

# Appendix 4B (rule 4.13(b))

## Half yearly/~~preliminary~~ final report

Introduced 1/7/2000.

Name of entity

HERITAGE GOLD NZ LIMITED

ACN, ARBN or ARSN

009 474 702

Half yearly  
(tick)

Preliminary  
final (tick)

Half year/~~financial year~~ ended ('current  
period')

30 SEPTEMBER 2008

### For announcement to the market

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

\$NZ

~~\$A'000~~

Revenues from ordinary activities ( <i>item 1.1</i> )	up/down	460%	to	256,985
Profit (loss) from ordinary activities after tax (before amortisation of goodwill) attributable to members ( <i>item 1.20</i> )	up/down	9%	to	(441,647)
Profit (loss) from ordinary activities after tax attributable to members ( <i>item 1.23</i> )	up/down	9%	to	(441,647)
Profit (loss) from extraordinary items after tax attributable to members ( <i>item 2.5(d)</i> )	gain (loss) of			Nil
Net profit (loss) for the period attributable to members ( <i>item 1.11</i> )	up/down	9%	to	(441,647)
<b>Dividends (distributions)</b>		Amount per security		Franked amount per security
Final dividend ( <i>Preliminary final report only - item 15.4</i> ) Interim dividend ( <i>Half yearly report only - item 15.6</i> )		N/A¢		N/A¢
Previous corresponding period ( <i>Preliminary final report - item 15.5; half yearly report - item 15.7</i> )		N/A¢		N/A¢
+Record date for determining entitlements to the dividend, (in the case of a trust, distribution) ( <i>see item 15.2</i> )		N/A		

+ See chapter 19 for defined terms.

**Appendix 4B (rule 4.13(b))**  
**Half yearly/~~preliminary~~ final report**

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Brief explanation of omission of directional and percentage changes to profit in accordance with Note 1 and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

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+ See chapter 19 for defined terms.

**Consolidated profit and loss account**

	Current period - \$NZ \$'000	Previous corresponding period - \$NZ \$'000
1.1 Revenues from ordinary activities	256,985	45,908
1.2 Expenses from ordinary activities (see items 1.24 + 12.5 + 12.6)	(672,610)	(422,641)
1.3 Borrowing costs		
1.4 Share of net profit (loss) of associates and joint venture entities (see item 16.7)	(26,022)	(29,040)
<b>1.5 Profit (loss) from ordinary activities before tax</b>	<b>(441,647)</b>	<b>(405,773)</b>
1.6 Income tax on ordinary activities (see note 4)		
<b>1.7 Profit (loss) from ordinary activities after tax</b>	<b>(441,647)</b>	<b>(405,773)</b>
1.8 Profit (loss) from extraordinary items after tax (see item 2.5)		
<b>1.9 Net profit (loss)</b>	<b>(441,647)</b>	<b>(405,773)</b>
1.10 Net profit (loss) attributable to outside +equity interests		
<b>1.11 Net profit (loss) for the period attributable to members</b>	<b>(441,647)</b>	<b>(405,773)</b>

**Consolidated retained profits**

1.12 Retained profits (accumulated losses) at the beginning of the financial period	(10,428,133)	(9,450,776)
1.13 Net profit (loss) attributable to members (item 1.11)	(441,647)	(405,773)
1.14 Net transfers to and from reserves	-	-
1.15 Net effect of policies	-	-
1.16 Dividends and other equity distributions paid or payable	-	-
<b>1.17 Retained profits (accumulated losses) at end of financial period</b>	<b>(10,869,780)</b>	<b>(9,856,549)</b>

**Profit restated to exclude  
amortisation of goodwill**

	Current period \$NZ \$'000	Previous corresponding period \$NZ \$'000
1.18 Profit (loss) from ordinary activities after tax before outside equity interests (items 1.7) and amortisation of goodwill	(441,647)	(405,773)
1.19 Less (plus) outside +equity interests	-	-
<b>1.20 Profit (loss) from ordinary activities after tax (before amortisation of goodwill) attributable to members</b>	<b>(441,647)</b>	<b>(405,773)</b>

+ See chapter 19 for defined terms.

