

Pegmont Mines Limited

ABN 97 003 331 682

Corporate Office

65 Hume Street
Crows Nest NSW 2065

Postal Address

PO Box 849
Crows Nest NSW 1585
Telephone: (02) 8437 3591
Facsimile: (02) 8437 3599

12 March 2007

The Manager,
Stock Exchange of Newcastle Limited
384 Hunter Street
Newcastle, NSW 2300

Dear Sir,

Preliminary Final Report To 31 December 2006

Pegmont Mines Limited is pleased to announce net after tax profit of \$4,258,461 and to submit its Preliminary Final Report for the year ended 31 December 2006 as attached.

	\$	UP/Down
Operating Profit before abnormal items and tax:	6,248,945	up 379.9%
Less: Income tax expense relating to ordinary activities:	<u>1,990,484</u>	up 270.6%
Profit from ordinary activities after related income tax expense:	<u>4,258,461</u>	up 456.7%

2006
\$

2005
\$

The operating profit before tax was made up as follows:

Profit on the sale of shares	6,983,719	1,949,569
Dividend received	4,000	-
Administration expenses net of interest	(306,617)	(296,210)
Exploration	<u>(432,157)</u>	<u>(351,369)</u>
Operating Profit before tax expense	<u>6,248,945</u>	<u>1,301,990</u>

The company paid a maiden dividend of 1cent (fully franked) amounting to \$506,868 during the year which is a vote of confidence in the Company's future by the Board.

The Company's financial position continues to improve with working capital increased by \$3,751,593 to \$7,894,723 or 15.6 cents per share at 31 December 2006. There has been a further improvement in the current year arising from share trading profits to 28 February 2007 amounting to \$1,900,000.

The principal activities of the company will continue to be the acquisition and disposal of mineral tenements, to undertake mineral exploration and to acquire mining related investments. These activities are expected to provide continued growth opportunities for the company. Further funding is to be provided by expected future share trading profits.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'C. D. Leslie', written over a horizontal line.

C. D. Leslie
Company Secretary

PRELIMINARY FINAL REPORT

The following information must be given to NSX.

1. Details of the reporting period and the previous corresponding period.
2. Key information in relation to the following. This information must be identified as ***"Results for announcement to the market"***.
 - 2.1 The amount and percentage change up or down from the previous corresponding period of revenue from ordinary activities.
 - 2.2 The amount and percentage change up or down from the previous corresponding period of profit (loss) from ordinary activities after tax attributable to members.
 - 2.3 The amount and percentage change up or down from the previous corresponding period of net profit (loss) for the period attributable to members.
 - 2.4 The amount per security and franked amount per security of final and interim dividends or a statement that it is not proposed to pay dividends.
 - 2.5 The record date for determining entitlements to the dividends (if any).
 - 2.6 A brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood.

Note: The information required by item 2 must be placed at the beginning of the report. The other information may be presented in whatever way is most convenient, eg combined with the body of the report, combined with notes to the accounts, or set out separately.

3. A statement of financial performance together with notes to the statement, prepared in compliance with AASB 1018 or the equivalent foreign accounting standard.
4. A statement of financial position together with notes to the statement. The statement of financial position may be condensed but must report as line items each significant class of asset, liability, and equity element with appropriate sub-totals.
5. A statement of cash flows together with notes to the statement. The statement of cash flows may be condensed but must report as line items each significant form of cash flow and comply with the disclosure requirements of AASB 1026 Statement of Cash Flows, or for foreign entities, the equivalent foreign accounting standard.
6. Details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable and (if known) the amount per security of foreign sourced dividend or distribution.
7. Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or

distribution reinvestment plan.

