



magnetic resources^{NL}

ABN: 34 121 370 232

ANNUAL REPORT

**FINANCIAL YEAR
ENDED 30 JUNE 2008**

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CORPORATE DIRECTORY

DIRECTORS

PETER THOMAS
Non-Executive Chairman

GEORGE SAKALIDIS
Managing Director

ROGER THOMSON
Executive Director

COMPANY SECRETARY
Robert Lewis

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FOR SHAREHOLDER INFORMATION CONTACT

SHARE REGISTRY
Security Transfer Registrars Pty Ltd
770 Canning Highway, Applecross WA 6153
Telephone (08) 9315 2333
Facsimile (08) 9315 2233

FOR INFORMATION ON THE COMPANY CONTACT

PRINCIPAL & REGISTERED OFFICE
2nd Floor
35 Outram Street, West Perth WA 6005
Telephone (08) 9485 2836
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SOLICITORS TO THE COMPANY
Smyth & Thomas
10 Walker Avenue, West Perth WA 6005

BANKERS
Bank of Western Australia Ltd
Hay Street, West Perth WA 6005

AUDITORS
Somes & Cooke
Chartered Accountants
Level 1, 1304 Hay Street, West Perth WA 6005

STOCK EXCHANGE
Australian Securities Exchange (ASX)

COMPANY CODE
MAU (Fully paid shares)

ISSUED CAPITAL
39,296,742 fully paid ordinary shares of which 6,877,961 are escrowed until 5 April 2009 with the balance being fully tradeable.
18,945,572 unquoted partly paid shares (\$0.20 unpaid) of which 7,816,947 are escrowed until 5 April 2009 with the balance being fully tradeable.
5,500,000 unquoted options exercisable at \$0.25 after 5 October 2007 and before 5 April 2009, all of which are escrowed until 5 April 2009.

PROJECT SUMMARIES

Magnetic was incorporated to explore for world-class mineral resources on the large and diverse package of Tenements prospective for gold, nickel and uranium and covering some 6,704sq km of unexplored or under-explored targets which includes 330km of interpreted, under-explored greenstone belts.

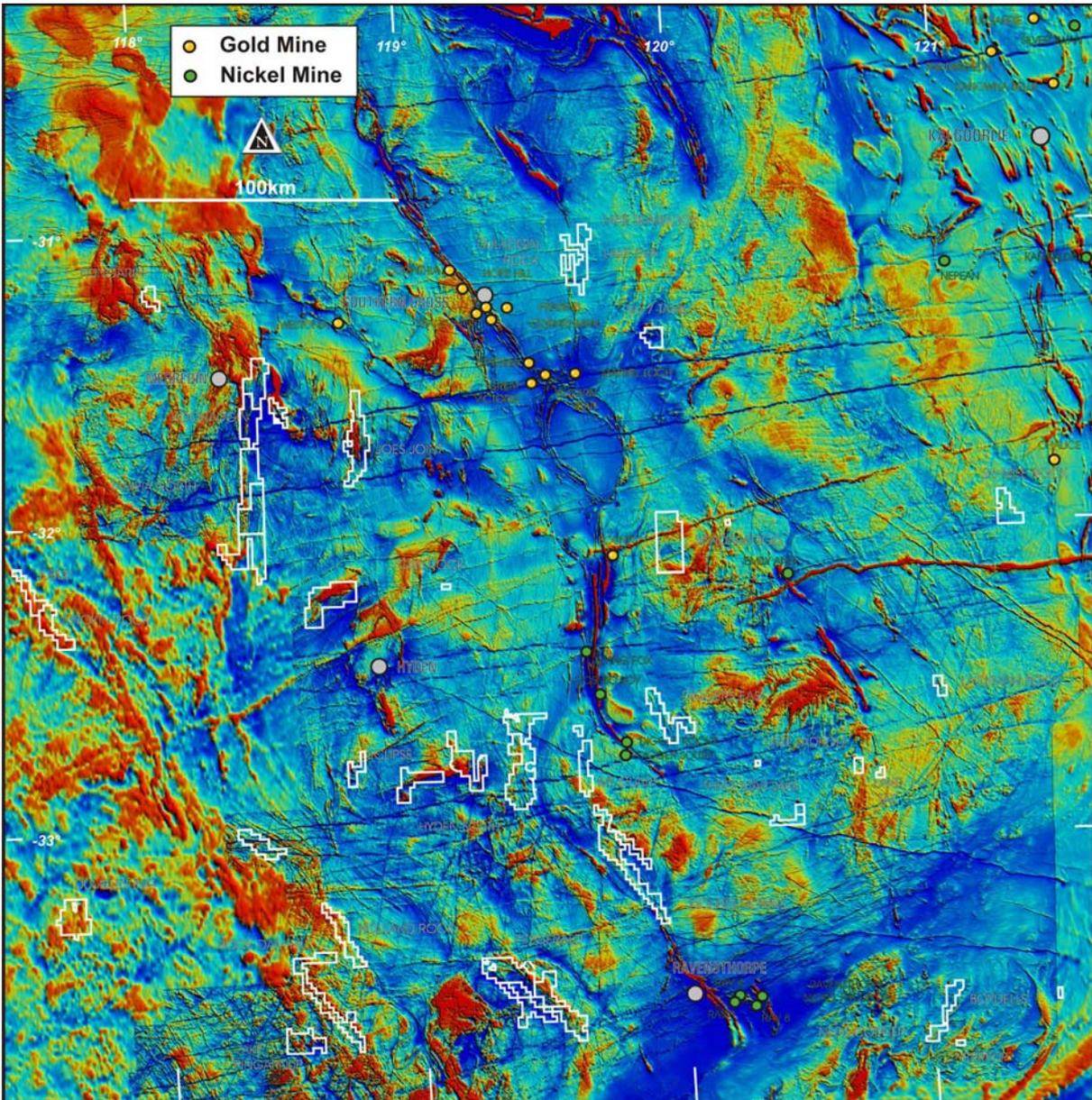


Figure 1
Tenement Locations

Virtually all tenements have undergone first pass reconnaissance with numerous areas having follow-up sampling and frequently drilling; some areas have now been prioritised and some ground has been dropped.

Magnetic Resources had the right to earn up to a 100% interest in a large and diverse package of tenements in Western Australia (see figure 1). If Magnetic earns a 100% interest in the tenements then Image is entitled to a 1% gross royalty interest in those tenements remaining in the joint venture.

As Magnetic has assessed the joint venture tenements it has also commenced to obtain tenure in numerous areas in its right.

This has evolved into an appreciation of the iron ore potential of the Yilgarn and the level of under-exploration in proximity to established infrastructure in the region. Progress during the year is summarised as follows.

IRON ORE

Magnetic Resources has applied for several tenements covering major magnetic anomalies in the southern wheat belt region of WA; the anomalies were identified from a government regional aeromagnetic survey completed in 2005. Magnetic has identified numerous areas considered to have significant potential to host major iron ore occurrences situated close to railway infrastructure (see Figure 2).

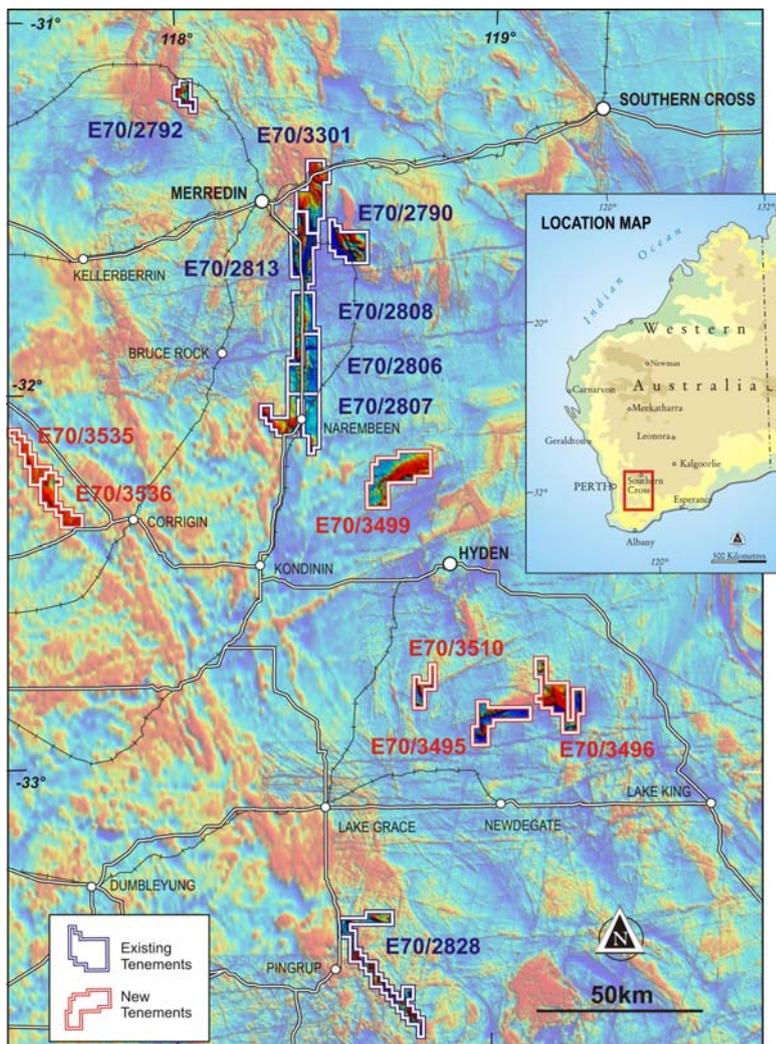


Figure 2
Iron Ore Project Areas

Detailed review of the magnetic data indicates these tenements cover more than 120 kilometres of highly prospective strike length.