**Profit (loss) from ordinary activities attributable to members**

	Current period \$NZ \$A'000	Previous corresponding period \$NZ \$A'000
1.21 Profit (loss) from ordinary activities after tax ( <i>item 1.7</i> )	(441,647)	(405,773)
1.22 Less (plus) outside +equity interests		
<b>1.23 Profit (loss) from ordinary activities after tax, attributable to members</b>	<b>(441,647)</b>	<b>(405,773)</b>

**Revenue and expenses from ordinary activities**

*AASB 1004 requires disclosure of specific categories of revenue and AASB 1018 requires disclosure of expenses from ordinary activities according to either their nature of function. Entities must report details of revenue and expenses from ordinary activities using the layout employed in their accounts. See also items 12.1 to 12.6.*

	Current period \$NZ \$A'000	Previous corresponding period \$NZ \$A'000
1.24 <u>Details of revenue and expenses</u>		
Operating revenue		
Interest received	99,876	45,908
Foreign exchange gain	157,109	-
Profit on share valuation	-	-
<b>Total operating revenues</b>	<b>256,985</b>	<b>45,908</b>
Depreciation	1,780	1,560
Director fees	24,000	-
Director remuneration	6,688	61,667
Rent and leasing	14,825	12,454
Foreign exchange loss	-	345
Interest expense	-	-
Audit fees – auditing financial stmts	5,156	5,174
– other services	-	-
Loss on share revaluation	599	-
Operating expenses	251,225	341,441
Write off field expenditure	368,337	-
<b>Total expenditure</b>	<b>672,610</b>	<b>422,641</b>
Net surplus /(deficit) for the year	(415,625)	(376,733)
Share of retained surplus (deficit) of Associated company after income tax	(26,022)	(29,040)
Net surplus/ (deficit) attributable to members	(441,647)	(405,773)

+ See chapter 19 for defined terms.

### Intangible and extraordinary items

		<i>Consolidated - current period</i>			
		Before tax \$NZ-\$A'000  (a)	Related tax \$NZ-\$A'000  (b)	Related outside +equity interests \$NZ-\$A'000  (c)	Amount (after tax) attributable to members \$NZ-\$A'000  (d)
2.1	Amortisation of goodwill	NIL	NIL		
2.2	Amortisation of other intangibles	368,337	NIL		
<b>2.3</b>	<b>Total amortisation of intangibles</b>	368,337	NIL		
2.4	Extraordinary items (details)	NIL	NIL		
<b>2.5</b>	<b>Total extraordinary items</b>	NIL	NIL		

### Comparison of half year profits

*(Preliminary final report only)*

		Current year - \$NZ \$NZ-\$A'000	Previous year - \$NZ \$NZ-\$A'000
3.1	Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the 1st half year (item 1.23 in the half yearly report)	(441,647)	(405,773)
3.2	Consolidated profit (loss) from ordinary activities after tax attributable to members for the 2nd half year		

+ See chapter 19 for defined terms.

**Appendix 4B (rule 4.13(b))**  
**Half yearly/~~preliminary~~ final report**

<b>Consolidated balance sheet</b>		At end of current period \$NZ \$A'000	As shown in last annual report \$NZ \$A'000	As in last half yearly report \$NZ \$A'000
<b>Current assets</b>				
4.1	Cash	1,627,002	3,240,884	801,158
4.2	Receivables	183,926	311,692	145,839
4.3	Investments	-	-	-
4.4	Inventories	-	-	-
4.5	Other (provide details if material)	-	-	-
<b>4.6</b>	<b>Total current assets</b>	<b>1,810,928</b>	<b>3,552,576</b>	<b>946,997</b>
<b>Non-current assets</b>				
4.7	Receivables	-	-	-
<b>4.8</b>	<b>Investments (equity accounted)</b>	<b>1,074,858</b>	<b>915,335</b>	<b>986,492</b>
4.9	Other investments	33,410	34,009	127,364
4.10	Inventories	-	-	-
4.11	Exploration and evaluation expenditure capitalised (see para .71 of AASB 1022)	9,235,965	8,132,817	7,284,290
4.12	Development properties (*mining entities)	-	-	-
4.13	Other property, plant and equipment (net)	36,381	33,211	9,895
4.14	Intangibles (net)	-	-	-
4.15	Other (provide details if material)	-	-	-
<b>4.16</b>	<b>Total non-current assets</b>	<b>10,380,614</b>	<b>9,115,372</b>	<b>8,408,041</b>
<b>4.17</b>	<b>Total assets</b>	<b>12,191,542</b>	<b>12,667,948</b>	<b>9,355,038</b>
<b>Current liabilities</b>				
4.18	Payables	386,286	421,045	142,244
4.19	Interest bearing liabilities	-	-	-
-4.20	Provisions	-	-	-
4.21	Other (provide details if material)	-	-	-
<b>4.22</b>	<b>Total current liabilities</b>	<b>386,286</b>	<b>421,045</b>	<b>142,244</b>
<b>Non-current liabilities</b>				
4.23	Payables	-	-	-
4.24	Interest bearing liabilities	-	-	-
4.25	Provisions	-	-	-
4.26	Other (provide details if material)	-	-	-
<b>4.27</b>	<b>Total non-current liabilities</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>4.28</b>	<b>Total liabilities</b>	<b>386,286</b>	<b>421,045</b>	<b>142,244</b>
<b>4.29</b>	<b>Net assets</b>	<b>11,805,256</b>	<b>12,246,903</b>	<b>9,212,794</b>

