Company number 5225394

Red Rock Resources plc

Report & Financial Statements

for the year ended 30 June 2007

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Company number 5225394

Company information

Directors	Andrew R M Bell – Chairman Kenneth F Watson – Managing director Michael C Nott – Director Robert F Weicker – Non executive director John Watkins – Non executive director
all of	115 Eastbourne Mews London W2 6LQ 020 7402 9433
Secretary and registered office	Stephen F Ronaldson 55 Gower Street London WC1E 6HQ
Website	www rrrplc com
Auditors	Chapman Davis LLP 2 Chapel Court London SE1 1HH
Solicitors	Ronaldsons 55 Gower Street London WC1E 6HQ
Nominated advisor	Blomfield Corporate Finance Limited 12 Pepper Street London E14 9RP
Nominated broker	Simple Investments Limited 1 High Street Godalming Surrey GU7 1AZ
Bankers	Coutts & Co 440 Strand London WC2R 0QS
Registrars	Share Registrars Limited Craven House West Street Farnham Surrey GU9 7EN 01252 821390
Registered number	5225394

Chairman's statement

Dear Shareholders

This third annual report has some positive progress to report, but much needs to be done to take advantage in the coming year of the opportunities which are now before the Company

Summary

The Company reports the following developments during the year to 30 June 2007

- Share price increase from 1 25p to 3 5p
- £1,358,375 before expenses raised from share placings, in August 2006 and January-February 2007 at 2p and in June 2007 at 3p
- Agreement to sell uranium assets to ASX-listed Retail Star Limited
- Exercise of Jupiter Mines Ltd option over Mt Ida and Mt Hope iron ore tenements
- Exploration and studies over manganese deposit at Chiwefwe

Exploration

Manganese exploration was concentrated on the Company's newly acquired Zambian licence Manganese prices, until the end of the period when they doubled as a result of Chinese demand, were stable to soft during the year - although most other metals saw price strength This meant that the Company's 695 sq km of licence applications in the East Pilbara manganese field of Western Australia were not perceived by the market as exciting With rising labour, raw material and transport costs and by virtue of the fact that the licence area is exposed to a harsh climate and is in a remote location, margins looked as if they might be inadequate on a new project Even Consolidated Minerals Ltd, a large producer in the area, seemed increasingly to be seen as an incipient nickel and copper play rather than a manganese company Therefore, although we believed strongly in the fundamental argument for manganese and in Chinese demand as the key driver, in the short term a smaller project from an area with a production history, cheap labour, and with good infrastructure might be easier to progress, and so Zambia rather than western Australia was the focus

Early in the year we began mapping and sampling at our 400 hectare manganese project at Chiwefwe, near Mkushi in Zambia This was followed by a 15 hole shallow RAB drill programme to test for good grade mineralisation extending to depth The results enhanced our understanding of the deposit, and some holes ended in mineralisation The grades encountered were variable, as were those from a sampling programme on the several thousand tons contained in old stockpiles on site A scoping study was carried out by CSA Consultants Ltd ("CSA"), which concluded that production was likely to be practicable and economic, provided that reliance could be placed on the assumptions made on tonnage and grade

In order to improve our understanding of the geology and identify drill targets for the drill campaign recommended by CSA, Aurum Exploration Ltd were engaged to carry out further mapping and sampling of the licence and the surrounding area This exercise was completed during June 2007 The study identified significant new mineralisation in additional areas, but as there was a six month moratorium imposed by the Zambian Government on new licence applications from 1 July 2007 to 1 January 2008, while the Ministry's systems are computerised, the Company considered it prudent to make no public statements pending application by the Company for these new areas in the New Year

During the year geophysical interpretation and limited sampling was carried out on the Company's uranium licences in the Northern Territory, and initial exploration was carried out at the Company's Mt Alfred uranium-iron ore licence

Chairman's statement, continued

Other

On 28 May 2007 Jupiter Mines Ltd ("Jupiter") exercised the option granted on 23 May 2006 over the Mt Ida and Mt Hope iron ore tenements in Western Australia A$250,000 was paid and 4,617,178 Jupiter shares will be issued to the Company, which in addition retains a 1 5% production royalty

On 9 May 2007 Retail Star Limited ("Retail Star"), a Company listed on the Australian Stock Exchange (ASX RSL), agreed Heads of Terms to acquire 100% of Orion Exploration Pty Ltd, owner of Red Rock's Northern Territory uranium assets, and of certain other uranium interests, including any uranium interests held in Malawi that might be transferable and the uranium rights at the Mt Alfred licence

We entered an agreement with private Chinese parties in Zambia on manganese processing This group ran into trouble as a result of the poor environmental performance of their plant We also identified safety issues at the plant, which has been periodically shut down by the authorities We have conducted a study on the plant and have concluded that correct operation would not be difficult to implement We therefore continue to negotiate a revised agreement allowing us to operate the plant and produce ferromanganese There can be no certainty these discussions will be successful, but we remain hopeful of an early and positive resolution

Post-balance sheet events

Further issues of stock on 2 July 2007 at 3p per share and on 22 November 2007 at 2 5p per share strengthened the Company's balance sheet by raising £825,000 before expenses

