



Financial Report 2007  
Building a South Australian  
resources company



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## **Directors' Report**

Your Directors present their report on Copper Range Limited, the "Company", and its controlled entity for the financial year ended 30 June 2007.

### **Directors and Management**

Ian Cunynghame Daymond - Non-executive Chairman  
Stephen Edward Blackman - Managing Director  
Dr Kenneth John Maiden - Executive Director  
Brian J Rear - Non-executive Director  
Trevor Sykes - Non-executive Director (appointed 21 August 2006)

Directors have been in office since the formation of the Company to the date of this report unless otherwise stated.

### **Company Secretary**

The following persons held the position of Company Secretary at the end of the financial year:

John Stone B. Ec.  
John has over 30 years' experience in the Australian and international corporate markets. He has been a director and company secretary for private and public listed companies.

Geoffrey Broomhead B.Comm., M.Comm., FCIS, FCPA, SASIA.  
Geoffrey has had extensive financial and secretarial experience both as a director and financial officer for public and private international and Australian companies.

### **Principal Activities**

The principal activity of the entity during the financial year was mineral exploration focused on copper-uranium-gold targets in South Australia.

No significant constraints in the nature of these activities occurred during the year.

### **Operating Results**

The net loss of the consolidated entity for the year was \$2,171,772 (2006 loss \$1,095,458).

### **Dividends**

No dividends were paid during the year and no recommendation is made as to payment of dividends.

## Directors' Report (continued)

### Review of Operations

The Company has had a momentous first full year of operations. It is a tribute to the staff and Directors that the Company has built such a strong strategic ground position in two potentially world class mineralised regions of South Australia from its humble funding base.

The Company is now poised to explore aggressively its tenement position in the forthcoming year.

Its current exploration programmes have been frustrated by delays and mixed results but the Company continues to consolidate its tenement position into critical mass units with firm belief in the latent potential of the areas. Shareholders are reminded that within the Olympic Domain, it was the tenth hole of a larger programme that discovered Olympic Dam and it was the second hole that discovered Carrapateena.

The Company has maintained a balanced approach to exploring its two chosen regions – the **Olympic Domain** and the **Adelaide Fold Belt** – a balance of risk and reward. The **Olympic Domain** has the stockmarket's attention because of the mega mineral endowment evident from existing mines, expansions, developments and discoveries, but in practice that potential mineralisation as an Iron Oxide Copper Gold ("IOCG") target is under cover by some 300-1000m and provides an exploration challenge based largely on geophysical interpretation in the first instance. The **Adelaide Fold Belt** ("AFB") provides geology at surface and scope to apply the full range of exploration techniques and its attraction to the Company stems from management's expertise and past experience of sediment-hosted terrains and the recognition that the AFB was the same age as the copper prolific Congo-Zambian Copperbelt. Additionally the region has not received any comprehensive base metals exploration effort for a number of decades.

The past year's activities on the **Olympic Domain** (earlier referred to as the Stuart Shelf) have been necessarily geophysically oriented. The Company embarked on an ambitious detailed gravity programme soon after listing over the then granted tenements. The results were very encouraging with eight new targets identified in addition to the two mentioned in the IPO Prospectus. Unfortunately the original two Prospectus targets did not survive the rigours of detail and their detailed geophysical imprints no longer stood out as drill targets.

A drill rig was secured to undertake a six hole programme but the initial drilling was delayed by native title clearances and widespread flooding. The widespread wash away of roads and tracks necessitated the rebuilding of numerous roads and it was not until May 2007 that the Company drilled its first hole – Jenny – close to BHP Billiton's Olympic Dam tenement boundary. This hole was thought to be located north of the Andamooka Fault in an up thrust basement block. The reality was different and the basement was

## Directors' Report (continued)

### Review of Operations (continued)

reached at 1,030m with poorly defined brecciation. The second hole - Pepita - was located towards the north end of Pernatty "C" so as to potentially coincide with the extension of the Ground Hog trend established by Monax Mining Limited, in the adjacent tenement. Basement was reached at 594 m. However except for a small intercept no significant mineralisation was encountered and the hole was terminated early.

As the cost of these holes was higher than originally budgeted the Company has chosen to obtain a third party expert opinion on the validity of its gravity target interpretations before proceeding to drill and fulfill the contract. This is occurring in the 2007-2008 year and a report is expected ahead of the 2007 Annual General Meeting ("AGM").

Meanwhile the Company has doubled its ground position in the Olympic Domain with a further 1,600 km<sup>2</sup> now to be gravity surveyed. The South Australian PIRSA initiative to improve the State's geophysical information has been incorporated into a PACE programme to test the north and east of the Olympic Domain with a large gravity survey to the north of Olympic Dam and covering an area of about half of Lake Torrens (a salt lake). This gravity survey will incorporate all of the Company's northern tenements and more than half of the Company's Lake Torrens tenements. The Company has negotiated a doubling of the data collected on its tenements to provide a more accurate interpretation and this project is expected to be completed prior to the AGM.

In the **Adelaide Fold Belt** substantial progress was made in securing a meaningful presence in the region by both new ground acquisition and by joint venturing into known copper-bearing ground.

Joint ventures were approved by the State Minister over a portion of a tenement owned by Flinders Diamonds Limited ("FDL") and already conditionally joint ventured to Maximus Resources Limited ("MXR") which covers the historic copper district around the city of Kapunda. A second joint venture with FDL covers the extensive tenements further north from Burra to Hawker where they are adjoining the Company's existing tenements. In both joint ventures the Company's interest is limited to base and precious metals.

The Company now has some 16,000 km<sup>2</sup> of prospective ground in this region and is one of the dominant explorers.

In September 2006 initial drilling around Hawker established sediment-hosted copper. In October/November 2006 the Company organised a visit by globally recognised sediment-hosted copper explorationists – Drs Jon Thorsen and Rod Kirkham, who corroborated the attractiveness of the region and its similarity to the Congo/ Zambian Copperbelt.

## **Directors' Report (continued)**

### **Review of Operations (continued)**

Buoyed by that third party endorsement, the Company proceeded with its joint venture activities to increase its footprint in the region.

Further reconnaissance, soil sampling and structural interpretation led to two small drilling campaigns just as the year ended. Both were designed to test the presence of mineralisation within their respective geological environments. The initial results were positive and more extensive follow up programmes will be required to test fully the lateral extent of the mineralisation.

### **The Management Team**

The Company could not have undertaken and achieved the above without a dedicated team. In the current environment experienced personnel are scarce. So it was very gratifying that the Company was able to create an Adelaide-based geological team, operating from an Adelaide office with Hawker representation, to undertake its exploration activities.

It has taken almost a year to put this in place but the Company believes it was important to build a successful team supplemented by expert consultants rather than rely on the availability of external consultants and contractors. The availability of expert consultants is also a problem with delays, particularly in accessing geophysical assistance quite apart from the industry shortage of drilling rigs and experienced crews.

The team is now ready to undertake a more aggressive exploration programme in the coming year.

### **Corporate Capital and Financing**

The Company has been very transparent in its need for capital and its desire to ramp up activities. Such was discussed in the IPO Prospectus, in the 2006 Annual Report and in each Quarterly Report since. As an exploration company we continue to recognise that capital is the lifeblood of any exploration programme and that programmes planned on one basis may be modified in the light of market conditions.

The Company sought to reward Shareholders with an Options Entitlement in August 2006 as it raised only A\$3 million at the IPO. It wanted to supplement funding in the short term and the Options were for a 12 month duration maturing on 6 September 2007. Subsequent to year end 29,621,958 options were exercised into 29,621,958 ordinary shares of \$0.20 each, raising for the Company an additional \$5,900,000 in funding. In addition, the Company has announced a one (1) for two (2) bonus options issue exercisable at A\$ 0.30 per share to shareholders registered as at 18 September 2007. These options will mature three years from date of issue and the Company will apply to have the options listed on the Australian Securities Exchange.

## **Directors' Report (continued)**

### **Review of Operations (continued)**

The Company's listed ordinary shares have traded consistently at a premium to the exercise price since listing in June 2006.

Shareholders are kept apprised of ongoing Company initiatives including the several international groups who have registered interest in both joint venturing parts of the Company's portfolio and/or taking a cornerstone investor role. The Company is in discussions with various parties to reach an optimal result which adds value to shareholder wealth. These initiatives will be announced as and when finalised.

During the year the Company took advantage of the South Australian PIRSA PACE funding, whereby the State Government assisted the exploration drilling of its Birthday prospect within the Adelaide Fold Belt.

As at 30 June 2007 the number of listed ordinary shares increased to 29,517,448 as escrow restrictions were lifted on seed capital investors and some option holders chose to exercise their options early. Directors' shares totalling 6,600,749 and 4,000,000 unlisted A\$ 0.25 options remain escrowed until 6 June 2008. In addition, 3,000,000 promoter shares are also escrowed to 6 June 2008.

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

In the opinion of the Directors, there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year not otherwise disclosed in this report or the financial report.

## **Directors' Report (continued)**

### **After Balance Date Events**

Since balance date and up to 6 September 2007, the expiry date for the Loyalty Options, option holders exercised 29,621,958 options to subscribe for 29,621,958 ordinary shares in the Company at \$0.20 per share raising gross proceeds of \$5,900,000 after year end. As at the date of this report the Company has 72,748,920 issued ordinary shares of which 59,139,408 are listed on the ASX and 13,609,514 remain escrowed until 6 June 2008.

