

**TOODYAY RESOURCES LIMITED**

**ABN 88 000 759 535**

**Annual Report – 30 June 2007**

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## **Corporate Directory**

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<b>Directors</b>	David Christian Steinepreis Chairman  Gary Christian Steinepreis  Paul Robert Hearne
<b>Company Secretary</b>	Gary Christian Steinepreis
<b>Registered Office</b>	Level 1, 33 Ord Street West Perth WA 6005 Telephone (08) 94209300
<b>Share Register</b>	Computershare Investor Services Pty Limited Level 2, 45 St Georges Terrace Perth WA 6000 Telephone: 1300 85 05 05
<b>Auditor</b>	PricewaterhouseCoopers QV1, 250 St Georges Terrace Perth WA 6000
<b>Bankers</b>	Westpac Banking Corporation 109 St Georges Terrace Perth WA 6000
<b>Stock Exchange Listing</b>	Toodyay Resources Limited's shares are listed on the Australian Securities Exchange, home branch being Perth Code : TDR
<b>Website Address</b>	<a href="http://www.ascentcapital.com.au">www.ascentcapital.com.au</a>

Your directors present their report on Toodyay Resources Limited (the Company) for the year ended 30 June 2007.

### **Directors**

The following persons were directors of Toodyay Resources Limited during the whole of the financial year and up to the date of this report:

David Christian Steinepreis  
Gary Christian Steinepreis  
Paul Robert Hearne

### **Principal Activities**

During the year the principal continuing activities of the Company consisted of:

Mineral exploration activities through its interest in the Princhester Magnesite Project, its oil and gas business through its royalty interest via the Griffin Royalty and Tubridgi Royalty.

The Company has pursued complementary acquisitions together with new projects within Australia and overseas by way of acquisition, development and/or earn-in.

### **Dividends**

No dividends were paid or proposed to be paid to members during the financial year (2006: Nil).

### **Review of Operations**

During the year the Group made a loss from operations of \$534,105 (2006: \$380,504). Additional information on the operations and financial position of the Group and its business strategies and prospects is set out in the directors' report and financial report.

### **Significant Changes in the State of Affairs**

- a) During the year the Company submitted a tender to the Victorian Department of Primary Industries for the right to be the sole applicant for one block of 167.2 km<sup>2</sup> covering the Benambra deposits and exploration acreage in northern Victoria. Ultimately the tender was awarded to another tenderer.
- b) The following unlisted options expired unexercised during the financial year:

Expiry Date	Number of Options	Exercise Price
30 October 2006	26,666	\$12.00
5 November 2006	19,908	\$9.75
28 November 2006	5,691	\$11.58
24 April 2007	46,666	\$15.90
18 June 2007	16,666	\$17.10

**Significant Changes in the State of Affairs (Continued)**

c) The following unlisted options were exercised during the financial year:

Date Exercised	Number of Options	Exercise Price	Expiry Date
21 February 2007	5,000,000	\$0.01	31 December 2008
30 April 2007	3,000,000	\$0.01	31 December 2008
17 May 2007	2,000,000	\$0.01	31 December 2008

d) The Company completed the sale of unmarketable parcels of shares via on-market trades and remitted the funds to the relevant shareholders.

e) On 10 January 2007 the Company incorporated a proprietary limited company called Toodyay Uranium Pty Ltd. Toodyay Resources Limited owns all of the issued shares in Toodyay Uranium Pty Ltd. The Company has remained dormant since incorporation and up to the date of this report.

**Matters Subsequent to the End of the Financial Year**

On 9 August 2007 the Company announced that it had reached agreement to acquire 100% of the issued capital of Ord Investments Pty Ltd (Ord), a copper exploration company.

Toodyay has the right to acquire Ord and Ord has the right to acquire, from Straits Resources Limited (Straits), an advanced copper exploration project called Bushranger, which is contained within the 75km<sup>2</sup> EL5574, located 25km south of the town of Oberon, New South Wales.

Bushranger lies within the highly prospective Ordovician Volcanics of the Lachlan Fold Belt which host the North Parkes, Lake Cowal, Cadia and Ridgeway porphyry copper and gold deposits. A JORC compliant Indicated and Inferred Resource has been defined at the Racecourse Prospect containing 124,000 tonnes of copper at a grade of 0.45% copper.

The consideration for the acquisition of Ord and Bushranger is the issue of 359,475,352 fully paid ordinary shares in the capital of Toodyay.

The acquisition is subject to a number of conditions precedent, including completion of the acquisition of Bushranger by Ord and the shareholders of Toodyay approving the transaction.

Toodyay has agreed, subject to completion of the acquisition of Ord, to raise \$1,250,000 by the issue of 50,000,000 fully paid ordinary shares at an issue price of 2.5 cents each to clients of Euroz Securities Limited, Stripe Capital Pty Ltd and to Straits. This placement will be used to fund the proposed exploration programme and working capital.

**Matters Subsequent to the End of the Financial Year** (continued)

Upon completion of the transaction (at settlement) the existing board will resign and new directors will be appointed. The proposed management team has extensive experience in the exploration, financing and development of mineral assets and were responsible for the development, commissioning and operation of the Tritton copper mine in New South Wales.

The two proposed Executive Directors are Mick McMullen and Declan Franzmann.

**Mr McMullen** is a geologist with over 15 years experience in the minerals industry and was a founding shareholder and Executive Technical Director of Tritton Resources Limited. He has extensive knowledge of the requirements for mine development in New South Wales having been responsible for the development of the most recent base metal mine in that State. For the last 18 months, Mr McMullen has been the Manager of Audits for RSG Global, a significant minerals consulting business. During that time he has been responsible for the due diligence of numerous assets for financing institutions and as part of merger and acquisition activities. Mr McMullen has a detailed knowledge of the debt and equity capital markets.

**Declan Franzmann** is a mining engineer with more than 15 years experience in operational mine management and engineering roles in Australia. His previous experience includes roles as the Manager of Mining at both the CSA and Tritton copper mines in New South Wales. Mr Franzmann operates a consulting company providing mine engineering and geology services to a variety of companies and is a Non Executive Director of Every Day Mine Services, a listed mine service company based in Cobar.

The proposed non Executive Directors are Hamish Bohannan and Tom Duckworth.

Mr Bohannan is a mining engineer with over 30 years experience in the minerals industry. His former roles include:

- Managing Director of Gallery Gold;
- Executive General Manager of Operations for Iluka;
- General Manager for both the Leinster and Kambalda Nickel Operations of WMC; and
- Executive General Manager of Operations for Mt Lyell.

Mr Bohannan is currently Managing Director of Braemore Resources, an AIM listed company with nickel and platinum assets, and a Non Executive Director of Tectonic Resources. He has detailed knowledge of the requirements for developing and operating a mine, as well as extensive understanding of the debt and equity markets.

**Matters Subsequent to the End of the Financial Year** (continued)

Mr Duckworth is a metallurgist with over 47 years experience. His previous roles include:

- Responsibility for all process aspects of the Tritton mine development and ongoing refinements to that process plant;
- Responsibility for Engineering, Process Design and Commissioning of Hellyer Base Metal process plant in Tasmania;
- Founding director of Signet Engineering;
- Responsibility for the Process Design for the Cannington base metal process plant; and
- Chief Metallurgist for BP Seltrust, including responsibility for the Teutonic Bore process plant.

The proposed CFO/Company Secretary is Bob Anderson. Mr Anderson has 20 years experience as an accountant and was previously CFO/Company Secretary at Tritton Resources Limited, responsible for the day to day finances of the company during the construction and operation phases of the Tritton mine. He has extensive knowledge of the requirements of the ASX and the Corporations Act. Mr Gary Steinepreis will resign the position of company secretary upon the appointment of Mr Anderson.

On 23 August 2007 the Company issued and allotted 1,666,667 ordinary shares in the Company having received and application form for the exercise of 1,666,667 unlisted options at an exercise price of 1 cent per option exercised raising \$16,666.67.

Since 30 June 2007 there has been no matter or circumstance that has arisen, (other than that disclosed above), that has significantly affected, or may significantly affect:

- (1) the consolidated entity's operations in future financial years, or
- (2) the results of those operations in future financial years, or
- (3) the consolidated entity's state of affairs in future financial years.

**Likely Developments and Expected Results of Operations**

There were no likely developments in the operations of the Group that were not finalised at the date of this report. Further information on likely developments in the operations of the Group and expected results of operations have not been included in this annual financial report because the directors believe it would be likely to result in unreasonable prejudice to the Company.

**Environmental Regulation**

The Company is subject to and has complied with environmental protection laws and regulations in force in Australia that effect its operations as a result of its participation in mining and exploration programs. There are no major rehabilitation costs expected and there are no known breaches of any relevant laws and regulations as at the date of this report.

## **Information on Directors**

### **David Christian Steinepreis** (Executive Chairman, age 50)

#### **Experience and Expertise**

Mr Steinepreis is a Chartered Accountant and former partner of an international accounting firm where he specialised in strategic corporate advice and taxation for listed companies. He entered commerce as a director, adviser and major shareholder of a number of listed companies in the gold, diamonds, oil and new mining technology sectors.