The transaction with Retail Star was completed, and as a result Red Rock holds 80,000,000 shares (15 5%) in Retail Star, as well as 20,000,000 options with an exercise price of 2 5 cents each and an expiry date of 30 June 2008

A further 60,000,000 Retail Star shares will be issued to Red Rock in consideration of the Malawi licences being issued to or transferred to Retail Star

Red Rock has appointed two directors to the board of Retail Star and recruited Ian Scott, former Geology Manager and Chief Geologist at the Olympic Dam mine, as Managing Director Ian Scott has extensive uranium experience and we welcome him to the group With his expertise, we have hopes of building Retail Star into a significant player in the uranium exploration market

Recent work has been carried out by the Company at Mt Alfred, testing for uranium at the eastern end of Lake Barlee on behalf of Retail Star, and sampling for iron ore in the areas lying along strike and in some cases adjacent to the sites of recently announced discoveries by our northern neighbours Iron Mountain Ltd and Mindax Ltd Results from this sampling of the banded iron formation horizons are awaited

Future prospects

Metals demand will continue to be strong, as the demand from developing economies, such as China and India continues Iron ore is the largest volume metal commodity, and demand will track the economic growth of these economies China already accounts for about 50% of world iron ore demand Manganese is indispensable and non-substitutable for steel production, and economically significant deposits of metallurgical grade manganese are, at current prices, difficult to find

Recently, manganese and iron ore prices have been strong, and consensus expectations for 2008 are for a further rise in contract prices The bid battle for Consolidated Minerals Limited, and the pending listing of Spitfire Resources Limited on the Australian Stock Exchange, have focussed attention on the East Pilbara manganese province where we have so strong a position At the same time, the Eastern Goldfields area of the Yilgarn craton of Western Australia, where we have most of our iron ore interests, has become topical since September as our various neighbours have begun sampling and drilling, and produce good results

Chairman's statement, continued

We have signed native title agreements for our Oakover manganese properties, and will begin geophysical exploration soon after grant We continue to make progress in Zambia with our negotiations, and expect a number of developments by early 2008

Meanwhile, we await results from our iron ore sampling and from our neighbours' drilling in the Yilgarn, and expect to start our own drill programme when those results are back

We listed with high hopes for our two main commodities and two main areas, it has taken two years, but perhaps the world is coming round a little to our way of thinking It is up to us to use the next year to convince it

Andrew R McM Bell

Chairman

13 December 2007

Company number 5225394

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Directors' report

The Directors present their third annual report on the affairs of the Company, together with the financial statements for the year ended 30 June 2007

Principal activities and business review

The Company has been established as a mineral exploration and development company focussed on iron ore, uranium and manganese in Western Australia, Tasmania, Zambia and Malawi, in addition to 100% owned and managed projects, it has indirect exploration through taking investments in other companies

The developments during the period are given in the Chairman's statement

Results and dividends

The Company's results are set out in the profit and loss account on page 12 The audited accounts for the year ended 30 June 2007 are set out on pages 12 to 29

The Group incurred a pre tax loss of £289,730 (2006 loss £192,983)

The Directors do not recommend the payment of a dividend

Principle risks and uncertainties

The management of the business and the execution of the Board's strategy are subject to a number of risks

- Exploration is speculative in nature
- The economic viability of a project is affected by world commodity prices
- Commodity prices are subject to international economic trends, currency fluctuations and consumption patterns

Key performance indicators

Given the straightforward nature of the Group's activities, the Company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business

Directors and their interests

The Directors who served during the year, together with all their beneficial interests in the shares of the Company at 30 June 2007 and 30 June 2006 or the date of later appointment are as follows

	30 June 2007			30 June 2006 or date of appointment if later		
	Ordinary shares of £0 001 each	%	Share options	Ordinary shares of £0 001 each	%	Share options
			Note 4			Note 5
Andrew R M Bell Note 1	103,250,000	49 96	750,000	102,250,000	61 35	1,000,000
Michael C Nott – appointed 21 September 2006	-	-	1,000,000	-	-	-
Kenneth F Watson Note 1	103,250,000	49 96	750,000	102,250,000	61 35	1,000,000
Robert F Weicker – appointed 9 January 2006 – Note 2	400,000	0 17	750,000	800,000	0 48	-
John Watkins Note 3	109,750,000	53 11	750,000	107,250,000	64 35	1,000,000

Directors' report, continued

Note 1 The interests of each of Andrew Bell and Kenneth Watson and persons connected with them are held through Regency Mines plc of which they are also directors

Note 2 The interests of Robert Weicker and persons connected with him are held through Kleinebar Resources Limited a company of which he is a director

Note 3 The interests of John Watkins and persons connected with him are held through Regency Mines plc as to 102,250,000 shares, through Starvest plc as to 6,250,000 shares and 250,000 are held personally, he is a director of both companies

Note 4 Options over 4,000,000 shares were issued to directors on 11 May 2007 exercisable at a price of 3 5 pence per share at any time until at any time until 11 May 2012

Note 5 None of the options in existence at the beginning of the year were exercised so all lapsed on 31 December 2006