8. A statement of retained earnings showing movements.
9. Net tangible assets per security with the comparative figure for the previous corresponding period.
10. Details of entities over which control has been gained or lost during the period, including the following.
 - 10.1 Name of the entity.
 - 10.2 The date of the gain or loss of control.
 - 10.3 Where material to an understanding of the report – the contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period.
11. Details of associates and joint venture entities including the following.
 - 11.1 Name of the associate or joint venture entity.
 - 11.2 Details of the reporting entity's percentage holding in each of these entities.
 - 11.3 Where material to an understanding of the report - aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period.
12. Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position.
13. For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Accounting Standards).
14. A commentary on the results for the period. The commentary must be sufficient for the user to be able to compare the information presented with equivalent information for previous periods. The commentary must include any significant information needed by an investor to make an informed assessment of the entity's activities and results, which would include but not be limited to discussion of the following.
 - 14.1 The earnings per security and the nature of any dilution aspects.
 - 14.2 Returns to shareholders including distributions and buy backs.
 - 14.3 Significant features of operating performance.
 - 14.4 The results of segments that are significant to an understanding of the business as a whole.

- 14.5 A discussion of trends in performance.
 - 14.6 Any other factors which have affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified.
 - 15. A statement as to whether the report is based on accounts which have been audited or subject to review, are in the process of being audited or reviewed, or have not yet been audited or reviewed
- Note: If the accounts have been audited or subject to review, the audit report or review should be provided with the report.
- 16. If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification.
 - 17. If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification.

Please refer to the relevant Practice Note for the preferred format of this information, to be published by the *Exchange* from time to time.

FORM: ~~Half-yearly~~/preliminary final report

Name of issuer

Pegmont Mines Limited

ACN or ARBN

97 003 331 682

Half yearly
(tick)
☐
Preliminary
final (tick)
☒
Half year/financial year ended
('Current period')

31 December 2006

For announcement to the market

Extracts from this statement for announcement to the market (see note 1).

				\$A,000
Sales (or equivalent) operating revenue (item 1.1)	up/down	%131.3	to	20,729
Operating profit (loss) before abnormal items and tax (item 1.4)	up/down	%379.9	to	6,249
Abnormal items before tax (item 1.5)		gain (loss) of	to	NIL
Operating profit (loss) after tax but before outside equity interests (item 1.8)	up/down	%456.7	to	4,258
Extraordinary items after tax attributable to members (item 1.13)		gain (loss) of	to	NIL
Operating profit (loss) and extraordinary items after tax attributable to members (item 1.16)	up/down	%456.7	to	4,258
Exploration and evaluation expenditure incurred (item 5.2)	up/down	%24.3	to	432
Exploration and evaluation expenditure written off (item 5.3)	up/down	%22.9	to	432
Dividends		Franking rate applicable		
		100%		
Current period	1¢		¢	¢
Previous corresponding period	NIL¢	¢	¢	¢
Record date for determining entitlements to the dividend, (in the case of a trust distribution) (see item 15.2)		4 December 2006		
Short details of any bonus or cash issue or other items(s) of importance not previously released to the market:				

Consolidated profit and loss account*(The figures are not equity accounted)*

	Current period \$A Year to 31/12/2006	Previous corresponding period \$A 31/12/2005
1.1 Sales (or equivalent operating) revenue	20,729,435	8,961,526
1.2 Other revenue	145,539	162,963
1.3 Total revenue	20,874,974	9,124,489
1.4 Operating profit (loss) before abnormal items and tax	6,248,945	1,301,990
1.5 Abnormal items before tax (detail in item 2.1)	-	-
1.6 Operating profit (loss) before tax (items 1.4 + 1.5)	6,248,945	1,301,990
1.7 Less tax	1,990,484	537,096
1.8 Operating profit (loss) after tax but before outside equity interests	4,258,461	764,894
1.9 Less outside equity interests	-	-
1.10 Operating profit (loss) after tax attributable to members	4,258,461	764,894
1.11 Extraordinary items after tax (detail in item 2.3)	-	-
1.12 Less outside equity interests	-	-
1.13 Extraordinary items after tax attributable to members	-	-
1.14 Total operating profit (loss) and extraordinary items after tax (items 1.8 1.11)	4,258,461	764,894
1.15 Operating profit (loss) and extraordinary items after tax attributable to outside equity interests (items 1.9 .112)	4,258,461	764,894
1.16 Operating profit (loss and extraordinary items after tax attributable to members (items 1.10 +1.13)	4,258,461	764,894
1.17 Retained profits (accumulated losses) at beginning of financial period	203,750	(561,144)
1.18 Aggregate of amounts transferred from reserves	-	-
1.19 Total available for appropriation (carried forward)	4,462,211	203,750
1.20 Total available for appropriation (brought forward)	203,750	(561,144)