+ See chapter 19 for defined terms.

**Consolidated balance sheet continued**

<b>Equity</b>				
4.30	Capital/contributed equity	22,339,695	22,339,695	18,734,002
4.31	Reserves	335,341	335,341	335,341
4.32	Retained profits (accumulated losses)	(10,869,780)	(10,428,133)	(9,856,549)
<b>4.33</b>	<b>Equity attributable to members of the parent entity</b>	<b>11,805,256</b>	<b>12,246,903</b>	<b>9,212,794</b>
4.34	Outside +equity interests in controlled entities	-	-	-
<b>4.35</b>	<b>Total equity</b>	<b>11,805,256</b>	<b>12,246,903</b>	<b>9,212,794</b>
4.36	Preference capital included as part of 4.33	-	-	-

**Exploration and evaluation expenditure capitalised**

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

	Current period \$NZ \$A'000	Previous corresponding period - \$NZ \$A'000
5.1	8,132,817	6,585,547
5.2	1,471,485	698,743
5.3	(368,337)	-
5.4	-	-
5.5	-	-
<b>5.6</b>	<b>9,235,965</b>	<b>7,284,290</b>

**Development properties**

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

	Current period -\$NZ \$A'000	Previous corresponding period - \$NZ \$A'000
6.1	N/A	
6.2		
6.3		
6.4		
6.5		
6.6		
<b>6.7</b>	<b>N/A</b>	

+ See chapter 19 for defined terms.

### Consolidated statement of cash flows

		Current period \$NZ-\$A'000	Previous corresponding period - \$NZ-\$A'000
<b>Cash flows related to operating activities</b>			
7.1	Receipts from customers	-	-
7.2	Payments to suppliers and employees	(448,798)	(436,881)
7.3	Dividends received from associates	-	-
7.4	Other dividends received	-	-
7.5	Interest and other items of similar nature received	74,325	42,576
7.6	Interest and other costs of finance paid	-	-
7.7	Income taxes paid	-	-
7.8	Other (provide details if material)	-	-
<b>7.9</b>	<b>Net operating cash flows</b>	<b>(374,473)</b>	<b>(394,305)</b>
<b>Cash flows related to investing activities</b>			
7.10	Payment for purchases of property, plant and equipment	(10,677)	(283)
7.11	Proceeds from sale of property, plant and equipment	-	-
7.12	Payment for purchases of equity investments	-	-
7.13	Proceeds from sale of equity investments	-	-
7.14	Loans to other entities	-	-
7.15	Loans repaid by other entities	-	-
7.16	Other (provide details if material) Prospecting Expenditure	(1,371,592)	(659,539)
<b>7.17</b>	<b>Net investing cash flows</b>	<b>(1,382,269)</b>	<b>(659,822)</b>
<b>Cash flows related to financing activities</b>			
7.18	Proceeds from issues of *securities (shares, options, etc.)	-	1,067,626
7.19	Proceeds from borrowings	-	-
7.20	Repayment of borrowings	-	-
7.21	Dividends paid	-	-
7.22	Other (provide details if material)	-	-
<b>7.23</b>	<b>Net financing cash flows</b>	<b>-</b>	<b>1,067,626</b>
<b>7.24</b>	<b>Net increase (decrease) in cash held</b>	<b>(1,756,742)</b>	<b>13,499</b>
7.25	Cash at beginning of period (see Reconciliation of cash)	3,240,884	787,314
7.26	Exchange rate adjustments to item 7.25.	142,860	345
<b>7.27</b>	<b>Cash at end of period</b> (see Reconciliation of cash)	<b>1,627,002</b>	<b>801,158</b>