#### **Other Current Directorships**

Chairman, RMG Limited (chairman since 31 January 2006);  
Chairman, WAG Limited (chairman since 2 November 2006);  
Chairman, Black Fire Energy Limited (chairman since 29 November 2006); and  
Non-Executive Director, Croesus Mining NL (subject to deed of company arrangement) (director since 12 July 2007).

#### **Former Directorships in the Last Three Years**

Mobi Limited 24 December 2003 to 15 December 2004;  
Black Range Minerals Limited 8 January 2004 to 22 August 2005;  
Green Rock Energy Limited 21 September 2000 to 10 May 2005;  
OBJ Limited 13 February 2004 to 8 December 2004;  
Karmelsonix Limited 18 August 2003 to 27 June 2005;  
Deep Yellow Limited 20 August 2003 to 7 January 2005;  
Black Rock Petroleum NL 30 October 1996 to 14 November 2005;  
Eureka Mines Limited 24 October 2005 to 21 June 2006;  
Western Metals Limited 14 December 2005 to 26 June 2006  
Avalon Minerals Ltd 18 December 2006 to 15 January 2007;  
Gawler Resources Limited 17 May 2006 to 1 March 2007;  
Signature Brands Limited 1 June 2006 to 20 February 2007; and  
Monitor Holdings Limited 16 April 2004 to 13 June 2007.

#### **Special Responsibilities**

Chairman of the Board

#### **Interests in Shares and Options**

16,509,583 (2006: 14,509,583) ordinary shares in Toodyay Resources Limited.  
3,333,333 (2006: 5,333,333) options to acquire ordinary shares in Toodyay Resources Limited.

**Information on Directors** (continued)

**Gary Christian Steinepreis** (Executive director, age 41)

**Experience and Expertise**

Mr Steinepreis holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant. He provides corporate, management and accounting advice to a number of companies involved in the resource, technology and leisure industries.

**Other Current Directorships**

Executive Director, RMG Limited (director since 31 January 2006);  
Executive Director, Black Fire Energy Ltd (director since 29 November 2006);  
Non-Executive Director, Gawler Resources (director since 17 May 2006)  
Non- Executive Director, Avalon Minerals Ltd (director since 20 December 2006);  
Non-Executive Director, Croesus Mining NL (subject to deed of company arrangement) (director since 12 July 2007); and  
Non-Executive Director, Signature Brands Ltd (director since 1 June 2006)

**Former Directorships in the Last Three Years**

Mobi Limited 24 December 2003 to 15 December 2004;  
Black Range Minerals Limited 8 January 2004 to 27 June 2005;  
Green Rock Energy Limited 22 October 2003 to 10 May 2005;  
OBJ Limited 13 February 2004 to 17 November 2004;  
Deep Yellow Limited 20 August 2004 to 10 October 2005;  
GB Energy Limited 13 March 2006 to 29 August 2007;  
Peninsular Minerals Limited 29 September 2003 to 8 December 2004;  
Western Metals Limited 3 October 2005 to 26 June 2006;  
Energy Ventures Limited 1 October 2003 to 30 September 2004;  
Monitor Holdings Limited 16 April 2004 to 18 January 2007; and  
Karmelsonix Limited 18 August 2003 to 21 November 2006.

**Special Responsibilities**

Company Secretary

**Interests in Shares and Options**

30,176,250 (2006: 30,176,250) ordinary shares in Toodyay Resources Limited.  
8,333,333 (2006: 8,333,333) options to acquire ordinary shares in Toodyay Resources Limited.

**Information on Directors** (continued)

**Paul Robert Hearne** (Executive director, age 51)

**Experience and Expertise**

Mr Hearne holds a Bachelor of Commerce Degree from the University of Western Australia. His experience includes management roles within a variety of industries, which has covered areas such as product and technology marketing, budgeting, contract management and international contracting and licensing. He provides corporate, management and accounting advice to a number of corporations involved in the resource, technology and industrial sectors.

**Other Current Directorships**

Executive director, RMG Limited (director since 3 April 2006)

**Former Directorships in the Last Three Years**

Western Metals Limited (director from 3 April 2006 to 26 June 2006)

**Special Responsibilities**

None

**Interests in Shares and Options**

6,350,000 (2006: 6,350,000) ordinary shares in Toodyay Resources Limited.

**Company Secretary**

The Company secretary is Gary Steinepreis. Mr Steinepreis was appointed to the position of Company secretary on 22 December 2005. As Mr Steinepreis is also a director of the Company information on him and his qualifications for the position are included above under information on directors.

**Meetings of Directors**

The numbers of meetings of the Company's board of directors held during the year ended 30 June 2007, and the numbers of meetings attended by each director were:

<b>Name of Director</b>	<b>Number of Meetings - A</b>	<b>Number of Meetings - B</b>
David Steinepreis	3	3
Gary Steinepreis	3	3
Paul Hearne	3	3

A = Number of meetings attended

B = Number of meetings held during the time the director held office during the year

**Information on Directors** (continued)

**Remuneration Report**

The remuneration report is set out under the following main headings:

- (1) Principles used to determine the nature and amount of remuneration
- (2) Details of remuneration
- (3) Service agreements
- (4) Share-based compensation
- (5) Additional information

The information provided under headings 1 to 4 above includes remuneration disclosures that are required under Accounting Standard AASB 124, Related Party Disclosures. These disclosures have been transferred from the financial report and have been audited. The disclosures in section 5 are additional disclosures required by the Corporations Act 2001 and the Corporations Regulations 2001 which have not been audited.

**1 Principles used to determine the nature and amount of remuneration**  
(audited)

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- (i) competitiveness and reasonableness;
- (ii) acceptability to shareholders;
- (iv) transparency; and
- (v) capital management.

The Company has structured an executive remuneration framework that is market competitive.

Alignment to shareholders' interests:

- (i) focuses on sustained growth in shareholder wealth; and
- (ii) attracts and retains high calibre executives.

Alignment to program participants' interests:

- (i) rewards capability and experience.

**Information on Directors** (continued)  
**Remuneration Report** (continued)

**1 Principles used to determine the nature and amount of remuneration**  
(audited) (continued)

*Executive directors*

Fees and payments to executive directors reflect the demands which are made on, and the responsibilities of, the directors. Executive directors' fees and payments are reviewed annually by the Board. The Board also ensures that executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined together with those of the executive directors. Executive directors do not receive security based payments as part of their compensation package.

*Retirement allowances and benefits for directors*

There are no retirement allowances or other benefits paid to directors.

**2 Details of Remuneration** (audited)

The amount of remuneration of the directors of Toodyay Resources Limited (as defined in AASB 124 Related Party Disclosures) is set out in the following table. During the financial year there were no executives other than the directors. There was no remuneration of any type, to the directors, other than as reported below for the provision of management services.

<b>2006</b>	<b>Fees paid to director related entity</b>	<b>Super - annuation</b>	<b>Security based payment</b>	<b>Total</b>
<b>Name of director</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Executive directors</b>				
David Steinepreis	15,000	-	-	15,000
Gary Steinepreis	15,000	-	-	15,000
Hugh Warner	-	-	-	-
Paul Hearne	17,000	-	-	17,000
<b>Totals</b>	<b>47,000</b>	<b>-</b>	<b>-</b>	<b>47,000</b>

<b>2007</b>	<b>Fees paid to director related entity</b>	<b>Super - annuation</b>	<b>Security based payment</b>	<b>Total</b>
<b>Name of director</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Executive directors</b>				
David Steinepreis	60,000	-	-	60,000
Gary Steinepreis	60,000	-	-	60,000
Paul Hearne	60,000	-	-	60,000
<b>Totals</b>	<b>180,000</b>	<b>-</b>	<b>-</b>	<b>180,000</b>

**Remuneration Report** (continued)  
**Details of Remuneration** (audited) (continued)

The fees paid to director related entities were for the provision of management services of the particular director, to the Company, as follows:

- (a) Ord Street Services, an entity associated with David Steinepreis was paid \$60,000 (2006: \$15,000);
- (b) Leisurewest Consulting Pty Limited, a company associated with Gary Steinepreis was paid \$60,000 (2006: \$15,000); and
- (c) The PRH Trust, an entity associated with Paul Hearne was paid \$60,000 (2006: \$17,000).

**3 Service Agreements** (audited)

There are no service agreements with directors. As at the date of this report there are no executives or management personnel, other than the directors, engaged by the Company. Executive directors serve on a month to month basis and there are no termination payments payable.

**4 Share-based Compensation** (audited)

There was no share-based or option-based compensation paid to executive directors during the financial year.

**5 Additional Information** (unaudited)

**(a) Shares Under Option**

At 30 June 2007 there were 20,352,665 (2006: 30,468,262) ordinary shares under option. These options have various exercise prices and various expiry dates. Details of the terms and conditions of options are detailed in the notes to the financial statements in note 12.

Subsequent to the end of the financial year and prior to the date of this report 1,666,667 options over ordinary shares were exercised at 1 cent each raising \$16,666.67 and as a result 1,666,667 ordinary shares were issued. Therefore at the date of this report there are 18,685,998 ordinary shares under option.

**(b) Insurance of Officers**

The Company does not currently have directors and / or officers insurance. No insurance to cover the prospective liability of directors and / or officers was paid during the financial year.