Consolidated profit and loss account continued

1.21	Dividends provided for or paid	506,868	-
1.22	Aggregate or amounts transferred to reserves	-	-
1.23	Retained profits (accumulated losses) at tend of financial period	3,955,343	203,750

Abnormal and extraordinary items

		Consolidated - current period		
		Before tax \$A'000	Related tax \$A'000	After tax \$A'000
	• Abnormal items	NIL	-	-
2.2	Total abnormal items	NIL	-	-
2.3	Extraordinary items	NIL	-	-
2.4	Total extraordinary items	NIL	-	-

Comparison of half year profits*(Preliminary final statement only)*

		Current year-\$A	Previous year-\$A
3.1	Consolidated operating profit (loss) after tax attributable to members reported for the 1st half year (item 1.10 in the half yearly statement)	3,044,097	365,450
3.2	Consolidated operating profit (loss) after tax attributable to members for the 2nd half year	1,213,514	399,444

Consolidated
(See note 5)**balance****sheet**

Current assets		At end of current period \$A 31/12/2006	As shown in last annual report \$A 31/12/2005	As in last half yearly statement \$A 30/06/05
4.1	Cash	3,591,064	1,271,970	4,185,081
4.2	Receivable	49,045	22,991	22,413
4.3	Investments	5,270,687	3,428,900	4,079,638
4.4	Inventories	-	-	-
4.5	Other (provide details if material)	-	-	34,456
4.6	Total current assets	8,910,796	4,723,861	8,321,588
Non-current assets				
4.7	Receivables			
4.8	Investments			
4.9	Inventories			
4.10	Exploration and evaluation expenditure capitalised (see para .71 of AASB 1022)	3,350,000	3,350,000	3,350,000
4.11	Development properties (mining entities)			
4.12	Other property, plant and equipment (net)			
4.13	Intangibles (net)			
4.14	Other (provide details if material)			
4.15	Total non-current assets	3,350,000	3,350,000	3,350,000
4.16	Total assets	12,260,796	8,073,861	11,671,588
Current liabilities				
4.17	Accounts payable	235,410	154,938	139,355
4.18	Borrowings	-	-	-
4.19	Provisions	780,663	425,793	835,186
4.20	Other (provide details if material)	-	-	159,000
4.21	Total current liabilities	1,016,073	580,731	1,133,511
Non-current liabilities				
4.22	Accounts payable			
4.23	Borrowings			
4.24	Provisions			
4.25	Other (provide details if material)			
4.26	Total non-current liabilities)	NIL	NIL	NIL
4.27	Total liabilities	1,016,073	580,731	1,133,511
4.28	Net assets	11,244,723	7,493,130	10,538,077

Consolidated balance sheet continued

Equity				
4.29	Capital	2,833,187	2,833,187	2,833,187
4.30	Reserves	4,456,193	4,456,193	4,456,193
4.31	Retained profits (accumulated losses)	3,955,343	203,750	3,248,697
4.32	Equity attributable to members of the parent entity	11,244,723	7,493,130	10,538,677
4.33	Outside equity interests in controlled entities	-	-	-
4.34	Total equity	11,244,723	7,493,130	10,538,077
4.35	Preference capital and related premium included as part of 4.31	NIL	NIL	NIL

Exploration and evaluation expenditure capitalised

To be completed only by issuers with mining interests if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit

	Current period \$A 31 December 2006	Previous corresponding period \$A 31/12/2005
5.1 Opening balance	3,350,000	3,353,610
5.2 Expenditure incurred during current period	432,157	347,759
5.3 Expenditure written off during current period	432,157	351,369
5.4 Acquisitions, disposals, revaluation increments, etc.	-	-
5.5 Expenditure transferred to Development Properties	-	-
5.6 Closing balance as shown in the consolidated balance sheet (item 4.9)	3,350,000	3,350,000

Development**properties**

(To be completed only by issuers with mining interests if amounts are material)