The Company has announced a bonus options issue with a record date of 18 September 2007 wherein shareholders registered as at 18 September 2007 will receive one free bonus option for every two shares held. Bonus option entitlements will be rounded down to the nearest option. Each option shall entitle the option holder to subscribe for one ordinary share in the Company at a price of \$0.30 per share on or before 30 September 2010. The Company expects to issue approximately 36,374,460 bonus options and has sought listing of these options for trading on the ASX (Code: CRJOA).

### **Environment Regulation**

The consolidated entity's operations are presently subject to environmental regulation under the laws of the Commonwealth of Australia and the State of South Australia. The consolidated entity is at all times in full environmental compliance with the conditions of its licences.

## Directors' Report (continued)

### Information on Directors

Name of Director	Information
Ian Cunynghame Daymond - Chairman	<p>Ian practises as a solicitor and a consultant in mining and resources. He has spent most of his 35 year career associated with significant mining and exploration companies in Australia, either as a senior in-house lawyer for WMC, Hunter Resources and Delta Gold or as an external lawyer.</p> <p>Ian was General Counsel and Company Secretary for over 11 years at Delta Gold. He was part of the senior management team which was responsible for the growth of Delta Gold from a small exploration company into one of the largest gold producers in Australia.</p> <p>In 2001, Ian returned to private practice in Sydney specialising in mining and resources with a strong emphasis on gold and base metal exploration and mining.</p> <p>Ian was the National Chairman of the Australia-Southern Africa Business Council 2002-2005 and was appointed the Honorary Consul for Botswana in May 2007.</p> <p>He is also a non-executive director of International Base Metals Ltd.</p>
Stephen Edward Blackman – Managing Director	<p>Stephen has 36 years' experience in the mining and metals industry. He has worked with all levels of management in base and precious metal mining operations, project assessment, project development and project finance in addition to roles in consultancy and marketing.</p> <p>Stephen's experience with large mining companies includes ten years with Rio Tinto group in project development roles and three years with Consolidated Gold Fields Limited in London.</p> <p>Stephen represented the Canadian Imperial Bank of Commerce in the resource sector in Australasia before becoming a corporate advisor to both global and emerging mining companies.</p> <p>Stephen is a founding director of International Base Metals Ltd and a non-executive director of Zamia Gold Mines Ltd.</p>

## Directors' Report (continued)

### Information on Directors (continued)

Name of Director	Information
Dr Kenneth John Maiden - Executive Director and Chief Geologist	<p>Since completing a doctoral thesis on the Broken Hill ore body, Ken has had 35 years' professional experience - as an exploration geologist with major resource companies (CSR and MIM), as an academic (University of the Witwatersrand, Johannesburg) and as a mineral exploration consultant. More recently, Ken has established mineral exploration companies in Southern Africa and northwest Queensland, and was a founding director of International Base Metals Ltd.</p> <p>Ken has participated in successful base metal exploration programmes in South Australia, northwest Queensland, Namibia, Botswana and Indonesia.</p> <p>Ken is a Fellow of the Australasian Institute of Mining and Metallurgy, a Member of the Australian Institute of Geoscientists and a Fellow of the Society of Economic Geologists.</p>
Brian J Rear - Non-executive Director	<p>A metallurgist by training, Brian has 35 years of technical and managerial resources experience in Australia, New Guinea, United Kingdom, Europe, South Africa and Indonesia, with a wide range of successful resource companies including CRA, Rio Tinto Consultants, Barrack Mines, and Anglovaal.</p> <p>As CEO of Straits Resources Limited from 1991 to 2002, Brian was instrumental in defining the model for the profitable development of stand-alone heap leach copper projects in Australia. During this period he oversaw the development of the Company from inception to a producing mining Company with an asset base over A\$220 million, and revenue in 2001 of A\$140 million. During his time with Straits the company developed two Greenfield projects and affected the turnaround of a significant copper project acquired from Western Mining Corporation Limited.</p> <p>As the Managing Director of CopperCo Limited since its formation in 2004, Brian has overseen the successful completion of the development of a copper SX-EW production based on oxide copper resources in northwest Queensland. Brian is currently a non-executive Chairman of Zambezi Resources Limited and South Boulder Mines Ltd.</p>

## Directors' Report (continued)

### Information on Directors (continued)

Name of Director	Information
Trevor Sykes - Non-executive Director	<p>Trevor Sykes was one of Australia's leading finance journalists until his retirement at the end of 2005. He has been Editor of the Bulletin, Editor-In-Chief of Australian Business Magazine and Assistant Editor of the Australian Financial Review. He is also the creator of a well-known Pierpont column which he has been writing for 33 years.</p> <p>Trevor is the author of seven books about Australian financial scandals. He has also won six national awards for finance reporting.</p> <p>He is currently a director of Mitchell Corporation, the largest trucking company in WA, specialising in logistics services for the resource industry. He is a member of South Australian Mining and Petroleum Expert Group which advises the State Premier on resource development in that State. He is also the Patron of the Sydney Mining Club.</p>

### Interests in Shares and Options of the Company and Related Bodies Corporate

As at the date of this report, the interests of the Directors in the shares and options over ordinary shares are:

	Shares	Options over Ordinary Shares
Ian Daymond	747,990	1,000,000
Stephen Blackman	3,804,352	1,250,000
Ken Maiden	3,087,400	1,250,000
Bryan Rear	1,342,412	500,000
Trevor Sykes	100,000	-

## **Directors' Report (continued)**

### **Remuneration Report**

This report details the nature and amount of remuneration for each executive and non-executive director of Copper Range Limited.

### **Remuneration Policy (including Company performance, shareholder wealth and Director and Executive remuneration)**

The remuneration policy of Copper Range Limited has been designed to align Director and executive objects with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance against targets set by appropriate benchmarks. The Board of Copper Range Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and Directors to run and manage the consolidated entity, as well as create goal congruence between Directors, executives and shareholders.

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 remuneration committee and approved by the Board after seeking professional advice from independent external consultants.
- All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation, and have the opportunity to participate in options and performance incentives.
- The Board reviews executive packages annually by reference to the economic entity's performance, executive performance and comparable information from industry sectors.

The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the consolidated entity meeting appropriate target benchmarks. All bonuses and incentives must be linked to predetermined target benchmarks. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

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. Directors do have the opportunity to sacrifice part of their salary to increase payments towards superannuation.

## Directors' Report (continued)

### Information on Directors (continued)

#### Remuneration Policy (continued)

All remuneration paid to Directors and executives is valued at the cost to the Company and expensed. Options given to directors and executives are valued as the difference between the market price of those shares and the amount to be paid by the Director or executive, using the intrinsic value method.

The Board policy is to remunerate non-executive Directors at market rates 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. Fees for non-executive Directors are not linked to the performance of the consolidated 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.

#### Details of Remuneration for the Year Ended 30 June 2007

The remuneration for each executive and non-executive Director and key management person during the year was as follows:

		Salary & Fees \$	Non Monetary \$	Superannuation \$	Options \$	Total \$
Ian Daymond	2007	36,000	-	3,240	-	39,240
	2006	3,000	-	-	70,000	73,000
Stephen Blackman	2007	160,000	-	14,400	-	174,400
	2006	14,409	-	1,200	87,500	103,109
Ken Maiden	2007	140,000	-	12,600	-	152,600
	2006	12,609	-	1,050	87,500	101,159
Brian Rear	2007	24,000	-	-	-	24,000
	2006	-	-	-	35,000	35,000
Trevor Sykes	2007	20,000	-	1,800	21,000	42,800
	2006	-	-	-	-	-
Ian Garsed	2007	46,667	-	4,200	80,384	131,251
	2006	-	-	-	-	-

## Directors' Report (continued)

### Information on Directors (continued)

#### Details of Remuneration for the Year Ended 30 June 2007 (continued)

Options were issued to a Director and to a key management person as part of their remuneration for the period ended 30 June 2007. In the prior financial year options were not issued based on performance criteria, but were issued to the Directors as an incentive to increase shareholder value.

		Grant Number	Options Granted as part of Remuneration \$	Total Remuneration Represented by Options %	Options Exercised \$	Options Lapsed \$	Total \$
Ian Daymond	2007	-	-	-	-	-	-
	2006	1,000,000	70,000	96	-	-	70,000
Stephen Blackman	2007	-	-	-	-	-	-
	2006	1,250,000	87,500	85	-	-	87,500
Ken Maiden	2007	-	-	-	-	-	-
	2006	1,250,000	87,500	86	-	-	87,500
Brian Rear	2007	-	-	-	-	-	-
	2006	500,000	35,000	100	-	-	35,000
Trevor Sykes	2007	100,000	21,000	49	21,000	-	-
	2006	-	-	-	-	-	-
Ian Garsed	2007	320,000	80,384	61	-	-	80,384
	2006	-	-	-	-	-	-

The fair value of the Directors' incentive options issued during the prior year has been determined using the intrinsic value method as the underlying share value could not be reliably determined at grant date of the options. The intrinsic value is the difference between the underlying share price at year end and the exercise price of the option. The intrinsic value has been measured as follows:

	30 June 2007 \$	30 June 2006 \$
Underlying value per share	0.25	0.32
Exercised price of options issued	0.25	0.25
Intrinsic value per option	-	0.07

## Directors' Report (continued)

### Information on Directors (continued)

#### Employment Contracts of Directors and Executives

The employment conditions of the Managing Director, Stephen Blackman, and other key management personnel are formalised in contracts of employment. All key management personnel are permanent employees of Copper Range (SA) Limited, the subsidiary company and provide services to Copper Range Limited under these agreements. Stephen Blackman is employed under a fixed 3-year contract, which commenced on 31 March 2006 and expires on 31 March 2009. Kenneth Maiden is employed from 31 March 2006 for a period of the earlier 3 years or the date of the Company's third AGM.