**5 Additional Information** (unaudited) (continued)

**(c) 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.

**(d) Audit and Non-Audit Services**

During the financial year \$25,500 (2006: \$20,000) was paid or is payable for audit services provided by the auditor (PricewaterhouseCoopers). There were no non-audit services provided by the auditor during 2007 (2006: Nil).

**(e) Auditors Independence Declaration**

A copy of the auditors independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 13 of the annual report.

**(f) Auditor**

PricewaterhouseCoopers remain in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.



Gary Steinepreis  
Director

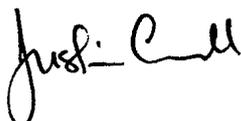
Perth  
24 September 2007

## Auditor's Independence Declaration

As lead auditor for the audit of Toodyay Resources Limited for the year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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



Justin Carroll  
Partner  
PricewaterhouseCoopers

Perth  
24 September 2007

## **Corporate Governance Statement**

Toodyay Resources Limited and the board are committed to achieving and demonstrating the highest standards of corporate governance. An extensive review of the Company's corporate governance framework was completed in April 2006 in light of the best practice recommendations released by the Australian Stock Exchange Corporate Governance Council in March 2003. The board continues to review the framework and practices to ensure they meet the interests of shareholders. Where the Company has not adhered to the policies set out in its board charter for corporate governance it has stated that fact in the annual report.

The directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are undertaken by the board. These are reviewed on an annual basis.

A description of the Company's main corporate governance practices are set out below.

### **The board of directors**

The board operates in accordance with the broad principles set out in its charter which is available from the Company's registered office. The charter details the board's composition and responsibilities.

#### ***Board composition***

Consistent with the size of the Company and its activities, the board is comprised of three (3) directors, all of whom are executive directors. The board's policy is that the majority of directors shall be independent, non-executive directors. The composition of the board does not currently conform to its policy. It is the board's intention to comply with its policy at a time when the size of the Company and its activities warrants such a structure.

The board has adopted specific principles in relation to directors' independence. These state that to be deemed independent, a director must be a non-executive and:

- (i) not be a substantial shareholder of the company or an officer of, or otherwise associated with, a substantial shareholder of the company;

**Corporate Governance Statement** (continued)

**The board of directors** (continued)

*Board composition* (continued)

- (ii) within the last three years, not have been employed in an executive capacity by the company or any other group member, or been a director after ceasing to hold any such employment;
- (iii) within the last three years not have been a principal of a material professional advisor or a material consultant to the company or any other group member, or an employee materially associated with the service provider;
- (iv) not be a material supplier or customer of the company or any other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- (v) must have no material contractual relationship with the company or a controlled entity other than as a director of the group;
- (vi) not have been on the board for a period which could, or could reasonably be perceived to, materially interfere with the with the director's ability to act in the best interests of the company; and
- (vii) be free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the company or group or 5% of the individual director's net worth is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of the director's performance.

Recent thinking on corporate governance has introduced the view that a director's independence may be perceived to be impacted by lengthy service on the board. To avoid any potential concerns, the board has determined that a director will not be deemed independent if he or she has served on the board of the company for more than 10 years.

Details of the members of the board, their experience, expertise, qualifications, term of office and status are set out in the directors' report under the heading "information on directors".

**Corporate Governance Statement** (continued)

**The board of directors** (continued)

***Responsibilities***

The responsibilities of the board include:

- (i) providing strategic guidance to the Company including contributing to the development of and approving the corporate strategy;
- (ii) reviewing and approving business plans and financial plans including available resources and major capital expenditure initiatives;
- (iii) overseeing and monitoring organisational performance and the achievement of the Company's strategic goals and objectives;
- (iv) compliance with the Company's code of conduct;
- (v) progressing major capital works and other significant corporate projects including any acquisitions or divestments;
- (vi) monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company's auditors;
- (vii) appointment, performance assessment and, if necessary, removal of the directors;
- (viii) ratifying the appointment and/or removal and contributing to the performance assessment for the members of the senior management team including the chief financial officer and the Company secretary;
- (ix) ensuring there are effective management processes in place and approving major corporate initiatives;
- (x) enhancing and protecting the reputation of the organisation; and
- (xi) overseeing the operation of the Company's system for compliance and risk management reporting to shareholders.

***Chairman***

The Chairman is responsible for leading the board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating board discussions and undertaking the responsibilities of an executive director as detailed above.

***Commitment***

The number of meetings of the Company's board of directors held during the year ended 30 June 2007, and the number of meetings attended by each director is disclosed in the directors report under the heading 'meetings of directors'.

***Conflict of interests***

There were no conflicts of interest during the reporting period.

***Independent professional advice***

Directors have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense.

***Performance assessment***

The board undertakes an annual self assessment of its collective performance, the performance of the Chairman and of its individual directors. The Company has not complied with its assessment policy for the financial year ended 30 June 2007 or as at the date of this report.

***Corporate reporting***

The board has made the following certifications as to the financial report for the reporting period ended 30 June 2007:

- (i) that the Company's financial report is complete and presents a true and fair view, in all material respects, of the financial condition and operational results of the Company; and
- (ii) that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board or where those policies are not adhered to that fact is stated in the annual report and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

***Board committees***

The board's charter calls for the establishment of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. As at the date of this report no committees have been established as the structure of the board, the size of the Company and the scale of its activities allows all directors to participate fully in all decision making. When the circumstances require it the following committees will be instituted, audit committee, nomination committee, risk management committee and remuneration committee. Each committee has a charter that has been approved by the Board that will set the standards for the operation of the committees once established.

***External auditors***

The Company policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. PricewaterhouseCoopers are the external auditors of the Company. It is PricewaterhouseCoopers policy to rotate audit engagement partners on listed companies at least every five years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the directors' report and in the notes to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Company.

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.

***Risk assessment and management***

The board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. In summary, the Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority. Adherence to the code of conduct is required at all times and the board actively promotes a culture of quality and integrity.

The Company risk management policy and the operation of the risk management and compliance system are managed by the board which consists of the directors and chairman. Control procedures cover management accounting, financial reporting, project appraisal, compliance and other risk management issues.

### *Code of Conduct*

The Company has developed a statement of values and a code of conduct which has been fully endorsed by the board and applies to all directors and any employees if and when they are engaged. The code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity.

In summary, the code requires that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Company policies.

The directors are satisfied that the Company has complied with its policies on ethical standards, including trading in securities.

A copy of the code and the trading policy are included in the board charter and are available at the Company's registered office.

### *Continuous disclosure and shareholder communication*

The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities. These policies and procedures also include the arrangements the Company has in place to promote communication with shareholders and encourage effective participation at general meetings. A summary of these policies and procedures is included in the board charter and is available at the Company's registered office.

The Company Secretary has been nominated as the person responsible for communications with the Australian Stock Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All shareholders (except those that have elected not to receive a copy) receive a copy of the Company's annual report.

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The financial report is presented in Australian currency.  
Toodyay Resources Limited is a Company limited by shares, incorporated and domiciled in Australia.

Toodyay Resources Limited  
Level 1, 33 Ord Street  
West Perth  
Western Australia 6005  
Telephone (08) 9420 9300

A description of the nature of the Company's operations and its principal activities is included in the review of operations and activities in the directors' report on pages 2 to 5 it does not part of this financial report.

The financial report was authorised for issue by the directors on 24 September 2007.  
The Company has the power to amend and reissue the financial report.

The Company has ensured and continues to ensure that its corporate reporting is timely, complete and available.

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**Toodyay Resources Limited**  
**Income Statements**  
For the year ended 30 June 2007

	Note	Consolidated 2007 \$	Company 2007 \$	Company 2006 \$
Revenue from continuing operations	5	38,912	38,912	9,331
Expenses	7	(573,017)	(573,017)	(389,835)
<b>Loss before income tax</b>		<b>(534,105)</b>	<b>(534,105)</b>	<b>(380,504)</b>
Income tax expense	8	-	-	-
<b>Loss from continuing operations</b>		<b>(534,105)</b>	<b>(534,105)</b>	<b>(380,504)</b>
Profit from discontinued operations	6	-	-	67,130,000
<b>(Loss) / profit for the year</b>		<b>(534,105)</b>	<b>(534,105)</b>	<b>66,749,496</b>
<b>(Loss) / profit attributable to the members of Toodyay Resources Limited</b>	13(b)	<b>(534,105)</b>	<b>(534,105)</b>	<b>66,749,496</b>
		<b>Cents</b>		<b>Cents</b>
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the Company:				
<b>Basic loss per share</b>	22	<b>(0.15)</b>		<b>(0.4)</b>
<b>Diluted loss per share</b>	22	<b>(0.15)</b>		<b>(0.4)</b>
Earnings per share for profit attributable to the ordinary equity holders of the Company:				
<b>Basic earnings per share</b>	22	<b>(0.15)</b>		<b>69.2</b>
<b>Diluted earnings per share</b>	22	<b>(0.15)</b>		<b>63.8</b>

