

*Coziron Resources Limited and its
controlled entities*
(ACN 112 866 869)

Annual Report

For the Year Ended 30 June 2006

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CORPORATE DIRECTORY

EXECUTIVE CHAIRMAN

Richard Tan

EXECUTIVE DIRECTORS

Lam Fatt Tan

Greg Burns

NON-EXECUTIVE DIRECTOR

George Lazarou

COMPANY SECRETARY

George Lazarou

PRINCIPAL & REGISTERED OFFICE

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102 James Street

NORTHBRIDGE WA 6003

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Facsimile: (08) 9227 1370

AUDITORS

Rix Levy Fowler

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WEST PERTH WA 6005

SHARE REGISTRAR

Security Transfers Registrars Pty Ltd

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STOCK EXCHANGE LISTING

Australian Stock Exchange

(Home Exchange: Perth, Western Australia)

Code: CZR

DIRECTORS' REPORT

The directors of Coziron Resources Limited submit herewith the financial report of the company and its controlled entities for the financial year ended 30 June 2006. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

1. DIRECTORS

The names of directors in office at any time during or since the end of the year are:

Lam Fatt Tan

Richard Teng Beng Tan

Gregory Burns (Appointed 10 April 2006)

George Lazarou (Appointed 22 May 2006)

Ah Aun Ong (Appointed 2 November 2005; Resigned 1 June 2006)

Sugito Djojoputra (Resigned 2 November 2005)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

COMPANY SECRETARY

The following persons have held the position of company secretary during or at the end of the financial year:

George Lazarou (appointed 1 June 2006)

Mr. Lazarou is a qualified Chartered Accountant who has over 13 years experience, including the last 5 as a Partner with a West Perth accounting firm, specialising in the areas of Audit, Advisory and Corporate Services. Mr. Lazarou has extensive skills in the areas of audit, corporate services, due diligence, independent expert reports, merger & acquisitions and valuations. Mr. Lazarou also brings with him a high level of commercial skills having worked closely with publicly listed companies in the mining, building, engineering, environmental and construction industries. Mr Lazarou is a non executive director of Cortona Resources Limited and Coziron Resources Limited.

Mr Richard Teng Beng Tan (resigned on 1 June 2006)

2. PRINCIPAL ACTIVITIES

The principal activity of the Economic Entity during the financial year was mineral exploration.

There were no significant changes in the nature of the Entity's principal activities during the financial year.

3. OPERATING RESULTS

The loss of the Economic Entity after providing for income tax amounted to \$115,885 (2005: \$2,212)

DIRECTORS' REPORT (Continued)**4. DIVIDENDS PAID OR RECOMMENDED**

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

5. REVIEW OF OPERATIONS**Introduction**

Overall, activity for the year was minimal due to the Company listing very late in the reporting period.

Works undertaken during the period comprised of predominantly administrative and human resource development in Indonesia; logistical preparation for proposed field work, and database enhancing and updating.

Coziron's initial exploration efforts will focus on its Rawang Gadang ("Rawang") Iron Ore Project in Western Sumatra. Drilling contractors have been engaged and will commence works towards the end of October 2006.

The initial drilling program will comprise approximately 3,000 metres of Diamond Drilling in +/-40 holes and is designed to expand and better define the high grade magnetite deposit at Rawang.

Corporate

The Company completed the IPO process and successfully list on the Australian Stock Exchange ("ASX") on 29th August 2006.

Under the Offer, Coziron was seeking to raise \$3,000,000 of new equity capital by the issue of 15,000,000 Shares at \$0.20 per Share. The Company also reserved the right to accept subscriptions for a further 2,500,000 Shares to increase the capital raising to \$3,500,000, by way of oversubscriptions.

Due to high demand, Coziron was able to complete the raising early and fully oversubscribed.

Coziron initiated, and signed, an off-take agreement with Chinese iron ore importer, China Kingdom International Group ("CKI"). CKI also took a 5% stake in Coziron.

Review of Operations*Rawang Gadang Iron Ore Project*

The Rawang Gadang ("Rawang") Project is located near the west coast of Western Sumatra, approximately 54km southeast of Padang City, in the district of Danau Kembar; and within the municipality of Kabupaten Solok.

The project area (PT04161DTS) occupies a 10km² holding which is easily serviced by the Trans Sumatran Highway; and is situated just 200m from the main road.

A regional exploration target exists within the project area and is prospective for iron ore mineralisation and warrants immediate exploration. The Rawang Prospect is a zone of magnetite which extends 400 metres north-south, running semi parallel to the Sumatran Fault Zone (SFZ); and is exposed for 100 metres in width.

DIRECTORS' REPORT (Continued)

The host rock is a Quaternary volcanic sequence of tuffs and lavas and the prospect appears to be constrained and flanked north and south along strike by volcanic flows; truncated to the west by the SFZ, and dips under volcanic flows in the east.

There is significant potential for the Rawang project to host a high grade mineable ore body, as the mineralisation is exposed in 10 east-west trending trenches and exposes multiple stacked sheets of blocky magnetite, roughly dipping in sympathy with the slope.

A previous exploration report indicated that approximately 150,000 tons of material could be present. The occurrence of multiple stacked sheets, along with drilling to define the lateral extent of the deposit, could increase this estimate significantly.

The Rawang Project has produced significant regional geochemical results with consistent grades of around 64%Fe. Composite trench sampling has peaked at 89.25%Fe.

The potential to unlock high grade iron ore mineralisation along strike and down plunge of the Rawang Prospect provides an opportunity to bring early production and cash flow to the Company.

Coziron is now focused on rapidly exploring the Rawang prospect. A Diamond Drilling program of approximately 3,000 metres over 40 holes has been planned and the drill rig is being mobilised to site towards the end of October.

Landsat images and geophysical data are being sourced to further assist with exploration.

Kunyit Iron Ore Project

The Kunyit Project is located within the Barisan Mountain Range, approximately 130 kilometres east-south-east of Padang in West Sumatra. Kunyit is situated within the district of Solak South, and within the municipality of Sangir Jujuhan.

Access from Padang can be achieved via Kotabaru Township (37kms NNE of Kunyit), situated on the Trans Sumatran Highway and railway line; or, from Padangaro Township (38kms SW of Kunyit).

Access is sealed to within 10 kilometres, with a well maintained gravel road extending to the lease area.

The KP (KW04139DTS) encompasses an area of 17.89 km².

The Kunyit Project has over 5 kilometres strike of prospective magnetite iron ore with three main prospect areas identified; namely Bukit 1, Bukit 2 and Bukit 3. Recent, although limited exploration undertaken by Wiseworks, has identified magnetite occurrences with assays up to 66.30%Fe.

The project offers a number of significant targets for the discovery of massive high grade magnetite. The vertical dimensions and strike of each Bukit is unknown and requires further testing to determine a potential resource containing several tens of millions of tonnes of material.

Planning of first pass exploration involving soil sampling, geological mapping and trenching has been programmed for Kunyit. Field work is expected to commence in October/November.

DIRECTORS' REPORT (Continued)

Acquisition of Landsat imagery has been instigated, and database updates and enhancements have been undertaken which will assist in advancing our understanding of the regional geology, the nature of surface material, and provide base maps for coming programs.

Lubuk Gadang Lead Zinc Project

The Lubuk Gadang ("Lubuk") Project is an extended exploration license (KW04138DTC) and has a KP license under application which covers a highly prospective area of 5km². The project is located in the district of Solak South and within the municipality of Sangir Jujuhan and is situated 7 kilometres northwest from the town of Padangaro, and 115 kilometres southeast of Padang City.

The low grade metamorphic rocks of the Barisan Mountain Range are host to the project area where relative topographies range between 500m and 1000m in altitude.

Historically the area was explored and mined by the Dutch pre WWII and discoveries of three main prospective areas were established:

- Pamomongan Vein 11 (Pb + Zn + Ag) deposit
- Sungai Alai (Pb + Zn + Ag + Au + As) deposit
- Pamomongan Serpentinities (Ni + Cr)

Various adits, stopes and cross drives are relic to the exploration activity.

The Pamomongan Vein 11 Prospect was estimated in 1917 to contain 2 million tons of ore (Ravex Pty Ltd, November 2005 - Wisework Investment Report), but was never exploited. Recent and historic sampling from this prospect has returned significant values of 30.6%Zn, 0.23%Pb, 27ppm Ag and 0.47ppmAu, and 8.0%Zn, 5.5%Pb, 312g/t Ag and 1.84g/t Au respectively.

In 1938 the Sungai Alai Prospect was estimated to contain 200,000 tonnes of ore, with channel sampling returning values of 1.60%Zn and 2.4%Pb.