The Company may terminate an employment contract without cause by providing three months' written notice or making payment in lieu of notice, based on the individual's annual salary component together with a redundancy payment of between 3 and 6 months of the individual's fixed salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company may terminate employment at any time. Any options not exercised before or on the date of termination will lapse.

#### Meetings of Directors

The names and details of the Directors of the Company in office during the financial year and on the date of this report are set out below.

	Directors' Meetings	
	Number eligible to attend	Number attended
Ian Daymond	7	7
Stephen Blackman	7	7
Ken Maiden	7	5
Brian Rear	7	4
Trevor Sykes	6	6

#### Corporate Governance Statement

The Company as at the date of this report is continuing to implement the best practice recommendations of the ASX Corporate Governance Council and the Australian Institute of Company Directors.

## Directors' Report (continued)

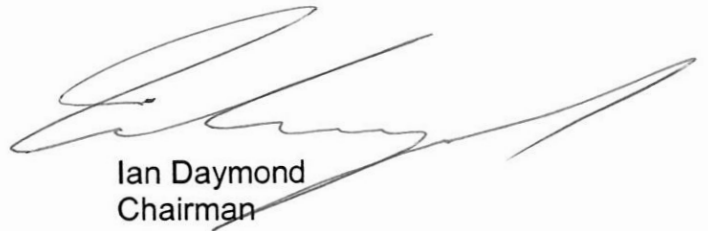
### Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2007 has been received and can be found on page 48 of this Annual Report.

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



Stephen E Blackman  
Managing Director



Ian Daymond  
Chairman

Dated at Sydney, 27 September 2007

**Copper Range Limited (ACN 119 047 693)  
and its Controlled Entity**

**Consolidated Income Statement for the Year Ended 30 June 2007**

	Note	Consolidated		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
<b>Revenue</b>					
Other Income	2	102,789	11	101,664	-
<b>Expenditure</b>					
Consultants' expense		77,068	35,052	54,078	-
Depreciation and amortisation expense	3	10,198	137	-	-
Exploration and evaluation expenditure	3	332,423	40,865	49,708	-
Employee benefits expense		469,453	30,250	87,076	-
Finance costs		393	-	163	-
Impairment of goodwill		-	20,156	-	-
Other expenses		489,578	89,009	319,722	46,070
Service administration agreement	23	186,000	-	-	-
Share based compensation	3	709,448	880,000	709,448	880,000
<hr/>					
Profit/(loss) before income tax		(2,171,772)	(1,095,458)	(1,118,531)	(926,070)
Income tax expense	4	-	-	-	-
<hr/>					
Profit/(loss) from continuing operations		(2,171,772)	(1,095,458)	(1,118,531)	(926,070)
Profit/(loss) from discontinued operations		-	-	-	-
<hr/>					
Profit/(loss) attributable to members of parent entity		(2,171,772)	(1,095,458)	(1,118,531)	(926,070)
<hr/>					
<b>Overall Operations</b>					
Basic earnings per share (cents per share)					
		(0.05)	(0.03)	(0.03)	(0.03)
Diluted earnings per share (cents per share)					
		(0.05)	(0.03)	(0.03)	(0.03)

The accompanying notes form part of the financial report

# Copper Range Limited (ACN 119 047 693) and its Controlled Entity

## Balance Sheet as at 30 June 2007

	Note	Consolidated		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
<b>Current Assets</b>					
Cash assets	8	496,963	2,537,169	447,151	2,530,732
Receivables	9	91,005	59,054	22,820	25,398
<b>Total Current Assets</b>		<b>587,968</b>	<b>2,596,223</b>	<b>469,971</b>	<b>2,556,130</b>
<b>Non-current Assets</b>					
Receivables	10	-	-	2,647,698	251,419
Property, plant and equipment	11	58,290	9,953	-	-
Other financial assets	12	-	-	2	2
Other	13	1,434,925	226,922	-	-
<b>Total Non-current Assets</b>		<b>1,493,215</b>	<b>236,875</b>	<b>2,647,700</b>	<b>251,421</b>
<b>Total Assets</b>		<b>2,081,183</b>	<b>2,833,099</b>	<b>3,117,671</b>	<b>2,807,551</b>
<b>Current Liabilities</b>					
Payables	15	154,152	137,218	24,366	44,010
Accrued Expenses	16	105,300	35,000	75,300	35,000
Provisions	17	26,355	2,018	-	-
<b>Total Current Liabilities</b>		<b>285,807</b>	<b>174,236</b>	<b>99,666</b>	<b>79,010</b>
<b>Non-current Liabilities</b>					
Payables	18	-	99,810	-	100
<b>Total Non-current Liabilities</b>		<b>-</b>	<b>99,810</b>	<b>-</b>	<b>100</b>
<b>Total Liabilities</b>		<b>285,807</b>	<b>274,046</b>	<b>99,666</b>	<b>79,110</b>
<b>Net Assets</b>		<b>1,795,376</b>	<b>2,559,053</b>	<b>3,018,005</b>	<b>2,728,441</b>
<b>Equity</b>					
Contributed Equity	19	4,619,158	3,374,511	4,619,158	3,374,411
Option Reserve	20	443,448	280,000	443,448	280,000
Accumulated Profits/(Losses)	21	(3,267,230)	(1,095,458)	(2,044,601)	(926,070)
<b>Total Equity</b>		<b>1,795,376</b>	<b>2,559,053</b>	<b>3,018,005</b>	<b>2,728,441</b>

The accompanying notes form part of the financial report

**Copper Range Limited (ACN 119 047 693)  
and its Controlled Entity**

**Statement of Changes in Equity for the Year Ended 30 June 2007**

	Note	Contributed Equity		Option Reserve	Retained Earnings / (losses)	Total
		Share Capital	Options			
		\$	\$	\$	\$	\$
<b>Balance at 1 July 2005</b>		-	-	-	-	-
Shares issued during the year		3,750,002	-	-	-	3,750,002
Share issue costs		(375,491)	-	-	-	(375,491)
Option reserve on recognition of incentive options		-	-	280,000	-	280,000
Profit/(loss) attributable to members of parent entity		-	-	-	(1,095,458)	(1,095,458)
<b>Balance at 30 June 2006</b>		3,374,511	-	280,000	(1,095,458)	2,559,053
Shares/Options issued during the period	19	950,392	355,000	-	-	1,305,392
Share/Option issue costs	19	(25,600)	(56,145)	-	-	(81,745)
Movement in intrinsic value of unlisted options	20	-	-	(280,000)	-	(280,000)
Employee options issued	20	-	-	464,448	-	464,448
Employee options exercised	19	21,000	-	(21,000)	-	-
Profit/(loss) attributable to members of parent entity	21	-	-	-	(2,171,772)	(2,171,772)
<b>Balance at 30 June 2007</b>		4,320,303	298,855	443,448	(3,267,230)	1,795,376

The accompanying notes form part of the financial report

**Copper Range Limited (ACN 119 047 693)  
and its Controlled Entity**

**Statement of Changes in Equity for the Year Ended 30 June 2007  
(continued)**

	Note	Contributed Equity		Option Reserve	Retained Earnings /(losses)	Total
		Share Capital	Options			
		\$	\$	\$	\$	\$
<b>Parent</b>						
<b>Balance at 1 July 2005</b>		-	-	-	-	-
Shares issued during the year		3,750,002	-	-	-	3,750,002
Share issue costs		(375,491)	-	-	-	(375,491)
Option reserve on recognition of incentive options		-	-	280,000	-	280,000
Profit/(loss) attributable to members of parent entity		-	-	-	(926,070)	(926,070)
<b>Balance at 30 June 2006</b>		3,374,511	-	280,000	(926,070)	2,728,441
Shares/Options issued during the period	19	950,392	355,000	-	-	1,305,392
Share/Option Issue Costs	19	(25,600)	(56,145)	-	-	(81,745)
Movement in intrinsic value of unlisted options	20	-	-	(280,000)	-	(280,000)
Employee options issued	20	-	-	464,448	-	464,448
Employee options exercised	19	21,000	-	(21,000)	-	-
Profit/(loss) attributable to members of parent entity	21	-	-	-	(1,118,531)	(1,118,531)
<b>Balance at 30 June 2007</b>		4,320,303	298,855	443,448	(2,044,601)	3,018,005