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

**Toodyay Resources Limited**  
**Balance Sheets**  
As at 30 June 2007

	Note	Consolidated 2007 \$	Company 2007 \$	Company 2006 \$
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	9	1,188,740	1,188,740	1,606,135
Trade and other receivables	10	89,081	89,081	115,544
<b>Total current assets</b>		<b>1,277,821</b>	<b>1,277,821</b>	<b>1,721,679</b>
<b>Non-current assets</b>				
Other financial assets	23	-	1	-
<b>Total non-current assets</b>		<b>-</b>	<b>1</b>	<b>-</b>
<b>Total assets</b>		<b>1,277,821</b>	<b>1,277,822</b>	<b>1,721,679</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	11	23,930	23,931	33,683
<b>Total current liabilities</b>		<b>23,930</b>	<b>23,931</b>	<b>33,683</b>
<b>Total liabilities</b>		<b>23,930</b>	<b>23,931</b>	<b>33,683</b>
<b>Net assets</b>		<b>1,253,891</b>	<b>1,253,891</b>	<b>1,687,996</b>
<b>EQUITY</b>				
Contributed equity	12	129,320,833	129,320,833	129,220,500
Reserves	13(a)	667	667	1,000
Accumulated losses	13(b)	(128,067,609)	(128,067,609)	(127,533,504)
<b>Total equity</b>		<b>1,253,891</b>	<b>1,253,891</b>	<b>1,687,996</b>

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

**Toodyay Resources Limited**  
**Statements of Changes in Equity**  
For the year ended 30 June 2007

	Note	Consolidated 2007 \$	Company 2007 \$	Company 2006 \$
<b>Total equity / (deficiency) at the beginning of the financial year</b>		<b>1,687,996</b>	<b>1,687,996</b>	<b>(67,960,000)</b>
(Loss) / profit for the year		(534,105)	(534,105)	66,749,496
		<u>1,153,891</u>	<u>1,153,891</u>	<u>(1,210,504)</u>
Transactions with equity holders in their capacity as equity holders:				
Contributions of equity, net of transaction costs	12(c)	100,333	100,333	2,897,500
Premium received on the issue of options	12(d)	(333)	(333)	1,000
<b>Total equity at the end of the financial year</b>		<b><u>1,253,891</u></b>	<b><u>1,253,891</u></b>	<b><u>1,687,996</u></b>

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

**Toodyay Resources Limited**  
**Cash Flow Statements**  
For the year ended 30 June 2007

	Note	Consolidated 2007 \$	Company 2007 \$	Company 2006 \$
<b>Cash flows from operating activities</b>				
Receipts from customers (inclusive of goods and services tax)		-	-	-
Payments to suppliers and employees (inclusive of goods and services tax)		(556,307)	(556,307)	(422,656)
<b>Net cash outflow from operating activities</b>	20	<b>(556,307)</b>	<b>(556,307)</b>	<b>(422,656)</b>
<b>Cash flows from investing activities</b>				
Payment made to settle deed of company arrangement		-	-	(700,000)
Payment lodged as security bond		-	-	(79,040)
Interest received	5	38,912	38,912	9,331
<b>Net cash inflow / (outflow) from investing activities</b>		<b>38,912</b>	<b>38,912</b>	<b>(769,709)</b>
<b>Cash flows from financing activities</b>				
Proceeds from the issue of shares and other equity securities	12(c)	100,000	100,000	2,837,000
Share and other equity securities issue transaction costs	12(c)	-	-	(38,500)
Loan funds received		-	-	368,000
Repayment of loan		-	-	(368,000)
<b>Net cash inflow from financing activities</b>		<b>100,000</b>	<b>100,000</b>	<b>2,798,500</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(417,395)</b>	<b>(417,395)</b>	<b>1,606,135</b>
Cash and cash equivalents at the beginning of the financial year		1,606,135	1,606,135	-
<b>Cash and cash equivalents at the end of the financial year</b>	9	<b>1,188,740</b>	<b>1,188,740</b>	<b>1,606,135</b>

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

**Contents of the Notes to the Financial Statements**

**Note**

1. Summary of significant accounting policies
  2. Financial risk management
  3. Critical accounting estimates and judgements
  4. Segment information
  5. Revenue
  6. Discontinued operations
  7. Expenses
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  9. Current assets - Cash and cash equivalents
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  12. Contributed equity
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  19. Events occurring after the balance sheet date
  20. Reconciliation of loss after income tax to net cash outflow from operating activities
  21. Non-cash investing and financing activities
  22. Earnings per share
  23. Other financial assets
-

## **1 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 the year presented, unless otherwise stated.

### **(a) Basis of preparation**

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001* unless stated otherwise.

The Company did not prepare annual financial statements or have them audited for the period starting from 1 July 2004 to 30 June 2005. A general purpose financial report was prepared for the financial year ended 30 June 2006 with no comparative information. No comparatives for the financial year ended 30 June 2005, were prepared and included in the financial report for the year ended 30 June 2006 as the Company was in liquidation during the period; and as a consequence of the *Corporations Regulations 2001*, exempting a company, its directors and auditors from the preparation and lodgement of financial reports, the need to distribute those reports to members and the need to lay those reports before the annual general meeting. The Company was bought out of liquidation under a deed of company arrangement and was reconstructed during the period

#### *Early adoption of standards*

The company has elected to apply the following pronouncement to the annual reporting period beginning 1 July 2006: Revised AASB 101 Presentation of Financial Statements (issued October 2006). This includes applying the pronouncement to the comparatives in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. No adjustments to any of the financial statements were required for the above pronouncement, but certain disclosures are no longer required and have therefore been omitted.

#### *Compliance with IFRSs*

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRSs). Compliance with AIFRSs ensures that the consolidated financial statements and notes of Toodyay Resources Limited comply with International Financial Reporting Standards (IFRSs). The Company's financial statements and notes comply with IFRSs except that it has elected to apply the relief provided in respect of certain disclosure requirements contained in AASB 132 *Financial Instruments: Presentation and Disclosure* and AASB 139 *Financial Instruments: Recognition and Measurement*.

**1 Summary of significant accounting policies** (continued)

**(a) Basis of preparation** (continued)

When preparing Toodyay Resources Limited 2007 financial statements, management has used accounting and valuation methods which comply with AIFRS.

*Historical cost convention*

These financial statements have been prepared under the historical cost convention.

*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. Where these are areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, these are disclosed in note 3.

**(b) Principles of Consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2007 and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in this financial report as the consolidated entity.

Subsidiaries are all those entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and the effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

The Company applies a policy of treating transactions with minority interests as transactions with parties external to the Company. Disposals to minority interests result in gains and losses for the consolidated entity that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

Inter-company transactions, balances and unrealised gains on transactions between the Company and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Company.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

**1 Summary of significant accounting policies** (continued)

**(b) Principles of Consolidation** (continued)

Investments in subsidiaries are accounted for at cost in the individual financial statements of the Company.

**(c) 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.

**(d) Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

*Interest income:* Interest income is recognised on a time proportion basis using the effective interest method.

**(e) 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 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 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 substantively enacted for each jurisdiction. The relevant tax rates (and laws) 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 these temporary 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 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.

**1 Summary of significant accounting policies (continued)**

**(e) Income Tax (continued)**

Current tax assets and tax 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.

**(f) Exploration and evaluation costs**

*Exploration and Evaluation Expenditure*

Exploration and evaluation expenditure is stated at cost and is accumulated in respect of each identifiable area of interest.

Such costs are only carried forward in respect of areas of interest for which the rights of tenure are current and where:

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

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. Where carried forward expenditure does not satisfy the policy stated above it is written off to the income statement in the period in which the decision is made to write-off. Accumulated costs in relation to an abandoned area are written off to the income statement in the period in which the decision to abandon the area is made.

*Impairment*

The carrying values of exploration and evaluation costs are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any indication of impairment exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of exploration and evaluation expenditure is the greater of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

**1 Summary of significant accounting policies (continued)**

**(g) Impairment of Assets**

Other 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.

**(h) 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.

**(i) Trade and Other Receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is established when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

**(j) Trade and Other Payables**

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

**1 Summary of significant accounting policies (continued)**

**(k) Contributed Equity**

Ordinary shares are classified as equity.

Incremental costs (exclusive of GST) directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

If the entity reacquires its own equity instruments, eg as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

**(l) Earnings Per Share**

*(i) Basic earnings per share*

Basic earnings per share is calculated by dividing the profit 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.

*(ii) 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.

**(m) Goods and Services 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 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.

**1 Summary of significant accounting policies (continued)**

**(n) New Accounting Standards**

Certain new accounting standards have been published that are not mandatory for the 30 June 2007 reporting period. The company's assessment of the impact of these new standards is set out below:

AASB 7 Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards [AASB 132 Financial Instruments: Disclosure and Presentation, AASB 101 Presentation of Financial Statements, AASB 114 Segment Reporting, AASB 117 Leases, AASB 133 Earnings per Share, AASB 139 Financial Instruments: Recognition and Measurement, AASB 1 First-time Adoption of AIFRS, AASB 4 Insurance Contracts, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts]

AASB 7 and AASB 2005-10 are applicable to annual periods beginning on or after 1 January 2007. The company has not adopted the standards early. Application of the standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Company's financial instruments.

AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards [AASB 5 Non-current Assets Held for Sale and Discontinued Operations, AASB 6 Exploration for and Evaluation of Mineral Resources, AASB 102 Inventories, AASB 107 Cash Flow Statements, AASB 119 Employee Benefits, AASB 127 Consolidated and Separate Financial Statements, AASB 134 Interim Financial Reporting, AASB 136 Impairment Assets, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts]

AASB 8 replaces the presentation requirements of segment reporting in AASB 114 Segment Reporting. AASB 8 and AASB 2007-3 are applicable for annual reporting periods beginning on or after 1 January 2009 and will not affect any of the amounts recognised in the financial statements, but will impact the disclosures in relation to the company's segments.