The Project offers a number of excellent targets for the potential discovery of significant Zn/Pb mineralisation and is located in the highly prospective Trans Sumatran Fault Zone (TSFZ), which is host to the Herald Resources Anjing Hitam (Dairi) Project. Here, an indicated resource of 7.7Mt @ 16.0%Zn, 9.8%Pb and 12.0g/t Ag has been proven. A further 9.3Mt @ 7.7%Zn, 4.2%Pb and 6.0g/t Ag is inferred.

Regional geochemical sampling of exposed vein sets, stabilisation and mapping of the underground workings, and later, drilling to test the down dip extensions of the lodes has been programmed.

Inderapura Coal Project Area

The Inderapura Project area consists of four tenements; namely Inderapura (KW05191BBI), Tapan (KW05199BBT), Tapan (KW05192BBT) and lastly Lunang (KW05193BBT).

The Projects are located in the Pesisir Selaten reGENCY of West Sumatra, at the western base of the Barisan Mountains, approximately 180 kilometres by sealed road SSE of Padang City.

The Inderapura coal project encompasses a significant landholding of 107 square kilometres over the Lemau Formation which is a known host for significant coal deposition and current mining activities.

DIRECTORS' REPORT (Continued)

Occurrences of coal have been known since Dutch Colonial times but there has been no systematic evaluation of the coal sequence. The Mines Department investigated an area in the NW of Tapan 05199BBT, with hand auger drill samples being collected over 26 holes; in which 18 intercepted coal. Low angle dips of 12° to 20° were incurred and the area covered by drilling measures approximately 1.4kms by 1.5kms. Their report describes 4 mappable coal seams ranging in thickness from 0.60m to 1.80m, with laboratory analysis reporting calorific values varying from 2,342, to 6,645 kcal/g.

Recent exploration conducted by Wiseworks involved regional reconnaissance mapping and sampling and located a large number of coal occurrences over a 30 km strike zone extending SE from Inderapura. Observed coal is reported as hard, bright, conchoidal fracturing, generally well banded, with seams of 0.30 to 2.20m in thickness. Laboratory analysis from their sampling indicates the following average qualities from seven samples: CV=6,829, Su=0.86%, Ash=12.10%, Moisture=2.47%.

The coal deposits occur 20kms to 55kms from the Inderapura River mouth, which has an established loading wharf. Road infrastructure is advanced in the area with the Trans Sumatran Highway running parallel and SW of all four tenements making any mining operation simple, and cost effective.

The tenements are highly prospective and a high tonnage coal resource of quality coal could be proven.

Database upgrading and the acquisition of Landsat Imagery, along with first pass program planning have been undertaken.

6. *SIGNIFICANT CHANGES IN STATE OF AFFAIRS*

The following significant changes in the state of affairs of the Consolidated Entity occurred during the financial year:

On 18 January 2006, the Company issued 10,000,000 ordinary shares at \$0.001 each to promoters of the Company.

On 31 January 2006 the Company issued 1,300,000 ordinary shares at nil consideration to promoters of the Company.

On 3 March 2006, the Company issued 29,300,000 ordinary shares at \$0.04 each to raise \$1,172,000 of seed capital.

On 31 March 2006, the Company issued 2,500,000 ordinary shares at \$0.08 each to raise \$200,000 of seed capital.

On 7 April 2006, the Company issued 3,000,000 ordinary shares at \$0.10 each to raise a further \$300,000 of seed capital.

On 7 April 2006, the Company acquired all of the issued capital in PT Coziron Pertambangan, an entity established in Indonesia.

Other than stated above, there were no significant changes in the state of affairs of the Company during the financial year.

DIRECTORS' REPORT (Continued)**7. AFTER BALANCE DATE EVENTS**

On 29 August 2006, the Company completed an IPO raising \$3.5 million through the issue of 17,500,000 fully paid shares and successfully listed on the Australian Stock Exchange.

Apart from the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

8. INFORMATION ON DIRECTORS

Richard Tan Executive Chairman

Qualifications

Experience Richard is a fellow member of the Chartered Certified Accountants UK, and has been a practicing accountant for more than 20 years in Australia. Richard was a substantial shareholder and director of a number of education companies in Australia, that subsequently involved in the creation of IBT Education Ltd, a company listed on ASX. Richard is currently the President of the Western Australian Chinese Chamber of Commerce and a director of a number of private companies.

Interest in Shares	10,000,001	Fully paid Ordinary Shares
Interest in Options	1,500,000	25 cent options exercisable on or before 31/12/09

Lam Fatt Tan Executive Director

Qualifications

Experience Mr Tan has over 20 years' business experience in both Australia and Malaysia, developing businesses, managing the corporate restructure of public companies and industry liaison. Lam Fatt Tan has previously held directorships in Malaysian public companies and is currently the Vice-President of the Western Australian Chinese Chamber of Commerce and a director of a number of private companies.

Interest in Shares	10,000,001	Fully paid Ordinary Shares
Interest in Options	1,500,000	25 cent options exercisable on or before 31/12/09

DIRECTORS' REPORT (Continued)

Greg Burns Executive Director

Qualifications BSc (Geol)

Experience Greg is a geologist with over 12 years' experience in mineral exploration after graduating from the University of Canterbury in New Zealand. Greg has extensive skills in all areas of exploration geology from field programs to office-based management, project appraisal and data interpretation. Greg has held positions as an exploration manager with numerous exploration companies in Australia, including Adamus Resources Ltd, which involved working on the highly successful Salman Gold project in Ghana. Greg is a director of a number of other private companies.

Interest in Shares	350,000	Fully paid Ordinary Shares
Interest in Options	1,000,000	20 cent options exercisable on or before 31/1/09

George Lazarou Non-executive Director

Qualifications BCom, CA

Experience George is a qualified Chartered Accountant who has over 13 years' experience, including the last 5 as a Partner with a West Perth accounting firm, specialising in the areas of Audit, Advisory and Corporate Services. George has extensive skills in the areas of audit, corporate services, due diligence, independent expert reports, merger & acquisitions and valuations. George also brings with him a high level of commercial skills having worked closely with publicly listed companies in the mining, building, engineering, environmental and construction industries. George is also currently a non-executive director of Cortona Resources Ltd.

Interest in Shares	100,000	Fully paid Ordinary Shares
Interest in Options	250,000	20 cent options exercisable on or before 31/1/09

Directorships of other listed companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
George Lazarou	Cortona Resources Limited	Appointed 12 January 2006

DIRECTORS' REPORT (Continued)**9. MEETINGS OF DIRECTORS**

The number of directors' meetings held during the financial year each director held office during the financial year and the number of meetings attended by each director are:

Director	Directors Meetings	
	Number Eligible to Attend	Meetings Attended
Richard Tan	12	12
Lam Fatt Tan	12	12
Greg Burns	8	8
George Lazarou	7	7
Ah Aun Ong	6	6
Sugito Djojoputra	-	-

The Company does not have a formally constituted audit committee as the board considers that the company's size and type of operation do not warrant such a committee.

10. FUTURE DEVELOPMENTS

The Economic Entity will continue its mineral exploration activity at and around its exploration projects with the object of identifying commercial resources.

11. ENVIRONMENTAL ISSUES

The Company is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work.

12. REMUNERATION REPORT**Remuneration Policy**

The remuneration policy of Coziron Resources Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates and offering specific long-term incentives based on key performance areas affecting the economic entity's financial results. The board of Coziron Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors and executives to run and manage the economic entity.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the economic entity is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board reviews executive packages annually by reference to the economic entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

DIRECTORS' REPORT (Continued)

Executives are also entitled to participate in the employee share and option arrangements.

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Options are valued using the Black-Scholes method.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently \$150,000). Fees for non-executive directors are not linked to the performance of the economic entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in the employee option plan.

Performance based remuneration

The company has no performance based remuneration component built into director and executive remuneration packages.

Company performance, shareholder wealth and director's and executive's remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. Currently, this is facilitated through the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The company believes the policy will be effective in increasing shareholder wealth. For details of directors and executives interests in options at year end, refer note 14 of the financial statements.

Employment contracts of key management personnel

For details of service agreements between key management personnel and Coziron Resources Limited, refer note 14 of the financial statements.

DIRECTORS' REPORT (Continued)**Compensation of key management personnel for the period ended 30 June 2006**

	SHORT-TERM BENEFITS			POST EMPLOYMENT		SHARE-BASED PAYMENT		TOTAL
	Salary & Fees	Cash Bonus	Non-Monetary	Superannuation	Retirement Benefits	Equity	Options	\$
Directors								
Richard Tan – Executive Chairman								
2006	5,000	-	-	450	-	-	-	5,450
2005	-	-	-	-	-	-	-	-
Lam Fatt Tan – Executive Director								
2006	5,000	-	-	450	-	-	-	5,450
2005	-	-	-	-	-	-	-	-
Greg Burns – Executive Director (appointed 10 April 2006)								
2006	12,000	-	-	1,080	-	-	-	13,080
2005	-	-	-	-	-	-	-	-
George Lazarou – Non-Executive Director (appointed 22 May 2006)								
2006	-	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-	-
Sugito Djojoputra – Executive Director (resigned 2 November 2005)								
2006	-	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-	-
Ah Aun Ong – Executive Director (appointed 2 November 2005; resigned 1 June 2006)								
2006	-	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-	-
Total Remuneration								
2006	22,000	-	-	1,980	-	-	-	23,980
2005	-	-	-	-	-	-	-	-

Compensation options granted during the year ended 30 June 2006

No compensation options were granted during the year ended 30 June 2006.

