below. The options are exercisable by payment of 20 cents each on or before 31 March 2011.

| Optionholder Name | Unlisted Options |                      |
|-------------------|------------------|----------------------|
|                   | Number           | Percentage of Issued |
| Richard Harris    | 3,000,000        | 46.15%               |
| Russell Davis     | 3,000,000        | 46.15%               |
| Richard Revelins  | 500,000          | 7.69%                |
|                   | <b>6,500,000</b> | <b>100.00%</b>       |



*Eleckra is a bright star in the Pleiades star cluster, also known as the Seven Sisters. Many ancient civilisations have worshipped the Pleiades. In Greek mythology Eleckra was one of the seven daughters of Atlas and Pleione. Seduced by Zeus, she gave birth to Dardanus, founder of Troy.*

*The name Eleckra means 'amber', 'shining' and 'bright'. Electrum, an alloy of silver and gold is derived from the name and means amber in Latin. The Company's logo depicts the seven stars of the Pleiades, with Eleckra denoted as the largest star surrounding the alchemical symbol for gold. Eleckra's association with gold is fitting for our Company's business and our aim to be a gold producer.*





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