**2 Financial Risk Management**

The consolidated entity's activities expose it to a variety of financial risks; market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The consolidated entity'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 consolidated entity.

## **2 Financial Risk Management (continued)**

Risk management is carried out by the board of directors under policies approved by the Board. The board identifies and evaluates financial risks and provides written principles for overall risk management.

### **(a) Market Risk**

#### *Price risk*

The consolidated entity is not exposed to equity securities price risk as it holds no investments in securities classified on the balance sheet either as available-for-sale or at fair value through profit or loss. The consolidated entity is not exposed to commodity price risk.

### **(b) Credit Risk**

The consolidated entity has no significant concentrations of credit risk.

### **(c) Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash to meet commitments as and when they fall due.

### **(d) Cash Flow and Fair Value Interest Rate Risk**

As the consolidated entity has no significant interest-bearing assets, the consolidated entity's income and operating cash flows are not materially exposed to changes in market interest rates.

## **3 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 entity and that are believed to be reasonable under the circumstances. No critical accounting estimates and / or assumptions have been made during the preparation of the financial report.

## **4 Segment Information**

### **Business Segment**

The consolidated entity operates in one business segment only that being the mining and exploration industry.

### **Geographical Segment**

The consolidated entity is domiciled in Australia and currently operates within Australia.

**Toodyay Resources Limited**  
**Notes to the Financial Statements**

30 June 2007

(Continued)

<b>5 Revenue</b>	<b>Consolidated</b>	<b>Company</b>	<b>Company</b>
<i>Other revenue</i>	<b>2007</b>	<b>2007</b>	<b>2006</b>
	\$	\$	\$
Interest earned	38,912	38,912	9,331
	<b>38,912</b>	<b>38,912</b>	<b>9,331</b>

<b>6 Discontinued Operations</b>	<b>Consolidated</b>	<b>Company</b>	<b>Company</b>
	<b>2007</b>	<b>2007</b>	<b>2006</b>
	\$	\$	\$
Net liabilities defeased under deed of company arrangement	-	-	67,960,000
Payments pursuant to a deed of company arrangement	-	-	(800,000)
Contribution to liquidator's costs	-	-	(30,000)
<b>Net gain on defeasance of liabilities pursuant to a deed of company arrangement</b>	<b>-</b>	<b>-</b>	<b>67,130,000</b>

The deed of company arrangement, incorporating the terms of the recapitalisation proposal, was executed on 6 December 2005 following the approval of creditors on 28 November 2005.

<b>7 Expenses</b>	<b>Consolidated</b>	<b>Company</b>	<b>Company</b>
	<b>2007</b>	<b>2007</b>	<b>2006</b>
	\$	\$	\$
Corporate compliance costs	92,592	92,592	96,518
Corporate management fees	180,000	180,000	97,000
Occupancy costs	77,093	77,093	21,454
Exploration expenditure	150,405	150,405	7,954
Travel expenditure	25,236	25,236	39,739
General administration costs	47,691	47,691	127,170
	<b>573,017</b>	<b>573,017</b>	<b>389,835</b>

**Toodyay Resources Limited**  
**Notes to the Financial Statements**  
30 June 2007  
(Continued)

<b>8 Income Tax Expense</b>	<b>Consolidated</b>	<b>Company</b>	<b>Company</b>
<b>(a) Income Tax Expense</b>	<b>2007</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Current tax	-	-	-
Deferred tax	-	-	-
	-	-	-
Income tax expense is attributable to:			
Loss from continuing operations	-	-	-
Aggregate income tax expense	-	-	-
Deferred income tax (revenue)			
expense included in income tax			
expense comprises:			
Decrease (increase) in deferred tax			
assets	-	-	-
(Decrease) increase in deferred tax			
liabilities	-	-	-
	-	-	-
	-	-	-
<b>(b) Numerical Reconciliation of</b>			
<b>Income Tax Expense to</b>	<b>Consolidated</b>	<b>Company</b>	<b>Company</b>
<b>Prima Facie Tax Payable</b>	<b>2007</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Loss from continuing operations			
before income tax expense	(534,105)	(534,105)	(380,504)
Profit from discontinued operations			
before income tax expense	-	-	67,130,000
	(534,105)	(534,105)	66,749,496
Tax at the Australian tax rate of 30%			
(2006: 30%)	(160,232)	(160,232)	20,024,849
Tax effect of amounts which are not			
deductible (taxable) in calculating			
taxable income:			
Entertainment expense	970	970	(696)
Profit pursuant to a deed of company			
arrangement	-	-	(20,139,000)
Tax losses not recognised	159,262	159,262	114,847
Income tax expense	-	-	-
	-	-	-
<b>(c) Tax Losses - All unused tax</b>			
<b>losses were incurred by</b>	<b>Consolidated</b>	<b>Company</b>	<b>Company</b>
<b>Australian entities.</b>	<b>2007</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Unused tax losses for which no			
deferred tax asset has been recognised	913,696	913,696	382,823
Potential tax benefit at 30%	274,109	274,109	114,847

**Toodyay Resources Limited**  
**Notes to the Financial Statements**  
30 June 2007  
(Continued)

<b>9 Current Assets – Cash and Cash Equivalents</b>	<b>Consolidated 2007</b>	<b>Company 2007</b>	<b>Company 2006</b>
	\$	\$	\$
Cash at bank and in hand	1,188,740	1,188,740	1,606,135
	<b>1,188,740</b>	<b>1,188,740</b>	<b>1,606,135</b>

These accounts for cash at bank are interest bearing with a floating interest rate of 3% (2006: 3.0%) per annum.

<b>10 Current Assets – Trade and Other Receivables</b>	<b>Consolidated 2007</b>	<b>Company 2007</b>	<b>Company 2006</b>
	\$	\$	\$
Other receivables	89,081	89,081	115,544
	<b>89,081</b>	<b>89,081</b>	<b>115,544</b>

These amounts generally arise from transactions outside the usual operating activities of the Company. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

<b>11 Current Liabilities – Trade and Other Payables</b>	<b>Consolidated 2007</b>	<b>Company 2007</b>	<b>Company 2006</b>
	\$	\$	\$
Other payables – Accrued expenditure	23,930	23,931	33,683
	<b>23,930</b>	<b>23,931</b>	<b>33,683</b>

These amounts generally arise from transactions outside the usual operating activities of the Company. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

**Toodyay Resources Limited**  
**Notes to the Financial Statements**  
30 June 2007  
(Continued)

<b>12</b>	<b>Contributed Equity</b>	<b>Company 2007</b>	<b>Company 2007</b>	<b>Company 2006</b>	<b>Company 2006</b>
<b>(a)</b>	<b>Share Capital</b>	<b>Shares</b>	<b>\$</b>	<b>Shares</b>	<b>\$</b>
	Ordinary shares fully paid	359,475,352	129,320,833	349,475,352	129,220,500
<b>(b)</b>	<b>Other Equity Securities</b>	<b>Company 2007</b>	<b>Company 2007</b>	<b>Company 2006</b>	<b>Company 2006</b>
		<b>Options</b>	<b>\$</b>	<b>Options</b>	<b>\$</b>
	Options exercisable at 1 cent expiring 31 December 2008	20,000,000	667	30,000,000	1,000
	Options exercisable at \$6.30 expiring 19 May 2008	66,666	-	66,666	-
	Options exercisable at \$6.45 expiring 30 January 2008	33,333	-	33,333	-
	Options exercisable at \$16.65 expiring 30 November 2007	153,333	-	153,333	-
	Options exercisable at \$11.25 expiring 5 November 2007	99,333	-	99,333	-
	Options exercisable at \$17.10 expiring 18 June 2007	-	-	16,666	-
	Options exercisable at \$15.90 expiring 24 April 2007	-	-	46,666	-
	Options exercisable at \$11.58 expiring 28 November 2006	-	-	5,691	-
	Options exercisable at \$9.75 expiring 5 November 2006	-	-	19,908	-
	Options exercisable at \$12.00 expiring 30 October 2006	-	-	26,666	-
		<b>20,352,665</b>	<b>667</b>	<b>30,468,262</b>	<b>1,000</b>

**Toodyay Resources Limited**  
**Notes to the Financial Statements**  
30 June 2007  
(Continued)

**12 Contributed Equity (continued)**

**(c) Movement in Ordinary Share Capital**

<b>Date</b>	<b>Details</b>	<b>Number of shares 2007</b>	<b>Amount \$ 2007</b>	<b>Number of shares 2006</b>	<b>Amount \$ 2006</b>
<b>July 1</b>	Opening balance	<b>349,475,352</b>	<b>129,220,500</b>	235,130,280	126,323,000
3/2/2006	Consolidation capital 1:15	-	-	(219,454,928)	-
		<b>349,475,352</b>	<b>129,220,500</b>	15,675,352	126,323,000
21/3/2006	Placement at \$0.004 each	-	-	140,000,000	560,000
21/3/2006	Placement at \$0.01 each	-	-	140,000,000	1,400,000
31/3/2006	Issue trustee creditors at \$0.01 each	-	-	10,000,000	100,000
26/6/2006	Issue SSPP at \$0.02 each	-	-	43,800,000	876,000
22/5/2006	Issue costs	-	-	-	(38,500)
21/02/2007	Issue at \$0.01 each option exercise	5,000,000	50,000	-	-
30/04/2007	Issue at \$0.01 each option exercise	3,000,000	30,000	-	-
17/05/2007	Issue at \$0.01 each option exercise	2,000,000	20,000	-	-
	Option premium reserve	-	333	-	-
<b>June 30</b>	<b>Balance</b>	<b>359,475,352</b>	<b>129,320,833</b>	<b>349,475,352</b>	<b>129,220,500</b>