Performance income as a proportion of total income

No performance based bonuses have been paid to key management personnel during the financial year.

13. OPTIONS

At the date of this report unissued ordinary shares of the Company under option are:

Expiry Date	Exercise Price	Number of Shares
31 January 2009	\$0.20	1,250,000
31 December 2009	\$0.25	3,250,000

There have been no issue of ordinary shares as a result of the exercise of options during or since the end of the financial year.

DIRECTORS' REPORT (Continued)**14. INDEMNIFYING OFFICERS OR AUDITOR**

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every Officer, auditor or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer, auditor or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

15. PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or 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 any part of these proceedings.

The Company was not a party to any such proceedings during the year.

16. AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2006 has been received and can be found on page 14 of annual report.

17. NON-AUDIT SERVICES

The board of directors, in accordance with advice from the audit committee, is satisfied that no non-audit services were performed during the year by the Company's auditors.

Signed in accordance with a resolution of the Board of Directors.



Richard Tan
Executive Chairman

Dated this 30th day of October 2006



To The Board of Directors

**Auditor's Independence Declaration
under Section 307C of the Corporations Act 2001**

This declaration is made in connection with our audit of the financial report of Coziron Resources Limited and controlled entities for the financial year ended 30 June 2006 and in accordance with the provisions of the Corporations Act 2001.

We declare that, to the best of our knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit;
- No contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to the audit.

Yours faithfully

Rix Levy Fowler

RIX LEVY FOWLER
Chartered Business Advisors

CHRIS WATTS
Partner

DATED at PERTH this 30th day of October 2006

INCOME STATEMENT
For the Year Ended 30 June 2006

		Economic Entity	Company	
	Note	2006	2006	Period ended 30 June 2005
		\$	\$	\$
Revenue		-	-	-
Employee benefit expense	2	(23,980)	(23,980)	-
Consultancy expense		(58,217)	(58,217)	-
Travel expenses		(28,319)	(28,319)	-
Administration		(5,369)	(5,369)	(2,212)
Loss before income tax expense	2	(115,885)	(115,885)	(2,212)
Income tax expense	4	-	-	-
Net Loss attributable to members		(115,885)	(115,885)	(2,212)
Basic loss per share (cents per share)	18	0.72	0.72	
Diluted loss per share (cents per share)	18	0.61	0.61	

The accompanying notes form part of these financial statements.

BALANCE SHEET
As at 30 June 2006

	Note	Economic Entity 2006 \$	Company 2006 \$	2005 \$
CURRENT ASSETS				
Cash and cash equivalents	5	140,664	140,664	3
Trade and other receivables	6	3,409	3,409	-
Other assets	7	1,049	1,049	
TOTAL CURRENT ASSETS		145,122	145,122	3
NON CURRENT ASSETS				
Trade and other receivables	6	-	1,395,680	-
Exploration assets	8	1,410,892	-	-
Other financial assets	9	-	15,212	-
TOTAL NON CURRENT ASSETS		1,410,892	1,410,892	-
TOTAL ASSETS		1,556,014	1,556,014	3
CURRENT LIABILITIES				
Trade and other payables	11	25,736	25,736	2,212
TOTAL CURRENT LIABILITIES		25,736	25,736	2,212
TOTAL LIABILITIES		25,736	25,736	2,212
NET ASSETS/(LIABILITIES)		1,530,278	1,530,278	(2,209)
EQUITY				
Issued Capital	12	1,648,375	1,648,375	3
Accumulated losses	13	(118,097)	(118,097)	(2,212)
TOTAL EQUITY/(DEFICIENCY)		1,530,278	1,530,278	(2,209)

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT
For the Year Ended 30 June 2006

	Economic Entity 2006	2006	Company Period ended 30 June 2005
Note	\$	\$	\$
Cash Flows from Operating Activities			
- Payments to suppliers and employees	(95,456)	(95,456)	-
<i>Net cash used in operating activities</i>	19 (ii) (95,456)	(95,456)	-
Cash Flows from Investing Activities			
- Purchase of exploration assets	(1,410,892)	-	-
- Loan to subsidiary	-	(1,395,680)	-
- Investment in subsidiary	-	(15,212)	-
<i>Net cash used in investing activities</i>	(1,410,892)	(1,410,892)	-
Cash Flows from Financing Activities			
- Proceeds from issue of shares	1,682,000	1,682,000	3
- Payments for cost of issue of shares	(34,991)	(34,991)	3
<i>Net cash provided by financing activities</i>	1,647,009	1,647,009	3
Net increase in cash held	140,661	140,661	3
Cash at beginning of financial year	3	3	-
Cash at end of financial year	19 (i) 140,664	140,664	3

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 June 2006

Economic Entity	Note	Issued Capital	Accumulated Losses	Total
		\$	\$	\$
At the beginning of financial year		3	(2,212)	(2,209)
Issue of share capital	12	1,682,000	-	1,682,000
Capital raising costs	12	(33,628)	-	(33,628)
Loss for the year	13	-	(115,885)	(115,885)
Balance at 30 June 2006		1,648,375	(118,097)	1,530,278

The Company		Issued Capital	Accumulated Losses	Total
		\$	\$	\$
At the beginning of financial period		-	-	-
Issue of share capital	12	3	-	3
Loss for the period	13	-	(2,212)	(2,212)
Balance at 30 June 2005		3	(2,212)	(2,209)
Issue of share capital	12	1,682,000	-	1,682,000
Capital raising costs	12	(33,628)	-	(33,628)
Loss for the year	13	-	(115,885)	(115,885)
Balance at 30 June 2006		1,648,372	(118,097)	1,530,278

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2006

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, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the economic entity of Coziron Resources Limited and its controlled entities, and Coziron Resources Limited as an individual parent entity. Coziron Resources Limited is a listed public company, incorporated and domiciled in Australia.

The financial report of Coziron Resources Limited and controlled entities, and Coziron Resources Limited as an individual parent entity comply with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS').

This is the first financial report prepared based on AIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly except for the adoption of AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement. The Company has adopted the exemption under AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards from having to apply AASB 132 and AASB 139 to the comparative period. The transition from previous GAAP to AIFRS has not effected the consolidated entity's financial performance, position and cashflows at the date of transition or at the latest date of reporting in the consolidated entity's most recent financial report under previous GAAP.

The financial report has also been prepared on a historical cost basis, except for derivative financial instruments and available for-sale financial assets that have been measured at fair value.

(a) Principles of Consolidation

A controlled entity is any entity Coziron Resources Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 10 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2006

Subsidiary acquisitions are accounted for using the purchase method of accounting.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Coziron Resources Limited.

(b) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(c) Critical Accounting Judgements, Estimates and Assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Exploration and evaluation costs

Acquisition, exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward in respect of an area that has not at balance sheet date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing.

(d) Earnings Per Share

Basic earnings per share ("EPS") is calculated by dividing the net profit attributable to members for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

(e) Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- (i) such costs are expected to be recouped through successful development and exploitation or from sale of the area; or
- (ii) exploration and evaluation activities in the area have not, at balance date, reached a stage which permit a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2006

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(f) Foreign Currency Translation

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when the fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained profits are translated at the exchange rate prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2006

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(h) Impairments

At each reporting date the Company assesses whether there is any indication whether there is any indication that an asset may be impaired. Where an indication of impairment exists, the Company makes a formal estimate of recoverable amount. Where carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or Company assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(i) Income Tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither that accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2006

foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and are not in the income statement.

(j) Issued Capital

Ordinary shares are classified as equity.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(k) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Revenue is recognised as the interest accrues.

(l) Trade and Other Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(m) Trade and Other Receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

Receivables from related parties are recognised and carried at the nominal amount due. Interest is taken up as income on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2006

(n) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the income statement.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

(o) Comparatives

Comparative balances for the Company cover the period from incorporation being 9 February 2005 to 30 June 2005.

