

BLACK RANGE MINERALS LIMITED
ABN 86 009 079 047

FINANCIAL REPORT

30 June 2006

Black Range Minerals Limited

CORPORATE DIRECTORY

Directors

Mr Alan Scott (Chairman)

Mr Michael Haynes (Managing Director)

Mr Matthew Wood

Company Secretary

Mr Tim Flavel

Registered Office and Principal place of business

Level 2

675 Murray Street

West Perth WA 6005

Australia

Telephone: (61 8) 9481 4920

Facsimile: (61 8) 9226 2027

Share Register

Computershare Investor Services Pty Ltd

Level 2, Reserve Bank Building

45 St Georges Terrace

Perth WA 6000 Australia

Telephone: 1300 557 010

International: (61 8) 9323 2000

Facsimile: (61 8) 9323 2033

Stock Exchange Listing

Black Range Limited shares and options

are listed on the Australian Stock

Exchange, the home branch being Perth

ASX Code: BLR and BLRO

Auditors

Ernst and Young

11 Mounts Bay Road

Perth WA 6000

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Black Range Minerals Limited

Directors' Report

The following report is submitted in respect of the results of the Company for the financial year ended 30 June 2006, together with the state of affairs of the Company as at that date.

DIRECTORS

The names, qualifications and experience of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr. Alan Scott – appointed on 22 August 2005

Mr. Scott was appointed as non-executive Chairman to the Board of Directors on 22 August 2005. Mr Scott is currently Managing Director and Chief Executive Officer of HiTec Energy Limited and was formerly Managing Director and Chief Executive Officer of Aurora Gold Limited. Prior to this Mr Scott spent 22 years working with Rio Tinto Limited/CRA Limited, with involvement in joint venture management, finance, acquisitions and divestments, commercial negotiations and project engineering. Mr Scott qualified as an accountant and spent 13 years working with Coopers & Lybrand in Sydney, Montreal, London and Wollongong before moving into the mining industry.

Directorships held by Mr. Scott in the past three years:

HiTec Energy Limited – Appointed 20 May 2002 to Current

Mr. Michael Haynes

Mr. Haynes has more than 15 years experience in the international mineral exploration industry. Mr. Haynes graduated from the University of Western Australia with an honours degree in geology and geophysics and has explored for a wide variety of ore deposit styles throughout Australia and extensively in Southeast and Central Asia, Africa, South America and Europe.

Mr. Haynes has held technical positions with both BHP Minerals and Billiton plc. He ran his own successful consulting business for a number of years providing professional geophysical and exploration services to both junior and major resource companies. He has worked extensively on project generation and acquisition throughout his career.

Mr. Haynes is one of the founders and a Director of Iberian Resources Limited.

Directorships held by Mr. Haynes in the past three years:

Iberian Resources Limited – Appointed 21 October 2003 to Current

Overland Resources Limited – Appointed 9 May 2005 to Current

Elk Petroleum Limited – Appointed 19 January 2005; Resigned 8 April 2005

Mr. Matthew Wood

Mr. Wood has more than 15 years experience in the resource sector with both major and junior resource companies and has extensive experience in the technical and economic evaluation of resource projects throughout the world. Mr. Wood's expertise is in project identification, negotiation, acquisition and corporate development.

Mr. Wood is the Managing Director of Iberian Resources Limited a company with advanced gold projects in Europe. Mr. Wood was instrumental in sourcing and negotiating this company's acquisitions.

Mr. Wood is also a Director of Elk Petroleum Limited, a company of which he is a joint founder. Elk Petroleum Limited is focused on redeveloping mature oil and gas fields in North America.

Directorships held by Mr. Wood in the past three years:

Iberian Resources Limited – Appointed 21 October 2003 to Current

Elk Petroleum Limited – Appointed 19 January 2005 to Current

Overland Resources Limited – Appointed 9 May 2005 to Current

Black Range Minerals Limited

Directors' Report

Former Directors:

Mr. David Steinepreis – resigned on 22 August 2005

Mr. Steinepreis is a Chartered Accountant and former partner of an international accounting firm where he specialised in strategic corporate advice and taxation for listed companies. He entered commerce as a Director, adviser and major shareholder of a number of listed companies in the gold, diamonds, oil and new mining technology sectors. Mr. Steinepreis is chairman of Ascent Capital Pty Ltd.

In the last three years Mr. Steinepreis has been or is currently a Director of the following publicly listed entities:

Name of Company	Appointed	Resigned
Fusia Limited	24/12/2003	15/12/2004
Deep Yellow Limited	20/08/2004	07/01/2005
M Health Limited	16/04/2004	Current
Green Rock Energy Limited	21/09/2000	10/05/2005
OBJ Limited	13/02/2004	08/12/2004
Salus Technologies Limited	18/08/2003	27/06/2005
Extract Resources Limited	04/09/2003	20/01/2004
Medivac Limited	15/09/2003	19/01/2004
Resonance Health Limited	18/10/2002	11/11/2003
IM Medical Limited	28/11/2003	16/09/2004
Service Stream Limited	20/11/2003	27/07/2004
Peninsular Minerals Limited	07/05/2003	22/03/2004

COMPANY SECRETARY

Mr. Tim Flavel - appointed 22 August 2005

Mr Flavel is a Chartered Accountant and Company Secretary, with over 18 years experience in the mining industry and accounting profession both in Australia and overseas. Mr Flavel currently assists a number of resources companies operating throughout Australia, Africa and Europe with financial accounting, stock exchange compliance and regulatory activities.

Directors' Interests in the Shares and Options of the Company

At the date of this report the interests of the Directors in the shares and other equity securities of the Company were:

	<u>Ordinary Shares</u>	<u>Options over Ordinary Shares</u>
Directors		
Mr. Alan Scott	500,000	6,125,000
Mr. Matthew Wood	22,471,910	8,017,978
Mr. Michael Haynes	22,471,910	8,017,978

DIVIDENDS

No dividend was paid or declared by the Company in the period since the end of the previous financial year, and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the financial year ended 30 June 2006.

CORPORATE STRUCTURE

Black Range Minerals Limited is a company limited by shares that is incorporated and domiciled in Australia.

Black Range Minerals Limited

Directors' Report

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

During the financial year, the principal activity was mineral exploration. At the date of this report the company holds base metal projects in New South Wales and a joint venture in the United States of America to earn into two advanced exploration properties.

RESULTS OF OPERATIONS

The net loss of the Company for the financial year after income tax was \$621,047 (2005: \$14,331,203 profit).

REVIEW OF OPERATIONS

The Company has achieved considerable success while pursuing its aggressive exploration and acquisition programmes during the past twelve months. It has expanded its copper resource base considerably through its exploration activities at the Koonenberry Base Metal Project in NSW, and it has formed a joint venture to earn into two advanced uranium projects, both of which host considerable resources, in Wyoming, USA.

At the Company's 100% owned Koonenberry Base Metal Project an extensive ground electromagnetic survey, a ground gravity survey, an XRF soil sampling survey, and two drilling programmes have been completed during the past twelve months. The Company drilled 72 holes for 11,000 metres at the project during this period.

These exploration efforts have resulted in a 1000% increase in the resource base at the Koonenberry Base Metal Project. The resource now stands at 5.75Mt at 1.03% copper, 0.35% zinc, 2.30g/t silver and 0.05g/t gold, containing approximately 60,000 tonnes of copper. Importantly over 50% of the upgraded resource base falls within the JORC "indicated" category, as outlined below:

Category	Tonnes	Cu (%)	Zn (%)	Ag (g/t)	Au (g/t)
Indicated	3,022,031	1.15	0.30	2.50	0.06
Inferred	2,731,312	0.90	0.40	2.10	0.04
Total*	5,753,343	1.03	0.35	2.30	0.05

* Cut-off grade of 0.5% copper applied

The Company's exploration has confirmed that the Koonenberry Base Metal Project hosts an extensively mineralised system. Massive sulphide mineralisation has been intersected over the entire 4,000 metres of strike that has been tested with drilling to date. Massive sulphide mineralisation has also been intersected at depths greater than 400 metres. Mineralisation remains open in all directions.

A scoping study has been initiated to evaluate the economics of commencing a mining operation at the Koonenberry Base Metal Project.

Considerable untested exploration potential remains at the Koonenberry Base Metal Project, and aggressive exploration activities are continuing.

During June 2006 the Company announced that it had formed a strategic alliance with Uranerz Energy Corporation of the USA. This alliance provides the Company with ready access to considerable uranium production expertise. The Company has subsequently reached agreement with Uranerz Energy to joint venture into two of its advanced uranium projects, the Cyclone Rim and Eagle Uranium Projects in Wyoming USA.

Considerable exploration was undertaken at the Cyclone Rim and Eagle Uranium Projects during the 1970's, including completion of approximately 85 drill holes at the Cyclone Rim Project and 120 drill holes at the Eagle Uranium Project. As a result the Company has an initial exploration target for these two projects of 5 million pounds of U₃O₈. The Company intends commencing drilling programmes at both projects during the third quarter of 2006, which should facilitate conversion of these resources to JORC compliant.