Apart from the interests disclosed above, no director held any other interest in the share capital of the Company during the year Apart from a disposal of 400,000 shares by Robert Weicker, no changes in the interests disclosed above have taken place since the year end

Substantial shareholdings

On 30 June 2007 and 12 November 2007 the following were registered as being interested in 3% or more of the Company's ordinary share capital

	30 June 2007		12 November 2007	
	Ordinary shares of £0 001 each	Percentage of issued share capital	Ordinary shares of £0 001 each	Percentage of issued share capital
City Equities (Nominees) Limited	14,290,000	6 07%	5,840,000	2 48%
Pershing Keen Nominees Limited	11,609,471	4 93%	17,066,137	7 25%
Regency Mines plc	103,250,000	43 85%	103,250,000	43 85%
Sunvest Corporation Limited	9,437,500	4 01%	9,437,500	4 01%

Share capital

Information relating to shares issued during the period is given in Note 12 to the accounts

Charitable and political donations

During the period there were no charitable or political contributions

Payment of suppliers

The Company's policy is to settle terms of payment with suppliers when agreeing terms of business, to ensure that suppliers are aware of the terms of payment and to abide by them It is usual for suppliers to be paid within 30 days of receipt of invoice Trade creditors at the year end were equivalent to 57 days of costs

Post balance sheet events

The post balance sheet events are set out in Note 22 to the accounts

Auditors

The Directors will place a resolution before the annual general meeting to reappoint Chapman Davis LLP as auditors for the coming year

Management Incentives

The Company has granted options over a total of 5,000,000 Ordinary shares as set out in Note 13 to the financial statements as follows

- 1,000,000 to senior staff of Regency Mines plc, whose services are used by the Group

Directors' report, continued

- 1,000,000 to Michael C Nott, non- executive director
- 750,000 each to Andrew Bell, Kenneth Watson, executive directors and John Watkins and Robert F Weicker, non-executive directors

Otherwise, the Group has no bonus, share purchase, or other management incentive scheme

Transition to International Financial Reporting Standards (IFRS)

AIM regulations require that the Company must publish its interim and final reports and financial statements for the year to 30 June 2008 under IFRS,

The directors have identified the main areas of the financial statements that will be affected by the transition and steps are being taken to ensure all IFRS information is captured in our financial reporting systems

Directors' remuneration

The remuneration of the directors paid during the year was fixed by the Board as a whole This has been achieved acknowledging the need to maximise the effectiveness of the Company's limited resources during the year

No directors' fees or remuneration were paid to any director for the year to 30 June 2007 Instead, in each case fees and expenses were paid to businesses with which the directors are associated as set out in Note 5 to the financial statements

As disclosed above and in Note 13 to the financial statements, during the year options were granted to the directors over Ordinary shares

Corporate governance statement

It is the opinion of the Board that compliance with the recommendations of the Combined Code on corporate governance at this stage in its development would be unduly onerous bearing in mind the size of the business and limited cash resources However, the Board appointed Robert Weicker as a second non-executive director during the year, has established such procedures as are appropriate for the size of the business and will keep the matter under review

Control procedures

The Board has approved financial budgets and cash forecasts, in addition, it has implemented procedures to ensure compliance with accounting standards and effective reporting

By order of the Board

Andrew R M Bell

Chairman

13 December 2007

Statement of directors' responsibilities

Directors' responsibilities for the financial statements

Company law in the United Kingdom requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business
- So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware, and the directors have taken all the steps that they ought to have taken as directors' in order to make themselves aware of any relevant audit information and to establish that the Company's auditor are aware of that information

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities They are also responsible for ensuring that the annual report includes information required by the Alternative Investment Market

The maintenance and integrity of the Company's website is the responsibility of the directors the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions

Independent Auditors to the Shareholders of Red Rock Resources Plc

We have audited the group and parent company financial statements of Red Rock Resources Plc for the year ended 30 June 2007, which comprise the Consolidated Profit and Loss account, the Consolidated and Parent Balance Sheets, Consolidated Cash Flow Statement and the related notes 1 to 25 These financial statements have been prepared under the accounting policies set out therein

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the Group financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements The other information comprises only the Directors' Report, Chairman's Statement and the Corporate Governance Statement We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any other information

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion

In our opinion

- the group financial statements give a true and fair view , in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 30th June 2007 and of its loss for the year then ended,
- the parent company financial statements give a true and fair view , in accordance with United Kingdom Generally Accepted Accounting Practice as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 30th June 2007,
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and
- the information given in the Directors' Report is consistent with the financial statements

Chapman Davis

Chapman Davis LLP
Registered Auditors
London
13 December 2007

Consolidated profit and loss account for the year ended 30 June 2007

	Notes	**Year ended 30 June 2007 £**	Year ended 30 June 2006 £
Turnover	1	**551,652**	-
Cost of sales		**(200,461)**	-
Gross profit		**351,191**	-
Exploration costs		**(245,207)**	(58,455)
Administrative expenses		**(415,343)**	(133,652)
Currency profit/(loss)		**18,038**	(5,100)
Operating loss	2	**(291,321)**	(197,207)
Interest receivable		**7,170**	4,224
Interest payable		**(5,579)**	-
Loss on ordinary activities before taxation		**(289,730)**	(192,983)
Tax on loss on ordinary activities	3	**-**	-
Loss on ordinary activities after taxation		**(289,730)**	(192,983)
Loss per share	6	**(0 15) pence**	(0 13) pence