Numerous railhead facilities for grain shipment within the region should be upgradeable to allow shipment of iron ore through Bunbury, Albany or Esperance ports.

Magnetic is planning field follow up programmes to identify areas of iron-enriched laterite and occurrences of banded iron formation or magnetite-rich gneissic granite.

The source of the anomalies are interpreted to be intensely folded metamorphosed banded iron formation or magnetite-rich gneissic granite within the high grade metamorphic terrain in the area, with banded gneisses and small granulite outcrops derived from mafic units and sediments recorded in regional mapping.

Upon grant of the tenements and completion of any necessary permitting or land access agreements, Magnetic is planning to carry out a programme of scout drilling within prospective parts of the tenements to assess the potential for shallow, large tonnage iron ore mineralisation.

Magnetic believes that the high grade of metamorphism throughout the region area could create coarse grained metamorphosed banded iron formation which may be amenable to magnetic separation, upgrading and sale.

DRAGON ROCKS (E70/3495) MT VERNON (E70/3496)

Regional mapping in the specific area of the Newdegate tenements Dragon Rocks and Mt. Vernon has identified small outcrops of coarse grained gneiss and recrystallised granite within extensive areas of residual laterite and sand plain. The main zone of interest at Mt Vernon is the approximately 8km in length and 7km in width of complex magnetic response and the inferred Banded Iron Formation along the eastern side of the tenement (see Figure 3).

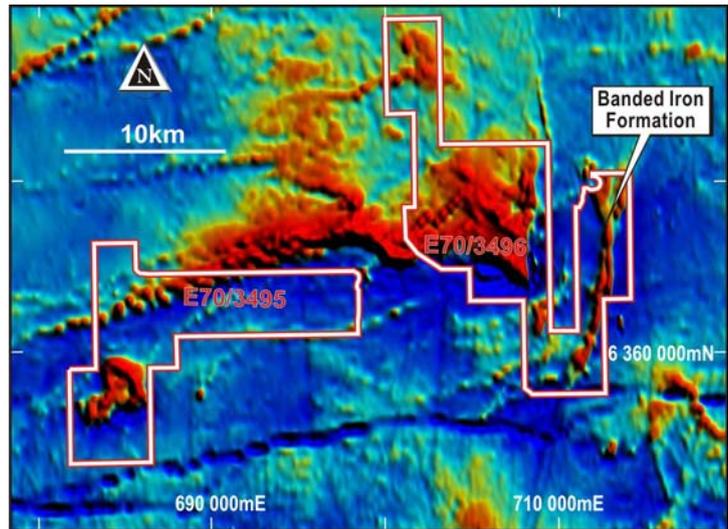


Figure 3
Dragon Rocks and Mt Vernon Project Areas

Surface laterite samples previously collected by the CSIRO on the tenements record iron contents up to 39.5% Fe in the laterite which is significantly enriched relative to usual laterite levels of 10-20% Fe and which suggests the presence of iron-rich rocks. This is significant as it indicates the presence abundant iron in the vicinity.

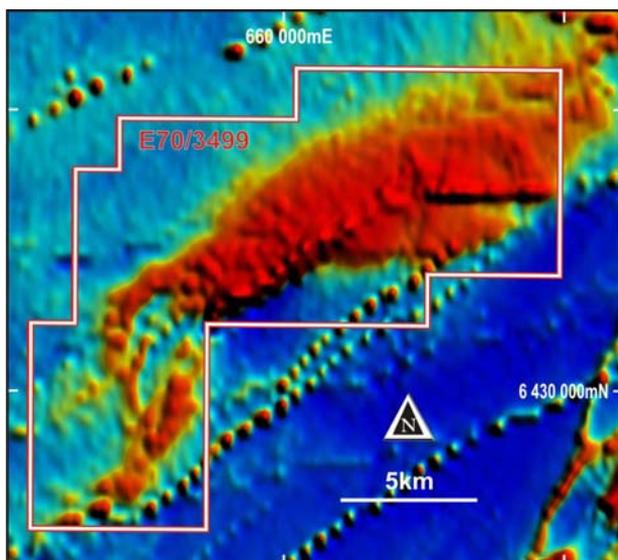


Figure 4
Dampling Spring Project Area

DAMPLING SPRING (E70/3499)

This tenement covers an area of complex intense magnetic response within an area completely covered by sand plain (see Figure 4). Exploration activities will be limited until the harvest is completed.

REVIEW OF OPERATIONS

KOONADGIN (E70/2790)

The results of the initial geochemical sampling for base metals and gold were disappointing, but the tenement has been identified as a high priority iron ore target with the major magnetic anomaly underlying the sand plain (and the rail line) to be assessed at the earliest opportunity.

ROCK DAM HILL (E70/2828)

Acquired to evaluate the metamorphosed greenstone, the regional aeromagnetic data indicates the presence of several major anomalies which may represent discontinuous BIF horizons.

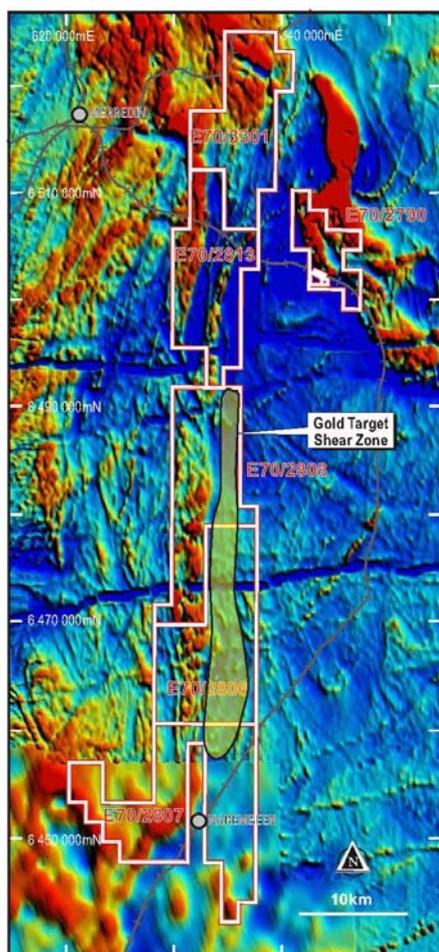
NUNGARIN (E70/2792)

This tenement has outcropping BIF within a disrupted greenstone sequence. The base metal and gold in soil anomaly identified within the greenstone was drill tested and failed to return any mineralization of interest.

HARRIS (E70/3510)

The discrete magnetic anomaly within this area has not been field inspected due to farming activity; the magnetic character is consistent with a BIF horizon.

TAMPIA NORTH, NORPA



This project area encompasses the Tampia North 1, 2 and 3, Norpa and Tank Hill tenements. Previous surface geochemical sampling has identified a weak north-south gold trend some 25km in length coinciding with a pronounced aeromagnetic lineament interpreted to represent a major shear zone within granites and gneisses.

Geochemical sampling of this anomalous corridor has confirmed three gold anomalies along a pronounced aeromagnetic lineament interpreted to be a major shear zone extending for some 33km within the project tenements near Narembreen in the WA wheat belt. The three gold anomalies have peaks of 18ppb, 60ppb and 1260ppb (1.26g/t) compared to a background of less than 2ppb Au. The shear zone is obscured by extensive cover on the margin of granites and gneisses with interpreted internal and flanking banded iron formations some of which appear to occur within the shear zone. The surface sampling was confined by shallow geochemical drilling.

Figure 5
Tampia North including Norpa and Tank Hill Project Areas



REVIEW OF OPERATIONS

Interpretation of the aeromagnetic data has identified several strong dilatational targets within or adjacent to the shear zones which are considered to be prospective for gold mineralisation. One of the dilatational targets is some 5km in length and coincides with the strongest gold anomaly of 1260ppb. It should be noted that the 230,000oz Tampia Hill (Gault) gold deposit is situated just 2km south of Magnetic's tenements, reinforcing the gold prospectivity of the district. Further geochemical sampling is currently in progress on the prospective corridor with the aim of defining targets for RAB drilling once harvesting is completed.

The Norpa tenement (E70/2813) has outcropping BIF beside the railway line, with the regional magnetic data indicating the BIF horizon trends to the north and south under the rail line. This extends south into the Tampia North tenements adjacent to the major gold prospective shear zone.

BINTI BORE, E28/1510, E31/680

Three RC drill holes were completed, to test ground EM anomalies BBC1 to 3. All three holes intersected semi-massive or disseminated sulphides at the targeted depth of the conductors. Drill hole BNTRC-2 intersected 3m of stringer to disseminated pyrrhotite from a downhole depth of 105m with anomalous results including 4m at 0.13% Cu and 701pm Ni from 104m within a quartz amphibole schist. Drill hole BNTRC-3 intersected a 10m disseminated sulphide zone at 202m including a 2m zone of semi-massive pyrite-pyrrhotite-magnetite in a siliceous metasediment at 209m but with no significant values. Downhole EM surveys identified off hole conductors in all three holes with results currently being examined to assess the significance of the sulphide occurrences. The bullseye magnetic anomaly was found to be a discrete highly altered dunitic ultramafic intrusive with localised supergene nickel enrichment to 4m @ 0.35% Ni.

Soil sampling coverage over the balance of the tenement area was completed during the year.

OTHER WORK

Surface geochemical sampling programs have been completed on Joes Joint, Lake Seabrook, Miling and Pithara.

Shallow subsurface geochemical sampling was completed over portions of the Fitzgerald, Dourdi Downs, Lake Gulson, Lake Pingarnup and Mt Stuart project areas to refine targeting and allow better planning of follow-up drilling programs.