	Economic Entity 2006	Company 2006	Period Ended 30 June 2005
	\$	\$	\$
2. EXPENSES			
Loss before income tax has been determined after following specific expenses:			
Employee benefits expense			
- Salary	22,000	22,000	-
- Superannuation	1,980	1,980	-
	23,980	23,980	-
3. AUDITORS' REMUNERATION			
Remuneration of the auditor for:			
- Auditing or reviewing the financial report	2,000	2,000	1,000
- Other services	-	-	-
	2,000	2,000	1,000

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2006

	Economic Entity 2006	Company 2006	Period Ended 30 June 2005
	\$	\$	\$
4. INCOME TAX			
a. The components of tax expense comprise:			
Current tax	-	-	-
Deferred tax	-	-	-
	-	-	-
b. The prima facie tax benefit on loss before income tax is reconciled to the income tax as follows:			
Prima facie tax benefit on loss before income tax at 30% (2005: 30%)	(34,766)	(34,766)	(664)
Add:			
Tax effect of:			
- Revenue losses not recognised	6,573	6,573	73
- Foreign losses not recognised	29,208	29,208	-
- Other deferred tax balances not recognised	-	-	591
	35,781	35,781	664
Less:			
Tax effect of:			
- Other deferred tax balances not recognised	1,015	1,015	-
	1,015	1,015	-
Income tax	-	-	-
The applicable weighted average effective tax rates are as follows:	0%	0%	0%
c. The following deferred tax balances at 30% (2005: 30%) have not been recognised:			
Deferred Tax Assets:			
Carry forward revenue losses	6,646	6,646	73
Carry forward foreign losses	29,208	29,208	-
Capital raising costs	8,071	8,071	-
Provisions and accruals	1,296	1,296	300
Other	297	297	291
	45,518	45,518	664

The tax benefits of the above Deferred Tax Assets will only be obtained if:

- (a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- (b) the company continues to comply with the conditions for deductibility imposed by law; and
- (c) no changes in income tax legislation adversely affect the company in utilising the benefits.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2006

	Economic Entity 2006	Company 2006	Period Ended 30 June 2005
	\$	\$	\$
5. CASH AND CASH EQUIVALENTS			
Current			
Cash at Bank	140,664	140,664	3
6. TRADE AND OTHER RECEIVABLES			
Current			
GST Receivable	3,409	3,409	-
Non Current			
Loan to subsidiary (Note 15(b))	-	1,395,680	-
7. OTHER ASSETS			
Current			
Prepayments	1,049	1,049	3
8. EXPLORATION ASSETS			
Costs carried forward in respect of areas of interest in:			
Exploration and evaluation phases – at cost	1,410,892	-	-
Brought forward	-	-	-
Consideration for the exploration assets acquired during the period	1,410,892	-	-
Exploration expenditure capitalised during the year	-	-	-
Exploration expenditure written off	-	-	-
At reporting date	1,410,892	-	-
9. OTHER FINANCIAL ASSETS			
Non Current			
Investment in subsidiary	-	15,212	-

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2006

10. INTEREST IN CONTROLLED ENTITIES

(a) Controlled entities consolidated

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

Name	Country of Incorporation	Class of Shares	Equity Holding *
PT Coziron Pertambangan	Indonesia	Ordinary	100%

* Percentage of voting power is in proportion to ownership.

(b) Acquisition of controlled entities

On 7 April 2006, Coziron Resources Limited acquired 100% of PT Coziron Pertambangan with Coziron Resources Limited entitled to all profits earned from this date for a purchase consideration of \$15,212.

	Economic Entity 2006	Company	
	2006	2006	Period Ended 30 June 2005
	\$	\$	\$
11. TRADE AND OTHER PAYABLES			
Current			
Trade creditors	25,736	25,736	1,000
Loan from director-related entity	-	-	1,212
	25,736	25,736	2,212

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2006

12. ISSUED CAPITAL	Economic Entity 2006 \$	Company 2006 \$	2005 \$
(a) 46,100,003 (2005:3) fully paid ordinary shares	1,648,375	1,648,375	3
(b) 4,500,000 (2005: nil) options	-	-	-

(a) Movements in fully paid ordinary shares on issue:

<i>Ordinary Shares</i>	Economic Entity		Company	
	\$	Number	\$	Number
At the beginning of the reporting period	3	3	3	3
Shares issued during the year:				
Promoter shares issued on 18 January 2006 at 0.001 cents each	10,000	10,000,000	10,000	10,000,000
Promoter shares issued on 31 January 2006 for no consideration	-	1,300,000	-	1,300,000
Seed capital shares issued on 3 March 2006 at 4 cents each	1,172,000	29,300,000	1,172,000	29,300,000
Seed capital shares issued on 31 March 2006 at 8 cents each	200,000	2,500,000	200,000	2,500,000
Seed capital shares issued on 7 April 2006 at 10 cents each	300,000	3,000,000	300,000	3,000,000
Capital raising costs	(33,628)	-	(33,628)	-
At reporting date	<u>1,648,375</u>	<u>46,100,003</u>	<u>1,648,375</u>	<u>46,100,003</u>

(b) Movements in options on issue:

<i>Options</i>	Economic Entity		Company	
	\$	Number	\$	Number
At the beginning of the reporting period	-	-	-	-
Shares issued during the year:				
Options exercisable at 20 cents on or before 31 January 2009 for nil consideration	-	1,250,000	-	1,250,000
Options exercisable at 25 cents on or before 31 December 2009 for nil consideration	-	3,250,000	-	3,250,000
At reporting date	<u>-</u>	<u>4,500,000</u>	<u>-</u>	<u>4,500,000</u>

(c) Terms of Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2006

12. ISSUED CAPITAL (continued)

At shareholders meetings each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

(d) Terms of Options

At the end of reporting period, there are 4,500,000 options over unissued shares as follows:

- 1,250,000 unlisted options exercisable at 20 cents on or before 31 January 2009; and
- 3,250,000 unlisted options exercisable at 25 cents on or before 31 December 2009.

	Economic Entity 2006 \$	Company 2006 \$	2005 \$
13. ACCUMULATED LOSSES			
Accumulated losses at the beginning of the reporting period	(2,212)	(2,212)	-
Net loss attributable to members	(115,885)	(115,885)	(2,212)
Accumulated losses at the end of the reporting period	(118,097)	(118,097)	(2,212)

14. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of key management personnel

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

Richard Tan	Executive Chairman
Lam Fatt Tan	Executive Director
Greg Burns	Executive Director (appointed 10 April 2006)
George Lazarou	Non-Executive Director (appointed 22 May 2006)
Ah Aun Ong	Executive Director (appointed 2 November 2005; resigned 1 June 2006)
Sugito Djojoputra	Executive Director (resigned 2 November 2005)

(b) Remuneration policy of key management personnel

The objective of the Company's executive reward framework is set to attract and retain the most qualified and experienced directors and senior executives. The board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness
- Acceptability to shareholders
- Performance linkage
- Capital management

Directors' fees

A director may be paid fees or other amounts as the directors determine where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. A director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2006

14. KEY MANAGEMENT PERSONNEL DISCLOSURES (Continued)

Service agreements

Pursuant to an agreement executed on 14 June 2006, Greg Burns will provide services to the company as an Executive Director. The broad terms of this agreement include:

- during the period commencing on 1 April 2006 and ending on the Listing Date an amount of \$4,000 per month plus superannuation;
- on and from the Listing Date \$80,000 per annum plus superannuation; and
- provision of a mobile phone and all running costs.
- on and from the Listing Date life insurance will be covered up to a maximum of \$3,600 per annum.

The agreement may be terminated by either party by providing 3 months written notice and upon payment of any outstanding fees for services rendered.

Pursuant to an agreement executed on 14 June 2006, Lam Fatt Tan will provide services to the company as an Executive Director. The broad terms of this agreement include:

- during the period commencing on 1 April 2006 and ending on the Listing Date an amount of \$20,000 per annum plus superannuation; and
- on and from the Listing Date \$40,000 per annum plus superannuation.

The agreement may be terminated by either party by providing 3 months written notice and upon payment of any outstanding fees for services rendered.

Pursuant to an agreement executed on 14 June 2006, Richard Tan will provide services to the company as an Executive Director. The broad terms of this agreement include:

- during the period commencing on 1 April 2006 and ending on the Listing Date an amount of \$20,000 per annum plus superannuation; and
- on and from the Listing Date \$40,000 per annum plus superannuation.