All of the operations are considered to be continuing

Statement of recognised gains and losses For the year ended 30 June 2007

	Year ended 30 June 2007 £	Year ended 30 June 2006 £
Deficit on revaluation of current asset investments	**(5,948)**	-
Loss recognised directly to equity	**(5,948)**	-
Loss for the financial period	**(289,730)**	(192,983)
Total recognised losses for the year	**(295,678)**	(192,983)

The accompanying accounting policies and notes form an integral part of these financial statements

Company number 5225394

RED

Consolidated balance sheet
As at 30 June 2007

	Note	30 June 2007 £		30 June 2006 £	
Fixed assets					
Investments	7		**26,250**		26,250
Current assets					
Debtors	8	**1,080,013**		26,416	
Cash at bank		**220,347**		101,021	
Current asset investments	9	**513,900**		15,491	
Exploration properties	10	**935,353**		972,290	
		2,749,613		1,115,218	
Creditors – amounts due within one year	11	**(293,609)**		(38,417)	
Net current assets			**2,456,004**		1,076,801
Total assets less current liabilities			2,482,254		1,103,051
Share capital and reserves					
Called-up share capital	12	**235,481**		166,679	
Share premium account	14	**2,665,486**		1,141,988	
Share option reserve	14	**82,581**		-	
Other reserves	14	**(5,948)**		-	
Profit and loss account	14	**(495,346)**		(205,616)	
Equity shareholders' funds	15		**2,482,254**		1,103,051

These financial statements were approved by the Board of Directors on 13 December 2007 and signed on its behalf by

Andrew R M Bell
Chairman

John Watkins
Director

The accompanying accounting policies and notes form an integral part of these financial statements

Company number 5225394

RED

Company balance sheet
As at 30 June 2007

	Note	30 June 2007 £		30 June 2006 £	
Fixed assets					
Investments	7		**26,251**		26,251
Current assets					
Debtors	8	**1,731,433**		141,002	
Cash at bank		**209,103**		79,106	
Current asset investments	9	**513,900**		15,491	
Exploration properties	10	**466,455**		971,888	
		2,920,891		1,207,487	
Creditors – amounts due within one year	11	**(293,609)**		(40,543)	
Net current assets			**2,627,282**		1,166,944
Total assets less current liabilities			**2,653,533**		1,193,195
Share capital and reserves					
Called-up share capital	12	**235,481**		166,679	
Share premium account	14	**2,665,486**		1,141,988	
Share option reserve	14	**82,581**		-	
Other reserves	14	**(5,948)**			
Profit and loss account	14	**(324,067)**		(115,472)	
Equity shareholders' funds	15		**2,653,533**		1,193,195

These financial statements were approved by the Board of Directors on 13 December 2007 and signed on its behalf by

Andrew R M Bell
Chairman

John Watkins
Director

The accompanying accounting policies and notes form an integral part of these financial statements

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Consolidated cash flow statement
for the year ended 30 June 2007

	Notes	**Year ended 30 June 2007 £**	Year ended 30 June 2006 £
Net cash outflow from operating activities	16	**(607,974)**	(460,871)
Cash outflow before financing		**(607,974)**	(460,781)
Financing	17	**727,300**	561,802
Increase in cash in the year	18	**119,326**	101,021

The accompanying notes and accounting policies form an integral part of these financial statements

Statement of accounting policies for the year ended 30 June 2007

The principal accounting policies are summarised below They have all been applied consistently throughout the year and the previous year

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

Basis of consolidation

The group accounts consolidate the accounts of Red Rock Resources plc its foreign subsidiary, Orion Exploration Pty Limited as set out in Note 7 The foreign subsidiary has been consolidated using the closing rate method in accordance with SSAP20, Foreign Currency Translation

Basis of preparing financial statements

The accounts have been prepared on the going concern basis The appropriateness of the going concern basis is dependent on the success of the directors' ongoing investigation, evaluation and generation of revenue from mineral projects

The company meets its day to day operating expenses from its existing liquid resources in the absence of an ongoing income stream

As detailed in Note 22, the directors have approved an expenditure budget for the period to December 2008 for which additional funding will be required

The directors have complete confidence in their ability to raise further capital and that their efforts will generate sufficient ongoing cash to meet the company's outgoings for the foreseeable future On this basis the directors believe it is appropriate to prepare these financial statements on a going concern basis

Exploration and development costs

Exploration and development costs include expenditure on prospects at an exploratory stage These costs include the cost of acquisition, exploration, determination of recoverable reserves, economic feasibility studies and all technical and administrative overheads directly associated with those projects These costs are carried forward in the balance sheet as current assets, this represents a change from the practice in previous years when such costs were treated as intangible fixed assets The comparative figures for the previous year have been adjusted