No exploration has been undertaken at either of these projects since the 1970's, and there is considerable potential to expand the resource bases, well beyond the Company's initial targets, at both of these projects, with further exploration.

The success of the Company's activities during 2006 positions it well to continue to expand its resource bases as it moves closer to production in both the copper and uranium sector in the foreseeable future.

Black Range Minerals Limited

Directors' Report

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Total equity increased to \$2,938,281 from \$662,268, an increase of \$2,276,013. The movement was a result of increased losses and increased capital. Additional capital of \$2,479,351 was raised through share and option issues to the public and the exercise of options by the public.

On 19 August 2005, subsequent to shareholder approval, the parent entity acquired 100 % of Turon Gold Proprietary Limited (Turon Gold). Turon Gold owns 100% of a base metal project in western New South Wales. The purchase was satisfied by the issue of 50,000,000 ordinary shares at an issue price of \$0.01 each.

On 6 June 2006 it was announced that an agreement to form a strategic alliance with Uranerz Energy Corporation, a uranium exploration and mining company listed on the NASD OTC Bulletin Board in the USA, had been signed.

On 18 September 2006 it was announced the parent entity had secured an exclusive option to earn up to 90% interest in the high grade Ferris Haggerty Copper Deposit, located in southern Wyoming, USA.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 1 September 2006 the company announced a placement to raise \$3.12 million at \$0.048 per share had successfully been arranged. Additionally it was announced that all ordinary shareholders as at 13 September 2006 are entitled to participate in a Share Purchase Plan for the issue of up to 130 million additional shares at \$0.048.

On 18 September 2006 the company announced that it had secured an exclusive option to earn up to 90% interest in a high grade Copper deposit, located in southern Wyoming, USA.

Full details are available on the Australian Stock Exchange announcements for the company.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors have excluded from this report any further information on the likely developments in the operations of the Company and the expected results of those operations in future financial years, as the Directors believe that it would be speculative and prejudicial to the interests of the Company.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company carries out operations in New South Wales that are subject to environmental regulations under both Commonwealth and State legislation in relation to its exploration activities. The Company has formal procedures in place to ensure regulations are adhered to. During the financial year there has been no significant breach of these regulations.

SHARE OPTIONS

(i) Unissued shares under option

As at the date of this report, there were 109,933,915 unissued ordinary shares under options (110,003,209 at the reporting date). 109,308,915 options are exercisable at \$0.045 per share exercisable at any time on or before 28 February 2011. 500,000 options are exercisable at \$0.08 per share exercisable at any time on or before 16 June 2011. 125,000 options are exercisable at \$0.20 per share exercisable at any time on or before 29 October 2007.

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

(ii) Shares issued on exercise of options

During the financial year, 76,705 options were exercised at \$0.045 to acquire fully paid ordinary shares. Since the end of the financial year, a further 194,294 options have been exercised at \$0.045.

Black Range Minerals Limited

Directors' Report

REMUNERATION REPORT

This report outlines the remuneration arrangements in place for directors and executives of Black Range Minerals Limited.

Remuneration Policy

The Board is responsible for determining and reviewing compensation arrangements for the Directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. The Company links the nature and amount of the emoluments of such officers to the Company's financial or operational performance. The expected outcome of this remuneration structure is:

- Retention and motivation of Directors
- Performance rewards to allow Directors to share the rewards of the success of the Company

As part of its Corporate Governance Policies and Procedures, the board has adopted a formal Remuneration Committee Charter. Due to the current size of the Company and number of directors, the board has elected not to create a separate Remuneration Committee but has instead decided to undertake the function of the Committee as a full Board under the guidance of the formal charter.

Details of the nature and amount of each element of the emolument of each Director and Executive of the Company for the financial year are as follows:

	Short term			Post employment	
2006	Base Salary	Directors Fees	Consulting Fees	Superannuation	Total
DIRECTORS	\$	\$	\$	\$	\$
Mr. David Steinepreis	-	-	5,000	-	5,000
Mr. Alan Scott	-	25,769	-	2,319	28,088
Mr. Matthew Wood	-	-	63,333	-	63,333
Mr. Michael Haynes	-	-	63,333	-	63,333
EXECUTIVE					
Mr. Tim Flavel	-	-	38,790	-	38,790
	-	25,769	170,456	2,319	198,544

There were no other executive officers of the Company during the financial year.

There were no options or other share based payments granted as part of remuneration for the year ended 30 June 2006 or the year ended 30 June 2005.

	Short term			Post employment	
2005	Base Salary	Directors Fees	Consulting Fees	Superannuation	Total
DIRECTORS	\$	\$	\$	\$	\$
Mr. David Steinepreis	-	-	40,000	-	40,000
Mr. Hugh Warner	36,697	-	-	3,303	40,000
Mr. Gary Steinepreis	-	-	40,000	-	40,000
Mr. Matthew Wood	-	-	-	-	-
Mr. Michael Haynes	-	-	-	-	-
	36,697	-	80,000	3,303	120,000

Black Range Minerals Limited

Directors' Report

REMUNERATION REPORT (Continued)

There were no other executive officers of the Company during the financial year.

There were no options or other share based payments granted as part of remuneration for the year ended 30 June 2005.

Executive Directors and Executive

Directors' and Executive remuneration is outlined in consulting services agreements between the company and the directors related entities. A summary of the key terms of the agreements are outlined below:

The Managing Director, Mr. Michael Haynes, is employed under a consulting services agreement, which commenced on 1 December 2005 for a period of twelve months unless extended by both parties. The agreement may be terminated by Mr. Haynes at any time by giving three months notice in writing, or such shorter period of notice as may be agreed. The company may terminate the agreement by the board giving three months written notice or by paying an amount equivalent to three months fees (based on the agreed consulting fee) or without notice in case of serious misconduct, at which time Mr. Haynes would be entitled to that portion of consulting fees services arising up to the date of termination. No additional director's fees will be paid to Mr. Haynes in addition to the fees paid under the consulting agreement.

The Director, Mr. Matthew Wood, is employed under a consulting services agreement, which commenced on 1 December 2005 for a period of twelve months unless extended by both parties. The agreement may be terminated by Mr. Wood at any time by giving three months notice in writing, or such shorter period of notice as may be agreed. The company may terminate the agreement by the board giving three months written notice or by paying an amount equivalent to three months fees (based on the agreed consulting fee) or without notice in case of serious misconduct, at which time Mr. Wood would be entitled to that portion of consulting fees services arising up to the date of termination. No additional director's fees will be paid to Mr. Wood in addition to the fees paid under the consulting agreement.

The Company Secretary, Mr. Tim Flavel is employed and remunerated on an hourly basis. Mr. Flavel's services may be terminated by either party at any time.

Non-Executive Director

The Director, Mr. Alan Scott is paid a director's fee on a monthly basis.

MEETINGS OF THE COMPANY'S DIRECTORS

During the financial year, in addition to regular Board discussions, the number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

Name	Number of Meetings Eligible to Attend	Number of Meetings Attended
Mr. David Steinepreis	-	-
Mr. Alan Scott	4	4
Mr. Matthew Wood	4	4
Mr. Michael Haynes	4	4

EMPLOYEES

The Company did not have any employees at 30 June 2006. (2005: One)

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has made an agreement indemnifying all the Directors and officers of the Company against all losses or liabilities incurred by each Director or officer in their capacity as Directors or officers of the Company. The indemnification specifically excludes willful acts of negligence. The Company paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current officers of the Company, including officers of the Company's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as

Black Range Minerals Limited

Directors' Report

officers of entities in the consolidated entity and related joint venture companies. The total amount of insurance premiums paid has not been disclosed due to confidentiality reasons.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Stock Exchange Corporate Governance Council, and considers that the Company is in compliance with those guidelines, which are of importance to the commercial operation of a junior listed resources company. During the financial year, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Company. The Company's Corporate Governance Statement and disclosures are contained elsewhere in the annual report.

AUDITOR'S INDEPENDENCE AND NON-AUDIT SERVICES

The Company has obtained an independence declaration from its auditors, Ernst and Young, which forms part of this report. A copy of that declaration is included at page 42 of this report.

There were no non-audit services provided by the company's auditor.

AUDITOR'S REMUNERATION

During the year the following fees were paid or are payable for services provided by the auditor of the Company

	2006	2005
	\$	\$
Audit or review of financial reports of the entity	23,000	36,500
Total remuneration	23,000	36,500

Signed on behalf of the board in accordance with a resolution of the Directors.



Michael Haynes
Director

27 September 2006

Black Range Minerals Limited

Corporate Governance Statement

The Board of Directors of Black Range Minerals Limited (Black Range) is responsible for corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

Upon listing the Company established a set of corporate governance policies and procedures. These were based on the Australian Stock Exchange Corporate Governance Council's (the Council's) "Principles of Good Corporate Governance and Best Practice Recommendations" (the Recommendations). In accordance with the Council's recommendations, the Corporate Governance Statement must now contain certain specific information and must disclose the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, that fact must be disclosed, together with the reasons for the departure. For further information on corporate governance policies adopted by the Company, refer to our website: www.blackrangeminerals.com

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report are included in the Directors' Report. Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgement.