The agreement may be terminated by either party by providing 3 months written notice and upon payment of any outstanding fees for services rendered.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2006

14. KEY MANAGEMENT PERSONNEL DISCLOSURES (Continued)

(c) Compensation of key management personnel by individual

	SHORT-TERM BENEFITS			POST EMPLOYMENT		SHARE-BASED PAYMENT		TOTAL
	Salary & Fees	Cash Bonus	Non-Monetary	Superannuation	Retirement Benefits	Equity	Options	\$
Directors								
Richard Tan – Executive Chairman								
2006	5,000	-	-	450	-	-	-	5,450
2005	-	-	-	-	-	-	-	-
Lam Fatt Tan – Executive Director								
2006	5,000	-	-	450	-	-	-	5,450
2005	-	-	-	-	-	-	-	-
Greg Burns – Executive Director (appointed 10 April 2006)								
2006	12,000	-	-	1,080	-	-	-	13,080
2005	-	-	-	-	-	-	-	-
George Lazarou – Non-Executive Director (appointed 22 May 2006)								
2006	-	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-	-
Sugito Djojoputra – Executive Director (resigned 2 November 2005)								
2006	-	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-	-
Ah Aun Ong – Executive Director (appointed 2 November 2005; resigned 1 June 2006)								
2006	-	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-	-
Total Remuneration								
2006	22,000	-	-	1,980	-	-	-	23,980
2005	-	-	-	-	-	-	-	-

(d) Compensation options: Granted and vested during the year

There was no compensation options issued to key management personnel in 2006.

(e) Shares issued on exercise of compensation options

There were no shares issued on exercise of compensation options during the year.

(f) Option holdings of key management personnel

2006

	Balance at beginning period	Granted as Remuneration	Exercised	Bought & (Sold) *	Balance at 30.06.06	Total Vested at 30.06.06	Total Exercisable at 30.06.06
Richard Tan	-	-	-	1,500,000	1,500,000	1,500,000	1,500,000
Lam Fatt Tan	-	-	-	1,500,000	1,500,000	1,500,000	1,500,000
Sugita Djojoputra	-	-	-	-	-	-	-
Ah Aun Ong	-	-	-	-	-	-	-
Greg Burns	-	-	-	1,000,000	1,000,000	1,000,000	1,000,000
George Lazarou	-	-	-	250,000	250,000	250,000	250,000
	-	-	-	4,250,000	4,250,000	4,250,000	4,250,000

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2006

14. KEY MANAGEMENT PERSONNEL DISCLOSURES (Continued)

(g) Shareholdings of key management personnel

2006	Balance at beginning period	Granted as Remuneration	On Exercise of Options	Bought & (Sold)	Balance at 30.06.06
Richard Tan	1	-	-	10,000,000	10,000,001
Lam Fatt Tan	1	-	-	10,000,000	10,000,001
Sugito Djojoputra	1	-	-	(1)	-
Ah Aun Ong	-	-	-	-	-
Greg Burns	-	-	-	350,000	350,000
George Lazarou	-	-	-	100,000	100,000
	3	-	-	20,449,999	20,450,002

2005	Balance at beginning period	Granted as Remuneration	On Exercise of Options	Bought & (Sold)	Balance at 30.06.05
Richard Tan	-	-	-	1	1
Lam Fatt Tan	-	-	-	1	1
Sugito Djojoputra	-	-	-	1	1
	-	-	-	3	3

(h) Loans to key management personnel

No loans were made to key management personnel of the company during the financial year.

(i) Other transactions and balances with key management personnel

During the year KKH (Aus) Holdings Pty Ltd, a company associated with Mr Lam Fatt Tan, lent the company \$15,000. This amount was repaid in full by the Company before the end of the financial year.

During the year Wisework Investments Pty Ltd, a company associated with Mr Richard Tan and Mr Lam Fatt Tan, lent the company \$1,388,795.25. This amount was repaid in full by the Company through the issue on 3 March 2006 of 29,300,000 shares at an issue price of 4 cents each, the issue on 31 March 2006 of a further 2,500,000 shares at 8 cents each, with a final cash payment of \$28,795.25 being made on 6 June 2006 representing full settlement of the outstanding loan.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2006

15. RELATED PARTY DISCLOSURES

(a) Parent entity

The ultimate parent entity within the Group is Coziron Resources Limited.

(b) Wholly-owned group transactions

Loans

Coziron Resources Limited has provided an unsecured, interest free loan to its wholly owned subsidiary, PT Coziron Pertambangan totalling \$1,395,680 at balance date. There were no repayments made during the year.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 14 and the Directors' Report.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Economic Entity's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the economic entity. The Economic Entity also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the period under review, it has been the Economic Entity's policy not to trade in financial instruments

The main risks arising from the Economic Entity's financial instruments are interest rate risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Interest Rate Risk

The Economic Entity is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The Economic Entity does not have short or long term debt, and therefore this risk is minimal.

(b) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Economic Entity. The Economic Entity has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Economic Entity does not have any significant credit risk exposure to any single counterparty or any economic entity of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the economic entity's maximum exposure to credit risk.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2006

17. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The Company's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table:

2006	Floating interest rate \$	Fixed interest maturing in			Non-Interest bearing \$	Total \$
		1 year or less \$	over 1 year less than 5 \$	more than 5 years \$		
Financial Assets						
Cash at bank	-	-	-	-	140,664	140,664
Trade & other receivables	-	-	-	-	3,409	3,409
	-	-	-	-	144,073	144,073
Weighted Average Interest Rate	-	-	-	-	-	-
Financial Liabilities						
Trade & other creditors	-	-	-	-	(25,736)	(25,736)
	-	-	-	-	(25,736)	(25,736)
Weighted Average Interest Rate	-	-	-	-	-	-
2005						
2005	Floating interest rate \$	Fixed interest maturing in			Non-Interest bearing \$	Total \$
		1 year or less \$	over 1 year less than 5 \$	more than 5 years \$		
Financial Assets						
Cash at bank	-	-	-	-	3	3
Trade & other receivables	-	-	-	-	-	-
	-	-	-	-	3	3
Weighted Average Interest Rate	-	-	-	-	-	-
Financial Liabilities						
Trade & other creditors	-	-	-	-	(2,212)	(2,212)
	-	-	-	-	(2,212)	(2,212)
Weighted Average Interest Rate	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2006

17. FINANCIAL INSTRUMENTS (continued)

(b) Financial assets

Trade receivables from other entities are carried at nominal amounts less any provision for doubtful debts.

Other receivables are carried at nominal amounts due. Interest is taken up as income on an accruals basis.

(c) Financial liabilities

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Economic Entity.

(d) Equity

Ordinary share capital is recognised at the fair value of the consideration received by the Economic Entity.

(e) Credit risk exposures

The credit risk on financial assets of the economic entity has been recognised on the statement of financial position and is generally the carrying amount net of any provisions for doubtful debts.

The Economic Entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into.

(f) Net fair value of financial assets and liabilities

The carrying amount of cash and cash equivalents approximates fair value because of their short-term maturity.

	Economic Entity 2006 \$	Company 2006 \$
18. EARNINGS PER SHARE		
(a) Loss used in the calculation of basic earnings per share	(115,885)	(115,885)
	<i>Number of shares</i>	<i>Number of shares</i>
(b) Weighted average number of ordinary shares outstanding during the reporting period used in calculation of basic earnings per share:	16,127,750	16,127,750
(c) Weighted average number of ordinary shares outstanding during the reporting period used in calculation of diluted earnings per share:	19,057,695	19,057,695

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2006

	Economic Entity 2006	Company 2006	Period Ended 30 June 2005
19. CASH FLOW INFORMATION	\$	\$	\$
(i) Reconciliation of cash and cash equivalent:-			
Cash on Bank	140,664	140,664	3
(ii) Reconciliation of cash flows from operating activities with loss after income tax			
Loss after income tax	(115,885)	(115,885)	(2,212)
Changes in assets and liabilities			
- Increase in trade and other receivables	(3,095)	(3,095)	-
- Increase in trade and other payables	23,524	23,524	2,212
Net cash (outflows) from Operating Activities	(95,456)	(95,456)	-

(iii) Acquisition of Entity

On 7 April 2006, Coziron Resources Limited acquired 100% of PT Coziron Pertambangan. Details of the acquisition are as follows:-

Purchase consideration	<u>15,212</u>
Cash consideration	<u>15,212</u>
	<u>Book Value</u> <u>Fair Value</u>
Assets and liabilities held at acquisition date:	
Trade and other receivables	<u>15,212</u> <u>15,212</u>
	<u>15,212</u> <u>15,212</u>
Goodwill on consolidation	<u>-</u>

(iv) Non-cash financing and investing activities

The Company did not incur any non-cash financing and investing activities during the financial year ended 30 June 2006.

20. SEGMENT INFORMATION

The Company operates predominantly in one geographical segment, being Indonesia, and in one industry, mineral exploration.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2006

21. EVENTS SUBSEQUENT TO REPORTING DATE

On 29 August 2006, the Company completed an IPO raising \$3.5 million through the issue of 17,500,000 fully paid shares and successfully listed on the Australian Stock Exchange.