The accompanying notes form part of the financial report

# Copper Range Limited (ACN 119 047 693) and its Controlled Entity

## Cash Flow Statement for the Year Ended 30 June 2007

	Note	Consolidated		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
<b>Cash flow from operating activities</b>					
Receipts from customers		-	8,475	-	-
Payments to suppliers and employees		(1,183,628)	(106,439)	(437,642)	(21,963)
Payments for exploration expenditure		(1,499,276)	(95,837)	(49,708)	-
Interest received		102,789	11	101,664	-
Finance costs		(393)	-	(163)	-
<b>Net cash outflow from operating activities</b>	27	(2,580,508)	(193,790)	(385,849)	(21,963)
<b>Cash flows from investing activities</b>					
Payments for property, plant and equipment		(58,535)	(9,473)	-	-
Purchase of subsidiary (net of cash acquired)		-	85,471	-	-
<b>Net cash outflow from investing</b>		(58,535)	75,998	-	-
<b>Cash flows from financing</b>					
Proceeds from issue of shares		425,392	3,150,000	425,392	3,150,000
Less: costs of capital raising		(25,600)	(345,985)	(25,600)	(345,985)
Proceeds from issue of options		355,000	-	355,000	-
Less: costs of option issue		(56,145)	-	(56,145)	-
Proceeds/(payments) of borrowings		(99,810)	(47,253)	-	100
Loans (to)/from controlled entities		-	(101,800)	(2,396,379)	(251,419)
<b>Net cash inflow from financing activities</b>		598,837	2,654,962	(1,697,732)	2,552,695
<b>Net increase/(decrease) in cash held</b>		(2,040,206)	2,537,169	(2,083,581)	2,530,732
Cash at beginning of the period		2,537,169	-	2,530,732	-
<b>Cash at end of the period</b>	27	496,963	2,537,169	447,151	2,530,732

The accompanying notes form part of the financial report

# **Copper Range Limited (ACN 119 047 693) and its Controlled Entity**

## **Notes to the Financial Statements for the Year Ended 30 June 2007**

### **1. Statement of significant accounting policies**

#### **Financial Reporting Framework**

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 Copper Range Limited and controlled entity, and Copper Range Limited as an individual parent entity. Copper Range Limited is a listed public company, incorporated and domiciled in Australia.

The financial report of Copper Range Limited and controlled entity, and Copper Range 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 economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### **Basis of Preparation**

Copper Range Limited and controlled entity, and Copper Range Limited as an individual parent entity, have prepared financial statements in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS).

#### **Reporting Basis and Conventions**

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

#### **Accounting Policies**

##### **a. Principles of Consolidation**

A controlled entity is any entity Copper Range 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 22 to the financial statements. All controlled entities have a June financial year-end.

Goodwill on consolidation is initially recorded at the amount by which the purchase price for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

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.

# Copper Range Limited (ACN 119 047 693) and its Controlled Entity

## Accounting Policies (continued)

### a. Principles of Consolidation (continued)

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.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

### b. Income Tax

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

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

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

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

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

Copper Range Limited and its wholly owned Australian subsidiary have formed an income tax consolidated group under the tax consolidation regime. Each entity recognises its own current and deferred tax assets/liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the Australian Tax Office that it had formed an income tax economic entity to apply from 30 March 2006. The tax consolidated group has entered a tax sharing agreement whereby each Company in the group contributes to the income tax payable in proportion to their contribution to the net profit/(loss) before tax of the tax consolidated group.

### c. Property, Plant and Equipment

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

# Copper Range Limited (ACN 119 047 693) and its Controlled Entity

## Accounting Policies (continued)

### Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

### Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Furniture & Fittings	10%
Office Equipment	20 - 25%
Software	33.33 - 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

# Copper Range Limited (ACN 119 047 693) and its Controlled Entity

## Accounting Policies (continued)

### d. Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest of which the Company has tenure to explore. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations in respect of the area are continuing.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

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.

### e. Financial Instruments

#### Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

#### Held-to-maturity investments

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

#### Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

#### Available-for-sale financial assets

Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

# Copper Range Limited (ACN 119 047 693) and its Controlled Entity

## Accounting Policies (continued)

### f. Impairment of Assets

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

### g. Foreign Currency Transactions and Balances

#### 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.

#### Transaction 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 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 earnings are translated at the exchange rates 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.

# Copper Range Limited (ACN 119 047 693) and its Controlled Entity

## Accounting Policies (continued)

### h. Interests in Joint Ventures

The economic entity's share of assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements.

### i. Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

### j. Equity-settled compensation

The Group operates a number of share-based compensation plans. These include both a share option arrangement and an employee share scheme. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the income statement. The total amount is expensed by reference to the fair value of those shares or options at the date the shares or options are granted, rather than over the vesting period.

### k. Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

### l. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

### m. Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

### n. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

## **Copper Range Limited (ACN 119 047 693) and its Controlled Entity**

### **Accounting Policies (continued)**

#### **o. 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. 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.

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

#### **p. Comparative Figures**

The accounting period for the consolidated entity is the financial year 1 July 2006 to 30 June 2007. The comparative figures for the previous financial period were from 30 March 2006 to 30 June 2006.

#### **q. Going Concern Basis of Accounting**

The Directors have prepared the accounts on a going concern basis notwithstanding the loss reported for the year. The Directors are of the opinion that the consolidated entity has sufficient funds and potential projects to continue to operate as a going concern for a period of twelve months from the date of this financial report.

The Company, being a base minerals explorer and without a current significant revenue stream, will require to raise additional equity and/or debt to finance its future activities. No assurance is given that the Company will be able to raise future funding on acceptable terms or in a timely manner. Directors continue to manage the Company's activities with due respect to and understanding of the Company's current and future funding requirements.

The parent entity has issued a Letter of Support to its wholly owned subsidiary, Copper Range (SA) Pty Ltd, having regard to the financial position of the subsidiary as at 30 June 2007 whereby the parent entity undertakes not to call up the outstanding loan of \$2,647,698 for a period of twelve months and to continue to provide further funding to enable the subsidiary to pay its debts as and when they fall due.

#### **r. Critical Accounting Estimates and Judgments**

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

#### **s. Key Estimates — Impairment**

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

## Copper Range Limited (ACN 119 047 693) and its Controlled Entity

### 2. Revenue

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Revenue from operating activities	-	-	-	-
Other revenue from non-operating activities				
Interest income	102,789	11	101,664	-
Total other revenue	102,789	11	101,664	-

### 3. Loss for the period

Loss from ordinary activities before income tax has been determined after charging/(crediting) the following net gains or expenses:

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>Expenses:</b>				
Depreciation of non-current assets				
- Plant and equipment	10,198	137	-	-
Exploration expenditure	290,842	-	49,708	-
Exploration expenditure written off	41,581	40,865	-	-
Impairment loss of goodwill on acquisition	-	20,156	-	-
Auditor's remuneration	33,760	15,000	33,760	15,000
Share based payments expensed – Non cash (Refer Note 28)	709,448	880,000	709,448	880,000

The following significant expense is relevant in explaining the financial performance: Share Based Payments includes \$387,000 expensed during the year rather than spread over the vesting period to 16 November 2008 (Note 28b).

### 4. Income tax expense

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
a. The components of tax expense comprise:				
Current tax	-	-	-	-
Deferred tax	-	-	-	-

## Copper Range Limited (ACN 119 047 693) and its Controlled Entity

### 4. Income tax expense (continued)

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>b.</b> The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:				
Prima facie tax payable on profit/(loss) from ordinary activities before income tax at 30%:				
- consolidated	(651,532)	(328,637)	-	-
- parent	-	-	(335,559)	(277,821)
- other members of the income tax consolidated group net of inter-company transactions	-	-	-	(44,770)
Add tax effect of:				
- Share based payments expensed	212,834	264,000	212,834	264,000
Less tax effect of:				
- Deductible capital costs	-	(22,515)	-	(22,479)
- Exploration expenditure	(362,530)	(67,947)	-	(21,552)
- Timing Differences	29,651	11,979	12,090	(40,498)
- Net deferred tax asset not recognised	771,577	143,120	110,635	90,882
- Tax losses transferred to head entity on Tax Consolidation	-	-	-	52,238
Income tax benefit attributable to operating loss	-	-	-	-

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>c. Deferred tax asset not recognised</b>				
The deferred tax asset that has not been recognised as it is not probable that there will be future taxable income to offset the deductible temporary differences are:				
Net deferred tax asset not recognised	658,304	195,358	1,071,875	143,120

The taxation benefits of tax losses and timing differences not brought to account will only be obtained if:

- i) the Company and the consolidated entity derive further assessable income of a nature and of an amount sufficient to enable the benefit from the deductions to be realised;
- ii) the Company and the consolidated entity continue to comply with the conditions for deductibility imposed by the law; and
- iii) no changes in tax legislation adversely affect the Company and the consolidated entity's ability in realising the benefit from the deductions.

### d. Tax Consolidation

The parent entity and its wholly owned subsidiary have become a consolidated group for taxation purposes from 30 March 2006. The group has adopted the "Separate Taxpayer within a Group" approach, based on a full tax funding arrangement.