The Board has accepted the following definition of an Independent Director:

"An Independent Director is a director who is not a member of management, is a non-executive director and who:

- is not a substantial shareholder (under the meaning of Corporations Act 2001) of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- has not within the last three years been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment;
- is not a principal of a professional adviser to the Company or another group member;
- is not a significant consultant, supplier or customer of the Company or another group member, or an officer of or otherwise associated, directly or indirectly, with a significant consultant, supplier or customer;
- has no significant contractual relationship with the Company or another group member other than as a director of the Company;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company."

In accordance with the definition of independence above, Mr. Alan Scott is considered the only Independent Director. Accordingly, a majority of the Board is not considered independent.

There are procedures in place, as agreed by the board, to enable Directors to seek independent professional advice on issues arising in the course of their duties at the Company's expense.

The term in office held by each Director in office at the date of this report is as follows:

Name	Term in office
Alan Scott	13 months
Matthew Wood	15 months
Michael Haynes	15 months

Nomination Committee

The Board has formally adopted a Nomination Committee Charter but given the present size of the Company, has not formed a separate Committee. Instead the function will be undertaken by the full Board in accordance with the policies and procedures outlined in the Nomination Committee Charter. At such time when the Company is of sufficient size a separate Nomination Committee will be formed.

Corporate Governance Statement

Audit and Risk Management Committee

The Board has formally adopted an Audit and Risk Management Committee Charter but given the present size of the Company, has not formed a separate Committee. Instead the function of the Committee will be undertaken by the full Board in accordance with the policies and procedures outlined in the Audit and Risk Management Committee Charter. At such time when the Company is of sufficient size a separate Audit and Risk Management Committee will be formed.

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial and non financial-information. It is the Board's responsibility for the establishment and maintenance of a framework of internal control.

Performance

The Board of Black Range conducts its performance review of itself on an ongoing basis throughout the year. The small size of the Company and hands on management style requires an increased level of interaction between directors and executives throughout the year. Board members meet amongst themselves both formally and informally. The Board considers that the current approach that it has adopted with regard to the review of its performance provides the best guidance and value to the Company.

Remuneration

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality board by remunerating directors fairly and appropriately with reference to relevant employment market conditions. To assist in achieving the objective the Board links the nature and amount of executive and directors' emoluments to the Company's financial and operational performance. The expected outcome of this remuneration structure is:

- Retention and motivation of Directors
- Performance rewards to allow Directors to share the rewards of the success of the Company

For details of remuneration of Directors and Executives please refer to the Directors' Report.

The Board is responsible for determining and reviewing compensation arrangements for themselves and the Managing Director. The Board has formally adopted a Remuneration Committee Charter however given the present size of the Company, has not formed a separate Committee. Instead the function will be undertaken by the full Board in accordance with the policies and procedures outlined in the Remuneration Committee Charter. At such time when the Company is of sufficient size a separate Remuneration Committee will be formed.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

Corporate Governance Statement

Corporate Governance Compliance

During the financial year Black Range has complied with each of the 10 Corporate Governance Principles and the corresponding Best Practice Recommendations, other than in relation to the matters specified below:

Best Practice Recommendation	Notification of Departure	Explanation of Departure
2.1	The Company does not have a majority of independent directors.	The Directors consider that the current structure and composition of the Board is appropriate to the size and nature of operations of the Company.
2.4	The Company does not have a Nomination Committee	The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board.
4.2/4.3	The Company does not have an Audit and Risk Management Committee	The role of the Audit and Risk Management Committee has been assumed by the full Board operating under the Audit and Risk Management Committee Charter adopted by the Board.
8.1	A Board performance review was not conducted during the year	The Board of Black Range conducts its performance review of itself on an ongoing basis throughout the year. The small size of the Company and hands on management style requires an increased level of interaction between directors and executives throughout the year. Board members meet amongst themselves both formally and informally. The Board considers that the current approach that it has adopted with regard to the review of its performance provides the best guidance and value to the Company.
9.2	The Company does not have a Remuneration Committee	The role of the Remuneration Committee has been assumed by the full Board operating under the Remuneration Committee Charter adopted by the Board.

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Financial Statements

Income Statement - for the year ended 30 June 2006

	Notes	Consolidated 2006 \$	Company 2006 \$	Company 2005 \$
Revenues from continuing operations				
Interest revenue		77,869	77,869	23,498
Income due to debt defeasance under deed of company arrangement		-	-	15,141,935
Other income	3(a)	170	-	-
Revenue and other income		78,039	77,869	15,165,433
Corporate advisory expenses		-	-	130,000
Payment to settle deed of company arrangement		-	-	410,000
Public company costs		144,018	144,018	114,606
Consulting expenditure		221,624	221,624	-
Audit fees		23,000	23,000	36,500
Legal fees		7,558	7,558	20,100
Staff costs		638	638	40,000
Office rental and outgoings		103,293	103,293	26,400
Administration expenditure	3(b)	135,974	135,912	56,624
Travel expenses		62,981	62,981	-
Expenses		699,086	699,024	834,230
(Loss) / profit before income tax		(621,047)	(621,155)	14,331,203
Income tax expense	4	-	-	-
(Loss) / profit from continuing operations	13	(621,047)	(621,155)	14,331,203
(Loss) / profit attributable to members of parent		(621,047)	(621,155)	14,331,203
Basic (loss) / profit per share (cents per share)	17	(0.15)	(0.15)	8.97
Diluted (loss) / profit per share (cents per share)	17	(0.15)	(0.15)	7.67

Black Range Minerals Limited
Financial Statements

Balance Sheet - as at 30 June 2006

	Notes	Consolidated 2006 \$	Company 2006 \$	Company 2005 \$
ASSETS				
Current assets				
Cash and cash equivalents	14(b)	1,136,030	1,133,628	657,895
Trade and other receivables	5	85,003	85,003	21,306
Total current assets		1,221,033	1,218,631	679,201
Non current assets				
Other financial assets	6	-	500,000	-
Other receivables	7	-	10,000	-
Property, plant and equipment	8	8,697	8,697	-
Deferred exploration and evaluation expenditure	9	1,960,525	1,452,639	-
Total non current assets		1,969,222	1,971,336	-
Total assets		3,190,255	3,189,967	679,201
LIABILITIES				
Current liabilities				
Trade and other payables	10	251,974	251,794	16,933
Total current liabilities		251,974	251,794	16,933
Total liabilities		251,974	251,794	16,933
Net assets		2,938,281	2,938,173	662,268
Equity				
Contributed equity	11(a)	31,339,050	31,339,050	28,990,144
Reserves	12	548,154	548,154	-
Retained losses	13	(28,948,923)	(28,949,031)	(28,327,876)
Total equity		2,938,281	2,938,173	662,268

Black Range Minerals Limited
Financial Statements

Statement of Changes in Equity - for the year ended 30 June 2006

		Consolidated	Company	Company
		2006	2006	2005
	Notes	\$	\$	\$
Total equity at the beginning of the financial year		662,268	662,268	(15,141,935)
Net income recognised directly in equity:				
(Loss) / profit for the year	13	(621,047)	(621,155)	14,331,203
Total income and expense for the year		(621,047)	(621,155)	14,331,203
Issue of shares during the year		2,078,000	2,078,000	1,500,000
Issue of options during the year to option reserve		547,900	547,900	-
Exercise of options during the year		353,835	353,835	-
Exercise of options from option reserve		(384)	(384)	-
Share based payments		638	638	-
Share issue costs	11(b)	(82,929)	(82,929)	(27,000)
Total equity at the end of the financial year		2,938,281	2,938,173	662,268

Black Range Minerals Limited
Financial Statements

Cash Flow Statement - for the year ended 30 June 2006

	Notes	Consolidated 2006 \$	Company 2006 \$	Company 2005 \$
Cash flows from operating activities				
Payment to settle deed of company arrangement		-	-	(410,000)
Payments to suppliers and employees		(651,197)	(651,315)	(429,138)
Other refunds and transfers		170	-	535
Interest received		77,869	77,869	23,498
Net cash flows used in operating activities	14(a)	(573,158)	(573,446)	(815,105)
Cash flows from investing activities				
Purchase of property, plant and equipment		(9,557)	(9,557)	-
Acquisition of subsidiary, net of cash acquired	24	1,954	-	-
Expenditure on exploration		(1,337,526)	(1,337,686)	-
Net cash flows used in investing activities		(1,345,129)	(1,347,243)	-
Cash flows from financing activities				
Transaction costs of issue of shares		(82,929)	(82,929)	(27,000)
Payment to deed administrator		-	-	(26,434)
Proceeds from issue of options		547,516	547,516	-
Proceeds from issue of shares		1,931,835	1,931,835	1,500,000
Net cash flows from financing activities		2,396,422	2,396,422	1,446,566
Net increase in cash and cash equivalents		478,135	475,733	631,461
Cash and cash equivalents at beginning of period		657,895	657,895	26,434
Cash and cash equivalents at end of period	14(b)	1,136,030	1,133,628	657,895

Black Range Minerals Limited

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Notes to the Financial Statements for the year ended 30 June 2006

1. CORPORATE INFORMATION

The financial report of Black Range Minerals Limited (the Company) for the year ended 30 June 2006 was authorised for issue in accordance with a resolution of the directors on 27 September 2006.