Recoupment of exploration and development costs is dependent upon successful development and commercial exploitation of each area of interest and are amortised over the expected commercial life of each area once production commences

The Company adopts the 'area of interest' method of accounting whereby all exploration and development costs relating to an area of interest are capitalised and carried forward until abandoned In the event that an area of interest is abandoned, or if the Directors consider the expenditure to be of no value, accumulated exploration costs are written off in the financial year in which the decision is made All expenditure incurred prior to approval of an application is expensed with the exception of refundable rent which is raised as a debtor

Foreign currencies

Transactions in foreign currencies are translated into sterling at the average rate of exchange ruling during the year Foreign currency assets and liabilities are translated into sterling at the balance sheet date and the resulting gains or losses are taken to the profit and loss account

Statement of accounting policies
for the year ended 30 June 2007, continued

Investments

Fixed asset and current asset investments are stated at cost less any provision for impairment Impairment is a subjective evaluation undertaken by the directors having regard to the risks and uncertainties attaching to the investment

Taxation

Corporation tax payable is provided on taxable profits at the current rate

Deferred tax

Deferred tax is provided on a full provision basis on all timing differences which have arisen but not reversed at the balance sheet date

Share based payments

The fair value of options granted to directors and others in respect of services provided is recognised as an expense in the profit and loss account with a corresponding increase in equity reserves – the share option reserve

On exercise or cancellation of share options, the proportion of the share option reserve relevant to those options is transferred to the profit and loss account reserve On exercise, equity is also increased by the amount of the proceeds received

The fair value is measured at grant date charged in the accounting period during which the option becomes unconditional

The fair value of options is calculated using the Black-Scholes model taking into account the terms and conditions upon which the options were granted Vesting conditions are non-market and there are no market vesting conditions The exercise price is fixed at the date of grant and no compensation is due at the date of grant

Going concern

The financial statements have been prepared on a going concern basis

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Notes to financial statements
for the year ended 30 June 2007

1 Turnover and Segmental analysis

The Group had no turnover during the year

Profit/(loss) before taxation	2007 £	2006 £
By geographical area;		
UK	**(374,364)**	(102,839)
Australia	**84,634**	(90,144)

2 Loss on ordinary activities before taxation

	2007 £	2006 £
Loss on ordinary activities before taxation is stated after charging		
Auditors' remuneration – audit	**10,000**	5,000
Auditors' remuneration – for non audit services	**4,000**	-
Directors' emoluments	**92,370**	62,156
Share based payments – directors	**66,064**	-
Share based payments – staff	**16,517**	-
Exchange differences – gain/(loss)	**18,038**	(5,100)

3 Taxation

Current period taxation		
UK corporation tax at 30% on profits for the period	-	-
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	**(289,730)**	**(192,983)**
Loss on ordinary activities at the UK standard rate of 30%	**(86,919)**	**(57,895)**
Effects of tax benefit of losses carried forward	**86,919**	**57,895**
Current period taxation	-	-

4 Staff costs

The Group had no employees during the year other than the directors each of whom provide professional services as required on a part time basis Regency Mines plc, an associate company, provides the services of its staff as necessary at cost plus a service charge of 15%

5 **Directors' emoluments**

	Executive and professional services	Share based payments	2007 total
	£	£	£
Andrew R M Bell	25,000	12,387	37,387
Kenneth F Watson	27,370	12,387	39,757
Michael C Nott	10,000	16,516	26,516
John Watkins	12,000	12,387	24,387
Robert F Weicker	18,000	12,387	30,387
Total	92,370	66,064	158,434

No pension benefits are provided for any director

Fees in respect of A R M Bell were payable to Elenchus Limited and Condorex Limited, companies of which he is a director and which provided his services

Fees in respect of M C Nott were payable to Woodridge Associates, a company of which he is a director and which provided his services

Fees in respect of John Watkins were payable with the addition of VAT to his business as a chartered accountant in public practice

Fees in respect of R F Weicker were payable to Kleinebar Resources, a company of which he is a director and which provided his services

Directors' share options

As set out in Note 13 to the financial statements, options were granted to directors over a total of 3,000,000 Ordinary shares on 4 August 2005, these lapsed on 31 December 2006 Further options were issued on 11 May 2007 as fully described in Note 13

6 **Loss per share**

	2007	2006
	£	£
The basic loss per share is derived by dividing the loss for the year attributable to ordinary shareholders by the weighted average number of shares in issue		
Loss for the period	(289,730)	(192,983)
Weighted average number of Ordinary shares of £0 001 in issue	**188,227,158**	154,319,058
Loss per share – basic	**(0.15) pence**	(0 13) pence

The options issued are not dilutive for the year

As inclusion of the potential Ordinary shares would result in a decrease in the loss per share, they are considered to be anti-dilutive As such, a dilute earnings per share is not included

Notes to financial statements
for the year ended 30 June 2007, continued

7 Fixed asset investments – Group

	2007
	£
Cost	
At 30 June 2006	26,250
Additions during the year	-
At 30 June 2007	26,250
Impairment	
At 30 June 2006	-
Charge for the year	-
At 30 June 2007	-
Net book amount	
At 30 June 2007	26,250
At 30 June 2006	26,250