	Current period \$A 31/12/2006	Previous corresponding period \$A 31/12/2005
6.1 Opening balance	NIL	NIL
6.2 Expenditure incurred during current period		
6.3 Expenditure transferred from exploration and evaluation		
6.4 Expenditure written off during current period		
6.5 Acquisitions, disposals, revaluation increments, etc.		
6.6 Expenditure transferred to mine properties		
6.7 Closing balance as shown in the consolidated balance sheet (item 4.10)	NIL	NIL

Consolidated statement of cash flows

(See note 6)

	Current period \$A at 31/12/2006	Previous corresponding period \$A31/12/2005
Cash flows related to operating activities		
7.1 Net receipts from sharetrading	7,373,719	2,059,569
7.2 Payments in the course of operations	(448,156)	(459,173)
7.3 Dividends received	4,000	-
7.4 Interest and other items of similar nature received	141,539	149,164
7.5 Interest and other costs of finance paid	-	-
7.6 Income taxes paid	(1,635,614)	(726,939)
7.7 Other	-	13,799
7.8 Net operating cash flows	5,435,488	1,036,420
Cash flows related to investing activities		
7.9 Payments for purchases of property, plant and equipment	-	-
7.10 Proceeds from sale of property, plant and equipment	-	-
7.11 Payment for purchases of equity investments	(2,231,787)	(2,301,696)
7.12 Proceeds from sale of equity investments	-	-
7.13 Loans to other entities	-	-
7.14 Loans repaid by other entities	-	-
7.15 Other (Exploration)	(432,157)	(347,759)
7.16 Net investing cash flows	(2,663,944)	(2,649,455)
Cash flows related to financing activities		
7.17 Proceeds from issues of securities (shares, options, etc.)	-	-
7.18 Proceeds from borrowings-increase in creditors	80,472	(223,201)
7.19 Repayment of borrowings-increase in debtors	(26,054)	792,931
7.20 Dividends paid	(506,868)	-
7.21 Other (provide details if material)	-	-
7.22 Net financing cash flows	(452,450)	569,730
Net increase (decrease) in cash held	2,319,094	(1,043,305)
7.23 Cash at beginning of period (see Reconciliations of cash)	1,271,970	2,315,275
7.24 Exchange rate adjustments to item 7.23	-	-
7.25 Cash at end of period (see Reconciliation of cash)	3,591,064	1,271,970

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

NIL

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current period \$A at 31/12/2006	Previous corresponding period \$A 31/12/2005
8.1 Cash on hand and at bank	86,045	72,016
8.2 Deposits at call	3,505,019	1,199,954
8.3 Bank overdraft	-	-
8.4 Other (provide details)	-	-
8.5 Total cash at end of period (item 7.25)	3,591,064	1,271,970

Ratios

	Current period	Previous corresponding period
Profit before abnormals and tax/sales		
9.1 Consolidated operating profit (loss) before abnormal items and tax (items 1.4) as a percentage of sales revenue (items 1.1)	30.1%	14.5%
Profit after tax/equity interests		
9.2 Consolidated operating profit (loss) after tax attributable to members (item 1.10) as a percentage of equity (similarly attributable) at the end of the period (item 4.34)	37.9%	10.2%

Earnings per security (EPS)

10.1 Calculation of basic, and fully diluted, EPS in accordance with AASB 1027: Earnings per Share		
(a) Basic EPS	8.4c	1.5c
(b) Diluted EPS (if materially different from (a))		

NTA backing (see note 7)		Current period 31/12/2006	Previous corresponding period 31/12/2005
11.1	Net tangible asset backing per ordinary security	22.2c	14.8c

Details of specific receipts/outlays, revenues/expenses

		Current period A\$ at 31/12/2006	Previous corresponding period \$A31/12/2005
12.1	Interest revenue included in determining items 1.4	141,539	149,164
12.2	Interest revenue included in item 12.1 but not yet received (if material)	-	-
12.3	Interest expense included in item 1.4 (include all forms of interest, lease finance charges, etc.)	-	-
12.4	Interest costs excluded from item 12.3 and capitalised in asset values (if material)	-	-
12.5	Outlays (excepts those arising from the acquisition of an existing business) capitalised in intangibles (if material)	-	-
12.6	Depreciation (excluding amortisation of intangibles)	-	-
12.7	Amortisation of intangibles	-	-