Black Range Minerals Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are described in the Directors report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis.

As a result of the Deed of Company Arrangement and also the appointment of receivers and managers on 4 April 2003 control over the company's subsidiaries was lost effective from that date and therefore there is no consolidation for the year ended 30 June 2005.

The presentation currency is Australian dollars.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

This is the first financial report prepared based on AIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly except for the adoption of AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement*. The Company has adopted the exemption under AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* from having to apply AASB 132 and AASB 139 to the comparative period.

There is no impact from the adoption of AIFRS on the balance sheet, income statement or cash flow statement for the year ended 30 June 2005.

Certain Australian Accounting Standards and UIG interpretations have recently been issued or amended but are not yet effective and have not been adopted by the group for the annual reporting period ended 30 June 2006. The directors' have assessed the impact of these new or amended standards (to the extent relevant to the group) and interpretations as follows:

Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ending 30 June 2006:

AASB Amend-ment	Affected Standard (s)	Nature of change to accounting policy	Application date of standard	Application date for Group
2004-3	AASB 1 <i>First-time adoption of AIFRS</i> AASB 101 <i>Presentation of Financial Statements</i> AASB 124 <i>Related Party Disclosures</i>	No change to accounting policy required. Therefore no impact.	1 January 2006	1 July 2006
2005-1	AASB 139 <i>Financial Instruments: Recognition and Measurement</i>	No change to accounting policy required. Therefore no impact.	1 January 2006	1 July 2006

Black Range Minerals Limited
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Notes to the Financial Statements
for the year ended 30 June 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2005-5	AASB 1 <i>First-time adoption of AIFRS</i> and AASB 139 <i>Financial Instruments: Recognition and Measurement</i>	No change to accounting policy required. Therefore no impact.	1 January 2006	1 July 2006
2005-6	AASB 3 <i>Business Combinations</i>	No change to accounting policy required. Therefore no impact.	1 January 2006	1 July 2006
2005-10	AASB 132 <i>Financial Instruments: Disclosure and Presentation</i> , AASB 101 <i>Presentation of Financial Statements</i> , AASB 114 <i>Segment Reporting</i> , AASB 117 <i>Leases</i> , AASB 133 <i>Earnings per Share</i> , AASB 139 <i>Financial Instruments: Recognition and Measurement</i> , AASB 1 <i>First-time adoption of AIFRS</i> , AASB 4 <i>Insurance Contracts</i> , AASB 1023 <i>General insurance Contracts</i> and AASB 1038 <i>Life Insurance Contracts</i>	No change to accounting policy required. Therefore no impact.	1 January 2007	1 January 2007
New Standard	AASB 119 <i>Employee Benefits</i>	No change to accounting policy required. Therefore no impact.	1 January 2006	1 January 2006
New Standard	AASB 7 <i>Financial Instruments: Disclosures</i>	No change to accounting policy required. Therefore no impact.	1 January 2007	1 January 2007
	UIG 4 <i>Determining whether an Arrangement contains a Lease</i>	No change to accounting policy required. Therefore no impact.	1 January 2006	1 January 2006
	UIG 5 <i>Rights to Interests in Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	No change to accounting policy required. Therefore no impact.	1 January 2006	1 January 2006
	UIG 8 <i>Scope of AASB 2</i>	No change to accounting policy required. Therefore no impact.	1 May 2006	1 May 2006

The following amendments and new Standards are not applicable to the Group and therefore have no impact:

2005-4	AASB 139 <i>Financial Instruments: Recognition and Measurement</i> , AASB 132 <i>Financial Instruments: Disclosure and Presentation</i> , AASB 1 <i>First-time adoption of AIFRS</i> , AASB 1023 <i>General insurance Contracts</i> and AASB 1038 <i>Life Insurance Contracts</i>
2005-9	AASB 4 <i>Insurance Contracts</i> , AASB 1023 <i>General insurance Contracts</i> , AASB 139 <i>Financial Instruments: Recognition and Measurement</i> and AASB 132 <i>Financial Instruments: Disclosure and Presentation</i>
2006-1	AASB 121 <i>The Effects of Change in Foreign Currency Rates</i>
	UIG 6 <i>Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment</i>
	UIG 7 <i>Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies</i>
	UIG 9 <i>Reassessment of Embedded Derivatives</i>

Black Range Minerals Limited

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Notes to the Financial Statements for the year ended 30 June 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Principles of Consolidation

The consolidated financial report comprises the financial statements of Black Range Minerals Limited and its subsidiary as at 30 June each year ('the group').

A subsidiary is any entity controlled by Black Range Minerals Limited whereby Black Range Minerals Limited has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where a subsidiary has entered or left the consolidated entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Turon Gold Pty Ltd ('Turon Gold') has been included in the consolidated financial statements using the purchase method of accounting, which measures the acquirees' assets and liabilities at their fair value at acquisition date. Accordingly, the consolidated financial statements include the results of Turon Gold for the period from its acquisition on 19 August 2005. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

(d) Significant accounting estimates and assumptions

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

Share based payment transactions

The group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in note 23.

(e) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

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

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

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

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

Black Range Minerals Limited Financial Statements

Notes to the Financial Statements for the year ended 30 June 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Income Tax (cont'd)

or

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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 based on tax rates (and tax laws) that have been substantively enacted at the balance sheet date.

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

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

(f) Cash and cash equivalents

Cash and short term deposits in the balance sheet include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown as current liabilities in the balance sheet. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as described above, net of outstanding bank overdrafts.

(g) Trade and other receivables

The group has elected to apply the option available under AASB 1 of adopting AASB 132 and AASB 139 from 1 July 2005. Outlined below are the relevant accounting policies for trade and other receivables applicable for the years ended 30 June 2006 and 30 June 2005.

Accounting policy applicable for the year ending 30 June 2006

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Accounting policy applicable for the year ended 30 June 2005

Trade receivables were recognised and carried at original invoice or contracted amount less any provision required for any uncollectible debts. An estimate for doubtful debts was made when collection of the full amount was no longer probable.

(g) Property, plant and equipment

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

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. Repairs and maintenance expenditure is charged to the income statement during the financial period in which it is incurred.

Black Range Minerals Limited

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Notes to the Financial Statements for the year ended 30 June 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property, plant and equipment (continued)

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

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

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Plant and equipment	25 %

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

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in the income statement.

Impairment

Carrying values of plant and equipment are reviewed at each balance date to determine whether there are any objective indicators of impairment that may indicate the carrying values may be impaired. If there are any such indicators the recoverable amount is estimated.

Where an asset does not generate cash flows that are largely independent it is assigned to a cash generating unit and the recoverable amount test applied to the cash generating unit as a whole.

Recoverable amount is determined as the greater of fair value less costs to sell and value in use. The assessment of value in use considers the present value of future cash flows discounted using an appropriate pre-tax discount rate reflecting the current market assessments of the time value of money and risks specific to the asset. If the carrying value of the asset is determined to be in excess of its recoverable amount, the asset or cash generating unit is written down to its recoverable amount.

(i) Exploration Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the consolidated entity's rights of tenure to that area of interest are current and that the costs are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

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.

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.

The group has adopted AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Australian equivalent to IFRS 6 in preparing its financial statements.

Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on a discounted basis.

Any changes in the estimates for the costs are accounted for in accordance with UIG 1. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

Black Range Minerals Limited Financial Statements

Notes to the Financial Statements for the year ended 30 June 2006

(j) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(k) Trade and other payables

The group has elected to apply the option available under AASB 1 of adopting AASB 132 and AASB 139 from 1 July 2005. Outlined below are the relevant accounting policies for trade and other payables applicable for the years ended 30 June 2006 and 30 June 2005.

Accounting policy applicable for the year ending 30 June 2006

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

Accounting policy applicable for the year ended 30 June 2005

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

(k) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(l) Revenue

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

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Accounting policies applicable for the year ending 30 June 2006

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Black Range Minerals Limited

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Notes to the Financial Statements for the year ended 30 June 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Revenue (continued)

Accounting policies applicable for the year ending 30 June 2005

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

(m) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares, adjusted for any bonus elements.

Diluted earnings per share

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
 - the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
 - other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

(n) Share based payment transactions

The group provides benefits to individuals acting as, and providing services similar to employees (including Directors) of the group in the form of share based payment transactions, whereby individuals render services in exchange for shares or rights over shares ('equity settled transactions').

There is currently an Employee Share Option Plan (ESOP) in place, which provides benefits to Directors and individuals providing services similar to those provided by an employee.

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in note 23.