Fixed asset investments – Company

	2007
	£
Cost	
At 30 June 2006	26,251
Additions during the year	-
At 30 June 2007	26,251
Impairment	
At 30 June 2006	-
Charge for the year	-
At 30 June 2007	-
Net book amount	
At 30 June 2007	26,251
At 30 June 2006	26,251

The parent company of the Group holds more than 20% of the share capital of the following companies

Company	Country of registration	Class	Proportion held	Nature of business
Intrepid Resources Limited	Zambia	Ordinary	100%	Dormant
Orion Exploration Pty Limited	Australia	Common	100%	Mineral exploration – see Note 22
Range Mines Ltd	England & Wales	Ordinary	41 5%	Mineral exploration

Note Range Mines Limited is considered to be an associated undertaking Equity accounting has not been used The loss for the year ended 31 October 2006 was £1,200 and the capital and reserves at that date were £62,0501 the loss for the eight month period ended 30 June 2007 was £876 and the capital and reserves at that date were £61,174

Notes to financial statements
for the year ended 30 June 2007, continued

8 Debtors

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Amounts due from subsidiary			**651,420**	117,205
Sundry debtors	**201,135**	5,420	**201,135**	2,801
Prepayments	**13,878**	20,996	**13,878**	20,996
Share subscriptions	**865,000**	-	**865,000**	-
Total	**1,080,013**	26,416	**1,731,433**	141,002

9 Current asset investments at cost or market value if lower – Group and Company

As required under Financial Reporting Standard 10, the Directors have carried out an impairment review and confirmed that no revaluation adjustment is required

	2007
	£
Cost of investments	
At 30 June 2006	15,491
Cost of disposals during the year	(15,491)
Publicly traded investments at cost during the year	496,775
Unquoted investments at cost	23,073
At 30 June 2007	519,848
Impairment	
At 30 June 2006	-
Charge for the year	5,948
At 30 June 2007	5,948
Net book value	
30 June 2007	513,900
30 June 2006	15,491
The market value of these investments as at 30 June 2007 was	
Quoted on the Australian Stock Exchange	563,513
Unquoted investments at cost or lower valuation	22,946
Total	586,459

Notes to financial statements
for the year ended 30 June 2007, continued

10 Exploration properties – Group

	2007
	£

Costs of exploration assets as at 30 June 2006 were classified as 'intangible fixed assets', these have been reclassified as at 1 July 2006 as 'intangible current assets' to better reflect their nature and to accord with the Group's declared business objectives

As required under Financial Reporting Standard 10, the Directors have carried out an impairment review and confirmed that no revaluation adjustment is required

Cost	
At 30 June 2006	972,290
Additions during the year	260,493
Currency loss	(6,521)
Disposals during the year	(168,920)
At 30 June 2007	1,057,342
Impairment	
At 30 June 2006	-
Charge for the year	(121,989)
At 30 June 2007	(121,989)
Net book amount	
At 30 June 2007	935,353
At 30 June 2006	972,290

Exploration properties – Company

	2007
	£
Cost	
At 30 June 2006	971,888
Additions during the year	260,493
Disposals during the year	(644,338)
At 30 June 2007	588,043
Impairment	
At 30 June 2006	-
Charge for the year	121,588
At 30 June 2007	121,588
Net book amount	
At 30 June 2007	466,455
At 30 June 2006	971,888

Notes to financial statements
for the year ended 30 June 2007, continued

11 Creditors

	Group		Company	
	2007	2006	**2007**	2006
	£	£	**£**	£
Amounts falling due within one year				
Owing to holding company	**-**	8,629	**-**	8,629
Trade creditors	**143,932**	16,290	**143,932**	18,416
Accruals	**149 677**	13,498	**149 677**	13,498
Total	**293,609**	38,417	**293,609**	40,543

12 Share capital

The authorised share capital of the Company and the called up and fully paid amounts were as follows

Authorised	Number	Nominal £
At incorporation on 8 September 2004 and as at 30 June 2007, Ordinary shares of £0 001 each	10,000,000,000	10,000,000
Called up, allotted, issued and fully paid		
As at 30 June 2006	166,678,750	166,679
Issued 28 July 2006	5,018,750	5,019
Issued 8 January 2007	9,950,000	9,950
Issued 15 January 2007	25,000,000	25,000
Issued 15 June 2007	18,833,332	18,833
Issued 28 June 2007	10,000,000	10,000
As at 30 June 2007	235,480,832	235,481

13 Share based payments

On 4 August 2005, the Company established a share option scheme from which it granted options over Ordinary shares as follows

	Number	Exercise price	Expiry date
A R M Bell	1,000,000	3 pence	31 December 2006
K F Watson	1,000,000	3 pence	31 December 2006
J Watkins	1,000,000	3 pence	31 December 2006
P Geraths	750,000	3 pence	31 December 2006
Total	3,750,000		

None of the above options were exercised, all these options lapsed on 31 December 2006