## Copper Range Limited (ACN 119 047 693) and its Controlled Entity

### 5. Key Management Personnel Compensation

- a. Names and positions held of economic and parent entity key management personnel in office at any time during the financial year are:

<b>Key Management Person</b>	<b>Position</b>
Ian Cunynghame Daymond	Chairman (Non-executive)
Stephen Edward Blackman	Managing Director
Kenneth John Maiden	Director – Executive
Brian James Rear	Director (Non-executive)
Trevor William Sykes	Director (Non-executive)
Ian Rees Garsed	Exploration Manager

b. **Compensation practices**

The Board's policy for determining the nature and amount of compensation of key management for the group is as follows:

The compensation structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and executive Directors are for three years, with the option to renew at the end of this period. Upon retirement key management personnel are paid employee benefit entitlements accrued to the date of retirement. Key management personnel are paid the equivalent of between 3 and 6 months of their salary in the event of redundancy. Any options not exercised before or on the date of termination lapse.

The executive Directors are entitled to an annual bonus determined at the Board's discretion by cash, share issue or option issue up to 2% of the market capitalisation of the Company.

Bonuses included in Note 5 (c) are based on these targets. The objective of the reward scheme is to both reinforce the short and long term goals of the group and to provide a common interest between management and shareholders. No bonuses were issued to the executive Directors for the year ended 30 June 2007.

The employment conditions of the Managing Director, Stephen Blackman and other key management personnel are formalised in contracts of employment. All key management personnel are permanent employees of Copper Range (SA) Pty Ltd, the subsidiary Company and provide services to Copper Range Limited under their agreements. Stephen Blackman is employed under a fixed three year contract which commenced on 31 March 2006 and expires on 31 March 2009. Ken Maiden is employed from 31 March 2006 for a period of the earlier of three years or the date of the Company's third AGM.

The Company may terminate an executive Director's employment contract without cause by providing three months' written notice or making a payment in lieu of notice based on the individual's annual salary component together with a redundancy payment of between three and six months of the individual's fixed salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company may terminate employment at any time. Any options not exercised before or on the date of termination will lapse.

The remuneration committee determines the proportion of fixed and variable compensation for each key management personnel. Refer Note 5c.

## Copper Range Limited (ACN 119 047 693) and its Controlled Entity

### c. Key management personnel

	Year	Short-term benefits				Super-annuation
		Cash, salary and commissions \$	Cash profit share \$	Non-cash benefit \$	Other \$	
Ian Daymond	2007	36,000	-	-	-	3,240
	2006	3,000	-	-	-	-
Stephen Blackman	2007	160,000	-	-	-	14,400
	2006	14,409	-	-	-	1,200
Kenneth Maiden	2007	140,000	-	-	-	12,600
	2006	12,609	-	-	-	1,050
Brian Rear	2007	24,000	-	-	-	-
	2006	-	-	-	-	-
Trevor Sykes	2007	20,000	-	-	-	1,800
	2006	-	-	-	-	-
Ian Garsed	2007	46,667	-	-	-	4,200
	2006	-	-	-	-	-

	Year	Other long term benefits	Share based payment Equity	Options	Total
		\$	\$	\$	\$
Ian Daymond	2007	-	-	-	39,240
	2006	-	-	70,000	73,000
Stephen Blackman	2007	-	-	-	174,400
	2006	-	-	87,500	103,109
Kenneth Maiden	2007	-	-	-	152,600
	2006	-	-	87,500	101,159
Brian Rear	2007	-	-	-	24,000
	2006	-	-	35,000	35,000
Trevor Sykes (Note 28a)	2007	-	-	21,000	42,800
	2006	-	-	-	-
Ian Garsed	2007	-	-	80,384	131,251
	2006	-	-	-	-

### d. Options granted as compensation

	Year	Number granted	Number vested	Value per option \$	Exercise price \$	First exercise date
Ian Daymond	2007	-	-	-	-	-
	2006	1,000,000	1,000,000	0.07	0.25	2 Apr'2006
Stephen Blackman	2007	-	-	-	-	-
	2006	1,250,000	1,250,000	0.07	0.25	2 Apr'2006
Kenneth Maiden	2007	-	-	-	-	-
	2006	1,250,000	1,250,000	0.07	0.25	2 Apr'2006
Brian Rear	2007	-	-	-	-	-
	2006	500,000	500,000	0.07	0.25	2 Apr'2006
Trevor Sykes	2007	100,000	100,000	0.21	0.20	15 Dec'2006
	2006	-	-	-	-	-
Ian Garsed	2007	320,000	80,000	0.25	0.40	4 May'2007
	2006	-	-	-	-	-

## Copper Range Limited (ACN 119 047 693) and its Controlled Entity

### d. Options granted as compensation (continued)

Options were granted on various terms. Options granted to Trevor Sykes on 15 December 2006 expire within one year of grant date, have an exercise price of \$0.20 per share and vest fully upon granting. Options granted to Ian Garsed on 16 May 2007 expire within five years of grant date, have an exercise price of \$0.40 and vest 25% as at grant date then 25% each six months thereafter.

Options granted in the previous financial year were granted only to Directors, vested fully immediately and expire within five years from grant date.

The service and performance criteria set to determine compensation are included in Note 5 (b) and Note 28.

### e. Options and rights holdings

#### Number of options granted as compensation held by key management personnel as at year end

	Year	Granted as compensation	Options exercised	Balance	Total vested	Total exercisable	Total unexercisable
Ian Daymond	2007	-	-	1,000,000	1,000,000	1,000,000	-
	2006	1,000,000	-	1,000,000	1,000,000	1,000,000	-
Stephen Blackman	2007	-	-	1,250,000	1,250,000	1,250,000	-
	2006	1,250,000	-	1,250,000	1,250,000	1,250,000	-
Kenneth Maiden	2007	-	-	1,250,000	1,250,000	1,250,000	-
	2006	1,250,000	-	1,250,000	1,250,000	1,250,000	-
Brian Rear	2007	-	-	500,000	500,000	500,000	-
	2006	500,000	-	500,000	500,000	500,000	-
Trevor Sykes	2007	100,000	100,000	-	-	-	-
	2006	-	-	-	-	-	-
Ian Garsed	2007	320,000	-	320,000	80,000	80,000	240,000
	2006	-	-	-	-	-	-

### f. Shareholdings

#### Number of shares held by key management personnel directly or indirectly through controlled entities as at date of this report

	Year	Received as compensation	Options exercised	Net change other *	Balance
Ian Daymond	2007	-	-	211,423	747,990
	2006	-	-	536,567	536,567
Stephen Blackman	2007	-	-	1,297,098	3,804,352
	2006	-	-	2,507,254	2,507,254
Kenneth Maiden	2007	-	-	872,657	3,087,400
	2006	-	-	2,214,743	2,214,743
Brian Rear	2007	-	-	-	1,342,412
	2006	-	-	1,342,412	1,342,412
Trevor Sykes	2007	-	100,000	-	100,000
	2006	-	-	-	-
Ian Garsed	2007	-	-	-	-
	2006	-	-	-	-

\* Net change other refers to shares purchased or sold during the financial period, by key management personnel acting for, or on their own behalf.

## Copper Range Limited (ACN 119 047 693) and its Controlled Entity

### 6. Auditor's remuneration

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Remuneration of the auditor of the parent entity for:				
- auditing and reviewing services	33,760	27,095	33,760	27,095
- other services	-	-	-	-
Balance at end of year	<u>33,760</u>	<u>27,095</u>	<u>33,760</u>	<u>27,095</u>

### 7. Earnings per share

	Consolidated	
	2007	2006
a. Earnings used to calculate basic EPS	(2,171,772)	(1,095,458)
Earnings used to calculate dilutive EPS	(2,171,772)	(1,095,458)
	Number of shares	
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	40,644,621	39,500,000
Weighted average number of options outstanding	32,132,434	4,000,000
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	72,777,055	39,500,000

The weighted average number of options outstanding has not been used in the calculation of the dilutive earnings per share as their conversion to ordinary shares would result in a decrease in the loss per share from ordinary activities.

### 8. Cash and cash equivalents

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Cash at bank and on hand	<u>496,963</u>	<u>2,537,169</u>	<u>447,151</u>	<u>2,530,855</u>

#### Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	496,963	2,537,292	447,151	2,530,855
Bank overdraft	-	(122)	-	(122)
	<u>496,963</u>	<u>2,537,169</u>	<u>447,151</u>	<u>2,530,732</u>

**Copper Range Limited (ACN 119 047 693)  
and its Controlled Entity**

**9. Receivables - current**

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Related parties	9,961	7,353	9,961	-
Sundry debtors	81,044	51,701	12,859	25,398
	<u>91,005</u>	<u>59,054</u>	<u>22,820</u>	<u>25,398</u>

**10. Receivables – non current**

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Amount due from wholly owned controlled entity	-	-	2,647,698	251,419
	<u>-</u>	<u>-</u>	<u>2,647,698</u>	<u>251,419</u>

**11. Property, plant and equipment**

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>Office equipment and furniture</b>				
Cost	68,625	10,090	-	-
Less: accumulated depreciation	(10,335)	(137)	-	-
	<u>58,290</u>	<u>9,953</u>	<u>-</u>	<u>-</u>

**Gross carrying amount – plant and equipment**

Opening balance	10,090	-	-	-
Additions	58,535	10,090	-	-
Disposals	-	-	-	-
Balance at year end	<u>68,625</u>	<u>10,090</u>	<u>-</u>	<u>-</u>

**Accumulated depreciation – plant and equipment**

Opening balance	137	-	-	-
Disposals	-	-	-	-
Depreciation expense	10,198	137	-	-
Balance at year end	<u>10,335</u>	<u>137</u>	<u>-</u>	<u>-</u>

**12. Other financial assets – non current**

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Shares in subsidiary	-	-	2	2
	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>

## Copper Range Limited (ACN 119 047 693) and its Controlled Entity

### 13. Non-current assets - other

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Exploration expenditure capitalised	1,434,925	226,490	-	-
Accommodation bond	-	432	-	-
	<u>1,434,925</u>	<u>226,922</u>	<u>-</u>	<u>-</u>

Mineral exploration is a high risk undertaking and there is no assurance that economic deposits will be discovered and that Deferred Exploration and Development costs will be recovered.