**12 Contributed Equity** (continued)

**(d) Movement in Options**

Date	Details	Number of options 2007	Amount \$ 2007	Number of options 2006	Amount \$ 2006
<b>July 1</b>	Opening balance	<b>30,468,262</b>	<b>1,000</b>	508,261	-
29/1/2006	Expired	-	-	(6,666)	-
12/2/2006	Expired	-	-	(33,333)	-
21/3/2006	Issued at .00003 cents	-	-	30,000,000	1,000
30/10/2006	Expired	(26,666)	-	-	-
05/11/2006	Expired	(19,908)	-	-	-
28/11/2006	Expired	(5,691)	-	-	-
21/02/2007	Exercised	(5,000,000)	(167)	-	-
24/04/2007	Expired	(46,666)	-	-	-
30/04/2007	Exercised	(3,000,000)	(100)	-	-
17/05/2007	Exercised	(2,000,000)	(66)	-	-
18/06/2007	Expired	(16,666)	-	-	-
<b>June 30</b>	Balance	<b>20,352,665</b>	<b>667</b>	30,468,262	1,000

The terms of the options issued on 21 March 2006 are as follows:

- 1 each option entitles the holder, when exercised, to one (1) share;
- 2 the options are exercisable at any time on or before 31 December 2008;
- 3 the exercise price of the options is 1 cent each;
- 4 subject to the *Corporations Act 2001*, the Constitution and the ASX Listing Rules, the options are fully transferable;
- 5 the options are exercisable by delivering to the registered office of the Company a notice in writing stating the intention of the option holder to exercise a specified number of options, accompanied by an option certificate, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The exercise of only a portion of the options held does not affect the holder's right to exercise the balance of any options remaining;
- 6 all shares issued upon exercise of the options will rank pari passu in all respects with the Company's then issued shares. The Company does not intend to seek quotation of the options;
- 7 there are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of options to shareholders during the currency of the options. However, the Company will ensure that, for the purpose of determining entitlements to any issue, option holders will be notified of the proposed issue at least seven (7) business days before the record date of any proposed issue. This will give option holders the opportunity to exercise the options prior to the date for determining entitlements to participate in any such issue;

**12 Contributed Equity** (continued)

**(d) Movement in Options** (continued)

The terms of the options issued on 21 March 2006 are as follows: (continued)

- 8 in the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the expiry date of the options, all rights of the option holder will be varied in accordance with the ASX Listing Rules; and
- 9 in the event the Company makes a pro rata issue of securities, the exercise price of the options will change in accordance with the formula set out in ASX Listing Rule 6.22.2.

**13 Reserves and Accumulated Losses**

	<b>Consolidated</b>	<b>Company</b>	<b>Company</b>
	<b>2007</b>	<b>2007</b>	<b>2006</b>
<b>(a) Reserves</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Option premium reserve	667	667	1,000
	<b>667</b>	<b>667</b>	<b>1,000</b>

**Movements in reserves**

Balance at the beginning of the year	1,000	1,000	-
Premium received on options issued by way of placement	-	-	1,000
Premium reduced due to exercise of options	(333)	(333)	-
<b>Balance at the end of the year</b>	<b>667</b>	<b>667</b>	<b>1,000</b>

**(b) Accumulated Losses**

	<b>Consolidated</b>	<b>Company</b>	<b>Company</b>
	<b>2007</b>	<b>2007</b>	<b>2006</b>
Movements in accumulated losses were as follows:	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at the beginning of the year	(127,533,504)	(127,533,504)	(194,283,000)
Net (loss) / profit for the year	(534,105)	(534,105)	66,749,496
<b>Balance at the end of the year</b>	<b>(128,067,609)</b>	<b>(128,067,609)</b>	<b>(127,533,504)</b>

**(c) Nature and Purpose of Reserves**

Option premium reserve arising pursuant to an issue of options.

**14 Dividends**

There were no dividends recommended or paid during the financial year (2006: Nil).

**15 Key Management Personnel Disclosures**

**(a) Directors**

The following persons were directors of Toodyay Resources Limited during the financial year:

*(i) Chairman - Executive*

David Christian Steinepreis (from 22 December 2005 and continues in office at the date of this report).

*(ii) Executive Directors*

Gary Christian Steinepreis (from 22 December 2005 and continues in office at the date of this report).

Paul Robert Hearne (from 4 April 2006 and continues in office at the date of this report).

**(b) Key management personnel compensation**

	<b>Consolidated 2007</b>	<b>Company 2007</b>	<b>Company 2006</b>
	\$	\$	\$
Fees paid to entities associated with directors	180,000	180,000	47,000
	<b>180,000</b>	<b>180,000</b>	<b>47,000</b>

The Company has taken advantage of the relief provided by Corporations Regulation CRM2.6.04 and has transferred the detailed remuneration disclosures to the directors' report.

**(c) Equity Instrument Disclosures Relating to Key Management Personnel**

*(i) Option holdings*

The numbers of options over ordinary shares in the Company held during the financial year by each director of Toodyay Resources Limited, including their personally related parties, are set out below:

<b>2006</b>	<b>Balance at the start of the year</b>	<b>Granted during the year</b>	<b>Exercised during the year</b>	<b>Balance at the end of the year</b>	<b>Vested and exercisable at the end of the year</b>
<b>Name</b>					
<b>Directors</b>					
David Steinepreis	-	5,333,333	-	5,333,333	5,333,333
Gary Steinepreis	-	8,333,333	-	8,333,333	8,333,333
Paul Hearne	-	-	-	-	-
	<b>-</b>	<b>13,666,666</b>	<b>-</b>	<b>13,666,666</b>	<b>13,666,666</b>

**15 Key Management Personnel Disclosures (continued)**

**(c) Equity Instrument Disclosures Relating to Key Management Personnel**  
(continued)

<b>2007</b>	<b>Balance at the start of the year</b>	<b>Granted during the year</b>	<b>Exercised during the year</b>	<b>Balance at the end of the year</b>	<b>Vested and exercisable at the end of the year</b>
<b>Name</b>					
<b>Directors</b>					
David Steinepreis	5,333,333	-	2,000,000	3,333,333	3,333,333
Gary Steinepreis	8,333,333	-	-	8,333,333	8,333,333
Paul Hearne	-	-	-	-	-
	<b>13,666,666</b>	<b>-</b>	<b>2,000,000</b>	<b>11,666,666</b>	<b>11,666,666</b>

No options are vested and un-exercisable at the end of the year.

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

*(ii) Share holdings*

The numbers of shares in the Company held during the financial year by each director of Toodyay Resources Limited, including their personally related parties, are set out below:

<b>2006</b>	<b>Balance at the start of the year</b>	<b>Received during the year on the exercise of options</b>	<b>Other changes during the year</b>	<b>Balance at the end of the year</b>
<b>Name</b>				
<b>Directors</b>				
David Steinepreis	-	-	14,509,583	14,509,583
Gary Steinepreis	-	-	30,176,250	30,176,250
Paul Hearne	-	-	6,350,000	6,350,000
	<b>-</b>	<b>-</b>	<b>51,035,833</b>	<b>51,035,833</b>

<b>2007</b>	<b>Balance at the start of the year</b>	<b>Received during the year on the exercise of options</b>	<b>Other changes during the year</b>	<b>Balance at the end of the year</b>
<b>Name</b>				
<b>Directors</b>				
David Steinepreis	14,509,583	2,000,000	-	16,509,583
Gary Steinepreis	30,176,250	-	-	30,176,250
Paul Hearne	6,350,000	-	-	6,350,000
	<b>51,035,833</b>	<b>2,000,000</b>	<b>-</b>	<b>53,035,833</b>

There were no shares granted during the reporting period as compensation.

**15 Key Management Personnel Disclosures (continued)**

**(d) Other Transactions with Key Management Personnel**

A director, Mr David Steinepreis is associated with the entity Ord Street Services. Ord Street Services provided office accommodation and serviced office facilities for Toodyay Resources Limited based on normal commercial terms and conditions in the amount of \$77,093. The services are provided on a month to month basis and there is no formal contract in place.