Notes to financial statements
for the year ended 30 June 2007, continued

13 cont **Share based payments, continued**

During the year, the Company established an employee share option plan to enable the issue of options as part of the remuneration of key management personnel and directors to enable them to purchase ordinary shares in the Company Under the plan, the options were granted for no consideration, they were granted for a period of five years and vested immediately Options granted under the plan carry no dividend or voting rights

Under FRS 20 'Share Based Payments', the Company determines the fair value of options issued to directors and employees as remuneration and recognises the amount as an expense in the income statement with a corresponding increase in equity The expense is charged in full during the year

On 11 May 2007, the Company established a share option scheme from which it granted options over Ordinary shares as follows

	Number	Exercise price	Expiry date
A R M Bell	750,000	3 5 pence	11 May 2012
K F Watson	750,000	3 5 pence	11 May 2012
M C Nott	1,000,000	3 5 pence	11 May 2012
J Watkins	750,000	3 5 pence	11 May 2012
R Weicker	750,000	3 5 pence	11 May 2012
Employees of Regency Mines plc	1,000,000	3 5 pence	11 May 2012
Total	5,000,000		

The fair value of the options using the Black-Scholes method and assumptions were as follows

Grant date	11 May 2007
Fair value at measurement date	1 65 pence
Share price at grant date	3 375 pence
Exercise price	3 5 pence
Expected volatility	50%
Option life	60 months
Expected dividends	0 00%
Risk free interest rate	5 25%

The fair value of the above share options as expensed is £82,581

The volatility is set by reference to the historic volatility of the share prices of the Company The Black-Scholes model assumes that an option is only capable of exercise at expiry

Notes to financial statements for the year 30 June 2007, continued

14 Reserves

The movements on reserves during the period were as follows

Group	Share premium account £	Profit and loss account £	Other reserves £	Share option reserve £
As at 30 June 2006	1,141,988	(205,616)	-	-
Issue of shares	1,595,573	-	-	-
Share issue and fundraising costs	(72,075)	-	-	-
Loss for the year	-	(289,730)	-	-
Revaluation reserve	-	-	(5,948)	-
Share based payments	-	-	-	82,581
As at 30 June 2007	2,665,486	(495,346)	(5,948)	82,581

Company	Share premium account £	Profit and loss account £	Other reserves £	Share option reserve £
As at 30 June 2006	1,141,988	(115,472)	-	-
Issue of shares	1,595,573	-	-	-
Share issue and fundraising costs	(72,075)	-	-	-
Loss for the year	-	(208,595)	-	-
Revaluation reserve	-	-	(5,948)	-
Share based payments	-	-	-	82,581
As at 30 June 2006	2,665,486	(324,067)	(5,948)	82,581

15 Movement on equity shareholders' funds

Group	2007 £	2006 £
Loss for the year	(289,730)	(192,983)
Proceeds of share issues	1,664,375	1,162,175
Share issue expenses in the year	(72,075)	(71,322)
Share payment reserve	82,581	-
Revaluation reserve	(5,948)	-
Net increase in shareholders' funds	1,379,203	897,870
Opening shareholders' funds	1,103,051	205,181
Closing equity shareholders' funds	2,482,254	1,103,051

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Notes to financial statements
for the year 30 June 2007, continued

15 cont **Company**

Loss for the year	(208,595)	(102,839)
Proceeds of share issues	1,664,375	1,162,175
Share issue expenses in the year	(72,075)	(71,322)
Share option reserve	82,581	-
Revaluation reserve	(5,948)	-
Net increase in shareholders' funds	1,460,338	988,014
Opening shareholders' funds	1,193,195	205,181
Closing equity shareholders' funds	2,653,533	1,193,195

16 **Reconciliation of operating profit to operating cash flows**

Group	2007 £	2006 £
Operating loss	(291,321)	(197,207)
Interest receivable	7,170	4,224
Interest payable	(5,579)	-
Increase in debtors	(188,597)	(26,416)
Increase/(decrease) in creditors	255,192	(105,334)
Increase in current asset investments for cash	(82,009)	(15,491)
Decrease(increase) in current asset tenements	36,937	(120,557)
Tenement sales other than for cash	(416,400)	-
Share option reserve	82,581	-
Revaluation reserve	(5,948)	-
Net cash (outflow) from operating activities	(607,974)	(460,781)

17 **Analysis of cash flows**

Financing	2007 £	2006 £
Company Issue of Ordinary shares for cash	1,664,375	633,125
Share issue expense for cash	(72,075)	(71,323)
Share subscription monies outstanding	(865,000)	-
Net cash inflow	727,300	561,802

Notes to financial statements
for the year 30 June 2007, continued

18 Analysis and reconciliation of net funds

	30 June 2006	Cash flow	30 June 2007
	£	£	£
Cash in hand and at bank	101,021	119,326	220,347

	2007	2006
	£	£
Increase in cash during the year	119,326	101,021
Net funds at 30 June 2007	220,347	101,021

19 Non cash transactions

On 28 May 2007, Jupiter Mines Limited, a company listed on the Australian Stock Exchange, exercised its option to acquire the Company's iron ore tenements known as Mt Ida and Mt Hope The consideration comprised AUD250,000 in cash and AUD1,000,000 satisfied by the issue of 4,617,178 new shares in Jupiter Mines Limited