+ See chapter 19 for defined terms.

### Non-cash financing and investing activities

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

N/A
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### Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period \$NZ-\$A'000	Previous corresponding period - \$NZ-\$A'000
8.1 Cash on hand and at bank	737	2,581
8.2 Deposits at call	1,175,265	2,577
8.3 Bank overdraft	-	
8.4 Other (provide details) Bond & Term Deposits	451,000	796,000
<b>8.5 Total cash at end of period (item 7.27)</b>	<b>1,627,002</b>	<b>801,158</b>

### Ratios

	Current period	Previous corresponding period
<b>Profit before tax / revenue</b>		
9.1 Consolidated profit (loss) from ordinary activities before tax (item 1.5) as a percentage of revenue (item 1.1)	N/A	N/A
<b>Profit after tax / +equity interests</b>		
9.2 Consolidated net profit (loss) from ordinary activities after tax attributable to members (item 1.9) as a percentage of equity (similarly attributable) at the end of the period (item 4.33)	N/A	N/A

### Earnings per security (EPS)

	Current period	Previous corresponding period
10.1 Calculation of the following in accordance with AASB 1027: <i>Earnings per Share</i>		
(a) Basic EPS	(0.15) cents	(0.19) cents
(b) Diluted EPS (if materially different from (a))	(0.13) cents	(0.16) cents
(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	287,703,320	211,674,288

### NTA backing

(see note 7)	Current period	Previous corresponding period
11.1 Net tangible asset backing per +ordinary security	0.9 cents	0.9 cents

+ See chapter 19 for defined terms.

**Details of specific receipts/outlays, revenues/ expenses**

	Current period \$NZ \$'000	Previous corresponding period - \$NZ \$'000
12.1 Interest revenue included in determining item 1.5	99,876	45,908
12.2 Interest revenue included in item 12.1 but not yet received (if material)	7,082	2,920
12.3 Interest costs excluded from borrowing costs, capitalised in asset values	-	-
12.4 Outlays (except those arising from the *acquisition of an existing business) capitalised in intangibles (if material)	1,471,485	698,743
12.5 Depreciation and amortisation (excluding amortisation of intangibles)	1,780	1,560
12.6 Other specific relevant items not shown in item 1.24 – Write off field expenditure (see note 15)	368,337	-

**Control gained over entities having material effect**

13.1 Name of entity (or group of entities)	N/A
13.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) since the date in the current period on which control was *acquired	\$N/A
13.3 Date from which such profit has been calculated	N/A
13.4 Profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) for the whole of the previous corresponding period	\$N/A

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+ See chapter 19 for defined terms.

### Loss of control of entities having material effect

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

### Reports for industry and geographical segments

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

#### Segments

N/A

Operating Revenue

Sales to customers outside the economic entity

Inter-segment sales

Unallocated revenue

Total revenue

Segment result

Unallocated expenses

Consolidated profit (loss) from ordinary activities before tax (equal to item 1.5)

Segment assets	)	<i>Comparative data for segment assets</i>
Unallocated assets	)	<i>should be as at</i>
Total assets (equal to item 4.17)	)	<i>the end of the previous</i>
		<i>corresponding period.</i>

### Dividends (in the case of a trust, distributions)

15.1	Date the dividend (distribution) is payable	N/A
15.2	+Record date to determine entitlements to the dividend (distribution) (ie, on the basis of registrable transfers received by 5.00 pm if +securities are not +CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHESS approved)	N/A

+ See chapter 19 for defined terms.