Apart from the above, no matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

22. CONTINGENT LIABILITIES

In the opinion of the directors there were no contingent liabilities at 30 June 2006, and the interval between 30 June 2006 and the date of this report

23. COMMITMENTS

(a) Exploration commitments

The Economic Entity has no minimum exploration commitments pursuant to the terms and conditions of Tenement Licences in Indonesia in relation to exploration and rental commitments.

(b) Lease expenditure commitments

The Economic Entity has no operating lease commitments, as it is currently leasing premises on a monthly tenancy.

DIRECTORS' DECLARATION

The directors of Coziron Resources Limited declare that:

1. the financial statements and notes, as set out on pages 15 to 37 are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2006 and of the performance for the year ended on that date of the company and economic entity;
2. the Chief Executive Officer and Chief Finance Officer have each 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 notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view;
3. in the Director's 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 and is signed for and on behalf of the directors by:



Richard Tan
Chairman

Dated this 30th day of October 2006



Independent Audit Report

To the Members of Coziron Resources Limited

Scope

The financial report and directors' responsibility

The financial report comprises the income statement, balance sheet, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Coziron Resources Limited (the company) and Coziron Resources Limited (the consolidated entity) for the year ended 30 June 2006. The consolidated entity comprises both the company and the entities it controlled during the period.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration set out in this financial report has not changed as at the date of providing our audit opinion.

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Independent Audit Report

To the Members of Coziron Resources Limited (CONTINUED)

Audit Opinion

In our opinion, the financial report of Coziron Resources Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2006 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

RIX LEVY FOWLER

RIX LEVY FOWLER
Chartered Business Advisors



CHRIS WATTS
Partner

DATED at PERTH this 30th day of October 2006

CORPORATE GOVERNANCE

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has turned to the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations*. The Company is pleased to advise that the Company's practices are largely consistent with those ASX guidelines. As consistency with the guidelines has been a gradual process, where the Company did not have certain policies or committees recommended by the ASX Corporate Governance Council (the Council) in place during the reporting period, we have identified such policies or committees.

Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company is working towards compliance however it does not consider that all the practices are appropriate for the Company due to the size and scale of Company operations.

To illustrate where the Company has addressed each of the Council's recommendations, the following table cross-references each recommendation with sections of this report. The table does not provide the full text of each recommendation but rather the topic covered. Details of all of the recommendations can be found on the ASX Corporate Governance Council's website at http://www.asx.com.au/about/CorporateGovernance_AA2.shtm

Recommendation	Section
Recommendation 1.1 Functions of the Board and Management	1.1
Recommendation 2.1 Independent Directors	1.2
Recommendation 2.2 Independent Chairman	1.2
Recommendation 2.3 Role of the Chairman and CEO	1.2
Recommendation 2.4 Establishment of Nomination Committee	2.3
Recommendation 2.5 Reporting on Principle 2	1.2, 1.4.6, 2.3.2
Recommendation 3.1 Directors' and Key Executives' Code of Conduct	1.1
Recommendation 3.2 Company Security Trading Policy	1.4.9
Recommendation 3.3 Reporting on Principle 3	1.1 and 1.4.9
Recommendation 4.1 Attestations by CEO and CFO	1.4.11
Recommendation 4.2 Establishment of Audit Committee	2.1
Recommendation 4.3 Structure of Audit Committee	2.1.2
Recommendation 4.4 Audit Committee Charter	2.1
Recommendation 4.5 Reporting on Principle 4	2.1
Recommendation 5.1 Policy for Compliance with Continuous Disclosure	1.4.4
Recommendation 5.2 Reporting on Principle 5	1.4.4
Recommendation 6.1 Communications Strategy	1.4.8
Recommendation 6.2 Attendance of Auditor at General Meetings	1.4.8
Recommendation 7.1 Policies on Risk Oversight and Management	2.1.3
Recommendation 7.2 Attestations by CEO and CFO	1.4.11
Recommendation 7.3 Reporting on Principle 7	2.1.3
Recommendation 8.1 Evaluation of Board, Directors and Key Executives	1.4.10
Recommendation 9.1 Remuneration Policies	2.2.4
Recommendation 9.2 Establishment of Remuneration Committee	2.2
Recommendation 9.3 Executive and Non-Executive Director Remuneration	2.2.4.1 and 2.2.4.2
Recommendation 9.4 Equity-Based Executive Remuneration	2.2.4.1
Recommendation 9.5 Reporting on Principle 9	2.2.2 and 2.2.4
Recommendation 10.1 Company Code of Conduct	3

1. Board of Directors

1.1 Role of the Board

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

To assist the Board carry out its functions, it has developed a Code of Conduct to guide the Directors, the Chief Executive Officer, the Chief Financial Officer and other key executives in the performance of their roles.

1.2 Composition of the Board

To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and scale of operations. Directors are appointed based on the specific skills required by the Company and on their decision-making and judgment skills.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. Mr George Lazarou is a Non-Executive Director and is an independent director as he meets the following criteria for independence adopted by the Company:

An Independent Director is a Non-Executive Director 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 years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member. Or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company or other group member other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- 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.

1.3 Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following.

- Leadership of the Organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board.
- Strategy Formulation: to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
- Overseeing Planning Activities: the development of the Company's strategic plan.

- Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
- Monitoring, Compliance and Risk Management: the development of the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.
- Company Finances: approving expenses and approving and monitoring acquisitions, divestitures and financial and other reporting.
- Human Resources: appointing, and, where appropriate, removing the Chief Executive Officer or Managing Director (CEO / MD) and Chief Financial Officer (CFO) as well as reviewing the performance of the CEO and monitoring the performance of senior management in their implementation of the Company's strategy.
- Ensuring the Health, Safety and Well-Being of Employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.
- Delegation of Authority: delegating appropriate powers to the CEO to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.

Full details of the Board's role and responsibilities are contained in the Board Charter, a copy of which is available for inspection at the Company's registered office.

1.4 Board Policies

1.4.1 Conflicts of Interest

Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the *Corporations Act*, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

1.4.4 Continuous Disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the *ASX Listing Rules* the Company immediately notifies the ASX of information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

1.4.5 Education and Induction

It is the policy of the Company that new Directors undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors include:

- details of the roles and responsibilities of a Director;
- formal policies on Director appointment as well as conduct and contribution expectations;
- access to a copy of the Board Charter;
- guidelines on how the Board processes function;
- details of past, recent and likely future developments relating to the Board;
- background information on and contact information for key people in the organisation;
- an analysis of the Company;
- a synopsis of the current strategic direction of the Company; and
- a copy of the Constitution of the Company.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

1.4.6 Independent Professional Advice

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities.

1.4.7 Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company. Unless there is an exemption under the *Corporations Act* from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

1.4.8 Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- making it easy for shareholders to participate in general meetings of the Company; and
- requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company.

1.4.9 Trading in Company Shares

Due to the size of the Company, the Board does not consider it appropriate to implement a Share Trading Policy. Rather, it reminds directors, officers and employees of the prohibition in the *Corporations Act 2001* concerning trading in the Company's securities when in possession of "inside information".

1.4.10 Performance Review/Evaluation

It is the policy of the Board to conduct evaluation of its performance. The evaluation process was introduced via the Board Charter adopted on 14 June 2006 and will be implemented for the financial year ended 30 June 2006. The objective of this evaluation will be to provide best practice corporate governance to the Company.

1.4.11 Attestations by CEO and CFO

It is the Board's policy, that the CEO and the CFO make the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing the Annual Report. However, as at the date of this report the Company does not have a designated CEO or CFO. These roles are performed by the Managing Director and Company Secretary.

2. Board Committees

2.1 Audit Committee

Due to the size and scale of operations of the Company the full Board undertakes the role of the Audit Committee. Below is a summary of the role and responsibilities of an Audit Committee.

2.1.1 Role

The Audit Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors.

As the whole Board only consists of four (4) members, the Company does not have an audit committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues and an audit committee cannot be justified based on a cost-benefit analysis. However, in accordance with the ASX Listing Rules, the Company is moving towards establishing an audit committee consisting primarily of Independent Directors.

In the absence of an audit committee, the Board sets aside time to deal with issues and responsibilities usually delegated to the audit committee to ensure the integrity of the financial statements of the Company and the independence of the external auditor.

2.1.2 Responsibilities

The Audit Committee or as at the date of this report the full Board of the Company reviews the audited annual and half-yearly financial statements and any reports which accompany published financial statements and recommends their approval to the members.

The Audit Committee or as at the date of this report the full Board of the Company each year reviews the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal.

The Audit Committee or as at the date of this report the full Board of the Company is also responsible for establishing policies on risk oversight and management.