In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Black Range Minerals Limited ('market conditions').

The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the award is recognised immediately. However if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

Black Range Minerals Limited

Financial Statements

Notes to the Financial Statements for the year ended 30 June 2006

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Share based payment transactions

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of loss per share (see note 17).

(o) Goods and Services Tax

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.

The net amount of GST recoverable from, or payable to, the Australian Tax Office is included as part of receivables or payables in the balance sheet.

Cash flows are presented in the cash flow statement on a gross basis, except the GST component of investing and financing activities, which is receivable from or payable to the ATO, are disclosed as operating cash flows.

(p) AASB 1 Transitional Exemptions

The group has made its election in relation to the transitional exemptions allowed by AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' as follows:

Business combinations

AASB 3 'Business Combinations' was not applied retrospectively to past business combinations (i.e. business combinations occurring prior to the date of transition to AIFRS).

Share based payment transactions

AASB 2 'Share-Based Payment' is applied only to equity instruments granted after 7 November 2002 that had not vested on or before 1 January 2005.

Exemption from the requirement to restate comparative information for AASB 132 and AASB 139

The Group has elected to adopt this exemption and has not applied AASB 132 'Financial Instruments: Presentation and Disclosure' and AASB 139 'Financial Instruments: Recognition and Measurement' to its comparative information.

(q) Investments in controlled entities

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. Subsequent to the initial measurement, investments in controlled entities are carried at cost less accumulated impairment losses.

(r) Foreign currency translation

Transactions in foreign currency are initially recorded in the functional currency by applying the exchange rate at the date of the transaction.

**Black Range Minerals Limited
Financial Statements**

**Notes to the Financial Statements
for the year ended 30 June 2006**

3. REVENUE, OTHER INCOME AND EXPENSES

	Consolidated 2006	Company 2006	Company 2005
	\$	\$	\$
Other income from continuing operations			
(a) Other income			
Refund of application fee	170	-	-
	170	-	-

Expenses from continuing operations

Profit before income tax includes the following specific expenses:

(b) Administration expenditure

Accounting fees	10,279	10,279	-
Bank fees	1,064	1,002	127
Computer expenses	22,631	22,631	625
Courier	3,848	3,848	-
Directors fees	28,088	28,088	40,000
Insurance	27,529	27,529	-
Printing and stationery	12,102	12,102	4,932
Postage	11,656	11,656	10,598
Subscriptions	8,329	8,329	-
Telephone	9,588	9,588	342
Depreciation	860	860	-
Total administration expenditure	135,974	135,912	56,624

4. INCOME TAX

(a) Income tax expense

Current tax	-	-	-
Deferred tax	-	-	-
	-	-	-

Black Range Minerals Limited
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Notes to the Financial Statements
for the year ended 30 June 2006

	Consolidated	Company	Company
	2006	2006	2005
	\$	\$	\$
4. INCOME TAX (CONTINUED)			
(b) A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable tax rate is as follows:			
Profit / (loss) from continuing operations before income tax expense	(621,047)	(621,155)	14,331,203
Tax at the group rate of 30% (2005: 30%)	(186,314)	(186,347)	4,299,361
Debt defeasance under deed of company arrangement	-	-	(4,542,581)
Payment to settle deed of company arrangement	-	-	123,000
Expense of remuneration options	191	191	-
Share issue costs	(6,596)	(6,596)	-
Income tax benefit not brought to account	192,719	192,752	120,220
Income tax expense	-	-	-
(c) Deferred tax			
Balance Sheet			
<i>Liabilities</i>			
Capitalised exploration and evaluation expenditure	438,913	435,792	-
	438,913	435,792	-
<i>Assets</i>			
Losses available to offset against future taxable income	434,413	431,292	-
Accrued expenses	4,500	4,500	-
	438,913	435,792	-
Deferred tax asset/(liability) recognised	-	-	-
Income Statement			
<i>Liabilities</i>			
Capitalised exploration and evaluation expenditure	438,913	435,792	-
<i>Assets</i>			
Accrued expenses	(4,500)	(4,500)	-
Losses available to offset against future taxable income	(434,413)	(431,292)	-
Deferred tax income / (expense)	-	-	-
(d) Unused tax losses			
Unused tax losses for which no deferred tax asset has been recognised	1,064,795	1,064,795	-
Potential tax benefit not recognised at 30%	319,438	319,438	-

In addition, there are additional deferred tax assets not recognised of \$24,763 (2005: Nil) in respect of other temporary differences.

Deferred tax assets have not been recognised in respect of these amounts as it is not considered probable that future taxable income will arise against which these assets may be offset.

(e) Tax consolidation

Black Range Minerals and its fully owned subsidiary have not formed a tax consolidated group.

Black Range Minerals Limited
Financial Statements

Notes to the Financial Statements
for the year ended 30 June 2006

	Consolidated	Company	Company
	2006	2006	2005
	\$	\$	\$
5. TRADE AND OTHER RECEIVABLES - CURRENT			
Trade receivables	-	-	21,306
GST receivable	84,123	84,123	-
Other	880	880	-
	85,003	85,003	21,306

Trade debtors, other debtors and goods and services tax are non-interest bearing and generally receivable on 30 day terms.

6. OTHER FINANCIAL ASSETS – NON CURRENT

Investment in controlled entity

-	500,000	-
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The consolidated financial statements incorporate the assets, liabilities and results of Turon Gold Pty Ltd in accordance with the accounting policy described in note 2 (c).

Country of incorporation	Class of shares	Equity holding
Australia	Ordinary	100%

7. RECEIVABLES – NON CURRENT

Amount owing by controlled by entity:

Turon Gold Pty Ltd – Intercompany loan (note 20)

-	10,000	-
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8. PROPERTY, PLANT AND EQUIPMENT

Computer hardware at cost	9,557	9,557	-
Accumulated depreciation	(860)	(860)	-
Total property, plant and equipment	8,697	8,697	-

The useful life of the computer hardware is estimated at four years.

At 1 July, net of accumulated depreciation and impairment	-	-	-
Additions	9,557	9,557	-
Depreciation expense	(860)	(860)	-
At 30 June, net of accumulated depreciation and impairment	8,697	8,697	-

**Black Range Minerals Limited
Financial Statements**

**Notes to the Financial Statements
for the year ended 30 June 2006**

	Consolidated	Company	Company
	2006	2006	2005
9. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE	\$	\$	\$

Exploration and evaluation

At cost	1,960,525	1,452,639	-
Accumulated impairment	-	-	-
Total exploration and evaluation	<u>1,960,525</u>	<u>1,452,639</u>	-

Year ended 30 June 2006

At 1 July	-	-	-
Acquisition of Grasmere tenement	497,482	-	-
Exploration expenditure during the year	1,463,043	1,452,639	-
At 30 June	<u>1,960,525</u>	<u>1,452,639</u>	-

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

	Consolidated	Company	Company
	2006	2006	2005
10. TRADE AND OTHER PAYABLES	\$	\$	\$
Trade payables	234,397	234,396	-
Other creditors	17,577	17,398	16,933
	<u>251,974</u>	<u>251,794</u>	<u>16,933</u>

Trade creditors, other creditors and goods and services tax are non-interest bearing and generally payable on 30 day terms.

	Consolidated	Company	Company
	2006	2006	2005
11. CONTRIBUTED EQUITY	\$	\$	\$
(a) Issued and paid up capital			
Ordinary shares fully paid	<u>31,339,050</u>	<u>31,339,050</u>	<u>28,990,144</u>

**Black Range Minerals Limited
Financial Statements**

**Notes to the Financial Statements
for the year ended 30 June 2006**

11. CONTRIBUTED EQUITY (CONTINUED)

	Number of shares	\$
(b) Movements in ordinary shares on issue		
Balance at beginning of year	260,317,819	28,990,144
Placement at \$0.01 on 5 July 2005	39,000,000	390,000
Exercise of options at \$0.01 on 15 August 2005	5,800,000	58,000
Acquisition of controlled entity on 22 August 2005	50,000,000	500,000
Exercise of options at \$0.01 on 22 August 2005	5,000,000	50,000
Placement at \$0.022 on 11 October 2005	54,000,000	1,188,000
Exercise of options at \$0.01 on 17 October 2005	11,000,000	110,000
Exercise of options at \$0.01 on 2 November 2005	1,500,000	15,000
Exercise of options at \$0.01 on 10 February 2006	2,950,000	29,500
Exercise of options at \$0.01 on 17 February 2006	8,750,000	87,500
Exercise of options at \$0.05 on 12 April 2006	28,099	1,405
Exercise of options at \$0.05 on 16 May 2006	17,843	892
Exercise of options at \$0.05 on 19 May 2006	28,721	1,436
Exercise of options at \$0.05 on 16 June 2006	2,042	102
Transaction costs on share issue	-	(82,929)
	438,394,524	31,339,050

(c) Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Company.

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the Company does not have authorised capital nor par value in respect of its issued shares.

(d) Share options

Information relating to the Black Range Minerals Ltd Employee Share Option Plan, including details of options issued under the plan, is set out in note 23.