Aggregate amounts of each of the above types of other transactions with key management personnel of Toodyay Resources Limited.	<b>Consolidated 2007</b>	<b>Company 2007</b>	<b>Company 2006</b>
	\$	\$	\$
Amounts recognised as expense:			
Corporate management fees	-	-	50,000
Occupancy costs	77,093	77,093	21,454
	<b>77,093</b>	<b>77,093</b>	<b>71,454</b>

**16 Remuneration of Auditors**

During the year the following fees were paid or payable for services provided by the auditor of the Company:	<b>Consolidated 2007</b>	<b>Company 2007</b>	<b>Company 2006</b>
	\$	\$	\$
<b>Audit Services - PricewaterhouseCoopers Australia</b>			
Audit or review of financial report and other audit work under the <i>Corporations Act 2001</i>	25,500	25,500	20,000
Total remuneration for audit services	<b>25,500</b>	<b>25,500</b>	<b>20,000</b>

It is the Company's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the Company are important. These assignments are principally tax advice and due diligence reporting on acquisitions, or where PricewaterhouseCoopers is awarded assignments on a competitive basis. It is the Company's policy to seek competitive tenders for all major material consulting projects.

**17 Commitments**

There is no capital expenditure contracted for at the reporting date that has not been recognised as a liability (2006: Nil).

**18 Related Party Transactions**

**(a) Key Management Personnel**

Disclosures relating to key management personnel are set out in note 15 and the detailed remuneration disclosures to the directors' report.

**(b) Transaction with Related Parties**

	<b>Consolidated 2007</b>	<b>Company 2007</b>	<b>Company 2006</b>
	\$	\$	\$

The following transactions occurred with related parties:

*Payments for supplies and services :*

a) Occupancy costs paid to Ord Street Services an entity associated with David Steinepreis a director of the Company	77,093	77,093	21,454
b) Corporate management services in relation to the reconstruction of the Company paid to Ascent Capital Pty Limited an entity associated with David Steinepreis, Hugh Warner and Gary Steinepreis	-	-	50,000
c) For the provision of the services of David Steinepreis, Ord Street Services, an entity associated with Mr Steinepreis, was paid	60,000	60,000	15,000
d) For the provision of the services of Gary Steinepreis, LeisureWest Consulting Pty Limited, an entity associated with Gary Steinepreis, was paid	60,000	60,000	15,000
e) For the provision of the services of Paul Hearne, The PRH Trust, an entity associated with Paul Hearne, was paid	60,000	60,000	17,000
<b>Total related party transactions</b>	<b>257,093</b>	<b>257,093</b>	<b>118,454</b>

**(c) Outstanding Balances Arising from Sales / Purchases of Goods and Services**

There were no outstanding balances at the reporting date in relation to transactions with related parties.

## **19 Events Occurring After the Balance Sheet Date**

On 9 August 2007 the Company announced that it had reached agreement to acquire 100% of the issued capital of Ord Investments Pty Ltd (Ord), a copper exploration company.

Toodyay has the right to acquire Ord and Ord has the right to acquire, from Straits Resources Limited (Straits), an advanced copper exploration project called Bushranger, which is contained within the 75km<sup>2</sup> EL5574, located 25km south of the town of Oberon, New South Wales.

Bushranger lies within the highly prospective Ordovician Volcanics of the Lachlan Fold Belt which host the North Parkes, Lake Cowal, Cadia and Ridgeway porphyry copper and gold deposits. A JORC compliant Indicated and Inferred Resource has been defined at the Racecourse Prospect containing 124,000 tonnes of copper at a grade of 0.45% copper.

The consideration for the acquisition of Ord and Bushranger is the issue of 359,475,352 fully paid ordinary shares in the capital of Toodyay.

The acquisition is subject to a number of conditions precedent, including completion of the acquisition of Bushranger by Ord and the shareholders of Toodyay approving the transaction.

Toodyay has agreed, subject to completion of the acquisition of Ord, to raise \$1,250,000 by the issue of 50,000,000 fully paid ordinary shares at an issue price of 2.5 cents each to clients of Euroz Securities Limited, Stripe Capital Pty Ltd and to Straits. This placement will be used to fund the proposed exploration programme and working capital.

Upon completion of the transaction (at settlement) the existing board will resign and new directors will be appointed. The proposed management team has extensive experience in the exploration, financing and development of mineral assets and were responsible for the development, commissioning and operation of the Tritton copper mine in New South Wales.

The two proposed Executive Directors are Mick McMullen and Declan Franzmann.

**Mr McMullen** is a geologist with over 15 years experience in the minerals industry and was a founding shareholder and Executive Technical Director of Tritton Resources Limited. He has extensive knowledge of the requirements for mine development in New South Wales having been responsible for the development of the most recent base metal mine in that State. For the last 18 months, Mr McMullen has been the Manager of Audits for RSG Global, a significant minerals consulting business. During that time he has been responsible for the due diligence of numerous assets for financing institutions and as part of merger and acquisition activities. Mr McMullen has a detailed knowledge of the debt and equity capital markets.

**19 Events Occurring After the Balance Sheet Date** (continued)

**Declan Franzmann** is a mining engineer with more than 15 years experience in operational mine management and engineering roles in Australia. His previous experience includes roles as the Manager of Mining at both the CSA and Tritton copper mines in New South Wales. Mr Franzmann operates a consulting company providing mine engineering and geology services to a variety of companies and is a Non Executive Director of Every Day Mine Services, a listed mine service company based in Cobar.

The proposed non Executive Directors are Hamish Bohannan and Tom Duckworth.

**Mr Bohannan** is a mining engineer with over 30 years experience in the minerals industry. His former roles include:

- Managing Director of Gallery Gold;
- Executive General Manager of Operations for Iluka;
- General Manager for both the Leinster and Kambalda Nickel Operations of WMC; and
- Executive General Manager of Operations for Mt Lyell.

Mr Bohannan is currently Managing Director of Braemore Resources, an AIM listed company with nickel and platinum assets, and a Non Executive Director of Tectonic Resources. He has detailed knowledge of the requirements for developing and operating a mine, as well as extensive understanding of the debt and equity markets.

**Mr Duckworth** is a metallurgist with over 47 years experience. His previous roles include:

- Responsibility for all process aspects of the Tritton mine development and ongoing refinements to that process plant;
- Responsibility for Engineering, Process Design and Commissioning of Hellyer Base Metal process plant in Tasmania;
- Founding director of Signet Engineering;
- Responsibility for the Process Design for the Cannington base metal process plant; and
- Chief Metallurgist for BP Seltrust, including responsibility for the Teutonic Bore process plant.

The proposed CFO/Company Secretary is Bob Anderson. Mr Anderson has 20 years experience as an accountant and was previously CFO/Company Secretary at Tritton Resources Limited, responsible for the day to day finances of the company during the construction and operation phases of the Tritton mine. He has extensive knowledge of the requirements of the ASX and the Corporations Act. Mr Gary Steinepreis will resign the position of company secretary upon the appointment of Mr Anderson.

**19 Events Occurring After the Balance Sheet Date** (continued)

On 23 August 2007 the Company issued and allotted 1,666,667 ordinary shares in the Company having received and application form for the exercise of 1,666,667 unlisted options at an exercise price of 1 cent per option exercised raising \$16,666.67.

Since 30 June 2007 there has been no matter or circumstance that has arisen, (other than that disclosed above), that has significantly affected, or may significantly affect:

- (i) the consolidated entity's operations in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the consolidated entity's state of affairs in future financial years.

<b>20 Reconciliation of (Loss) / Profit After Income Tax to Net Cash Outflow from Operating Activities</b>	<b>Consolidated 2007</b>	<b>Company 2007</b>	<b>Company 2006</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
(Loss) / profit for the year	(534,105)	(534,105)	66,749,496
Interest income	(38,912)	(38,912)	(9,331)
Net gain on debt defeasance pursuant to the deed of company arrangement	-	-	(67,130,000)
Contribution to liquidators costs	-	-	(30,000)
Changes in operating assets and liabilities:			
Increase / (decrease) in trade and other payables	(9,753)	(9,753)	33,683
(Increase) / decrease in accounts receivable	26,463	26,463	(36,504)
Net cash outflow from operating activities	<b>(556,307)</b>	<b>(556,307)</b>	<b>(422,656)</b>

**21 Non-Cash Investing and Financing Activities**

There were no non-cash investing and financing during the reporting period.

**Toodyay Resources Limited**  
**Notes to the Financial Statements**  
30 June 2007  
(Continued)

<b>22 (Loss) / Earnings Per Share</b>	<b>Consolidated</b>	<b>Company</b>	<b>Company</b>
<b>(a) Basic (Loss) / Earnings Per Share</b>	<b>2007</b>	<b>2007</b>	<b>2006</b>
	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>
Loss from continuing operations attributable to the ordinary equity holders of the Company	(0.15)	(0.15)	(0.4)
Profit from discontinued operations	-	-	69.6
	<b>(0.15)</b>	<b>(0.15)</b>	<b>69.2</b>
<b>(b) Diluted (Loss) / Earnings Per Share</b>	<b>Consolidated</b>	<b>Company</b>	<b>Company</b>
	<b>2007</b>	<b>2007</b>	<b>2006</b>
	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>
Profit from continuing operations attributable to the ordinary equity holders of the Company	(0.15)	(0.15)	(0.4)
Profit from discontinued operations	-	-	64.1
	<b>(0.15)</b>	<b>(0.15)</b>	<b>63.8</b>
<b>(c) Reconciliation of (Loss) / Earnings used in Calculating (Loss) / Earnings Per Share</b>	<b>Consolidated</b>	<b>Company</b>	<b>Company</b>
	<b>2007</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<i>Basic (loss) / earnings per share</i>			
Loss from continuing operations attributable to the ordinary equity holders of the Company	(534,105)	(534,105)	(380,504)
Profit from discontinued operations	-	-	67,130,000
	<b>(534,105)</b>	<b>(534,105)</b>	<b>66,749,496</b>
<i>Diluted (loss) / earnings per share</i>			
Loss from continuing operations attributable to the ordinary equity holders of the Company	<b>(534,105)</b>	(534,105)	(380,504)
Profit from discontinued operations	-	-	67,130,000
	<b>(534,105)</b>	<b>(534,105)</b>	<b>66,749,496</b>
<b>(d) Weighted Average Number of Shares Used as the Denominator</b>	<b>Consolidated</b>	<b>Company</b>	<b>Company</b>
	<b>2007</b>	<b>2007</b>	<b>2006</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<b>352,012,338</b>	<b>352,012,338</b>	<b>96,401,927</b>

**(e) Information Concerning the Classification of Securities**

Options are considered to be potential ordinary shares. The options have not been included in the determination of basic earnings per share or diluted earnings per share as the company is in a position of loss.