Rotary air blast drilling programs were completed on the Lake Tay East and West, Lake Tadpole, Lachman Rock, Sandalwood 6, Norseman and Bounty South tenements with the latter three tenements subsequently relinquished.

NEW PROJECTS

Magnetic continues to review and integrate public domain data to identify prospective iron ore areas in close proximity to rail infrastructure; two new tenements were applied for in August covering an area of strong magnetic response and outcrops of metamorphosed BIF between Quairading and Corrigin. These tenements known as JUBUK and JUROPIN ROCK will be investigated more closely when the harvest is completed.

The information in this report that relates to exploration results is based on information compiled by Roger Thomson BSc, ARSM, MAusIMM, who is a Member of the Australian Institute of Geoscientists. Roger Thomson is an employee of Magnetic Resources NL. Roger Thomson has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Roger Thomson consents to the inclusion of this information in the form and context in which it appears in this report.



DIRECTORS' REPORT

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

DIRECTORS

The following persons were directors of Magnetic Resources NL ("Magnetic") during the whole of the year and up to the date of this report:

Peter Thomas
George Sakalidis
Roger Thomson

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year were the exploration of mineral tenements in Western Australia.

RESULTS FROM OPERATIONS

During the year the Company recorded an operating loss of \$1,700,539 (2007: \$520,845).

DIVIDENDS

No amounts have been paid or declared by way of dividend by the Company since the end of the previous financial year and the Directors do not recommend the payment of any dividend.

REVIEW OF OPERATIONS

A review of operations is covered elsewhere in this Annual Report.

EARNINGS PER SHARE

Basic Loss per share for the financial year was 4.33 cents (2007: 1.33 cents). Diluted Loss per share is not significantly different from Basic Loss per Share.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company during the financial period.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

No material matters have occurred subsequent to the end of the financial year which require reporting on other than the matters as reported to ASX.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the Company.

ENVIRONMENTAL ISSUES

The Company carries out operations in Western Australia which are subject to environmental regulations under both Commonwealth and State legislation in relation to its exploration activities.

The Company has formal procedures in place to ensure regulations are adhered to. During or since the financial year there have been no known significant breaches of these regulations.



DIRECTORS' REPORT

INFORMATION ON DIRECTORS AND COMPANY SECRETARIES

Peter S Thomas

Chairman

Mr Thomas, a commercial solicitor with specialist expertise within the resource sector, is and has been a director of various listed companies. He is non-executive chairman of ASX listed Image Resources NL (since 19 April 2002), Magnetic Resources NL (since that company was incorporated on 23 August 2006), Meteoric Resources NL (since that company was incorporated on 13 February 2004) and Emu Nickel NL (since that company was incorporated on 29 August 2007). He was non-executive chairman of Sandfire Resources NL from June 2003 to December 2006 and non-executive director of GoldLink IncomePlus Limited from 4 April 2008 to 18 June 2008.

Mr Thomas has a relevant interest in 28,555 fully paid ordinary shares and 42,833 contributing shares.

George Sakalidis

Managing Director

Mr Sakalidis is an exploration geophysicist with over twenty-five years industry experience, during which time his career has included extensive gold, diamond, base metals and mineral sands exploration. Mr Sakalidis has been involved in a number of significant mineral discoveries, including the Three Rivers and Rose gold deposits in Western Australia and the tenement applications over the Silver Swan nickel deposit. He was also instrumental in the design of the magnetic surveys and exploration drilling program that led to the discovery of the large mineral sands resources at Magnetic Minerals Limited's Dongara Project. He is managing director of ASX listed Image Resources NL (director since 13 May 1994, managing director since 13 June 2007), Emu Nickel NL (since that company was incorporated on 29 August 2007) and executive director of Meteoric Resources NL (since the company was incorporated on 13 February 2004).

Mr Sakalidis has a relevant interest in 1,251,504 ordinary fully paid shares and 3,026,113 contributing shares.

Roger M Thomson

Technical Director

Mr Thomson is a geologist with more than 30 years experience in mineral exploration, mining geology and management in Australia, Africa, South America and Southeast Asia. He has held the positions of General Manager Exploration with Delta Gold Ltd and Sons of Gwalia Ltd and has been responsible for, or closely associated with, making economic discoveries of gold and tantalum in Australia. Mr Thomson successfully managed the exploration programme that led to the discovery of the multi-million ounce Sunrise gold deposit near Laverton in Western Australia. He is an Associate of the Royal School of Mines, a Member of the Australasian Institute of Mining and Metallurgy and a Member the Australian Institute of Geoscientists. Mr Thomson is a director of (ASX listed companies) He is managing director of ASX listed Meteoric Resources NL (since the company was incorporated on 13 February 2004), executive director, Image Resources NL (since 19 April 2002), Emu Nickel NL (since that company was incorporated on 29 August 2007) and AIM listed Mariana Resources Limited.

Mr Thomson has a relevant interest in 198,445 ordinary fully paid shares and 2,177,669 contributing shares.

Robert M Lewis

Mr Lewis is a Fellow Chartered Accountant and has extensive business consulting, IT and project management experience.

AUDIT COMMITTEE

At the date of this report the Company does not have a separately constituted Audit Committee as all matters normally considered by an audit committee will be dealt with by the full board.



DIRECTORS' REPORT

MEETINGS OF DIRECTORS

During the financial year ended 30 June 2008, there were four meetings of directors, all of which were attended by all the directors except for one meeting which was held when Roger Thomson was overseas.

REMUNERATION REPORT

The Company's policy for determining the nature and amount of emoluments of key management personnel is set out below:

Key Management Personnel Remuneration and Incentive Policies

The Remuneration Committee ("**Committee**") is to make decisions with respect to appropriate remuneration and incentive policies for executive directors and senior executives which:

- motivates executive directors and senior executives to pursue long term growth and success of the Company within an appropriate control framework;
- aligns the interests of key leadership with the long-term interests of the Company's shareholders.

Executive Remuneration Packages

The Committee is to ensure that:

- executive remuneration packages involve a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the Company's circumstances and objectives;
- recommendations are made to the board with respect to the quantum of any bonuses to be paid to executives.

Non-Executive Directors

The Committee is to ensure that:

- fees paid to non-executive directors are within the aggregate amount approved by shareholders (currently \$150,000) and make recommendations to the board with respect to the need for increases to this aggregate amount at the Company's annual general meeting;
- non-executive directors are remunerated by way of fees (in the form of cash and /or superannuation benefits);
- non-executive directors are not provided with retirement benefits other than statutory superannuation entitlements; and
- non-executive directors are not entitled to participate in equity-based remuneration schemes designed for executives without due consideration and appropriate disclosure to the Company's shareholders.

To the extent that the Company adopts a different remuneration structure for its non-executive directors, the committee shall document its reasons for the purpose of disclosure to stakeholders.

Incentive Plans and Benefits Programs

The Committee is to:

- review and make recommendations concerning long-term incentive compensation plans, including the use of share options and other equity-based plans. Except as otherwise delegated by the board, the Committee will act on behalf of the board to administer equity-based and employee benefit plans, and as such will discharge any responsibilities under those plans, including making and authorising grants, in accordance with the terms of those plans; and
- continually review and, if necessary, improve any existing benefit programs established for employees.

Retirement and Superannuation Payments

Prescribed benefits were provided by the Company to all directors by way of superannuation contributions to complying superannuation funds during the year. These benefits were paid in accordance with the statutory superannuation contribution guarantee requirements.

Guaranteed Rate Increases

There are no guaranteed rate increases fixed in the key management personnel's contracts.

Key Management Personnel Remuneration

Year Ended 30 June 2008				
Key Management Person	Cash Salary and Salary Equivalents	Post Employment Superannuation	Non-cash Benefits Equity	Total
Peter Thomas Non-Executive Chairman	\$40,000	\$3,600	-	\$43,600
George Sakalidis Executive Managing Director	\$133,638	\$12,027	-	\$145,665
Roger Thomson Executive Director	\$125,856	\$11,327	-	\$137,183
Robert Lewis Company Secretary	\$2,334	-	-	\$2,334
Total	\$301,828	\$26,954	-	\$328,782

Period Ended 30 June 2007				
Key Management Person	Cash Salary and Salary Equivalents	Post Employment Superannuation	Non-cash Benefits Equity Partly-Paid Contributing Shares (1)	Total
Peter Thomas Non-Executive Chairman	\$10,000	\$900	\$3,000	\$13,900
George Sakalidis Executive Managing Director	\$28,721	\$2,585	\$3,000	\$34,306
Roger Thomson Executive Director	\$31,573	\$2,841	\$3,000	\$37,414
Robert Lewis Company Secretary	\$1,382	-	-	\$1,382
Total	\$71,676	\$6,326	\$9,000	\$87,002

Note (1)

Equity remuneration represents partly-paid contributing shares granted during the year as approved at the general meeting held 5 October 2006 of shareholders of the then parent company, Image Resources NL. These equities were valued by an independent risk and assurance consultant for the purposes of obtaining approval prior to the implementation of an Initial Public Offering.

Consultant Agreements

Two separate (but similar) agreements have been executed between the Company and nominated associated entities of Messrs Sakalidis and Thomson.

These are effective as from 1 July 2008 and major provisions of the agreements are set out as follows:

	Term of agreements	Base rate	Review periods	Increase
Leeman Pty Ltd (G Sakalidis)	Annually from 1 July 2008	\$135.00 per hour	Annually on 1 July	Discretionary by Board
Regor Consulting Pty Ltd (RM Thomson)	Annually from 1 July 2008	\$135.00 per hour	Annually on 1 July	

EMPLOYEES

Aside from directors (all of whom were, for tax purposes treated as employees this year), the Company had no non-casual employees at 30 June 2008.