Control gained over entities having material effect

(See note 8)

13.1	Name of <i>issuer</i> (or <i>group</i>)	NIL
13.2	Consolidated operating profit (loss) and extraordinary items after tax of the <i>issuer</i> (or <i>group</i>) since the date in the current period on which control was acquired	\$ NIL
13.3	Date from which such profit has been calculated	-
13.4	Operating profit (loss) and extraordinary items after tax of the <i>issuer</i> (or <i>group</i>) for the whole of the previous corresponding period	\$ NIL

Loss of control of entities having material effect

(See note 8)

14.1	Name of entity (or group)	NIL
14.2	Consolidated operating profit (loss) and extraordinary items after tax of the entity (or group) for the current period to the date of loss of control	\$ NIL
14.3	Date from which the profit (loss) in item 14.2 has been calculated	-
14.4	Consolidated operating profit (loss) and extraordinary items after tax of the entity (or group) while controlled during the whole of the previous corresponding period	\$ NIL
14.5	Contribution to consolidated operating profit (loss) and extraordinary items from sale of interest leading to loss of control	\$ NIL

Reports for industry and geographical segments

Information on the industry and geographical segments of the entity must be reported for the current period in accordance with AASB 1005: Financial Reporting by Segments. Because of the different structures employed by entities, a pro forma is not provided. Segment information should be completed separately and attached to this statement. However, the following is the personation adopted in the Appendices to AASB 1005 and indicates which amount should agree with items included elsewhere in this statement.

Segments	Investments	Exploration	Admin	Total
Operating Revenue from sale of shares	20,733,435	-	141,539	20,874,974
Sales to customers outside the economic entity	-	-	-	-
Inter-segment sales	-	-	-	-
Unallocated revenue	-	-	-	-
Total revenue (consolidated total equal to item 1.3)	20,733,435	-	141,539	20,874,974
Segment result (including abnormal items where relevant)	7,129,258	(432,157)	(448,155)	6,248,946
Unallocated expenses/Tax				1,990,485
Consolidated operating profit after tax (before equity accounting) (equal to item 1.8)				4,258,461
Segment assets)				
Unallocated assets)				
Total assets (equal to item 4.16)	8,861,751	3,350,000	49,045	12,260,796

Dividends

15.1	Date the dividend is payable	15/12/2006
15.2	Record date to determine entitlements to the dividend (ie. on the basis of registrable transfers received up to 5.00 pm)	4/12/2006
18.3	Amount per security	1cent

	Franking rate applicable		30%		
	<i>(Preliminary final statement only)</i>			¢	
15.4	Final dividend:	Current year	1¢	N/A	N/A
15.5		Previous year	NIL¢	¢	¢
	<i>(Half yearly and preliminary final statements)</i>				
15.6	Interim dividend:	Current year	NIL¢	N/A	N/A
				¢	¢
15.7		Previous year	NIL¢	¢	

Total annual dividend (distribution) per security*(Preliminary final statement only)*

	Current year	Previous year
15.8 Ordinary securities	1¢	NIL¢
15.9 Preference securities	NIL¢	NIL¢

Total dividend (distribution)

	Current period \$A 31/12/2006	Previous corresponding period - \$A31/12/2005
15.10 Ordinary securities	\$506,868	\$NIL
15.11 Preference securities	\$NIL	\$NIL
15.12 Total	\$NIL	\$NIL

The *dividend or distribution plans* shown below are in operation.

NIL

The last date(s) for receipt of election notices to the <i>dividend or distribution plans</i>	N/A
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Any other disclosures in relation to dividends (distributions)

N/A

Equity accounted associated entities and other material interests

Equity accounting information attributable to the economic entity's share of investments in associated entities must be disclosed in a separate notice. See AASB 1016: Disclosure of Information about Investments in Associated Companies.

Investments in associated entities		Current period A\$	Previous corresponding period A\$
16.1	Statutory carrying value of investments in associated entities (SCV)	NIL	NIL
16.2	Share of associated entities' retained profits and reserves not included in SCV:	NIL	NIL
	Retained profits		
	Reserves		
16.3	Equity carrying value of investments	NIL	NIL

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities.