### 14. Goodwill

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Acquisition of subsidiary	-	20,156	-	-
Less: Impairment	-	(20,156)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 15. Current payables

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Unsecured:				
Trade payables	<u>154,152</u>	<u>137,218</u>	<u>24,366</u>	<u>44,010</u>

### 16. Current accruals

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Accrued expenses	<u>105,300</u>	<u>35,000</u>	<u>75,300</u>	<u>35,000</u>

### 17. Current provisions

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Employee benefits	<u>26,355</u>	<u>2,018</u>	<u>-</u>	<u>-</u>

## Copper Range Limited (ACN 119 047 693) and its Controlled Entity

### 18. Non-current payables

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Unsecured:				
Loans – related parties	-	99,810	-	100

### 19. Contributed equity

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
43,126,962 (2006 – 39,500,000) fully paid ordinary shares	4,320,303	3,374,511	4,320,303	3,374,511
35,500,000 (2006 – nil) loyalty options	298,855	-	298,855	-
	<u>4,619,198</u>	<u>3,374,511</u>	<u>4,619,198</u>	<u>3,374,511</u>

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Loyalty options confer the right to one ordinary share for each option held.

	Parent - 2007		Parent - 2006	
	Number	\$	Number	\$
<b>Movement in ordinary share capital</b>				
Balance at beginning of period	39,500,000	3,374,511	-	-
Shares issued during period:				
Issued on incorporation	-	-	2	2
Share split as part of acquisition of Copper Range (SA) Pty Ltd	-	-	19,999,998	-
Cancellation of shares held by International Base Metals Limited as part acquisition of Copper Range (SA) Pty Ltd	-	-	(16,025,000)	-
Issue of shares to International Base Metals Limited shareholders as part of acquisition of Copper Range (SA) Pty Ltd	-	-	16,025,000	-
Issued as seed capital raising	-	-	1,500,000	150,000
Issued through initial public offering	-	-	15,000,000	3,000,000
Issued as share based payment (Note 27e)	1,500,000	525,000	3,000,000	600,000
Issued from exercise of options	2,126,962	446,392	-	-
Cost of capital raising	-	(25,600)	-	(375,491)
Balance at end of year	<u>43,126,962</u>	<u>4,320,303</u>	<u>39,500,000</u>	<u>3,374,511</u>

	Parent - 2007		Parent - 2006	
	Number	\$	Number	\$
<b>Movement in contributed equity options</b>				
Balance at beginning of period	4,000,000	-	-	-
Options issued	37,365,000	355,000	-	-
Cost of option raising	-	(56,145)	-	-
Options exercised	(2,126,962)	-	-	-
Balance at end of year	<u>39,238,038</u>	<u>298,855</u>	<u>-</u>	<u>-</u>

## Copper Range Limited (ACN 119 047 693) and its Controlled Entity

### 20. Reserves

#### Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options.

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Balance at beginning of period	280,000	-	280,000	-
Value of options issued (Note 28a and b)	464,448	280,000	464,448	280,000
Value of options exercised for shares	(21,000)	-	(21,000)	-
Movement in intrinsic value of unlisted options	(280,000)	-	(280,000)	-
	<u>443,448</u>	<u>280,000</u>	<u>443,448</u>	<u>280,000</u>

### 21. Retained profits/accumulated losses

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Balance at beginning of year	(1,095,458)	-	(926,070)	-
Net profit/(loss) attributable to members of the parent entity	(2,171,772)	(1,095,458)	(1,118,531)	(926,070)
Accumulated losses at end of financial year	<u>(3,267,230)</u>	<u>(1,095,458)</u>	<u>(2,044,601)</u>	<u>(926,070)</u>

### 22. Controlled entities

	Country of incorporation	Class of shares	Ownership interest
Copper Range (SA) Pty Ltd – acquired 30 March 2006	Australia	Ordinary	100%

## **Copper Range Limited (ACN 119 047 693) and its Controlled Entity**

### **23. Commitments and contingent liabilities**

The Company has an Administrative Services Agreement with International Base Metals Limited ("IBML") whereby IBML provides services which include, but not limited to, reception duties, secretarial work, tenement management, company accounting, investor relation services, information technology support and office facilities. The agreement is for three years, expiring on 31 March 2009, and currently costing \$384,000 per annum.

The Company has leased premises in Adelaide for a period of three years, expiring on 4 January 2010 at a minimum annual rental of \$33,000.

Exploration tenements granted are based on a minimum annual expenditure commitment. The total commitments are \$1,055,000 although there is some flexibility in expenditure patterns over the life of tenements where shortfalls in any single year can be made good in aggregate terms.

The joint venture agreement with Flinders Diamonds Limited requires the Company to expend up to \$2,250,000 over a three year period to earn its interest.

### **24. Events subsequent to balance date**

Since balance date and up to 6 September 2007, the expiry date for the Loyalty Options, option holders exercised 29,621,958 options to subscribe for 29,621,958 ordinary shares in the Company at \$0.20 per share raising \$5,900,000 after year end. As at the date of this report the Company has 72,748,920 issued ordinary shares of which 59,139,408 are listed on the ASX and 13,609,514 remain escrowed until 6 June 2008.

The Company has announced a bonus options issue with a record date of 18 September 2007 wherein shareholders registered as at 18 September 2007 will receive one free bonus option for every two shares held. Bonus option entitlements will be rounded down to the nearest option. Each option shall entitle the option holder to subscribe for one ordinary share in the Company at a price of \$0.30 per share on or before 30 September 2010. The Company expects to issue approximately 36,374,460 bonus options and has sought listing of these options for trading on the ASX (Code: CRJOA).

## Copper Range Limited (ACN 119 047 693) and its Controlled Entity

### 25. Financial instruments

#### Significant account policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

#### Interest rate risk

The consolidated entity has not entered into interest rate hedging transactions. The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

	Weighted average interest rate	Floating interest	1 year or less	Over 1 to 5 years	More than 5 years	Non- Interest bearing	Total
<b>2007</b>							
Financial assets							
- cash	5.85%	496,963	-	-	-	-	496,963
- receivables	-	-	-	-	-	91,005	91,005
- deposits paid	-	-	-	-	-	-	-
<b>Total assets</b>		496,963	-	-	-	91,005	587,968
Financial liabilities							
- payables	-	-	-	-	-	154,152	154,152
- non interest bearing loans	-	-	-	-	-	-	-
<b>Total liabilities</b>		-	-	-	-	154,152	154,152
<b>Net financial assets/(liabilities)</b>		496,963	-	-	-	(63,147)	433,816
<b>2006</b>							
Financial assets							
- cash	4.50%	2,537,169	-	-	-	-	2,537,169
- receivables	-	-	-	-	-	59,054	59,054
- deposits paid	-	-	-	-	-	-	-
<b>Total assets</b>		2,537,169	-	-	-	59,054	2,596,223
Financial liabilities							
- payables	-	-	-	-	-	137,218	137,218
- non interest bearing loans	-	-	-	-	-	99,810	99,810
<b>Total liabilities</b>		-	-	-	-	237,028	237,028
<b>Net financial assets/(liabilities)</b>		2,537,169	-	-	-	(177,974)	2,359,195

## Copper Range Limited (ACN 119 047 693) and its Controlled Entity

### 25. Financial instruments (continued)

Carrying amounts and estimated values of the Company's financial statements, referred to above were as follows:

	Consolidated – 2007		Consolidated - 2006	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
<b>Recognised in the balance sheet</b>				
Financial assets				
- cash assets	496,963	496,963	2,537,169	2,537,169
- current receivables	91,005	91,005	59,054	59,054
- non current other	-	-	-	-
Financial liabilities				
- current payables	154,157	154,157	137,218	137,218
- non current payables	-	-	99,810	99,810

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

#### Cash assets

The carrying amount approximates the fair value due to the short maturity of these instruments.

#### Debtors and creditors

Current debtors and creditors represent financial obligations in exchange for goods and services provided and received by the group in the normal course of operations, net of provisions for doubtful debts. Due to the short term nature of these obligations, their carrying amounts are estimated to be their fair values.

#### c. Foreign exchange risk

Given the minimal exposure to foreign currencies, it is the current policy of the consolidated entity not to hedge foreign exchange risk.

#### d. Credit risk

There is negligible credit risk on financial assets, excluding investments, of the consolidated entity since there is no exposure to individual customers or countries and the economic entity's exposure is limited to the amount of cash, short term deposits and receivables which have been recognised in the balance sheet and is minimised by using recognised financial intermediaries as counterparties.

#### e. Liquidity risk

The group manages liquidity risk by monitoring cash flows and ensuring that adequate capital raising activities are undertaken.