DIRECTORS' INTERESTS

The relevant interest of each director in the shares and options over such instruments issued by the Company as notified by the directors to the Australian Securities Exchange in accordance with Section 205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Fully Paid Ordinary Shares	Partly-paid Contributing Shares
Peter Thomas	28,555	42,833
George Sakalidis	1,251,504	3,026,113
Roger Thomson	198,445	2,177,669

SHARE OPTIONS GRANTED TO DIRECTORS AND OFFICERS

During or since the end of the financial year, no options were granted by the Company to any director.

CORPORATE STRUCTURE

Magnetic Resources NL is a no liability company incorporated and domiciled in Australia.

INDEMNIFICATION & INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into agreements indemnifying, to the extent permitted by law, all the directors and officers of the Company against all losses or liabilities incurred by each director and officer in their capacity as directors and officers of the Company.

OPTIONS

As at the date of this report there are 5,500,000 unquoted options over un-issued ordinary shares in the Company, exercisable at \$0.25 per option on or before 5 April 2009. These options were issued to brokers and consultants as a consequence of the successful listing of the Company on the ASX 5 April 2007.



DIRECTORS' REPORT

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.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out in this annual report.

Signed in accordance with a resolution of the directors

GEORGE SAKALIDIS

Director

Perth

30th September 2008

AUDITOR'S INDEPENDENCE DECLARATION



Magnetic Resources NL

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Magnetic Resources NL.

As lead audit partner for the audit of the financial statements of Magnetic Resources NL. for the year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

A handwritten signature in black ink that reads "Somes & Cooke".

SOMES and COOKE

A handwritten signature in black ink that reads "K. C. Somes".

K. C. Somes

30 September 2008
1304 Hay Street
West Perth WA 6005

GOOD GOVERNANCE AND PRACTICE RULES

The Australian Securities Exchange Corporate Governance Council has determined a total of ten Governance and Good Practice Rules which must be listed and an explanation provided on whether the Company complies with the rule, or a reason why it does not. The Company is in the process of reviewing its Charters and Policies to ensure compliance with the second edition of the ASX Corporate Governance Principles and Recommendations (as revised).

By way of clarification, this statement has been prepared by reference to and in compliance with the original recommendations.

PRINCIPLE	COMPLIANCE OR DETAILS OF PLANNING
PRINCIPLE 1: Lay solid foundations for management and oversight	
1.1 Formalise and disclose the functions reserved to the Board and those delegated to management	A committee has been established to prepare document for Board consideration.
PRINCIPLE 2: Structure the Board to add value	
2.1 A majority of the Board should be independent directors	Not complied with. The board has a positive interactive working history. Given all the circumstances attendant upon the Company including its objectives, the nature and extent of its actual and proposed operations, its capital base and other resources, the costs associated with a board comprised of more than the minimum number and the need for a board comprised of persons with a blend of traits, skills, experience, expertise, entrepreneurialism, innovation, tenacity, vision and dedication in order to enliven the prospects of creating value for shareholders, this recommendation is thought by the board to be neither appropriate nor achievable.
2.2 The Chairperson should be an independent director	Not complied with? The Chair considers himself to be an independent director as he is not part of the day to day hands on management team and he regards himself as being free of any relationship that could materially interfere with the independent exercise of his judgement. However he acknowledges that it might well be perceived that the provision by him of legal services to the Company, his shareholding in the Company, the amount of time he dedicates to the affairs of the Company and his remuneration as a director compromise or materially interfere with his independent exercise of judgement and ability to act in an entirely disinterested manner in all things.
2.3 The roles of Chairperson and Chief Executive Officer should not be exercised by the same individual	Complied with.
2.4 The Board should establish a nomination committee	Not complied with. The Company has a small board which does not perceive that any gains are to be derived through the operation of a formal committee structure. The board will deal with nomination issues on an ad hoc unstructured basis.

PRINCIPLE 3: Promote ethical and responsible decision-making	
<p>3.1 Establish a code of conduct to guide the directors, the Chief Executive Officer (or equivalent), the Chief Financial Officer (or equivalent) and any other key executives as to:</p> <p>3.1.1 The practices necessary to maintain confidence in the Company's integrity;</p> <p>3.1.2 The responsibility and accountability of individuals for reporting or investigating reports of unethical practices.</p>	Not complied with. The law embodies sufficient codes of conduct for a company of this size.
<p>3.2 Disclose the policy concerning trading in Company securities by directors, officers and employees.</p>	Complied with.
PRINCIPLE 4: Safeguard integrity in financial reporting	
<p>4.1 Require the Chief Executive Officer (or equivalent) to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.</p>	Completed by a Director after consultation with the company secretary and auditor.
<p>4.2 The Board should establish an audit committee.</p>	The role of Audit Committee has been assumed by the full Board.
<p>4.3 Structure the audit committee so that it consists of:</p> <ul style="list-style-type: none"> Only non-executive directors A majority of independent directors An independent chairperson who is not the chairperson of the Board At least three members 	Not complied with – see 4.2 above.
<p>4.4 The audit committee should have a formal operating charter.</p>	Not complied with – see 4.2 above.
PRINCIPLE 5: Make timely and balanced disclosure	
<p>5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.</p>	There is no written policy. Minutes of Board meetings frequently address compliance issues. Both the Chairman and the company secretary have detailed knowledge of and long working backgrounds in application of those rules. The executive directors have a good general grasp of these rules and consult the Chairman and company secretary as required. Every member of the Board and company secretary is fully familiar with requirements of continuous disclosure rules and standards expected of them in relation to trading in company securities.

PRINCIPLE 6: Respect the rights of shareholders	
6.1 Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	Fully designed and disclosed by directors' conduct.
6.2 Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the audit and the preparation and contents of the auditor's report.	Complied with.
PRINCIPLE 7: Recognise and manage risk.	
7.1 The Board or appropriate board committee should establish policies on risk oversight and management.	Complied with although policies have not been documented.
7.2 The Chief Executive Officer (or equivalent) should state to the Board in writing that: 7.2.1 The statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board. 7.2.2 The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material aspects.	Complied with.
PRINCIPLE 8: Encourage enhanced performance.	
8.1 Disclose the process for performance evaluation of the Board, its' committees and individual directors and key executives.	Complied with.
PRINCIPLE 9: Remunerate fairly and responsibly.	
9.1 Provide disclosure in relation to the Company's remuneration policies to enable investors to understand the cost and benefits of these policies and the link between remuneration paid to directors and key executives and corporate performance.	Complied with.
9.2 The Board should establish a remuneration committee.	Complied with.
9.3 Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors.	Complied with.
9.4 Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.	Complied with.
PRINCIPLE 10: Recognise the legitimate interest of stakeholders.	
10.1 Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.	See 3.1 and 5.1 above.

CORPORATE GOVERNANCE STATEMENT



General:

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

The substance of the best practice recommendations of the ASX Corporate Governance Council, including corporate governance practices and suggested disclosures (which in unabridged form may be accessed from the ASX website) as adopted with variations by the Company, are set out herein and have been applied for the entire financial year ended 30 June 2008. Where there has been any departure from the recommendations it is because the Board believes that given the Company's size, the nature of its financial affairs and its business, such departure is justified.

Board Composition:

The skills, experience and expertise relevant to the position of each Director who is in office at the date of the annual report, their attendance at meetings and term of office are detailed in the Directors' Report. Due to the size of the Company it does not have a majority of independent Directors; as to independence, refer to the comments made in the compliance comment to Principle 2 above,. This situation will be monitored and changes made as the Board sees fit. The names of the Directors of the Company in office at the date of this statement are:

Name	Position	Committees
Peter Sisley Thomas	Non Executive Chairman	Refer details herein
George Sakalidis	Managing Director	Refer details herein
Roger Michael Thomson	Executive Director	Refer details herein

When determining whether a Director is independent, the Board has determined that the Director must not be an executive and:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three last years has not been employed in an executive capacity by the Company or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal or employee of a professional adviser or a consultant to the Company or an employee associated with the service provided where the quantum of the remuneration in respect thereof are regarded as material to either the company or that person;
- is not a material supplier or customer of the Company or an officer of or otherwise associated directly or indirectly with a significant supplier or customer;
- has no material contractual relationship with the Company other than as a Director of the Company;
- is 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.

Directors have the right to seek independent professional advice in the furtherance of their duties as Directors, at the Company's expense, subject to those expenses being reasonable or incurred with the chairman's approval, such approval not to be unreasonably withheld.

The Board and Board Nominations:

The Company does not operate a nomination committee. The Board will deal with nomination issues on an ad hoc unstructured basis. As such, the full Board (subject to members' voting rights in general meeting) will be responsible for selection of new members and will have regard to the circumstances and needs of the Company and any candidate's experience and competence.

Under the Company's Constitution:

- the maximum number of Directors on the Board is ten;
- a Director (other than the Managing Director) may not retain office for more than three years without being re-elected; and
- one third of the Directors in office (other than the Managing Director) retire by rotation each year and must seek re-election by shareholders at the Annual General Meeting.

Securities Trading Policy:

The Company has adopted a formal securities trading policy whereby Directors and employees are restricted from acting on material information until it has been released to the market in accordance with the ASX requirements of continuous disclosure and the market has had sufficient time to absorb that information.

Directors' Remuneration and Policies:

The Company forms a Remuneration Committee comprising at least two people with at least one being a Director. The composition of the Remuneration Committee can vary to accommodate the requirement that a Director must not sit on the committee to consider that Director's remuneration. In addition, an independent party is co-opted as a member.

All compensation arrangements for Directors including the Managing Director are determined by the remaining Directors after taking into account the current remuneration rates prevailing in the market. The Company is acutely aware of the need to conserve cash resources and thus encourages the payment of share-based payments which may remunerate the Director upon an increased share price being achieved.