2.1.3 Risk Management Policies

The Board's Charter clearly establishes that it is responsible for ensuring there is a sound system for overseeing and managing risk. As the whole Board only consists of four (4) members, the Company does not have a Risk Management Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

2.2 Remuneration Committee

2.2.1 Role

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

As the whole Board only consists of four (4) members, the Company does not have a remuneration committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

2.2.2 Responsibilities

The responsibilities of a Remuneration Committee, or the full Board include setting policies for senior officers' remuneration, setting the terms and conditions of employment for the Chief Executive Officer, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both Executive and Non-Executive Directors and making recommendations on any proposed changes and undertaking reviews of the Chief Executive Officer's performance, including, setting with the Chief Executive Officer goals and reviewing progress in achieving those goals.

2.2.3 Remuneration Policy¹

Directors' Remuneration for the majority of directors was approved at a Board meeting held on 14 June 2006.

2.2.3.1 Senior Executive Remuneration Policy

The Company is committed to remunerating its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, under the Senior Executive Remuneration Policy the remuneration of senior executive may be comprised of the following:

- fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;
- a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;

- participation in any share/option scheme with thresholds approved by shareholders;
- statutory superannuation.

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration the Company aims to align the interests of senior executives with those of shareholders and increase Company performance.

The value of shares and options were they to be granted to senior executives would be calculated using the Black and Scholes method.

The objective behind using this remuneration structure is to drive improved Company performance and thereby increase shareholder value as well as aligning the interests of executives and shareholders.

The Board may use its discretion with respect to the payment of bonuses, stock options and other incentive payments.

2.2.3.2 Non-Executive Director Remuneration Policy

Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors do not receive performance based bonuses and do not participate in equity schemes of the Company.

Non-Executive Directors are entitled to but not necessarily paid statutory superannuation.

2.2.4 Current Director Remuneration

Full details regarding the remuneration of Directors, is included in the Directors' Report.

2.3 Nomination Committee

2.3.1 Role

The role of a Nomination Committee is to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times.

As the whole Board only consists of four (4) members, the Company does not have a nomination committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

2.3.2 Responsibilities

The responsibilities of a Nomination Committee would include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Nomination Committee would also oversee management succession plans including the CEO/ MD and his/her direct reports and evaluate the Board's performance and make recommendations for the appointment and removal of Directors. Currently the Board as a whole performs this role.

2.3.3 Criteria for selection of Directors

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least two Directors with experience appropriate to the Company's target market. In addition, Directors should have the relevant blend of personal experience in accounting and financial management and Director-level business experience.

3. Company Code Of Conduct

The Board has decided against the implementation of a code of conduct as it does not believe that it is in the best interests of its employees or other stakeholders to have what purports to be an exhaustive code of conduct. The Board feels that such a code may be too prescriptive and not allow the employees the discretion they need to best serve the Company's stakeholders.

ADDITIONAL SHAREHOLDER INFORMATION

Shareholding

The distribution of members and their holdings of equity securities in the company as at 26 October 2006 was as follows:

Number Held as at 26 October 2006	Class of Equity Securities Fully Paid Ordinary Shares
1-1,000	1
1,001 - 5,000	13
5,001 – 10,000	202
10,001 - 100,000	237
100,001 and over	54
Totals	507

Holders of less than a marketable parcel:- fully paid shares 1

Substantial Shareholders

The names of the substantial shareholders listed in the Company's register as at 26 October 2006

Shareholder	Number
KHH (Aus) Holdings Pty Ltd <KHH A/C>	10,000,001
Australian Glamour Pty Ltd <R F Tan Family A/C>	5,000,001
Australian Glamour Pty Ltd <R & F Tan Family Superannuation A/C>	5,000,000
Prosperity Assets Ventures Ltd	5,000,000

Unquoted Securities

The Company has issued the following unquoted securities:

Class of Equity Security	Number	Number of Security Holders
31 January 2009 Options \$0.20	1,250,000	2
31 December 2009 Options \$0.25	3,250,000	3

Restricted Securities

The Company has issued the following restricted securities:

Class of Equity Security	Number	Date Ceasing To Be Restricted Securities
Ordinary Fully Paid	15,440,000	3 March 2007
Ordinary Fully Paid	1,500,000	31 March 2007
Ordinary Fully Paid	1,475,000	7 April 2007
Ordinary Fully Paid	19,325,002	29 August 2008
31 December 2009 Options \$0.25	250,000	6 November 2006
31 January 2009 Options \$0.20	1,250,000	29 August 2008
31 December 2009 Options \$0.25	3,000,000	29 August 2008

ADDITIONAL SHAREHOLDER INFORMATION (Continued)***Voting Rights*****Ordinary Shares**

In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

Twenty Largest Shareholders

The names of the twenty largest ordinary fully paid as at 26 October 2006 are as follows:

Name	Number of Ordinary Fully Paid Shares Held	Held of Issued Ordinary Capital
KHH (Aus) Holdings Pty Ltd <KHH A/C>	10,000,001	15.72
Australian Glamour Pty Ltd <R F Tan Family A/C>	5,000,001	7.86
Australian Glamour Pty Ltd <R & F Tan Family Superannuation A/C>	5,000,000	7.86
Prosperity Assets Ventures Ltd	5,000,000	7.86
Yee Chin Tan	3,000,000	4.72
Djoni Darmawan	3,000,000	4.72
Pathfinder Investments Pty Ltd <Pathfinder Unit A/C>	2,750,000	4.32
Florence Poh Choo Tan	2,000,000	3.14
Choow Lin Tan	2,000,000	3.14
Constance Poh Choon Lim	2,000,000	3.14
Sai Kwok Miu	1,785,000	2.81
China Kingdom International Group Co Ltd	1,365,000	2.15
Kevin Kok Seng Tan	1,000,000	1.57
Serene May Chen Tan	1,000,000	1.57
GW International Pty Ltd	468,000	0.74
Greg Burns	350,000	0.55
Jim Lazarou	300,000	0.47
Xin Yi Huang	280,000	0.44
Money 888 Pty Ltd	280,000	0.44
Muljadi Hartono	250,000	0.39
TOTAL	46,828,002	73.61

SCHEDULE OF MINERAL TENEMENTS

1	Minerals :	Iron		
	Tenement :	Sungai Kunyit		
	Tenement No:	KW 04139DTS		
	Coordinates	Longitude	Latitude	
	001	101 31 10 00	001 22 00 00	LS
	002	101 31 10 00	001 23 40 00	LS
	003	101 29 50 00	001 23 40 00	LS
	004	101 29 50 00	001 22 55 00	LS
	005	101 30 00 00	001 22 55 00	LS
	006	101 30 00 00	001 22 35 00	LS
	007	101 30 10 00	001 22 35 00	LS
	008	101 30 10 00	001 22 00 00	LS
	009	101 30 13 16	001 22 00 00	LS
	010	101 30 13 16	001 21 34 22	LS
	011	101 29 20 21	001 21 34 22	LS
	012	101 29 20 21	001 20 26 86	LS
	013	101 30 25 48	001 20 26 86	LS
014	101 30 25 48	001 20 42 46	LS	
015	101 31 55 00	001 20 42 46	LS	
016	101 31 55 00	001 22 00 00	LS	

2	Minerals :	Zinc, Lead		
	Tenement :	Lubuk Gadang		
	Tenement No:	KW 04138DTS		
	Coordinates	Longitude	Latitude	
	001	101 13 35 00	001 29 55 00	LS
	002	101 13 35 00	001 28 40 00	LS
003	101 12 25 00	001 28 40 00	LS	
004	101 12 25 00	001 29 55 00	LS	

3	Minerals :	Iron		
	Tenement :	Rawang Gadang		
	Tenement No:	KW 04161KTS		
	Coordinates	Longitude	Latitude	
	001	100 39 20 00	001 02 00 00	LS
	002	100 39 20 00	001 01 40 00	LS
	003	100 38 50 00	001 01 40 00	LS
	004	100 38 50 00	001 01 05 00	LS
	005	100 40 25 00	001 01 05 00	LS
	006	100 40 25 00	001 01 10 00	LS
	007	100 40 55 00	001 01 10 00	LS
	008	100 40 55 00	001 01 30 00	LS
	009	100 41 00 00	001 01 30 00	LS
	010	100 41 00 00	001 01 40 00	LS
011	100 41 15 00	001 01 40 00	LS	
012	100 41 15 00	001 01 55 00	LS	

013	100 41 38 00	001 01 55 00	LS
014	100 41 38 00	001 01 50 00	LS
015	100 42 33 00	001 01 50 00	LS
016	100 42 33 00	001 02 30 00	LS
017	100 41 45 00	001 02 30 00	LS
018	100 41 45 00	001 02 25 00	LS
019	100 40 40 00	001 02 25 00	LS
020	100 40 40 00	001 02 10 00	LS
021	100 40 20 00	001 02 10 00	LS
022	100 40 20 00	001 02 00 00	LS