## Copper Range Limited (ACN 119 047 693) and its Controlled Entity

### 26. Related party disclosures

Transactions between related parties are on normal terms and conditions no more favourable than those available to other parties unless otherwise stated.

Details concerning key management personnel are set out in Note 5.

#### a. Loans to controlled entity

The parent has advanced interest free funds to its controlled entity to enable the subsidiary to conduct its exploration activities. All other transactions between the two entities have been made on normal commercial terms.

	Parent	
	2007	2006
	\$	\$
Receivables – non current	2,647,698	251,419

#### b. Loans from related parties

The consolidated entity had received interest free funds from International Base Metals Limited, a shareholder and previous owner of the subsidiary Copper Range (SA) Pty Ltd as identified below:

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Payables – non current	-	99,810	-	100

#### c. Transactions with related parties

The parent negotiated in March 2006 an Administrative Services Agreement with International Base Metals Limited (“IBML”) whereby IBML provides services of receptionist, secretarial, tenement management, accounting, investor relations, information technology and office facilities. Under a separate agreement, the Technical Services Agreement, IBML provides geological services, as and when required, to the group.

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Services payments to IBML	522,167	-	119,417	-

During the year, Directors Ian Daymond, Stephen Blackman, Kenneth Maiden and Brian Rear were also directors of International Base Metals Limited.

**Copper Range Limited (ACN 119 047 693)  
and its Controlled Entity**

**27. Notes to cash flow statement**

**a. Reconciliation of cash**

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled in the related items in the balance sheet as follows:

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Cash	496,963	2,537,169	447,151	2,530,732

**b. Non-cash financing and investing activities**

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Share payments expensed	709,448	880,000	709,448	880,000

**c. Reconciliation of operating loss after income tax to net cash outflow from operating activities**

	Consolidated		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Operating profit/(loss) after income tax	(2,171,772)	(1,095,458)	(1,118,531)	(926,070)
Non cash items included in profit and loss:				
- depreciation and amortisation	10,198	137	-	-
- share payments expensed	709,448	880,000	709,448	880,000
- impairment of goodwill	-	20,156	-	-
	(1,452,126)	(195,165)	(409,083)	(46,070)
Change in assets and liabilities adjusted for effects of purchase and disposal of controlled entities during the period				
Decrease/(increase) in:				
- receivables	(31,951)	(39,282)	2,578	(25,294)
- bonds paid	432	(432)	-	-
- write offs and payments for exploration	(1,208,434)	(71,840)	-	-
Increase/(decrease) in:				
- payables	16,934	75,911	(19,644)	14,401
- accruals	70,300	35,000	40,300	35,000
- provisions	24,337	2,018	-	-
Net cash (outflow) from operating activities	(2,580,508)	(193,790)	(385,849)	(21,963)

## Copper Range Limited (ACN 119 047 693) and its Controlled Entity

### 27. Notes to cash flow statement (continued)

#### d. Acquisition of entity

On 30 March 2006 the Company acquired 100% interest in Copper Range (SA) Pty Ltd. Details of the transaction were:

	<b>Consolidated</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Cash consideration	-	2
The fair value of the assets acquired and liabilities assumed were as follows:		
Cash	-	85,471
Receivables	-	19,376
Exploration activity	-	154,650
Property, plant and equipment	-	617
Trade creditors	-	(32,508)
Parent entity loan	-	(101,800)
Other loans	-	(145,962)
Value attributable to goodwill	-	<u>20,156</u>
Increase in cash following acquisition of subsidiary	-	85,471

#### e. Non cash financing and investing activities

##### Share Issue

	<b>Parent</b>	
	<b>2007</b>	<b>2006</b>
	<b>Number</b>	<b>Number</b>
Shares issued to International Base Metals Limited as consideration for the acquisition of Copper Range (SA) Pty Ltd	-	2
Shares issued to Findlay & Co Stockbrokers (Underwriters) Pty Ltd for services provided in respect of listing the Company	-	3,000,000
Shares issued to Flinders Diamonds Limited as consideration payable for the earn-in joint venture	1,000,000	-
Shares issued to David Tonkin as consideration for the introduction and successful acquisition of Company tenements	500,000	-
	<u>1,500,000</u>	<u>3,000,002</u>

#### f. Credit standby arrangements with financial institutions

The Company has no standby arrangements for credit with any financial institutions at 30 June 2007.

## Copper Range Limited (ACN 119 047 693) and its Controlled Entity

### 28. Share based payments

- a. On 15 December 2006 100,000 share options were granted to a Director under the terms of the employee share plan at an exercise price of \$0.20 per share. Using the Black Scholes methodology a value of \$21,000 was expensed through the income statement.
- b. On 4 May 2007 1,765,000 share options were granted to employees and consultants to the group under the terms of the employee share plan at an exercise price of \$0.40 per share. Using the Black Scholes methodology a value of \$443,448 was expensed through the income statement including \$80,384 relating to a key management person.

All options issued relate to ordinary shares of Copper Range Limited which confer a right to one ordinary share for every option held.

	Parent and consolidated 2007		Parent and consolidated 2006	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
<b>Unlisted director/employee options</b>				
Outstanding at beginning of year	4,000,000	0.25	-	-
Granted	1,865,000	0.39	4,000,000	0.25
Forfeited	-	-	-	-
Exercised	(100,000)	0.20	-	-
Expired	-	-	-	-
Outstanding at end of year	<u>5,765,000</u>	<u>0.30</u>	<u>4,000,000</u>	<u>0.25</u>
Exercisable at year end	4,441,250	0.26	4,000,000	0.25
		<b>2007</b>		<b>2006</b>
Average remaining contractual life - years		4.09		4.74

- c. The value of Directors' incentive options granted on 2 April 2006 has been determined using the intrinsic value method. The intrinsic value is used in circumstances when, at the grant date of the options the fair value of the underlying share cannot be determined. The intrinsic value is the difference between the underlying share value at year end and the exercise price of the option. The difference between the two is measured at the end of each year and the movement from the preceding period is allocated to the income statement up until the options are exercised or lapse. The intrinsic value is measured as follows:

	2007 \$	2006 \$
Underlying value per share at year end	0.25	0.32
Exercise price of options issued	0.25	0.25
Intrinsic value per option	-	0.07
Options issued	4,000,000	4,000,000
Profit/(loss) recognised in the income statement	280,000	(280,000)

## **Copper Range Limited (ACN 119 047 693) and its Controlled Entity**

### **28. Share based payments (continued)**

- d. On 18 May 2007 1,000,000 ordinary shares were issued to Flinders Diamonds Limited under an Earn In Agreement at a value of \$400,000 as approved by the Board of Directors, which has been expensed to the Income Statement (Note 31).
- e. On 29 June 2007 500,000 ordinary shares were issued to Mr David Tonkin in consideration for the introduction and successful acquisition of Company tenements, at a fair value of \$125,000 as approved by the Board of Directors, which has been expensed to the Income Statement

### **29. Dividends**

The consolidated entity did not declare or pay a dividend during the year.

### **30. Segment reporting**

The consolidated entity materially operates in one business segment and one geographical segment only, being mineral exploration in Australia.

### **31. Joint ventures**

The Company has entered into an earn-in agreement with Flinders Diamonds Limited ("FDL") over approximately 8,500 sq km in the Adelaide Fold Belt in South Australia. This agreement relates to the base and precious metal content of FDL's Springfield and Jamestown project areas, which extend south from the town of Hawker almost to the town of Burra.

The Company may fund \$750,000 of eligible exploration expenditure per annum for the next three years to earn a 90% interest in base and precious metals in the project areas. There is a minimum spend of \$750,000 before withdrawal and the Company will vest a 50% interest after the expenditure of \$1,000,000.

Once the Company has acquired a 90% interest, FDL will retain a free carried interest through to completion of a bankable feasibility study. At this stage FDL may elect to contribute 10% of the development costs of mine, and retain its 10% interest, or it may elect to transfer its interest to the Company and receive a 1.5% NSR royalty.

The Company has paid FDL \$100,000 on signing and issued 1,000,000 ordinary shares to FDL. The \$100,000 payment by the Company is included in capitalised exploration expenditure (Note 13) and the 1,000,000 shares have been expensed to the Income Statement at a fair value of \$400,000 (Note 28).

## **Copper Range Limited (ACN 119 047 693) and its Controlled Entity**

### **32. Pending application of accounting standards**

The following Australian Accounting Standards have been issued or amended and are applicable but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date:

Standards Affected		Application
AASB No.	Title	Date of Standard
1	First time adoption of AIFRS	01/01/2008
101	Presentation of Financial Statements	01/01/2007
114	Segment Reporting	01/07/2007
117	Leases	01/07/2007
132	Financial Instruments: Disclosure and Presentation	01/01/2007
133	Earnings Per Share	01/01/2007
139	Financial Instruments: Recognition and Measurement	01/01/2007

No known or reliably estimable information relevant to assessing the possible impact of these standards on the Group is presently available

### **33. Company information**

The registered office of the Company is:

Level 4, 72 Pitt Street  
SYDNEY NSW 2000

The principal place of business of the Company is:

Level 4, 72 Pitt Street  
SYDNEY NSW 2000

**Copper Range Limited (ACN 119 047 693)  
and its Controlled Entity**

**Directors' Declaration**


The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 16 to 46, are in accordance with the Corporations Regulations 2001:
  - (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 2007 and the performance for the financial year ended on that date of the Company and the economic entity.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Stephen E Blackman  
Managing Director



Ian Daymond  
Chairman

Dated at Sydney, 27 September 2007

# **brentnalls assurance**

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27 September 2007

The Board of Directors  
Copper Range Limited  
Level 4, 72 Pitt Street  
Sydney NSW 2000

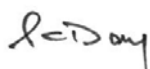
Dear Directors

## **Copper Range Limited**

We declare that to the best of our knowledge and belief, during the period ended 30 June 2007 there has been:

- i. No contraventions of auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and
- ii. No contraventions of any applicable code of professional conduct in relation to the audit.