**Appendix 4B (rule 4.13(b))**  
**Half yearly/~~preliminary~~ final report**

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15.3 If it is a final dividend, has it been declared?  
(*Preliminary final report only*)

N/A
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+ See chapter 19 for defined terms.

**Appendix 4B (rule 4.13(b))**  
**Half yearly/~~preliminary~~ final report**

**Amount per security**

		Amount per security	Franked amount per security at 36% tax	Amount per security of foreign source dividend
<b>15.4</b>	<i>(Preliminary final report only)</i> <b>Final dividend:</b> Current year	N/A¢	N/A ¢	N/A ¢
15.5	Previous year	N/A¢	N/A ¢	N/A ¢
<b>15.6</b>	<i>(Half yearly and preliminary final reports)</i> <b>Interim dividend:</b> Current year	N/A¢	N/A¢	N/A¢
15.7	Previous year	N/A¢	N/A¢	N/A¢

**Total dividend (distribution) per security (interim plus final)**

(Preliminary final report only)

		Current year	Previous year
15.8	*Ordinary securities	N/A ¢	N/A ¢
15.9	Preference *securities	N/A ¢	N/A ¢

**Half yearly report - interim dividend (distribution) on all securities or  
Preliminary final report - final dividend (distribution) on all securities**

		Current period \$NZ-\$A'000	Previous corresponding period - \$NZ-\$A'000
15.10	*Ordinary securities	N/A	N/A
15.11	Preference *securities	N/A	N/A
15.12	Other equity instruments	N/A	N/A
<b>15.13</b>	<b>Total</b>	N/A	N/A

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

N/A
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The last date(s) for receipt of election notices for the \*dividend or distribution plans

N/A
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Any other disclosures in relation to dividends (distributions)

N/A
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+ See chapter 19 for defined terms.

**Details of aggregate share of profits (losses) of associates and joint venture entities**

	Current period \$NZ \$A'000	Previous corresponding period - \$NZ \$A'000
16.1 Profit (loss) from ordinary activities before income tax	(26,022)	(29,040)
16.2 Income tax on ordinary activities		
<b>16.3 Profit (loss) from ordinary activities after income tax</b>	(26,022)	(29,040)
16.4 Extraordinary items net of tax		
<b>16.5 Net profit (loss)</b>	(26,022)	(29,040)
16.6 Outside +equity interests		
<b>16.7 Net profit (loss) attributable to members</b>	(26,022)	(29,040)

**Material interests in entities which are not controlled entities**

The economic entity has an interest (that is material to it) in the following entities. If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from xx/xx/xx") or disposal ("to xx/xx/xx").

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (item 1.9)	
	Current period	Previous corresponding period	Current period - \$NZ \$A'000	Previous corresponding period- \$NZ \$A'000
<b>17.1 Equity accounted associates and joint venture entities</b>				
Broken Hill Cobalt Limited	33%	33%	(26,022)	(29,040)
<b>17.2 Total</b>	33%	33%	(26,022)	(29,040)
17.3 Other material interests	N/A	N/A		
<b>17.4 Total</b>				

+ See chapter 19 for defined terms.

**Issued and quoted securities at end of current period**

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

Category of +securities	Total number	Number quoted	Issue price per security (see note 14) (cents)	Amount paid up per security (see note 14) (cents)
18.1 Preference +securities <i>(description)</i>	NIL			
18.2 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	NIL			
18.3 +Ordinary securities	38,623,000	38,623,000	25c	25c
	10,000,000	10,000,000	3.8c	3.8c
	20,000,000	20,000,000	5.9c	5.9c
	5,000,000	5,000,000	10c	10c
	186,400	186,400	25c	25c
	1,000,000	1,000,000	5.5c	5.5c
	7,200,000	7,200,000	5c	5c
	12,000,000	12,000,000	AU 8c	AU 8c
	14,000,000	14,000,000	AU 8c	AU 8c
	16,666	16,666	9c	9c
	33,333	33,333	9c	9c
	23,500,000	23,500,000	5c	5c
	23,333	23,333	8.5c	8.5c
	16,667,000	16,667,000	2.5c	2.5c
	24,420,201	24,420,201	(AU 2.5	(AU 2.5
	5,250,936	5,250,936	( or	( or
	7,391,296	7,391,296	(NZ2.9	(NZ2.9
	5,556	5,556	8.3c	8.3c
	8,500,000	8,500,000	AU 3.5c	AU 3.5c
	10,000	10,000	8.3c	8.3c
	2,500,000	2,500,000	AU 3.5c	AU 3.5c
	11,500,000	11,500,000	AU 3.5c	AU 3.5c
	83,332	83,332	8.3c	8.3c
	12,000	12,000	8.3c	8.3c
	261,864	261,864	8.3c	8.3c
	1,804,859	1,804,859	8.3c	8.3c
	3,563,129	3,563,129	8.3c	8.3c
	36,000,000	36,000,000	AU 4.5c	AU 4.5c
	17,814,303	17,814,303	AU 4.5c	AU 4.5c
	9,000,000	9,000,000	AU 4.5c	AU 4.5c
	2,500,000	2,500,000	AU 3.5c	AU 3.5c
	8,836,112	8,836,112	AU 4.5c	AU 4.5c
	<b>287,703,320</b>	<b>287,703,320</b>		