		Percentage of ownership interest (ordinary securities, units etc) held at end of period		Contributing to operating profits (loss) and extraordinary items after tax	
17.1	Equity accounted associated entities	Current period	Previous corresponding period	Current period	Previous corresponding period
		NIL	NIL	<i>Equity accounted</i>	
17.2	Other material interests	NIL	NIL	<i>Not equity accounted (ie part of item 1.14)</i>	

Issued and listed securities

Description includes rate of interest and any redemption or conversion rights together with prices and rates.

Category of securities		Number issued	Number listed	Par value (cents)	Paid-up value (cents)
18.1	Preference securities (description)	NIL	NIL		
18.2	Issued during current period	NIL	NIL		
18.3	Ordinary securities	50,686,796	50,686,796		
18.4	Issued during current period	NIL	NIL		
18.5	Convertible debt securities (description and conversion factor)	NIL	NIL		
18.6	issued during current period	NIL	NIL		
18.7	Options (description and conversion factor)			Exercise price	Expiry date
				10c	31-12-2007
18.8	Issued during current period	NIL	NIL		
18.9	Exercised during current period	NIL	NIL		
18.10	Expired during current period	1,480,000	-	10c	31-12-2006
18.11	Debentures (totals only)	NIL	NIL		
18.12	Unsecured Notes (totals only)	NIL	NIL		

Comments on the following matters are required by the Exchange or, in relation to the half yearly statement, by AASB 1029: Half-Year Accounts and Consolidated Accounts. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final statements, if there are no comments in a section, state NIL. If there is insufficient space in comment, attach notes to this statement.

Basis of accounts preparation

If this statement is a half yearly statement, it is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Half-Year Accounts and Consolidated Accounts. It should be read in conjunction with the last annual report and any announcements to the market made by the issuer during the period. [Delete if in applicable.]

Material factors affecting the revenues and expenses of the issuer for the current period

The Company has continued to make substantial sharetrading profits as a result of a buoyant market for resource company stocks. Directors' fees have increased due to the approval at the May 2006 Annual General Meeting of the payment of deferred Directors fees for previous years. The company has applied for areas in the Kimberley WA region. The expenditure incurred of \$177,423 has being fully provided for against earnings since the areas may not be granted.

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

The sharemarket has commenced to show signs of volatility which was expected, The company has moved to increase cash holdings with the profit earned since 31/12/2006 amounting to approximately \$1,900,000.

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

Due to the payment of tax the company has franking credits available for payment of a dividend with a maiden dividend of 1cent per share paid on 15 December 2006 and further dividends will be paid when the board of Directors decide.

Changes in accounting policies since the last annual report are disclosed as follows.

(Disclose changes in the half yearly statement in accordance with paragraph 15(c) of AASB 1029: Half-Year Accounts and Consolidated Accounts. Disclose changes in the preliminary final statement in accordance with AASB 101: Accounting Policies-Disclosure.)

NIL

Annual meeting*(Preliminary final statement only)*

The annual meeting will be held as follows:

Place

BKR WALKER WAYLAND Level 8
55 Hunter Street, Sydney, NSW 2000

Date

24 April 2007

Time

12 noon

Approximate date the annual report will be available

23 March 2007

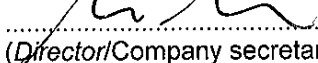
Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

Identify other standards used

NIL

2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.
3. This statement does/~~does not~~* (*delete one*) give a true and fair view of the matters disclosed (see note 2).
4. This statement is based on financial statements to which one of the following applies:
- ☒ The financial statements have been audited. ☐ The financial statements have been subject to review by a registered auditor (or overseas equivalent).
- ☐ The financial statements are in the process of being audited or subject to review. ☐ The financial statements have *not* yet been audited or reviewed.
5. If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications are attached/will follow immediately they are available* (*delete one*). (*Half yearly statement only - the audit report must be attached to this statement if the statement is to satisfy the requirements of the Corporations Act.*)
6. The issuer ~~has~~/does not have* (*delete one*) a formally constituted audit committee.