The amount of remuneration for all Directors including the full remuneration packages, comprising all monetary and non-monetary components of the Executive and Non Executive Directors, are detailed in the Directors' Report.

All remuneration paid to present or future executives is or will be accounted for in accordance with the law and are reviewed periodically.

The Board expects that any remuneration structure which is implemented will result in the Company being able to retain its executives. It will also provide the executives with the necessary incentives to strive towards growing long-term shareholder value.

The Board can exercise its discretion in relation to approving incentives, bonuses and options.

There are no schemes for retirement benefits other than statutory superannuation for any of the Directors.

External auditors:

The auditors of the Company have open access to the Board of Directors at all times. Simes & Cooke have audited the Company for the last six years and attend the Company's annual general meeting.



CORPORATE GOVERNANCE STATEMENT

Audit committee:

The Company does not operate an audit committee separate from the Board, however, there is a recognition that a separate committee may be required in the future in order to comply with good Corporate Governance.

Managing risks:

The Board meets regularly to evaluate, control, review and implement the Company's operations and objectives.

Regular controls established by the Board include:

- detailed financial reporting;
- delegation of authority to the Managing Director within the constraints of approved expenditures;
- monitoring expected expenditures by management; and
- implementation of procedures to allow Directors, and management in the furtherance of their duties, to seek independent professional advice via the utilisation of various external technical consultants.

The Board recognises the need to identify areas of significant business risk and to develop and implement strategies to mitigate these risks.

Commitment to stakeholders and ethical standards:

The Board supports high standards of corporate governance and requires its members and the management and staff of the Company to act with integrity and objectivity in relation to:

- compliance with laws and regulations affecting the Company's operations;
- the ASX's Corporate Governance;
- employment practices;
- responsibilities to:
 - the community;
 - the individual;
 - the environment;
- conflict of interests;
- confidentiality;
- ensuring that shareholders and the financial community are at all times fully informed in accordance with the spirit and letter of the ASX's continuous disclosure requirements;
- protection of and proper use of the Company's assets.

Monitoring of the Board's Performance and Communication to Shareholders:

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors is regularly reviewed by the Chairman. The Company does not have an evaluation of the Board or Board members performed by an independent consultant.

The Board of Directors aims to ensure that shareholders are informed of information necessary to assess the performance of the Company. Information is communicated to the shareholders, subject to the exceptions to the requirements for continuous disclosure permitted by law, through:

- the Quarterly Reports;
- the Half-Yearly Report;
- the Annual Report;
- adherence to continuous disclosure requirements;
- the Annual General Meeting and other meetings called to obtain shareholder approval for Board action as appropriate; and
- the posting of the above-mentioned reports on the Company's website.

**INCOME STATEMENT**
For the year ended 30 June 2008

	Notes	2008 (\$)	2007 (\$)
Revenue from ordinary activities	2	195,368	72,098
Revenue/(loss) from non-ordinary activities		-	-
Borrowing expenses		-	-
Depreciation expense	2	(31,840)	(1,658)
Exploration expenses written-off	2	(1,300,961)	(459,947)
Other expenses from ordinary activities	2	<u>(563,106)</u>	<u>(131,338)</u>
(Loss) from ordinary activities before related income tax expense		(1,700,539)	(520,845)
Income tax expense	3	-	-
(Loss) from ordinary activities after related income tax expense		<u>(1,700,539)</u>	<u>(520,845)</u>
Net (loss) attributable to members of Magnetic Resources NL		<u>(1,700,539)</u>	<u>(520,845)</u>
Basic (loss) per share - cents per share	6	<u>(4.33)</u>	<u>(1.33)</u>
Diluted (loss) per share - cents per share	6	<u>(4.33)</u>	<u>(1.33)</u>

The accompanying notes form part of these financial statements.

BALANCE SHEET
As at 30 June 2008



	Notes	2008 (\$)	2007 (\$)
Current Assets			
Cash Assets	7	2,005,291	3,874,817
Receivables	8	89,169	72,067
Prepayments	9	21,871	41,735
		<u>2,116,331</u>	<u>3,988,619</u>
Non-Current Assets			
Plant, equipment and motor vehicles	10	136,713	64,048
Mineral interests	11	-	-
Other financial assets	12	294,039	121,890
		<u>430,752</u>	<u>185,938</u>
TOTAL ASSETS		<u>2,547,083</u>	<u>4,174,557</u>
Current Liabilities			
Payables	13	178,458	102,823
NET ASSETS		<u>2,368,625</u>	<u>4,071,734</u>
Equity			
Contributed equity	14	4,581,009	4,581,009
Reserves		9,000	11,570
Accumulated losses		(2,221,384)	(520,845)
TOTAL EQUITY		<u>2,368,625</u>	<u>4,071,734</u>

The accompanying notes form part of these financial statements.



STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2008

	Share Capital (\$)	Available for Sale Financial Assets Reserve Capital (\$)	Employee Benefit Reserve (\$)	Accumulated Losses (\$)	Total (\$)
Opening Balance	-	-	-	-	-
Shares issued during the period	5,000,001				5,000,001
Share based payments			9,000		9,000
Changes in fair value of available for sale assets		2,570			2,570
Share issuance costs	(418,992)				(418,992)
Loss for period				(520,845)	(520,845)
Balance at 30.6.2007	4,581,009	2,570	9,000	(520,845)	4,071,734
Balance at 1.7.2007	4,581,009	2,570	9,000	(520,845)	4,071,734
Changes in fair value of available for sale assets		(2,570)			(2,570)
Loss for year				(1,700,539)	(1,700,539)
Balance at 30.6.2008	4,581,009	-	9,000	(2,221,384)	2,368,625

The accompanying notes form part of these financial statements.

**CASH FLOW STATEMENT**
For the year ended 30 June 2008

	Notes	2008 (\$)	2007 (\$)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash payments to suppliers and contractors		(255,518)	(133,318)
Interest received		195,368	72,098
Net cash (used in) operating activities	15	<u>(60,150)</u>	<u>(61,220)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(104,505)	(65,706)
Payments for exploration and evaluation		(1,300,963)	(459,947)
Purchase of investments		<u>(403,908)</u>	<u>(119,319)</u>
Net cash (used in) / provided by investing activities		<u>(1,809,376)</u>	<u>(644,972)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from new issues of shares		-	5,000,001
Share issue expenses		<u>-</u>	<u>(418,992)</u>
Net cash provided by financing activities		<u>-</u>	<u>4,581,009</u>
Net (decrease) / increase in cash held		(1,869,526)	3,874,817
Cash at the beginning of the financial year		<u>3,874,817</u>	<u>-</u>
Cash at the end of the financial year	7	<u><u>2,005,291</u></u>	<u><u>3,874,817</u></u>

The accompanying notes form part of these financial statements.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report.

Basis of Preparation

The accounting policies set out below have been consistently applied to all periods presented, unless otherwise stated.

Reporting Basis and Conventions

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

Going Concern

The directors have prepared the financial statements of the Company on a going concern basis. In arriving at this position, the directors have considered the following pertinent matters:

- (a) cash on hand at the date of this report is approximately \$1,538,512;
- (b) current cash resources are considered adequate to fund the entity's immediate operating and exploration activities.

In the directors' opinion, the Company is able to continue as a going concern and therefore realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

Accounting Policies

(a) Revenue

Interest revenue is recognised on a proportional basis taking into account interest rates applicable to the financial asset. All revenue is stated net of the amount of goods and services tax (GST).

(b) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by non-casual employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. There is no liability to Long Service Leave entitlements.

(c) Exploration and Evaluation Expenditure

All exploration and evaluation expenditure is expensed to profit and loss as incurred. The effect of this write-off is to increase the loss incurred from ordinary activities as disclosed in the Income Statement and to decrease the carrying values in the Balance Sheet.

(d) Acquisition of Assets

The cost method is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of assets given up at the date of acquisition plus costs incidental to the acquisition.

Costs relating to the acquisition of new areas of interest are classified as either exploration and evaluation expenditure or mine properties based on the stage of development reached at the date of acquisition.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables in the balance sheet are shown inclusive of GST.

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

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

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

(f) Income Tax

The charge for current income tax expense is based on the profit for the period adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

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

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

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

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

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(h) Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

(i) Earnings per Share

- (i) *Basic Earnings per Share* – Basic earnings per share is determined by dividing the loss from ordinary activities after related income tax expense by the weighted average number of ordinary shares outstanding during the financial period.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

- (ii) *Diluted Earnings per Share* – Diluted EPS is calculated as net loss attributable to members, adjusted for:
- costs of servicing equity (other than dividends);
 - the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
 - other discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares.

(j) Non-current Assets

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

Items of plant, equipment and motor vehicles are recorded at cost, being the fair value of consideration provided plus incidental costs. This cost is written off over its expected economic life, adjusted for any salvage value, if applicable. Estimates of remaining useful lives range between 3 and 5 years.

Non-current assets are not carried at an amount greater than their recoverable amount and where carrying values exceed this recoverable amount, assets are written down. In determining recoverable amount the expected net cash flows have not been discounted.

(k) Financial Instruments

Financial Assets: Security deposits are recognised at their fair value. Other receivables are carried at nominal amount due less any provision for doubtful debts. An estimate of doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred. Sundry debtors and other receivables are non-interest bearing and have repayment terms between 30 and 90 days.

Financial Liabilities: Liabilities for trade creditors and other accruals are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company. Trade creditors are normally settled on 30 day terms.

Available-for-sale Financial Assets: Available-for-sale financial assets include any financial assets not included in the above categories and are initially measured at cost being the fair value of the consideration and including acquisition charges associated with the investment. Unrealised gains and losses arising from changes in the fair value of the investment are taken directly to equity.