	Consolidated 2006	Company 2006	Company 2005
	\$	\$	\$
12. RESERVES			
Share based payments reserve	638	638	-
Option reserve	547,516	547,516	-
	548,154	548,154	-
Movements			
<i>Share based payments reserve</i>			
Carrying amount at beginning of financial year	-	-	-
Option expense	638	638	-
Carrying amount at end of financial year	638	638	-
<i>Options reserve</i>			
Carrying amount at beginning of financial year	-	-	-
Options issued at \$0.005 on 14 March 2006	547,900	547,900	-
Transfer to share capital (options exercised)	(384)	(384)	-
Carrying amount at the end of the financial year	547,516	547,516	-

**Black Range Minerals Limited
Financial Statements**

**Notes to the Financial Statements
for the year ended 30 June 2006**

12. RESERVES (CONTINUED)

Share based payments reserve

This reserve is used to record the value of equity benefits provided to individuals acting as employees and directors as part of their remuneration. Refer to note 23 for further details of this plan.

Options reserve

This reserve is used to record the listed options issued on 14 March 2006 less any of those options exercised.

	Consolidated 2006	Company 2006	Company 2005
	\$	\$	\$

13. ACCUMULATED LOSSES

Movements in accumulated losses were as follows:

Balance at beginning of year	28,327,876	28,327,876	42,659,079
Net (profit)/loss attributable to members of Black Range Minerals Limited	621,047	621,155	(14,331,203)
Balance at end of year	28,948,923	28,949,031	28,327,876

14. CASH FLOW STATEMENT

(a) Reconciliation of the net (loss) / profit after tax to the net cash flows from operations

Net (loss) / profit after tax	(621,047)	(621,155)	14,331,203
Adjustments for:			
Income due to debt defeasance under deed of company arrangement	-	-	(15,141,935)
Depreciation	860	860	-
Changes in assets and liabilities:			
Increase in receivables	(16,748)	(16,748)	(21,306)
Decrease in trade and other creditors	63,777	63,597	16,933
Net cash flow used in operating activities	(573,158)	(573,446)	(815,105)

	Consolidated 2006	Company 2006	Company 2005
	\$	\$	\$

14. CASH FLOW STATEMENT (Continued)

(b) Reconciliation of cash

Cash balance comprises:

Cash at bank	1,136,030	1,133,628	657,895
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The cash at bank is bearing floating interest rates between 1.25% and 5.50% (2005 – 1.25% and 5.50%).

Black Range Minerals Limited
Financial Statements

Notes to the Financial Statements
for the year ended 30 June 2006

15. EXPENDITURE COMMITMENTS

(a) Services agreement

The group entered a service agreement for certain administrative services and office space for a term of three years. The group is required to give three months written notice to terminate the agreement.

Commitments contracted for at reporting date but not recognised as liabilities are as follows:

	Consolidated	Company	Company
	2006	2006	2005
	\$	\$	\$
Within one year	96,000	96,000	-
After one year but not longer than 5 years	136,000	136,000	-
	232,000	232,000	-

(b) Expenditure commitments

Under the terms and conditions of being granted exploration licenses, the group has a minimum annual commitment for the term of the license. The terms of the licenses are 2 years.

Commitments contracted for at reporting date but not recognised as liabilities are as follows:

	Consolidated	Company	Company
	2006	2006	2005
	\$	\$	\$
Within one year	229,000	229,000	-
After one year but not longer than 5 years	89,000	89,000	-
Greater than 5 years	-	-	-
	318,000	318,000	-

(c) Remuneration commitments

Under the terms and conditions of the consulting services agreements entered into by the group with the Directors', the group has a minimum commitment for the term of the consulting service agreements. The terms of the agreements are twelve months.

Commitments contracted for at reporting date but not recognised as liabilities are as follows:

	Consolidated	Company	Company
	2006	2006	2005
	\$	\$	\$
Within one year	66,670	66,670	-

16. SUBSEQUENT EVENTS

On 1 September 2006 the company announced a placement to raise \$3.12 million at \$0.048 per share had successfully been arranged. At the date of this report \$2.62 million had been received gross of capital raising fees. Additionally it was announced that all ordinary shareholders as at 13 September 2006 are entitled to participate in a Share Purchase Plan for the issue of up to 130 million additional shares at \$0.048.

On 18 September 2006 the company announced that it had secured an exclusive option to earn up to 90% interest in a high grade Copper deposit, located in southern Wyoming, USA.

Black Range Minerals Limited
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Notes to the Financial Statements
for the year ended 30 June 2006

17. LOSS PER SHARE	Consolidated	Company	Company
	2006	2006	2005
	\$	\$	\$
Profit/(loss) used in calculating basic and dilutive EPS	(621,047)	(621,155)	14,331,203
Weighted number of ordinary shares outstanding during the period used in the calculation of basic EPS	408,992,360	408,992,360	159,715,079
Weighted number of ordinary shares outstanding during the period used in the calculation of diluted EPS	408,992,360	408,992,360	186,827,134
	Cents	Cents	Cents
Basic profit / (loss) per share (cents per share)	(0.15)	(0.15)	8.97
Diluted profit / (loss) per share (cents per share)	(0.15)	(0.15)	7.67

The number of potential ordinary shares, which do not have a dilutive effect are 110,003,209 (2005: 6,775,000)

18. AUDITORS' REMUNERATION	Consolidated	Company	Company
	2006	2006	2005
	\$	\$	\$
The auditor of Black Range Minerals Limited is Ernst & Young (Australia)			
Amounts received or due and receivable by Ernst & Young (Australia) for:			
Audit or review of the financial report of the entity and any other entity in the Consolidated group	<u>23,000</u>	<u>23,000</u>	36,500

There were no other services provided by Ernst & Young (Australia) other than audit services.

19. DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Details of Key Management Personnel

(i) Directors

Mr. Matthew Wood	Director	
Mr. Michael Haynes	Director	
Mr. Alan Scott	Chairman	Appointed 22 August 2005
Mr. David Steinepreis	Director	Resigned 22 August 2005

(ii) Executive

Mr. Tim Flavel	Company Secretary	Appointed 22 August 2005
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**Black Range Minerals Limited
Financial Statements**

**Notes to the Financial Statements
for the year ended 30 June 2006**

19. DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

(b) Compensation of Key Management Personnel

(i) Compensation Policy

The full Board is responsible for determining and reviewing compensation arrangements for the Directors and other key management personnel. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. At this stage of in the Company's development there is no direct link between emoluments and performance.

As part of its Corporate Governance Policies and Procedures, the board has adopted a formal Remuneration Committee Charter. Due to the current size of the Company and number of directors, the board has elected not to create a separate Remuneration Committee but has instead decided to undertake the function of the Committee as a full Board under the guidance of the formal charter.

(ii) Compensation of Key Management Personnel

	Short term			Post employment	
2006	Base Salary	Directors Fees	Consulting Fees	Superannuation	Total
DIRECTORS	\$	\$	\$		\$
Mr. David Steinepreis	-	-	5,000	-	5,000
Mr. Alan Scott	-	25,769	-	2,319	28,088
Mr. Matthew Wood	-	-	63,333	-	63,333
Mr. Michael Haynes	-	-	63,333	-	63,333
EXECUTIVE					
Mr. Tim Flavel	-	-	38,790	-	38,790
	-	25,769	170,456	2,319	198,544

	Short term			Post employment	
2005	Base Salary	Directors Fees	Consulting Fees	Superannuation	Total
DIRECTORS	\$	\$	\$		\$
Mr. David Steinepreis	-	-	40,000	-	40,000
Mr. Hugh Warner	36,697	-	-	3,303	40,000
Mr. Gary Steinepreis	-	-	40,000	-	40,000
Mr. Matthew Wood	-	-	-	-	-
Mr. Michael Haynes	-	-	-	-	-
	36,697	-	80,000	3,303	120,000

**Black Range Minerals Limited
Financial Statements**

**Notes to the Financial Statements
for the year ended 30 June 2006**

19. DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

(b) Compensation of Key Management Personnel (continued)

	Consolidated 2006	Company 2006	Company 2005
	\$	\$	\$
<i>(iii) Compensation by category</i>			
Short term employee benefits	196,225	196,225	116,697
Post employment benefits	2,319	2,319	3,303
	198,544	198,544	120,000

Executive Directors

Executive Directors' remuneration is outlined in consulting services agreements between the company and the directors' related entities. A summary of the key terms of the agreements are outlined below:

The Managing Director, Mr. Michael Haynes, is employed under a consulting services agreement, which commenced on 1 December 2005 for a period of twelve months unless extended by both parties. The agreement may be terminated by Mr. Haynes at any time by giving three months notice in writing, or such shorter period of notice as may be agreed. The company may terminate the agreement by the board giving three months written notice or by paying an amount equivalent to three months fees (based on the agreed consulting fee) or without notice in case of serious misconduct, at which time Mr. Haynes would be entitled to that portion of consulting fees services arising up to the date of termination. No additional director's fees will be paid to Mr. Haynes in addition to the fees paid under the consulting agreement.