**23 Other Financial Assets**

On 10 January 2007 the Company incorporated a wholly owned subsidiary called Toodyay Uranium Pty Ltd. The Company has remained dormant since incorporation and up to the date of this report.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 1(b).

**Toodyay Uranium Pty Ltd A.C.N. 123 392 414**

Country of Incorporation	Class of Shares	Equity Holding	Equity Holding	Equity Holding	Equity Holding
		2007	2006	2007	2006
		%	%	\$	\$
Australia	Ordinary	100	-	1	-

The proportion of ownership interest is equal to the proportion of voting power held.

In the directors' opinion:

- 1 the financial statements and notes set out on pages 20 to 49 are in accordance with the *Corporations Act 2001*, including:
  - (a) complying with accounting standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (b) giving a true and fair view of the consolidated entity's and Company's financial position as at 30 June 2007 and of their performance for the financial year ended on that date; and
- 2 there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- 3 the audited remuneration disclosures set out on pages 9 to 11 of the directors' report comply with Accounting Standards AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*.

The directors' acting in the capacity of Chief Executive Officer and Chief Financial Officer have given the declarations required by section 295(A) of the *Corporations Act 2001*.

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



Gary Steinepreis  
Director

Perth  
24 September 2007

**Independent auditor's report to the members of Toodyay Resources Limited**

**Report on the financial report and the AASB 124 remuneration disclosures contained in the directors' report**

We have audited the accompanying financial report of Toodyay Resources 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 for both Toodyay Resources Limited and the Toodyay Resources Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

We have also audited the remuneration disclosures contained in the directors' report. As permitted by the *Corporations Regulations 2001*, the company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Accounting Standard AASB 124 *Related Party Disclosures*, under the heading "remuneration report" in pages 9 to 11 of the directors' report and not in the financial report.

*Directors' responsibility for the financial report and the AASB 124 remuneration disclosures contained in the directors' report*

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

The directors of the company are also responsible for the remuneration disclosures contained in the directors' report.

*Auditor's responsibility*

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

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

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

*Independence*

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

*Basis for Qualified Auditor's Opinion*

As disclosed in Note 1(a), the annual financial statements of the company were not prepared or audited between 1 July 2004 and 30 June 2005. We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the carrying amount of assets and liabilities as at 1 July 2005 (prior year opening balances). Some of these prior year opening balances enter into the determination of the profit or loss, cash flows and changes in equity for the year ended 30 June 2006. Accordingly, we were not in a position to and do not express an opinion on the income statement, the statement of changes in equity and the cash flow statement and related notes for the year ended 30 June 2006. In respect of the financial report for the year ended 30 June 2007, these statements form the comparative disclosures in the income statement, the statement of changes in equity and the cash flow statement.

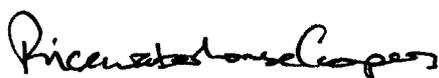
*Qualified Auditor's Opinion on the Financial Report*

In our opinion, except for the effects on the comparatives for 2006 of such adjustments, if any, as might have been determined to be necessary had the limitation on the scope of our work as discussed in the qualification paragraph above not existed:

- (a) the financial report of Toodyay Resources Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

*Auditor's opinion on the AASB 124 remuneration disclosures contained in the directors' report*

In our opinion the remuneration disclosures that are contained in pages 9 to 11 of the directors' report comply with Accounting Standard AASB 124.



PricewaterhouseCoopers



Justin Carroll  
Partner

Perth  
24 September 2007

**Toodyay Resources Limited**  
**Shareholder Information**  
30 June 2007

The shareholder information set out below was applicable as at the dates specified.

**1 Distribution of Equity Securities** (Current as at 19 September 2007)

Analysis of numbers of equity security holders by size of holding:

Class of Security – **Ordinary Shares**

			<b>Number of Shareholders</b>	<b>Number of shares</b>
1	-	1,000	504	158,480
1,001	-	5,000	126	249,466
5,001	-	10,000	17	127,016
10,001	-	100,000	417	22,477,416
100,001	and over		340	338,129,641
			<b>1,404</b>	<b>361,142,019</b>

There were 664 holders of less than a marketable parcel of ordinary shares

**2 Unquoted Equity Securities – Options** (Current as at 19 September 2007)

	<b>Number on issue</b>	<b>Number of holders</b>
Options expiring 31 December 2008 issued to take up ordinary shares at an exercise price of 1 cent per option	18,333,333	6

Option holders, holding 20% or more:	<b>Number of options</b>	<b>%</b>
Mr Gary Christian Steinepreis	5,000,000	27.27

<b>Other Unquoted Equity Securities</b>	<b>Number on issue</b>
Options exercisable at \$6.30 expiring 19 May 2008	66,666
Options exercisable at \$6.45 expiring 30 January 2008	33,333
Options exercisable at \$16.65 expiring 30 November 2007	153,333
Options exercisable at \$11.25 expiring 5 November 2007	99,333
	<b>352,665</b>

Other unquoted equity securities are not considered material.

**Toodyay Resources Limited**  
**Shareholder Information**

30 June 2007

Continued

**3 Equity Security Holders** (Current as at 19 September 2007)

The names of the twenty largest holders of quoted equity securities are listed below:

**Ordinary Shares**

Rank	Name	Number of Shares	% of Issued Capital
1	Haifa Pty Ltd	20,000,000	5.54
2	Oakhurst Enterprises Pty Ltd	20,000,000	5.54
3	Helmet Nominees Pty Ltd	16,000,000	4.43
4	Helmet Nominees Pty Ltd <Tim Weir Family Fund A/C>	15,250,000	4.22
5	Paramount Advisors Limited	14,000,000	3.88
6	Emerald Corporation Pty Ltd <F R Blakiston #2 A/C>	13,250,000	3.67
7	Ruby Commercial Ltd	11,000,000	3.05
8	Joke Pty Ltd	10,300,000	2.85
9	Hazardous Investments Pty Ltd	9,504,924	2.63
10	Philaton Pty Ltd <Grant Family Fund A/C>	9,000,000	2.49
11	Mr Craig Ian Burton <The Burton Super Fund A/C>	8,000,000	2.22
12	N J Mitchell Holdings Pty Ltd <Mitchell Unit A/C>	6,876,250	1.90
13	Mr Marcello D Cardaci <M D Cardaci Family A/C>	6,250,000	1.73
14	Mr Paul Robert Hearne <The Prh A/C>	5,850,000	1.62
15	N&J Mitchell Holdings Pty Ltd <Mitchell Unit A/C>	5,733,333	1.59
16	Oakhurst Enterprises Pty Ltd	5,176,250	1.43
17	Leisurewest Consulting Pty Ltd	5,000,000	1.38
18	Mrs Joanne Kenny <Kenny Family A/C>	4,625,000	1.28
19	Mr James Douglas Ryston Pratt	4,000,000	1.11
20	M/S Linda Louise Steinepreis	3,900,000	1.08
	<b>TOTAL</b>	<b><u>193,715,757</u></b>	<b><u>53.64</u></b>

**Toodyay Resources Limited**  
**Shareholder Information**

30 June 2007

Continued

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**4 Substantial Holders** (Current as at 19 September 2007)

Substantial holders of equity securities in the Company are set out below:

<b>Ordinary Shares</b>		<b>Percentage of issued shares</b>
<b>Name</b>	<b>Number held</b>	
GC & JM Steinepreis, Oakhurst Enterprises Pty Ltd, Leisurewest Consulting Pty Ltd	30,176,250	8.36
Haifa Pty Ltd	20,000,000	5.54
Helmet Nominees Pty Ltd, Helmet Nominees Pty Ltd <Tim Weir Family Fund A/C>	31,250,000	8.65

**5 Voting Rights**

The voting rights attaching to each class of equity securities are set out below:

- 1 Ordinary Shares  
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
- 2 Options  
These securities have no voting rights.

**6 On-Market Buy-Back**

There is no current on-market buy-back.

**7 Interest in Mining Tenements**

<b>Tenement</b>	<b>Location</b>	<b>% interest</b>
ML 5831	Princhester, QLD	100
ML 5832	Princhester, QLD	100
ML 5846	Princhester, QLD	100
ML 5847	Princhester, QLD	100