(l) Interests in Joint Venture

Interest in joint venture operations are brought to account by including in the respective classifications, the share of individual assets employed, liabilities and expenses incurred and revenue from the sale of joint venture output. Interest in joint venture operations are brought to account by including assets and liabilities in their respective classifications using the cost method.

(m) Contributed Equity

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

(n) Share-based Payments

Share-based compensation benefits provided to directors are approved in general meeting by members. Share-based benefits provided to non-directors are approved by the Board of Directors and form part of that employee's remuneration package.

The fair value is recognised either as an employee benefit expense or an increase to share issuance costs with a corresponding increase in equity. The fair value of the options is calculated at the date of grant using Black-Scholes calculation principles taking into account the terms and conditions upon which the options were granted. The model has been adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations. Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital if this has not already been done.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

The Black-Scholes calculation principles have been adopted as they are widely recognised by relevant authorities and bodies as being appropriate even though in the experience of the directors the results produced by the application of those principles often fail to reflect market value to a significant degree.

(o) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

Critical Accounting Estimates and Judgements

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

Key Estimates - Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

Change in Accounting Policy

The following Australian Accounting Standards were either issued or amended during the period with an application date as shown below. They have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment	Standards Affected	Outline of Amendment	Application Date of Standard	Application Date for Company
AASB 2007-3: Amendments to Australian Accounting Standards	AASB 5: Non-current Assets Held for Sale and Discontinued AASB 6: Exploration for and Evaluation of Minerals AASB 102: Inventories AASB 107: Cash Flow Statements AASB 119: Employee Benefits AASB 127: Consolidated and Separate Financial Statements AASB 134: Interim Financial Reporting AASB 136: Impairment of Assets AASB 1023: General Insurance Contracts AASB 1038: Life Insurance Contracts	The disclosure requirements of AASB 114: Segment Reporting have been replaced due to the issuing of AASB 8: Operating Segments in February 2007. These amendments will involve changes to segment reporting disclosures within the financial report. However, it is anticipated there will be no direct impact on recognition and measurement criteria amounts included in the financial report	1.1.2009	1.7.2009
AASB 8 Operating Segments	AASB 114: Segment Reporting	As above	1.1.2009	1.7.2009

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008****Change in Accounting Policy (Continued)**

AASB 2007-6 Amendments to Australian Accounting Standards	The revised AASB 123: Borrowing Costs issued in June 2007 has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact to the amounts included in the financial statements as they already capitalise borrowing costs related to qualifying assets.	1.1.2009	1.7.2009
AASB1: First time adoption of AIFRS			
AASB 101: Presentation of Financial Statements			
AASB 107: Cash Flow Statements			
AASB 111: Construction Contracts			
AASB 116: Property, Plant and Equipment			
AASB 138: Intangible Assets			
AASB 123 Borrowing Costs	As above	1.1.2009	1.7.2009
AASB 123: Borrowing Costs			
AASB 2007-8 Amendments to Australian Accounting Standards	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income.	1.1.2009	1.7.2009
AASB 101: Presentation of Financial Statements			



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

NOTE 2 OPERATING LOSS

2008
(\$)

2007
(\$)

Operating loss before income tax includes:

Revenue from ordinary activities

Interest received	195,368	72,098
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Expenses

Depreciation	(31,840)	(1,658)
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Exploration costs written-off	(1,300,961)	(459,947)
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Share based payments	-	(9,000)
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Occupancy costs	(48,000)	(12,000)
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Filing and ASX Fees	(16,815)	(2,990)
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Corporate and management	(204,265)	(41,061)
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Available-for-sale financial asset loss written off	(229,189)	-
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Other expenses from ordinary activities	(64,837)	(66,288)
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	<u>(563,106)</u>	<u>(122,339)</u>
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NOTE 3 INCOME TAX

2008
(\$)

2007
(\$)

The amount of income tax provided for in the accounts differs from the amount prima facie payable on the operating loss. The difference is reconciled as follows:

(Loss) from ordinary activities before income tax	(1,700,539)	(520,846)
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Prima facie tax benefit attributable to loss from ordinary activities before income tax at 30%	(510,161)	(156,254)
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Add: Tax effect of Non-allowable items

- Share based payments	-	2,700
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- Other	69,385	26,290
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Tax losses not brought to account as deferred tax benefit	440,776	127,264
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Income tax attributable to operating loss	<u>-</u>	<u>-</u>
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Unbooked deferred tax asset

The Company has accumulated tax losses of \$1,893,466 (2007: \$424,214).

The potential deferred tax asset of these losses (\$568,040) (2007: \$127,264) will only be realised if:

- (i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the losses and deductions to be released;
- (ii) the Company continues to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008****NOTE 4 KEY MANAGEMENT PERSONNEL COMPENSATION**

Names and positions held of key management personnel in office at any time during the financial year are:

Key Management Person	Position
Peter S Thomas	Non-Executive Chairman
George Sakalidis	Managing Director
Roger M Thomson	Executive Director

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

Shares held by Key Management Personnel –

The number of shares in the company held during the financial year by directors and director-related entities are set out below:

Name	Balance at the start of the year	Shares movements	Balance at the end of the year
Peter S Thomas			
Ordinary shares	28,555	-	28,555
Contributing shares	42,833	-	42,833
George Sakalidis			
Ordinary shares	1,407,013	(155,509)	1,251,504
Contributing shares	3,026,113	-	3,026,113
Roger M Thomson			
Ordinary shares	198,445	-	198,445
Contributing shares	2,177,669	-	2,177,669

Related Party and Entity Transactions -

Information on related party and entity transactions is disclosed in Note 22.

NOTE 5 AUDITORS REMUNERATION

	2008 (\$)	2007 (\$)
Amounts received or due and receivable by the auditors of the Company for:		
Auditing and reviewing the financial report	13,999	8,000
Other services	-	5,973
	13,999	13,973

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008****NOTE 6 EARNINGS PER SHARE**

	2008	2007
	(\$)	(\$)
The following reflects the income and share data used in the calculation of basic and diluted earnings per share		
Net (loss)	(1,700,539)	(520,845)
Adjustments:		
Nil	-	-
Earnings used in calculating basic and diluted earnings per share	<u>(1,700,539)</u>	<u>(520,845)</u>
Weighted average number of ordinary shares used in calculating basic earnings per share	39,296,742	39,296,742
Effect of dilutive securities:		
Contributing shares and options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	<u>39,296,742</u>	<u>39,296,742</u>

The Company had 18,945,572 partly-paid contributing shares and 5,500,000 options over fully paid ordinary shares on issue at balance date. These shares and options are considered to be potential ordinary shares. However, they are not considered to be dilutive in this period and accordingly have not been included in the determination of diluted earnings per share.

There have been no significant conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report.

NOTE 7 CASH ASSETS

	2008	2007
	(\$)	(\$)
Cash at bank	67,048	73,380
Deposits at call	1,938,243	3,801,437
	<u>2,005,291</u>	<u>3,874,817</u>

NOTE 8 CURRENT RECEIVABLES

	2008	2007
	(\$)	(\$)
Other receivables	<u>89,169</u>	<u>72,067</u>

NOTE 9 OTHER CURRENT ASSETS

	2008	2007
	(\$)	(\$)
Prepayments	<u>21,871</u>	<u>41,735</u>



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

NOTE 10 PLANT, EQUIPMENT, MOTOR VEHICLES

	2008	2007
	(\$)	(\$)
Plant and equipment	110,349	5,844
Less: Accumulated depreciation	<u>(20,017)</u>	<u>(149)</u>
	<u>90,332</u>	<u>5,695</u>
 Motor Vehicles	 59,862	 59,862
Less: Accumulated depreciation	<u>(13,481)</u>	<u>(1,509)</u>
	<u>46,381</u>	<u>58,353</u>
	<u><u>136,713</u></u>	<u><u>64,048</u></u>

Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the current and previous financial periods.

Plant, Equipment, Motor Vehicles

Carrying amount at beginning of period	64,048	-
Additions	104,505	65,706
Disposals	-	-
Depreciation expense	<u>(31,840)</u>	<u>(1,658)</u>
Total plant, equipment, motor vehicles at end of period	<u><u>136,713</u></u>	<u><u>64,048</u></u>

NOTE 11 MINERAL INTERESTS

	2008	2007
	(\$)	(\$)
Exploration Expenditure		
Areas of interest in exploration and evaluation phases		
Opening balance	-	-
Net Expenditure incurred during the period	1,300,961	459,947
Tenements disposed of during the period	-	-
Expenditure written off	<u>(1,300,961)</u>	<u>(459,947)</u>
Closing balance	<u><u>-</u></u>	<u><u>-</u></u>

NOTE 12 OTHER FINANCIAL ASSETS

	2008	2007
	(\$)	(\$)
Non-Current		
Securities in listed corporations	<u>294,039</u>	<u>121,890</u>
	<u><u>294,039</u></u>	<u><u>121,890</u></u>

Under AASB 139, available for sale financial assets are revalued to fair value at reporting date. All adjustments resulting from changes in fair value are taken directly to equity. If the change results in a loss, such loss is written off in the Income Statement.