The Director, Mr. Matthew Wood, is employed under a consulting services agreement, which commenced on 1 December 2005 for a period of twelve months unless extended by both parties. The agreement may be terminated by Mr. Wood at any time by giving three months notice in writing, or such shorter period of notice as may be agreed. The company may terminate the agreement by the board giving three months written notice or by paying an amount equivalent to three months fees (based on the agreed consulting fee) or without notice in case of serious misconduct, at which time Mr. Wood would be entitled to that portion of consulting fees services arising up to the date of termination. No additional director's fees will be paid to Mr. Wood in addition to the fees paid under the consulting agreement.

Non-Executive Director

The Director, Mr. Alan Scott is paid a director's fee, on a monthly basis.

Executive

The Company Secretary, Mr. Tim Flavel is employed and remunerated on an hourly basis. Either party may terminate Mr. Flavel's services at any time.

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**Notes to the Financial Statements
for the year ended 30 June 2006**

19. DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

(c) Shareholdings and option holdings of Key Management Personnel

(i) Share holdings

The number of shares in the company held during the financial year held by each director of Black Range Minerals Limited, including their personally related parties, is set out below. There were no shares granted during the reporting period as compensation.

2006	Balance at the start of the year	Granted during the year as compensation	On exercise of share options	Other changes during the year	Balance at the end of the year
DIRECTORS					
Mr. David Steinepreis (<i>resigned 22 August 2005</i>)	5,000,000	-	-	(5,000,000)	-
Mr. Alan Scott	-	-	-	500,000	500,000
Mr. Matthew Wood	-	-	-	22,471,910	22,471,910
Mr. Michael Haynes	-	-	-	22,471,910	22,471,910
EXECUTIVE					
Mr. Tim Flavel	-	-	-	4,044,944	4,044,944
	5,000,000	-	-	44,488,764	49,488,764

There were no other key management personnel to disclose for the year ended 30 June 2006.

2005	Balance at the start of the year	Granted during the year as compensation	On exercise of share options	Other changes during the year	Balance at the end of the year
DIRECTORS					
Mr. David Steinepreis	-	-	-	5,000,000	5,000,000
Mr. Matthew Wood	-	-	-	-	-
Mr. Michael Haynes	-	-	-	-	-
Mr. Hugh Warner	-	-	-	7,500,000	7,500,000
Mr. Gary Steinepreis	-	-	-	7,500,000	7,500,000
	-	-	-	20,000,000	20,000,000

There were no other key management personnel to disclose for the year ended 30 June 2005.

**Black Range Minerals Limited
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**Notes to the Financial Statements
for the year ended 30 June 2006**

19. DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

(c) Shareholdings and option holdings of Key Management Personnel (continued)

(ii) Option holdings

The numbers of options over ordinary shares in the company held during the financial year by each director of Black Range Minerals Limited and specified executive of the group, including their personally related parties, are set out below. There were no options granted during the reporting period as part of remuneration.

2006	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year
DIRECTORS					
Mr. David Steinepreis (<i>resigned 22 August 2005</i>)	18,400,000	-	-	(18,400,000)	-
Mr. Alan Scott	-	-	-	6,125,000	6,125,000
Mr. Matthew Wood	-	-	-	8,017,978	8,017,978
Mr. Michael Haynes	-	-	-	8,017,978	8,017,978
EXECUTIVE					
Mr. Tim Flavel	-	-	-	4,008,913	4,008,913
	18,400,000	-	-	7,769,869	26,169,869

There were no other key management personnel to disclose for the year ended 30 June 2006.

No options are vested and exercisable at the end of the year.

2005	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year
DIRECTORS					
Mr. David Steinepreis	-	-	-	18,400,000	18,400,000
Mr. Matthew Wood	-	-	-	-	-
Mr. Michael Haynes	-	-	-	-	-
Mr. Hugh Warner	-	-	-	25,500,000	25,500,000
Mr. Gary Steinepreis	-	-	-	26,500,000	26,500,000
	-	-	-	70,400,000	70,400,000

There were no other key management personnel requiring disclosure for the year ended 30 June 2005.

No options are vested and exercisable at the end of the year.

Black Range Minerals Limited Financial Statements

Notes to the Financial Statements for the year ended 30 June 2006

19. DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

(d) Other transactions with key management personnel

- (i) MQB Ventures Pty Ltd, a company of which Mr. Matthew Wood and Mr. Michael Haynes are directors, provided the company with a fully serviced office including administration support for a fee totalling \$96,000 during the year. MQB Ventures Pty Ltd also employees geological and accounting staff which were on charged at cost to the company for an amount totaling \$146,132
- (ii) Mineral Quest Pty Ltd, a company of which Mr. Matthew Wood is a director, was paid consulting fees of \$63,333 during the year. This amount is included in Note 19b(ii) "Compensation of Key Management Personnel".
- (iii) Bullseye Geoservices Pty Ltd, a company of which Mr. Michael Haynes is a director, was paid consulting fees of \$63,333 during the year. This amount is included in Note 19b(ii) "Compensation of Key Management Personnel".
- (iv) Ascent Capital Pty Ltd, a company of which Mr. David Steinepreis is a director, was paid consulting fees of \$5,000 during the year. This amount is included in Note 19b(ii) "Compensation of Key Management Personnel".

20. RELATED PARTY DISCLOSURES

During the period the company advanced funds to its subsidiary for acquisition of tenements amounting to \$10,000. The loan is interest free and has no fixed re-payment date. For further details on the loan refer to Note 7 "Receivables – Non Current".

For Director related party transactions please refer to Note 19 "Director and Executive Disclosures".

21. SEGMENT INFORMATION

The Company operates in one geographic segment and within one industry classification being exploration for minerals in Australia.

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Exposure to interest rate and credit risk arises in the normal course of the group's business. The group does not hold or issue derivative financial instruments. There are no formal risk management policies in place against commodity risk, currency risk or any other financial risk as we are not exposed adversely to such risks.

Black Range Minerals Limited
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Notes to the Financial Statements
for the year ended 30 June 2006

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

(a) Interest rate risk

The entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities both recognised and unrecognised at the balance date are as follows:

Consolidated Financial Instruments	Floating interest rate		Floating interest rate maturing in: 1 year or less		Non-interest bearing		Total		Weighted average effective interest rate	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	\$	\$	\$	\$	\$	\$	\$	\$	%	%
<i>(i) Financial assets</i>										
Cash assets	1,136,030	657,895	-	-	-	-	1,136,030	657,895	5.06	4.80
Trade and other receivables	-	-	-	-	85,003	21,306	85,003	21,306	-	-
Total financial assets	1,136,030	657,895	-	-	85,003	21,306	1,221,033	679,201		
<i>(ii) Financial liabilities</i>										
Trade and other payables	-	-	-	-	251,974	16,933	251,974	16,933	-	-
Total financial liabilities	-	-	-	-	251,974	16,933	251,974	16,933		

Company Financial Instruments	Floating interest rate		Floating interest rate maturing in: 1 year or less		Non-interest bearing		Total		Weighted average effective interest rate	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	\$	\$	\$	\$	\$	\$	\$	\$	%	%
<i>(i) Financial assets</i>										
Cash assets	1,133,628	657,895	-	-	-	-	1,133,628	657,895	5.06	4.80
Trade and other receivables	-	-	-	-	95,003	21,306	95,003	21,306	-	-
Total financial assets	1,133,628	657,895	-	-	95,003	21,306	1,228,631	679,201		
<i>(ii) Financial liabilities</i>										
Trade and other payables	-	-	-	-	251,794	16,933	251,794	16,933	-	-
Total financial liabilities	-	-	-	-	251,794	16,933	251,794	16,933		

(b) Net fair values

All financial assets and liabilities have been recognised at the balance sheet date at their carrying value. It is considered that the carrying value of financial assets and liabilities is their net fair value.

(c) Credit risk exposures

The entity's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the balance sheet. The group trades only with recognised, credit worthy third parties.

Black Range Minerals Limited

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Notes to the Financial Statements for the year ended 30 June 2006

23. SHARE BASED PAYMENT PLANS

The company has established an employee share option plan (ESOP). The objective of the ESOP is to assist in the recruitment, reward, retention and motivation of employees of Black Range Minerals and its subsidiary. Under the ESOP, the Directors may invite individuals acting in a manner similar to employees to participate in the ESOP and receive options. An individual may receive the options or nominate a relative or associate to receive the options. The plan is open to executive officers and employees of Black Range Minerals and its subsidiary.

The fair value at grant date of options granted during the reporting period was determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option.

At year end 500,000 options had been issued under the plan with an exercise date of 16 June 2011 with an exercise price of \$0.08. Half of the options issued (250,000) are vested over a period of twelve months, with the remainder (250,000) vested over two years.

There was no other movement in share based payment options.