20 Commitments

As at 30 June 2007, the Company had entered into the following commitments

- Exploration commitments Ongoing exploration expenditure is required to maintain title to the Group mineral exploration permits No provision has been made in the financial statements for these amounts as the expenditure is expected to be fulfilled in the normal course of the operations of the Group
- On 27 June 2006, the Company agreed with its then holding company, Regency Mines plc, to enter into a sub licence agreement and share the rental, service costs, administration staff costs and other outgoings of an office at 115 Eastbourne Mews London W2 6LQ During the year, the total charges at cost plus a 15% service charge were £45 890
- In addition, professional staff employed by Regency Mines plc are sub-contracted to the Company to work on specific assignments as necessary During the year, the total charges at cost plus a 15% service charge were £38,475
- On 9 May 2007, the Company agreed Heads of Terms in connection with the proposed sale of Orion Exploration Pty Limited, its wholly owned Australian subsidiary together with other assets The prospective purchaser was Retail Star Limited, a company quoted on the Australian Stock Exchange Subsequently, a conditional agreement was signed, the conditions pertaining to the sale of Orion were fulfilled and the transaction was completed on 6 August 2007 as detailed in note 22 below

Notes to financial statements for the year 30 June 2007, continued

21 Related party transactions

- Condorex Limited, a company of which Andrew Bell is a director, has executed a consulting agreement under which it provides the services of Andrew Bell
- On 1 July 2006, the Company agreed with Regency Mines plc, a company of which the directors Andrew Bell, Kenneth Watson and John Watkins are also directors, to enter into a sub licence agreement and share the rental, service costs and other outgoings of an office including administrative staff at 115 Eastbourne Mews London W2 6LQ on an equal basis with Regency Mines plc and Greatland Gold plc, companies of which Andrew Bell and John Watkins are also directors This agreement has been effective throughout the year, a 15% service charge is payable in addition to a share of the costs The total cost to the Company during the year was £45,890
- In addition, professional staff employed by Regency Mines plc are sub-contracted to the Company to work on specific assignments as necessary During the year, the total charges at cost plus a 15% service charge were £38,475
- During the year, the Company paid liabilities amounting to £13,563 85 on behalf of Range Mines Limited, a company of which Andrew Bell is a director and in which the Company holds 41 5% of the equity
- During the year, the Company invested in Aquarian Gold Corporation Inc, a company of which Andrew Bell, a director of the Company, is also a director The Company holds 500,000 shares in Aquarian Gold Corporation
- During the year, the Company agreed to provide services to Goliath Resources Inc, a company of which Andrew Bell, a director of the Company, is also a director It is agreed that the Company will recover in full the costs incurred together with a service charge of 15%

22 Post balance sheet events

- On 26 July 2007, the Company agreed to enter into negotiations to acquire Chiman Limited, a company incorporated in Zambia where it operates a ferromanganese processing plant Negotiations are ongoing
- On 6 August 2007, the Company completed the sale of its uranium asset subsidiary, Orion Exploration Pty Limited to Retail Star Limited, a company quoted on the Australian Stock Exchange The consideration for the sale amounted to AUD1 5m cash, the cash consideration was funded by the Company subscribing for 80m fully paid ordinary shares in Retail Star Limited at AUD0 015, 20m options at AUD0 01 per option and 20m A Performance Shares in Retail Star Limited The Company also received 30m B Performance shares and 30m C Performance shares in Retail Star Limited, these will convert into ordinary shares upon the achievement of certain agreed objectives The 80m shares received then amounted to 15 6% of the issued share capital of Retail Star Limited The Company's chairman, Andrew Bell, has become chairman of Retail Star Limited
- On 21 November 2007, the Company issued 21,000,000 new Ordinary shares for cash at a price of 2 5 pence to raise £525,000
- On 28 November 2007, the Directors approved an expenditure budget for the period to December 2008 for which additional funding will be required

23 Control

There is considered to be no controlling related party Whereas Regency Mines plc held a controlling interest in previous years, this interest has been reduced to 43 85% as at 30 June 2007

Notes to financial statements
for the year 30 June 2007, continued

24 Financial instruments - Group

The Group uses financial instruments comprising cash, liquid resources and debtors/creditors that arise from its operations

The Group's exposure to currency and liquidity risk is not considered significant The Group's cash balances are held in Pound Sterling and in Australian dollars, the latter being the currency in which the significant operating expenses are incurred

To date the Group has relied upon equity funding to finance operations The Directors are confident that adequate cash resources exist to finance operations to commercial exploitation but controls over expenditure are carefully managed

The net fair value of financial assets and liabilities approximates the carrying values disclosed in the financial statements The currency and interest rate profile of the financial assets is as follows

Cash and short term deposits

	30 June 2007	30 June 2006
	£	£
Sterling	**209,103**	79,106
Australian dollars	**11,244**	21,915
At 30 June 2007	**220,347**	101,021

The financial assets comprise interest earning bank deposits

25 Profit and loss account of the parent Company

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the parent Company has not been separately presented in these accounts The parent Company loss for the year was £208,595 (2006 loss £ 102,839)