Sign here: 
(Director/Company secretary)

Date: 12 MARCH 2007

Print name:CHRIS D LESLIE.....

Notes

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show the amount of the change up or down.
2. **True and fair view** If this statement does not give a true and fair view of a matter (for

example. because compliance with an Accounting Standard is required) the issuer must attach

example, because compliance with an Accounting Standard is required) the *issuer* must attach a note providing additional information and explanations to give a true and fair view.

3. Consolidated profit and loss account

- Item 1.1 The definition of "operating revenue" and an explanation of "sales revenue" (or its equivalent) and "other revenue" are set out in *AASB 1004: Disclosure of Operating Revenue*.
- Item 1.2 "other revenue" includes abnormal items, but excludes extraordinary revenue items.
- Item 1.4 "operating profit (loss) before abnormal items and tax" is calculated before dealing with outside equity interests and extraordinary items, but after deducting interest on borrowings, depreciation and amortisation.
- Item 1.7 This item refers to the total tax attributable to the amount shown in item 1.6. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as operating expenses (eg. fringe benefits tax).

4. **Income tax** If the amount provided for income tax in this statement differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts.

5. Consolidated balance sheet

Format The format of the consolidate balance sheet should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 1029*. Banking institutions may substitute a clear liquidity ranking for the Current/Non-Current classification.

Basis of revaluation If there has been a material revaluation of non-current assets (including investments) since the last annual report, the *issuer* must describe the basis of revaluation adopted. The description must meet the requirements of paragraphs 19-21 of *AASB 1010: Accounting for the Revaluation of Non-Current Assets*. If the *issuer* has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required. Trusts should also note paragraph 10 of *AASB 1029* and paragraph 11 of *AASB 1030*.

6. **Statement of cash flows** For definitions of "cash" and other terms used in this statement see *AASB 1026: Statement of Cash Flows*. *Issuers* should follow the form as closely as possible, but variations are permitted if the *directors* (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 1026*. Mining exploration *issuers* may use the form of cashflow statement in Appendix 5B.

7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary securities (i.e. all liabilities, preference shares, outside equity interests, etc). Mining *issuers* are *not* required to state a net tangible asset backing per ordinary *security*.

8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the consolidated financial statements. Details must include the contribution for each gain or loss that increased or decreased the *issuer's* consolidated operating profit (loss) and extraordinary items after tax by more than 5% compared to the previous corresponding period.

9. **Equity accounting** If an *issuer* adopts equity accounting, no comparative equity accounting figures are required in the first period following its adoption.

10. **Rounding of figures** This statement anticipates that the information required is given to the nearest \$1,000. However, an *issuer* may report exact figures, if the \$A'000 headings are amended. If an *issuer* qualifies under an AS/C Class Order dated 17 August 1994, it may report to the nearest million dollars, or to the nearest \$100,000, if the \$A'000 headings are amended.
11. **Comparative figures** Comparative figures are normally the unadjusted figures from the previous corresponding period. However, if the previously reported figures are adjusted to achieve greater comparability, a note explaining the adjustment must be included with this statement. If no adjustment is made despite a lack of comparability, a note explaining the position should be attached.
12. **Additional information** An *issuer* may disclose additional information about any matter, and must do so if the information is material to an understanding of the financial statements. The information may be an expansion of the material contained in this statement, or contained in a note attached to the statement. The requirement under the list rules for an *issuer* to complete this statement does not prevent the *issuer* issuing reports more frequently. Additional material lodged with the AS/C under the *Corporations Act* must also be given to the Exchange. For example, a *directors'* report and statement, if lodged with the AS/C, must be given to the Exchange.
13. **Accounting Standards** the Exchange will accept, for example, the use of International Accounting Standards for *foreign issuers*. If the standards used do not address a topic, the Australian standard on that topic (if one) must be complied with.
14. **Borrowing corporations** As at 1/7/96, this statement may be able to be used by an *issuer* required to comply with the *Corporations Act* as part of its half yearly financial statements if prepared in accordance with Australian Accounting Standards. However, borrowing corporations must comply with Schedule 5 of the Corporations Regulations. See regulation 3.6.02(4).