+ See chapter 19 for defined terms.

**Appendix 4B (rule 4.13(b))**  
**Half yearly/preliminary final report**

18.4	Changes during current period (a) Increases through issues  (b) Decreases through returns of capital, buy-backs	NIL			
18.5	<b>+Convertible debt securities</b> (description and conversion factor)	NIL			
18.6	Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted	NIL			
18.7	<b>Options</b> (description and conversion factor) Non-transferrable, not quoted – special conditions apply.	3,600,000 3,000,000 3,000,000 3,000,000 2,000,000	Nil Nil Nil Nil Nil	Exercise Price (NZ) 12c AU 3.5c 9c 12c 15c	Expiry date (if any) 20/11/08 13/4/09 7/9/11 7/9/12 7/9/13
18.8	<b>Options</b> – quoted <b>Options</b> Issued during current period	35,825,129	35,825,129	AU 8c	20/11/09
18.9	<b>Options</b> exercised during current period	NIL			
18.10	<b>Options</b> expired during current period	23,490,000	23,490,000	10c	30/9/08
18.11	<b>Debentures</b> (totals only)	NIL			
18.12	<b>Unsecured notes</b> (totals only)	NIL			

**Comments by directors**

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

**Basis of accounts preparation**

Material factors affecting the revenues and expenses of the economic entity for the current period

Write off \$368,377 exploration expenditure regarding Dunmarra Basin on the decision to relinquish joint venture interest in three exploration licences.

+ See chapter 19 for defined terms.

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

NIL

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

NIL

Changes in accounting policies since the last annual report are disclosed as follows.  
*(Disclose changes in the half yearly report in accordance with AASB 1029: Half-Year Accounts and Consolidated Accounts. Disclose changes in the preliminary final report in accordance with AASB 1001: Accounting Policies-Disclosure.)*

There have been no changes in accounting policies during the period. The accounting policies and method of computation applied during the previous year were applied on a consistent basis during the current period.

## **Additional disclosure for trusts**

19.1 Number of units held by the management company or responsible entity or their related parties.

N/A

19.2 A statement of the fees and commissions payable to the management company or responsible entity.

N/A

Identify:

- initial service charges
- management fees
- other fees

## **Annual meeting**

*(Preliminary final report only)*

The annual meeting will be held as follows:

Place

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+ See chapter 19 for defined terms.

**Appendix 4B (rule 4.13(b))**  
**Half yearly/~~preliminary~~ final report**

Date

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Time

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Approximate date the +annual report will be available

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**Compliance statement**

1 This report has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 12).

Identify other standards used

New Zealand reporting standards - Financial Reporting Act 1993 and Companies Act 1993 and IAS-34 – Interim Financial Reporting and comply with International Financial Reporting Standards (IFRS)

2 This report, and the +accounts upon which the report is based (if separate), use the same accounting policies.

3 This report ~~does not~~\* (*delete one*) give a true and fair view of the matters disclosed (see note 2).

4 This report is based on +accounts to which one of the following applies.  
*(Tick one)*

The +accounts have been audited.

The +accounts have been subject to review.



The +accounts are in the process of being audited or subject to review.

The +accounts have *not* yet been audited or reviewed.