NOTE 13 CURRENT PAYABLES

	2008	2007
	(\$)	(\$)
Trade creditors and accruals	<u>178,458</u>	<u>102,823</u>



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

NOTE 14 ISSUED CAPITAL

	2008		2007	
	No.	\$	No.	\$
Contributed Equity – Ordinary Shares				
At the beginning of reporting period	39,296,742	4,581,009	-	-
Receipt from subscriber share issued on incorporation	-	-	1	1
Split of 1 subscriber share into 6,000,000 ordinary fully paid shares	-	-	5,999,999	-
Bonus issue to shareholders of Image Resources NL	-	-	8,296,742	-
Issue of IPO shares at \$0.20	-	-	25,000,000	5,000,000
Share issuance costs	-	-	-	(418,992)
Closing balance:	39,296,742	4,581,009	39,296,742	4,581,009
Contributed Equity – Contributing Shares				
At the beginning of reporting period	18,945,572	-	-	-
Bonus issue to shareholders of Image Resources NL	-	-	12,445,572	-
Issue to directors and consultants	-	-	6,500,000	-
Closing balance:	18,945,572	-	18,945,572	-
Total Equity		<u>4,581,009</u>		<u>4,581,009</u>
Options				
At the beginning of the reporting period	5,500,000	-	-	-
Issued to brokers and consultants	-	-	5,500,000	-
Closing balance	<u>5,500,000</u>	-	<u>5,500,000</u>	-

As at the date of this report there are 5,500,000 unquoted options over un-issued ordinary shares in the Company, exercisable at \$0.25 per option on or before 5 April 2009. These options were issued to brokers and consultants as a consequence of the successful listing of the Company on the ASX 5 April 2007.

Terms and condition of contributed equity

Ordinary Fully Paid Shares

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

On a show of hands, every holder of fully paid ordinary shares present at a meeting in person or by proxy, is entitled to one vote and upon a poll, each member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each fully paid ordinary share.

Contributing Shares

Contributing shares require a further payment of \$0.20 to become fully paid.

On a show of hands, every holder of contributing shares present at a meeting in person or by proxy, is entitled to one vote and upon a poll, each member present in person or by proxy or by attorney or duly authorised representative shall have a fraction of a vote for each partly-paid contributing share held. The fraction must be equivalent to the proportion which any amount paid (not credited) is of the total amounts paid (if any) and payable (excluding amounts credited). Any amounts paid in advance of a call are ignored when calculating these fractional voting rights.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008****NOTE 15 CASH FLOW INFORMATION**

	2008	2007
	(\$)	(\$)
Reconciliation of operating loss after income tax with funds used in operating activities		
Operating (loss) after income tax	(1,700,539)	(520,846)
Depreciation and amortisation	31,840	1,658
Exploration expenditure written off	1,300,961	459,947
Loss on Available for Sale Assets	229,189	
Share based payments	-	9,000
Changes in operating assets and liabilities:		
(Increase)/Decrease in receivables	(17,101)	(72,067)
(Increase)/Decrease in prepayments	19,864	(41,735)
Increase/(Decrease) in payables	75,635	102,823
	<u>(60,150)</u>	<u>(61,220)</u>

NOTE 16 TENEMENT EXPENDITURES AND LEASING COMMITMENTS

The Company has entered into certain obligations to perform minimum exploration work on tenements held or joint ventured into. These obligations vary from time to time in accordance with contracts signed. Tenement rentals and minimum expenditure obligations which may be varied or deferred on application, are expected to be met in the normal course of business. The minimum statutory expenditure requirement on the granted tenements for the next twelve months amounts to \$1,175,668. The Company has a strategy as articulated in its IPO prospectus to prioritise and significantly rationalise its tenement holdings. The Tenements are located in Western Australia, and are subject to legislative requirements with respect to the processes for application, grant, conversion and renewal. Tenements are also subject to the payment of annual rent and the meeting of minimum annual expenditure commitments. There is no guarantee that any applications, conversions or renewals for the Company's tenements will be granted. The inability of the Company to meet rent and expenditure requirements may adversely affect the standing of its tenements.

NOTE 17 SEGMENTS

The Company operates only in one business, being the exploration for minerals. Geographically, the Company's activities are conducted within Western Australia.

NOTE 18 JOINT VENTURES

The Company is party to the following unincorporated joint venture by which it is "farming into" (earning) an interest in various exploration tenements:

Name of Project	% Interest	Carrying Amount
Image Resources NL	Earning 80% by expending \$2,000,000 on Joint Venture Expenditure within a period of 24 months from the Listing Date, 5 April 2007	-
		<u>-</u>



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

NOTE 19 TENEMENT ACCESS

The interests of holders of freehold land encroached by the Tenements are given special recognition by the Mining Act (WA). As a general proposition, a tenement holder must obtain the consent of the owner of freehold before conducting operations on the freehold land. There can be no assurance that the Company will secure rights to access those portions of the Tenements encroaching freehold land but, importantly, the grant of freehold extinguished native title so wherever the Tenements encroach freehold the Company is in the position of not having to abide by the Native Title Act albeit aboriginal heritage matters still be of concern.

NOTE 20 SUPERANNUATION COMMITMENTS

Superannuation contributions are made to at least satisfy the statutory Superannuation Contribution Guarantee Act and in satisfaction of any salary sacrifice requests. All contributions were made to accumulation type funds selected by the employee and accordingly actuarial assessments were not required.

NOTE 21 EVENTS SUBSEQUENT TO REPORTING DATE

No material matters have occurred subsequent to the end of the financial year which require reporting on other than the matters referred to in the directors' report or as reported to ASX.

NOTE 22 RELATED ENTITY & RELATED ENTITY TRANSACTIONS

- (a) Other transactions with directors and director-related parties and entities

Total amounts owing to directors and/or director-related parties at 30 June 2008 was \$80,731.

- (b) Image subscribed for one share in Magnetic Resources NL on incorporation. That one share was subdivided into 6,000,000 ordinary shares and subject to escrowed holding restrictions until 5 April 2009.

Magnetic entered into a Serviced Offices Agreement with Image whereby Image agreed to provide serviced offices and one-third of the time of one secretary engaged for not less than 30 hours per week for a one year period at \$4,000 per month plus GST commencing 5 April 2007.

Magnetic has also entered into a Joint Venture Agreement with Image whereby Image has agreed to farm out various interests in its tenements. It was agreed that Magnetic pay Image the sum of \$150,000 by way of partial reimbursement of expenses incurred by Image in respect of those tenements. This was paid after the company was listed on the ASX 5 April 2007 (**Listing Date**). There is a further commitment to expend an additional amount of no less than \$800,000 within one year of the Listing Date.

NOTE 23 CONTINGENT LIABILITIES

Native Title

The Company has been notified of a number of native title claims impacting its tenements.

The Company is not in a position to assess the likely effect of any native title claim impacting the Company.

The existence of native title and the policy of the West Australian state government in particular represent, as a general proposition, a serious threat to explorers and miners, not only in terms of delaying the grant of tenements and the progression of exploration development and mining operations, but also in terms of costs arising consequent upon dealing with aboriginal interest groups, claims for native title and the like.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

NOTE 24 FINANCIAL INSTRUMENTS DISCLOSURE

(a) Financial Risk Management Policies

The Company's financial instruments consist of deposits with banks, accounts receivable and payable.

Risk management policies are approved and reviewed by the board on a regular basis. This mainly includes monitoring future cash flow requirements. The use of hedging derivative instruments is not contemplated at this stage of the Company's development.

Financial Risk Exposure and Management

The main risk the Company is exposed to through its financial instruments is liquidity risk.

Liquidity Risk

The Company manages liquidity risk by monitoring forecast cash flows.

Credit Risk

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

There is no material amounts of collateral held as security at balance date.

There credit risk for counterparties included in trade and other receivables at balance date is detailed below.

	2008 \$	2007 \$
Receivables		
Trade debtors and sundry receivables	7,208	2,356
GST refundable	81,961	69,711
	<u>89,169</u>	<u>72,067</u>

(b) Financial Instruments

The Company holds no derivative instruments, forward exchange contracts and interest rate swaps.

Financial Instrument composition and maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments.

2008	Weighted Average Effective Interest Rate %	Floating Interest Rate	Non Interest Bearing	Total
Financial Assets				
Cash and cash equivalents		2,005,290	1	2,005,291
Other receivables		-	89,169	89,169
Held for sale investments		-	299,019	299,019
Total Financial Assets	7.79%	<u>2,005,290</u>	<u>388,189</u>	<u>2,393,479</u>
Financial Liabilities				
Payables		-	178,458	178,458



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Financial Instrument composition and maturity analysis (Continued)

The table below reflects the undiscounted contractual settlement terms for financial instruments.

2007	Weighted Average Effective Interest Rate %	Floating Interest Rate	Non Interest Bearing	Total
Financial Assets				
Cash and cash equivalents		3,874,816	1	3,874,817
Other receivables		-	72,067	72,067
Held for sale investments		-	121,890	121,890
Total Financial Assets	6.26%	3,874,816	193,958	4,068,774
Financial Liabilities				
Payables		-	102,823	102,823

2008
\$

Trade and other payables are expected to be paid as follows:

Less than 6 months	178,458
	<u>178,458</u>

(c) Net Fair Values

The net fair value for financial assets and liabilities approximates their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form.

(d) Sensitivity Analysis – Interest rate risk

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

As at balance date, the effect on loss and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2008
	\$
Change in loss – increase/(decrease):	
- Increase in interest rate by 2%	(40,106)
- Decrease in interest rate by 2%	40,106
Change in equity – increase/(decrease):	
- Increase in interest rate by 2%	40,106
- Decrease in interest rate by 2%	(40,106)



DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the accompanying financial report and notes are in accordance with the Corporations Act 2001 and;
 - (a) comply with Accounting Standards and the Corporations Act 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2008 and performance for the year ended on that date of the Company.
2. the Chief Executive Officer has declared that:
 - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and the notes for the financial year comply with Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view;
3. in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

George Sakalidis
MANAGING DIRECTOR

PERTH
Dated this 30th day of September 2008

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF MAGNETIC RESOURCES NL



INDEPENDENT AUDITOR'S REPORT

To the members of Magnetic Resources NL

Report on the Financial Report

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

Directors' Responsibility for the Financial Report

The directors of Magnetic Resources NL 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 financial report, comprising the financial statement and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF MAGNETIC RESOURCES NL

Independence

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

Auditors Opinion

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

- a) giving a true and fair view of Magnetic Resources NL's financial position as at 30 June 2008 and of its performance for the year ended on that date ; and
- b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 13 of the Directors' Report for the year ended 30 June 2008. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

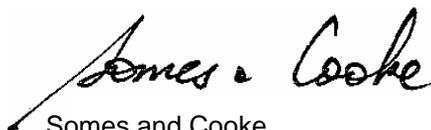
Auditors Opinion

In our opinion, the Remuneration Report of Magnetic Resources NL for the year ended 30 June 2008, complies with section 300A *Corporations Act 2001*.