4	Minerals :	Coal		
	Tenement :	Indrapura		
	Tenement No:	KW 05191BBI		
	Coordinates	Longitude	Latitude	
	001	101 02 45 00	002 03 40 00	LS
	002	101 02 05 00	002 03 40 00	LS
	003	101 02 05 00	002 03 15 00	LS
	004	101 00 40 00	002 03 15 00	LS
	005	101 00 40 00	002 02 25 00	LS
	006	100 59 25 00	002 02 25 00	LS
	007	100 59 25 00	001 58 20 00	LS
	008	101 03 00 00	001 58 20 00	LS
	009	101 03 00 00	001 59 00 00	LS
	010	101 03 50 00	001 59 00 00	LS
	011	101 03 50 00	002 01 30 00	LS
	012	101 04 20 00	002 01 30 00	LS
	013	101 04 20 00	002 02 05 00	LS
	014	101 04 05 00	002 02 05 00	LS
	015	101 04 05 00	002 02 25 00	LS
	016	101 03 55 00	002 02 25 00	LS
	017	101 03 55 00	002 02 40 00	LS
	018	101 03 20 00	002 02 40 00	LS
	019	101 03 20 00	002 02 50 00	LS
	020	101 02 45 00	002 02 50 00	LS

	Third party territory			
	Coordinates	Longitude	Latitude	
	021	101 03 35 40	002 01 22 20	LS
	022	101 04 04 20	002 01 52 00	LS
	023	101 03 28 80	002 02 25 00	LS
	024	101 02 59 40	002 01 56 40	LS

5	Minerals :	Coal		
	Tenement :	Tapan		
	Tenement No:	KW 05199BBT		
	Coordinates	Longitude	Latitude	
	001	101 07 00 00	002 07 35 00	LS
	002	101 06 15 00	002 07 35 00	LS
	003	101 06 15 00	002 05 30 00	LS
	004	101 07 00 00	002 05 30 00	LS
	005	101 07 00 00	002 06 20 00	LS
	006	101 07 50 00	002 06 20 00	LS
	007	101 07 50 00	002 06 29 00	LS
	008	101 07 57 00	002 06 29 00	LS
	009	101 07 57 00	002 06 24 00	LS
	010	101 08 27 00	002 06 24 00	LS
	011	101 08 27 00	002 06 33 00	LS
	012	101 08 45 00	002 06 33 00	LS
	013	101 08 45 00	002 06 41 00	LS
	014	101 08 49 01	002 06 41 00	LS
	015	101 08 49 01	002 06 50 00	LS
	016	101 08 28 00	002 06 50 00	LS
	017	101 08 28 00	002 07 02 00	LS
	018	101 08 23 00	002 07 02 00	LS
	019	101 08 23 00	002 07 08 00	LS
	020	101 08 17 00	002 07 08 00	LS
	021	101 08 17 00	002 07 19 00	LS
	022	101 08 39 00	002 07 19 00	LS
	023	101 08 39 00	002 07 10 00	LS
	024	101 09 02 00	002 07 10 00	LS
	025	101 09 02 00	002 06 50 00	LS
	026	101 09 10 00	002 06 50 00	LS
	027	101 09 10 00	002 07 00 00	LS
	028	101 09 20 00	002 07 00 00	LS
	029	101 09 20 00	002 07 10 00	LS
	030	101 09 30 00	002 07 10 00	LS
	031	101 09 30 00	002 07 20 00	LS
	032	101 09 40 00	002 07 20 00	LS
	033	101 09 40 00	002 07 30 00	LS
	034	101 09 50 00	002 07 30 00	LS
	035	101 09 50 00	002 07 40 00	LS
	036	101 10 00 00	002 07 40 00	LS
	037	101 10 00 00	002 07 50 00	LS
	038	101 10 30 00	002 07 50 00	LS
	039	101 10 30 00	002 09 00 00	LS
	040	101 07 00 00	002 09 00 00	LS

6	Minerals : Tenement : Tenement No:	Coal Tapan KW 05192BBT		
	Coordinates	Longitude	Latitude	
	001	101 04 25 00	002 05 05 00	LS
	002	101 04 25 00	002 05 00 00	LS
	003	101 04 30 00	002 05 00 00	LS
	004	101 04 30 00	002 04 55 00	LS
	005	101 04 35 00	002 04 55 00	LS
	006	101 04 35 00	002 04 50 00	LS
	007	101 04 40 00	002 04 50 00	LS
	008	101 04 40 00	002 04 45 00	LS
	009	101 04 45 00	002 04 45 00	LS
	010	101 04 45 00	002 04 40 00	LS
	011	101 04 50 00	002 04 40 00	LS
	012	101 04 50 00	002 04 35 00	LS
	013	101 04 55 00	002 04 35 00	LS
	014	101 04 55 00	002 04 30 00	LS
	015	101 05 00 00	002 04 30 00	LS
	016	101 05 00 00	002 04 25 00	LS
	017	101 05 05 00	002 04 25 00	LS
	018	101 05 05 00	002 04 20 00	LS
	019	101 05 15 00	002 04 20 00	LS
	020	101 05 15 00	002 04 15 00	LS
	021	101 05 20 00	002 04 15 00	LS
	022	101 05 20 00	002 04 10 00	LS
	023	101 05 25 00	002 04 10 00	LS
	024	101 05 25 00	002 04 05 00	LS
	025	101 05 30 00	002 04 05 00	LS
	026	101 05 30 00	002 04 00 00	LS
	027	101 05 35 00	002 04 00 00	LS
	028	101 05 35 00	002 03 55 00	LS
	029	101 05 40 00	002 03 55 00	LS
	030	101 05 40 00	002 03 50 00	LS
	031	101 05 45 00	002 03 50 00	LS
	032	101 05 45 00	002 03 45 00	LS
	033	101 05 50 00	002 03 45 00	LS
	034	101 05 50 00	002 03 40 00	LS
	035	101 05 55 00	002 03 40 00	LS
	036	101 05 55 00	002 03 35 00	LS
	037	101 06 00 00	002 03 35 00	LS
	038	101 06 00 00	002 04 25 00	LS
	039	101 06 10 00	002 04 25 00	LS
	040	101 06 10 00	002 04 45 00	LS
	041	101 06 05 00	002 04 45 00	LS
	042	101 06 05 00	002 04 50 00	LS
	043	101 05 45 00	002 04 50 00	LS
	044	101 05 45 00	002 05 15 00	LS
	045	101 05 55 00	002 05 15 00	LS
	046	101 05 55 00	002 05 55 00	LS
	047	101 05 45 00	002 05 55 00	LS
	048	101 05 45 00	002 06 05 00	LS
	049	101 05 35 00	002 06 05 00	LS
	050	101 05 35 00	002 06 10 00	LS

051	101 05 30 00	002 06 10 00	LS
052	101 05 30 00	002 06 15 00	LS
053	101 05 20 00	002 06 15 00	LS
054	101 05 20 00	002 06 35 00	LS
055	101 05 10 00	002 06 35 00	LS
056	101 05 10 00	002 06 40 00	LS
057	101 03 35 00	002 06 40 00	LS
058	101 03 35 00	002 06 35 00	LS
059	101 03 25 00	002 06 35 00	LS
060	101 03 25 00	002 06 25 00	LS
061	101 03 15 00	002 06 25 00	LS
062	101 03 15 00	002 05 10 00	LS
063	101 03 10 00	002 05 10 00	LS
064	101 03 10 00	002 04 25 00	LS
065	101 03 40 00	002 04 25 00	LS
066	101 03 40 00	002 04 35 00	LS
067	101 03 50 00	002 04 35 00	LS
068	101 03 50 00	002 04 45 00	LS
069	101 04 00 00	002 04 45 00	LS
070	101 04 00 00	002 04 50 00	LS
071	101 04 05 00	002 04 50 00	LS
072	101 04 05 00	002 04 55 00	LS
073	101 04 10 00	002 04 55 00	LS
074	101 04 10 00	002 05 00 00	LS
075	101 04 15 00	002 05 00 00	LS
076	101 04 15 00	002 05 05 00	LS

7	Minerals :	Coal		
	Tenement :	Lunang		
	Tenement No:	KW 05193BBL		
	Coordinates	Longitude	Latitude	
	001	101 11 40 00	002 13 55 00	LS
	002	101 08 30 00	002 13 55 00	LS
	003	101 08 30 00	002 12 25 00	LS
	004	101 09 30 00	002 12 25 00	LS
	005	101 09 30 00	002 10 00 00	LS
	006	101 10 05 00	002 10 00 00	LS
	007	101 10 05 00	002 09 45 00	LS
	008	101 11 40 00	002 09 45 00	LS
	009	101 11 40 00	002 10 50 00	LS
	010	101 11 55 00	002 10 50 00	LS
011	101 11 55 00	002 11 35 00	LS	
012	101 11 40 00	002 11 35 00	LS	