Total expenses arising from share based payment transactions recognised during the period as part of share based payment expense were as follows:

	Consolidated	Company	Company
	2006	2006	2005
	\$	\$	\$
Options issued under employee option plan	638	638	-

24. ACQUISITION OF ASSETS

Acquisition of Turon Gold Pty Ltd

On 19 August 2005, subsequent to shareholder approval, the parent entity acquired 100% of Turon Gold Proprietary Limited (Turon Gold). Turon Gold owns 100% of a base metal project in western New South Wales. The purchase was satisfied by the issue of 50,000,000 ordinary shares at an issue price of \$0.01 each. The issue was based on the fair value at the date of purchase.

	\$
Cost of the combination:	
Shares issued, at fair value	500,000
Total consideration	<u>500,000</u>

The fair value of the identifiable assets and liabilities of Turon Gold Pty Ltd as at the date of acquisition are:

Cash	1,954
Exploration tenements	10,404
Receivables	160
Payables	(10,000)
Deferred Exploration and evaluation expenditure	497,482
Total	<u>500,000</u>

The cash inflow on acquisition is as follows:

Net cash acquired with controlled entity	1,954
Cash paid	-
Net cash inflow	<u>1,954</u>

Black Range Minerals Limited Financial Statements

Notes to the Financial Statements for the year ended 30 June 2006

24. ACQUISITION OF ASSETS (CONTINUED)

From the date of acquisition, Turon Gold Pty Ltd has contributed \$108 to the net profit of the group.

If the combination had taken place at the beginning of the year, the profit for the group would have remained \$108 and revenue from continuing operations would have been \$170.

The fair value of the identifiable assets and liabilities of Turon Gold Pty Ltd was their carrying value except for mining properties, which had a carrying value of Nil.

25. TRANSITION TO AIFRS

For all periods up to and including the year ended 30 June 2005, the Group prepared its financial statements in accordance with Australian generally accepted accounting principles (AGAAP). These financial statements for the year ended 30 June 2006 are the first the Group is required to prepare in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS).

Accordingly, the Group has prepared financial statements that comply with AIFRS applicable for periods beginning on or after 1 July 2005 and the significant accounting policies meeting those requirements are described in note 2. In preparing these financial statements, the Group has started from an opening balance sheet as at 1 July 2004, the Group's date of transition to AIFRS, and made those changes in accounting policies and other restatements required by AASB 1 *First-time adoption of AIFRS*.

The exemptions applied are discussed at Note 2 (p).

There is no impact from the adoption of AIFRS on the balance sheet, income statement or cash flow statement.

25. CONTINGENT LIABILITIES

There are no known contingent liabilities.

26. DIVIDENDS

No dividend was paid or declared by the Company in the period since the end of the previous financial year, and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the financial year ended 30 June 2006.

The balance of our franking account is Nil (2005: Nil).

Black Range Minerals Limited

DIRECTORS' DECLARATION

1. In the opinion of the directors
 - (a) the financial statements and notes of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company and of the Consolidated Entity as at 30 June 2006 and of their performance, for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with sections of 295A of the Corporations Act 2001 for the financial period ending 30 June 2006.

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

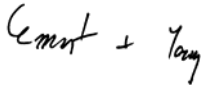
on behalf of the Board



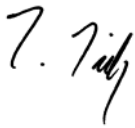
Michael Haynes
Director
27 September 2006

Auditor's Independence Declaration to the Directors of Black Range Minerals Limited

In relation to our audit of the financial report of Black Range Minerals Limited for the year ended 30 June 2006, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Ernst & Young



V W Tidy
Partner
Perth
27 September 2006

Independent audit report to members of Black Range Minerals Limited

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Black Range Minerals Limited ("the Company") and the consolidated entity, for the year ended 30 June 2006. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

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

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

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

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

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

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

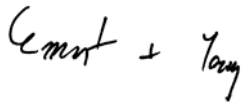
Independence

We are independent of the company and the consolidated entity and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration a copy of which is included in the Directors' Report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

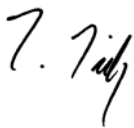
Audit opinion

In our opinion the financial report of Black Range Minerals Limited is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the financial position of Black Range Minerals Limited and the consolidated entity at 30 June 2006 and of their performance for the year ended on that date; and
- (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (iii) other mandatory financial reporting requirements in Australia.



Ernst & Young



V W Tidy
Partner
Perth
27 September 2006

Black Range Minerals Limited

Additional ASX Information

SHAREHOLDER INFORMATION

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

This additional information was applicable as at 23 September 2006

1 DISTRIBUTION OF SECURITY HOLDERS

Analysis of numbers of listed equity security holders by size of holding:

Category		Number of Shareholders	Number of Option holders
1	-	1,582	257
1,001	-	1,039	126
5,001	-	345	48
10,001	-	945	196
100,001	and over	510	135
		4,421	762

There are 2,838 shareholders holding less than a marketable parcel of ordinary shares. There are 450 option holders holding less than a marketable parcel of listed options.

2 STATEMENT OF RESTRICTED SECURITIES

There are no restricted securities as at 30 June 2006

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of the Company are as follows:

Name	Number of equity securities
Mr Robert Anthony Healy & Mrs Helen Maree Healy	50,909,344

4. UNQUOTED SECURITIES

The Company has the following unlisted options on issue:

29 October 2007 – 125,000 options exercise price \$0.20

16 June 2011 – 500,000 options exercise price \$0.08

5 VOTING RIGHTS

The voting rights attached to each class of equity security are as follows:

Ordinary Shares

Each ordinary share is entitled to one vote when a poll is called otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options

These securities have no voting rights.

Black Range Minerals Limited

Additional ASX Information

STATEMENT OF TOP 20 SHAREHOLDERS

Name of Holder	Number of Shares Held	Percentage of Capital
Bullseye Geoservices Pty Ltd <Haynes Family A/C>	22,471,910	4.55
Mr Matthew Gaden Western Wood & Ms Belinda Lucy Wood <Wood Family A/C>	22,471,910	4.55
Mr Robert Anthony Healy & Mrs Helen Maree Healy	21,440,000	4.34
Mr Robert Anthony Healy	19,409,344	3.93
Mr Zac Rossi & Mrs Thelma Rossi	14,742,888	2.99
Citicorp Nominees Pty Limited	13,591,359	2.75
Geiger Counter Limited	10,416,667	2.11
Mr Robert Anthony Healy & Mrs Helen Maree Healy	10,060,000	2.04
Mr Ian Sawtell & Mrs Rhonda Sawtell	8,655,930	1.75
ANZ Nominees Limited <Cash Income a/c>	8,531,600	1.73
Kimbriki Nominees Pty Ltd <Kimbriki Hamilton S/F A/C>	6,000,000	1.22
Mr Brian McCubbing <Brian McCubbing S/F a/c>	5,000,000	1.01
Fortis Clearing Nominees P/L	4,867,801	0.99
Warrior Consulting Pty Ltd	4,044,944	0.82
Quebec Nominees Pty Ltd	4,000,000	0.81
Vater Corporation (Aust) Pty Ltd	4,000,000	0.81
Pacific Development Capital Limited	3,092,900	0.63
Mr John Fragomeni	3,000,000	0.61
Mr Neil Alexander Wholagan	2,700,000	0.55
Bannaby Investments Pty Ltd <Superfund a/c>	2,500,000	0.51
	190,997,253	38.70

STATEMENT OF TOP 20 OPTIONHOLDERS

Name of Option Holder	Number of Options Held	Percentage of Capital
Mr Robert Anthony Healy	8,249,048	7.55
Mr Matthew Gaden Western Wood + Ms Belinda Lucy Wood <Wood Family A/C>	8,017,978	7.34
ANZ Nominees Limited <Cash Income A/C>	6,080,000	5.56
Bullseye Geoservices Pty Ltd <Haynes Family A/C>	5,617,978	5.14
Mr Robert Anthony Healy + Mrs Helen Maree Healy	5,360,000	4.90
Mr Zac Rossi + Mrs Thelma Rossi	3,685,722	3.37
Mr Alan Scott	3,125,000	2.86
Mrs Betty Scott	3,000,000	2.74
Mrs Sally Jane Flavel	2,997,677	2.74
Mr Robert Anthony Healy + Mrs Helen Maree Healy	2,515,000	2.30
Bullseye Geoservices Pty Ltd <Haynes Family A/C>	2,400,000	2.20
Mr Ian Sawtell + Mrs Rhonda Sawtell	2,163,983	1.98
Mr Benjamin Mathew Vallerine	1,600,000	1.46
Mr Gavin Brian Strack + Mrs Kate Elizabeth Strack <GB & KE Strack S/F A/C>	1,475,000	1.35
Vater Corporation (Aust) Pty Ltd	1,372,204	1.26
Mr Wayne Christopher Bramwell + Ms Lisa Michelle Johnston <Pareto Super Fund A/C>	1,135,000	1.04
Mr John Fragomeni	1,125,000	1.03
Mr Richard Wisely Shephard	1,050,000	0.96
Warrior Consulting Pty Ltd	1,011,236	0.93
Mrs Melinda Jane Draper	1,000,000	0.91
	62,980,826	57.62