Yours faithfully



GK Day  
A Member of the Firm



Brentnalls Assurance  
Sixth Floor 222 Clarence Street  
Sydney NSW 2000

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Email [graeme@brentnallsassurance.com.au](mailto:graeme@brentnallsassurance.com.au)

An independent member of the Brentnalls National Affiliation of Accounting Firms and of the Affilica International Affiliation of Accountancy Practices. Practitioner: Graeme Keith Day. BEc. FCA. ACIS. Where applicable, liability is limited by a Scheme approved under Professional Standards Legislation.

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## **Independent Auditor's Report To the Members**

### **Scope**

We have audited the accompanying Financial Report of Copper Range Limited ("the Company"), including the financial statements of the Company and the consolidated financial statements of the Company and its Controlled Entities, comprising the Balance Sheet as at 30 June 2007, and the Income Statement, Statement of Changes in Equity and Cash Flow statement for the period then ended, a Summary of Significant Accounting Policies, other explanatory Notes and the Directors' Declaration.

### **Directors' Responsibility for the Financial Report**

The Directors of the Company are responsible for the preparation and fair presentation of the Financial Report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), International Financial Reporting Standards, and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the Financial Report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility**

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

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

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

### **Independence**

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001 previously provided to the Directors of the Company would be in the same terms if provided as at the date of this Auditor's report.

### **Auditor's Opinion**

In our opinion, the Financial Report of the Company is in accordance with the Corporations Act 2001, including:

- a. Giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2007 and of their financial performance for the year then ended; and
- b. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- c. The Financial Report complies with International Financial Reporting Standards as disclosed in Note 1.

*G K Day*

Name of Member: Graeme Keith Day

*Brentnalls Assurance*

Name of Firm: Brentnalls Assurance. Sixth Floor, 222 Clarence Street, Sydney NSW 2000, Australia

Date: 27 September 2007

6<sup>th</sup> floor 222 Clarence St Sydney NSW 2000 Australia. PO Box Q1023, QVB Post Office NSW 1230.

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An independent member of the Brentnalls National Affiliation of Accounting Firms and of the Affilica

International Affiliation of Accountancy Practices. Practitioner: Graeme Keith Day. BEC. FCA. ACIS.

Where applicable, liability is limited by a Scheme approved under Professional Standards Legislation.

# Corporate Governance Statement

## Principle 1

The Company accepts and strives to meet the ASX Corporate Governance Guidelines. The following is an analysis of the Company's compliance with these guidelines.

### **Lay Solid foundations for management and oversight**

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 currently the role of the Executive Directors 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 the Executive Directors in carrying out these delegated duties.

To assist the Board to carry out its functions, Directors have resolved to develop a charter to guide the Non-Executive and Executive Directors and other key executives that may be employed in the performance of their roles.

## Principle 2

### **Structure the Board to add value**

The Board regularly reviews the composition, skill base and effectiveness of the Board. In relation to the best practice recommendations:

#### **2.1 A majority of the Board should be independent directors**

The Company is compliant with this principle. The size and nature of the Company's activities does not justify expanding the Board at this time.

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. The names of the Directors and their qualifications and experience along with the term of office held by each of the Directors are stated in the Directors' Report. The Company recognises the importance of Non-Executive Directors and the external perspective and advice that they can offer. Messrs Daymond, Rear and Sykes are the Non-Executive Directors. In addition to being Non-Executive Directors, Messrs Daymond, Rear and Sykes also meet the criteria for independence proposed by the Council.

#### **2.2 The chairperson should be an independent director**

The Company is compliant with this principle. Mr Daymond is independent and is the most suitable candidate amongst the Directors to lead the Board.

#### **2.3 The roles of chairperson and chief executive officer should not be exercised by the same person**

The Company is compliant with this principle.

#### **2.4 The Board should establish a nomination committee**

The Company is not compliant with this principle. The role of the Nomination Committee has been assumed by the full Board. The size and nature of the Company's activities does not justify the establishment of a committee at this time. The review of the Company's corporate governance practices will consider the need for such a committee.

## Principle 3

### Promote ethical and responsible decision-making

The Board requires high standards of conduct and responsibility from Directors and is developing a Code of Ethics and Conduct for Directors. The Board also requires the Executive Directors, employees and consultants, to have high standards. Executive Directors are required to adhere to industry standards in conduct and dealings and has built the promotion of a culture of honesty, fairness and ethical behaviour into its internal compliance policy and procedures.

## Principle 4

### Safeguard integrity in financial reporting

The compilation and timely disclosure of accurate and truthful information about the Company's financial position and performance is vital for the integrity of the market in the Company's securities. The Company has put in place a structure of reporting and oversight to achieve these objectives. In relation to the best practice recommendations:

**4.1 Chief executive officer (or equivalent) and chief financial officer (or equivalent) sign-off of the financial accounts**

This sign-off is completed after scrutiny by the full Board.

**4.2 Establishment of an audit committee**

The Company is not compliant with this principle. The role of the Audit Committee has been assumed by the full Board. The size and nature of the Company's activities does not justify the establishment a committee at this time. The review of the Company's corporate governance practices will consider the need for such a committee.

If an Audit Committee is formed, it will be structured in accordance with best practice recommendations and have a formal charter.

**4.3 The structure of the audit committee**

Refer above.

**4.4 The audit committee has a formal charter**

Refer above.

## Principle 5

### Make timely and balanced disclosure

The Board has adopted policies and rules to ensure the Company complies with its obligations under the continuous disclosure rule 3.1. The Board has designated the Company Secretary and Executive Director as the persons responsible for overseeing and co-ordinating disclosure of information to the ASX as well as communicating with the ASX.

## Principle 6

### Respect the rights of shareholders

The Board has adopted a policy on communication with shareholders and implemented a set of processes to ensure timely and effective communication with shareholders and the wider investment community.

## **Principle 7**

### **Recognise and manage risk**

Any matters of significance to the Company or material relevant to its assets, liabilities or profits are signed off by the Board after discussion and evaluation of submissions made by the Managing Director or other member of management. Regular review is undertaken by the Board, including discussions with the Managing Director and others as applicable. The Executive Directors review risk in response to changing business conditions and regulations. The Company is developing a risk management policy which will include an operational risk management programme.

## **Principle 8**

### **Encourage enhanced performance**

The Board meets at least once a year to review its own performance. The Chairman also holds individual discussions with other Directors to discuss their performance when appropriate. The Non-Executive Directors are responsible for regularly evaluating the Managing Director's and the Executive Director's performance. This evaluation is based on the Company's business performance and whether strategic objectives are being achieved. The Board is developing a policy to review the performance of the Board as a whole, Directors and sub-committees of the Board.

## **Principle 9**

### **Remunerate fairly and responsibly**

The Company is committed to remunerating its Executive Directors, Non-Executive Directors and executives in a manner that is market-competitive, consistent with best practice and supporting the interests of shareholders.

#### **9.1 Remuneration Policy**

Details of the Company's remuneration policy are provided in the accompanying Directors' Report and Financial Statements.

#### **9.2 Establishment of a remuneration committee**

The Company is not compliant with this principle. The role of the remuneration committee has been assumed by the full Board. The size and nature of the Company's activities does not justify the establishment a committee at this time. The review of the Company's corporate governance practices will consider the need for such a committee.

## **Principle 10**

### **Recognise the legitimate interest of stakeholders**

The Board has a primary duty of responsibility to shareholders, but it also recognises that it has responsibilities to parties other than its shareholders. The Company acknowledges that the community expects businesses to be aware of their wider social obligations. The Company has a general policy that addresses the interests of stakeholders but a more formal and comprehensive policy is being developed as part of the Company's corporate governance best practice review.

### Directors

Non-Executive Chairman  
Managing Director  
Executive Director  
Non-Executive Director  
Non-Executive Director

Ian Daymond  
Stephen Blackman  
Dr Ken Maiden  
Brian Rear  
Trevor Sykes

### Joint Company Secretaries

Geoff Broomhead  
John Stone

### Registered Office and Principal Office

Level 4, 72 Pitt Street  
Sydney NSW 2000  
Tel: 612 8223 3788  
Fax: 612 8223 3799  
<http://www.copperrange.com.au>

### Share Registry - Registries Limited

Level 2, 28 Margaret Street  
Sydney NSW 2000  
Tel: 612 9290 9600  
Fax: 612 9279 0664  
[www.registriesltd.com.au](http://www.registriesltd.com.au)

### Solicitors

Gadens Lawyers  
77 Castereagh Street  
Sydney NSW 2000

### Auditor

Brentnalls Assurance  
6<sup>th</sup> Floor, 222 Clarence Street  
Sydney NSW 2000



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