Kevin Somes

Date: 30 September 2008



Somes and Cooke
1304 Hay Street
West Perth WA 6005



TENEMENT SCHEDULE

Tenement	Nature of Interest	Project	Equity (%)
E28/1510	Granted	Binti Bore	100
E63/0940	Application	Sandalwood	100
E63/0974	Granted	Lackman Rock	100
E63/0979	Granted	Lake Tadpole	100
E63/0981	Granted	Lake Tay	100
E63/0985	Granted	Lake Tay	100
E63/0992	Granted	26 Mile Rock	100
E63/0993	Granted	Boydells	100
E70/2620	Granted	Mt Stewart	100
E70/2700	Granted	Fitzgerald	100
E70/2701	Granted	Fitzgerald	100
E70/2702	Granted	Fitzgerald	100
E70/2703	Granted	Lake Gulson	100
E70/2712	Granted	Holte Rock	100
E70/2790	Granted	Koonadgin	100
E70/2792	Granted	Nungarin	100
E70/2793	Granted	Gibb Rock	100
E70/2806	Granted	Tampia North	100
E70/2807	Granted	Tampia North	100
E70/2808	Granted	Tampia North	100
E70/2813	Granted	Tampia North	50
E70/2827	Granted	Lake Pingarnup	100
E70/2828	Granted	Rock Dam Hill	100
E70/2829	Granted	Fitzgerald	100
E70/2849	Granted	Dumbleyung	100
E70/2888	Granted	Pithara	100
E70/3046	Application	Pithara	100
E70/3216	Application	Scrivener Rocks	100
E70/3218	Application	Lake Hinds	100
E70/3301	Application	Tampia North	100
E70/3495	Application	Dragon Rocks	100
E70/3496	Application	Mt Vernon	100
E70/3498	Application	Lake Grace	100
E70/3499	Application	Dampling Spring	100
E70/3510	Application	Harris	100
E70/3533	Application	Holland Rocks	100
E70/3535	Application	Juropin Rocks	100
E70/3536	Application	Jubuk	100
E70/3541	Application	North Tarin Rock	100
E70/3543	Application	Cooran Hill	100
E74/0316	Granted	Dourdi	100
E74/0344	Granted	Dourdi	100
E74/0347	Granted	Three Star Lake	100
E74/0349	Application	Lake Sharpe	100
E74/0360	Granted	Neds Corner	100
E74/0361	Granted	Three Star Lake	100
E74/0362	Granted	Yerritup	100



TENEMENT SCHEDULE

Tenement	Nature of Interest	Project	Equity (%)
E77/1285	Granted	Joes Joint	100
E77/1286	Granted	No. 7 Tank	100
E77/1287	Granted	Dulagin Rock	100
E77/1291	Application	Lake Eva	100
E77/1292	Granted	Lake Seabrook	100
E77/1442	Granted	Diggers East	100
E77/1611	Application	Dulagin South	100

**OTHER INFORMATION**

The following information was applicable as at 24 September 2008.

Share and Option holdings

Category (Size of Holding)	Fully Paid Ordinary Shares	Partly-Paid Contributing Shares	Options 5 April 2009
1 to 1,000	854	1,126	-
1,001 to 5,000	297	590	1
5,001 to 10,000	163	119	3
10,001 to 100,000	308	103	19
100,001 and over	64	21	13
Total	1,686	1,959	36

The number of fully paid ordinary shareholdings held in less than marketable parcels is 1,329.

There are no listed partly-paid contributing shares or options.

Substantial shareholders:

The names of the substantial shareholders listed in the Company's register as at 24 September 2008:

Shareholder Name	Number	%
Image Resources NL	6,995,000	17.80

Twenty largest shareholders – Quoted fully paid ordinary shares:

	Shareholder Name	Number of Shares	% of Issued Share Capital
1.	Image Resources NL	6,995,000	17.80
2.	B & M Jackson Pty Ltd	1,500,000	3.82
3.	Brispot Nominees Pty Ltd	1,500,000	3.82
4.	Frederick LD Ribton	1,290,998	3.29
5.	George Sakalidis	1,176,172	2.99
6.	Paso Holdings Pty Ltd	927,313	2.36
7.	Grosvenor Pirie Management Ltd	600,000	1.53
8.	Fortis Clearing Nominees Pty Ltd	575,569	1.46
9.	Earle G McIntosh	541,111	1.38
10.	Peter W and MJ Taylor	504,666	1.28
11.	Classic Choice Pty Ltd	461,666	1.17
12.	Michael Rosling Townsend	450,000	1.15
13.	Gilpin Park Pty Ltd	437,036	1.11
14.	Jin Wei Li	419,836	1.07
15.	Patricia Stratford	410,827	1.05
16.	Sassey Pty Ltd	300,000	0.76
17.	Richard V and BJ Howell	300,000	0.76
18.	Heroic Pty Ltd	300,000	0.76
19.	Ocean View Nominees Pty Ltd	300,000	0.76
20.	Katnor Holdings Pty Ltd	300,000	0.76
	Total	19,290,194	49.08%



OTHER INFORMATION

Twenty largest shareholders – All partly-paid contributing shares are unquoted:

	Shareholder Name	Number of Shares	% of Issued Share Capital
1.	Ian R Baron	2,051,999	10.83
2.	George and J Sakalidis	2,040,333	10.77
3.	Roger M Thomson (SF A/c)	2,000,000	10.56
4.	Frederick LD Ribton	1,186,418	6.26
5.	Invia Custodian Pty Ltd	848,889	4.48
6.	George Sakalidis	791,448	4.18
7.	Brispot Nominees Pty Ltd	725,930	3.83
8.	TPT Nominees Pty Ltd	500,000	2.64
9.	Barrington and JP Dance	450,000	2.38
10.	Barrington Dance	412,438	2.18
11.	Cairnglen Investments Pty Ltd	396,616	2.09
12.	Gilpin Park Pty Ltd	247,222	1.30
13.	Lindsay and V Baskerville	225,000	1.19
14.	Auto Management Pty Ltd	218,654	1.15
15.	Peter W and J E Taylor	194,500	1.03
16.	Vernon C and JE Wheatley	173,214	0.91
17.	RBC Dexia Investor Services Ltd	168,012	0.89
18.	LC and JE Baskerville	153,333	0.81
19.	Roger M Thomson	152,669	0.81
20.	Jove Management Pty Ltd	128,771	0.68
	Total	13,065,446	68.97%

**OTHER INFORMATION****Twenty largest option holders – All options are unquoted:**

	Optionholder Name	Number of Options Expiring 5.4.2009	% Held
1.	Tethyan Holdings Pty Ltd	1,043,000	18.96
2.	Martin C and LM Angel	1,000,000	18.18
3.	Earle McIntosh	500,000	9.09
4.	UBS Securities Australia Ltd	300,000	5.45
5.	Sancoast Pty Ltd	300,000	5.45
6.	Tigras Investments Pty Ltd	240,000	4.36
7.	Mark A Fisher	200,000	3.64
8.	Cressy Street Pty Ltd	180,000	3.27
9.	Yelrif Investments Pty Ltd	150,000	2.73
10.	Nicholas Kell	150,000	2.73
11.	State One Stockbroking Ltd	125,000	2.27
12.	Darren Sheppard	125,000	2.27
13.	Alexander Romanoff	122,000	2.22
14.	Daniel Wise	100,000	1.82
15.	Malcolm Weber	100,000	1.82
16.	Chris and A Christidis	90,000	1.64
17.	Angela J and HI Williams	60,000	1.09
18.	Thomas D and AE Jenkins	60,000	1.09
19.	Relativity Pty Ltd	50,000	0.91
20.	Florin Mining Investments Co Ltd	50,000	0.91
	Total	4,945,000	89.90%

There are a total of 39,296,742 fully paid ordinary shares, 18,945,572 partly-paid contributing shares and 5,500,000 options on issue. Only the fully paid ordinary shares are listed on Australian Securities Exchange Limited.

Of the shares and options on issue, the following are subject to escrow provisions until 5 April 2009:

Fully paid ordinary shares	6,877,961
Partly-paid contributing shares	7,816,947
Options to acquire fully paid ordinary shares	5,500,000

Buy-Back Plans

The Company does not have any current on-market buy-back plans.

Voting Rights

The voting rights attaching to ordinary shares are governed by the Constitution. On a show of hands every person present who is a Member or representative of a member shall have one vote and on a poll, every member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each fully paid ordinary share held and a fraction of a vote for each partly-paid contributing share held. The fraction must be equivalent to the proportion which any amount paid (not credited) is of the total amounts paid (if any) and payable (excluding amounts credited). Any amounts paid in advance of a call are ignored when calculating these fractional voting rights. None of the options have any voting rights.

Use of Funds

Since admission to the official lists of ASX, the Company has used its cash and assets in a form readily convertible to cash in a way that was consistent with its business objectives.