5 If the audit report or review by the auditor is not attached, details of any qualifications are attached/will follow immediately they are available\* (*delete one*).  
*(Half yearly report only - the audit report or review by the auditor must be attached to this report if this report is to satisfy the requirements of the Corporations Law.)*

6 The entity has/~~does not have~~\* (*delete one*) a formally constituted audit committee.

Sign here: .....  
 (Director/Company Secretary)

Date: 26 November 2008

Print name: .....Susan Lee Sangster.....

+ See chapter 19 for defined terms.

## Notes

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show whether the change was up or down. If changes in accounting policies or procedures have had a material effect on reported figures, do not show either directional or percentage changes in profits. Explain the reason for the omissions in the note at the end of the announcement section.
2. **True and fair view** If this report does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the entity must attach a note providing additional information and explanations to give a true and fair view.
3. **Consolidated profit and loss account**
  - Item 1.1 The definition of "revenue" and an explanation of "ordinary activities" are set out in *AASB 1004: Revenue*, and *AASB 1018: Statement of financial performance*.
  - Item 1.6 This item refers to the total tax attributable to the amount shown in item 1.5. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as expenses from ordinary activities (eg, fringe benefits tax).
4. **Income tax** If the amount provided for income tax in this report differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts.
5. **Consolidated balance sheet**

**Format** The format of the consolidated balance sheet should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 1029: Half-Year Accounts and Consolidated Accounts*, and *AASB 1040: Statement of Financial Position*. Banking institutions, trusts and financial institutions identified in an ASIC Class Order dated 2 September 1997 may substitute a clear liquidity ranking for the Current/Non-Current classification.

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

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+ See chapter 19 for defined terms.

6. **Consolidated statement of cash flows** For definitions of “cash” and other terms used in this report see *AASB 1026: Statement of Cash Flows*. Entities should follow the form as closely as possible, but variations are permitted if the directors (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 1026*. +Mining exploration entities may use the form of cash flow statement in Appendix 5B.
7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the +ordinary securities (ie, all liabilities, preference shares, outside +equity interests etc). +Mining entities are *not* required to state a net tangible asset backing per +ordinary security.
8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the +accounts. Details must include the contribution for each gain or loss that increased or decreased the entity’s consolidated profit (loss) from ordinary activities and extraordinary items after tax by more than 5% compared to the previous corresponding period.
9. **Rounding of figures** This report anticipates that the information required is given to the nearest \$1,000. However, an entity may report exact figures, if the \$A’000 headings are amended. If an entity qualifies under ASIC Class Order 98/0100 dated 10 July 1998, it may report to the nearest million dollars, or to the nearest \$100,000, if the \$A’000 headings are amended.
10. **Comparative figures** Comparative figures are the unadjusted figures from the previous corresponding period. However, if there is a lack of comparability, a note explaining the position should be attached.
11. **Additional information** An entity may disclose additional information about any matter, and must do so if the information is material to an understanding of the reports. The information may be an expansion of the material contained in this report, or contained in a note attached to the report. The requirement under the listing rules for an entity to complete this report does not prevent the entity issuing reports more frequently. Additional material lodged with the +ASIC under the Corporations Law must also be given to ASX. For example, a directors’ report and declaration, if lodged with the +ASIC, must be given to ASX.
12. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if one) must be complied with.
13. **Corporations Law financial statements** As at 1/7/96, this report may be able to be used by an entity required to comply with the Corporations Law as part of its half-year financial statements if prepared in accordance with Australian Accounting Standards.
14. **Issued and quoted securities** The issue price and amount paid up is not required in items 18.1 and 18.3 for fully paid securities.

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+ See chapter 19 for defined terms.

15. **Relevant Items** AASB 1018 requires the separate disclosure of specific revenues and expenses which are not extraordinary but which are of a size, nature or incidence that disclosure is *relevant* in explaining the financial performance of the reporting entity. the term “relevance” is defined in AASB 1018. For foreign entities, there are similar requirements in other accounting standards normally accepted by ASX.
  
16. **\$ Dollars** If reporting is not in A\$, all references to \$A must be changed to the reporting currency. If reporting is not in thousands of dollars, all references to “000” must be changed to the reporting value.

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+ See chapter 19 for defined terms.