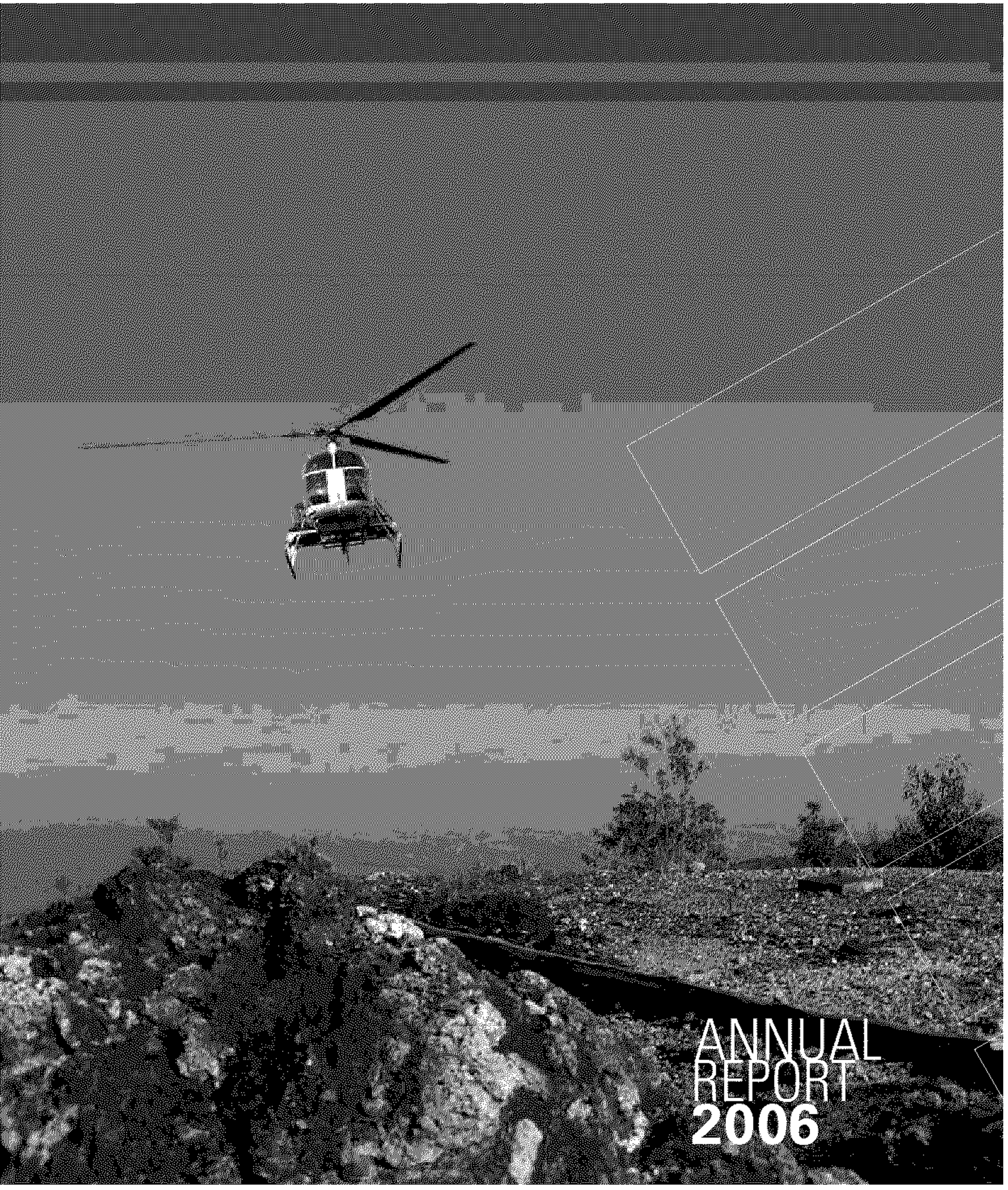
AGINCOURT
RESOURCES LIMITED



ANNUAL REPORT 2006

Board of Directors

Craig Readhead (Chairman)
Peter Bowler (Managing Director)
Tim Sugden (Non Executive Director)
John Blake (Non Executive Director)
Roy Arthur (Director – Business Development)

Greg Barrett (Company Secretary)

Perth Office

Second Floor, 16 Ord Street
West Perth 6005 Western Australia
PO Box 219
West Perth 6872 Western Australia
Telephone: +61 8 9216 5800
Facsimile: +61 8 9216 5888
Email: admin@agincourtresources.com.au
Website: www.agincourtresources.com.au

Wiluna Office

Wiluna Operations Limited
Telephone: +61 8 9981 8200
Facsimile: +61 8 9980 6026

Martabe Office

PT Agincourt Resources
Telephone: +62 634 370 330
Facsimile: +62 634 370 333

Brazil Office

Agincourt Resources do Brasil Ltda
Telephone: +55 94 9955 2812
Facsimile: +55 21 2132 8106

Share Registry

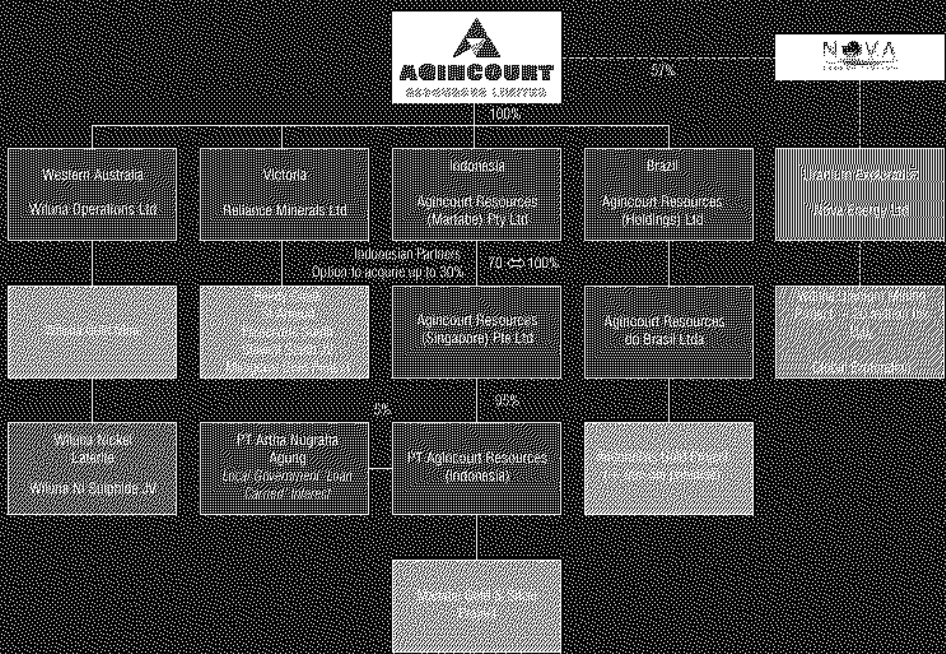
Computershare Investor Services
Level 5, 115 Grenfell Street
Adelaide 5000 South Australia
Telephone: +1300 556 161 (within Australia)
Telephone: +61 8 8236 2300
Facsimile: +61 8 8236 2305

Stock Exchange Listing
Australian Stock Exchange
Home Branch – Adelaide

ASX Code: AGC
Issued Capital: 215,362,880

ACN: 088 174 565

Contents



Front Cover: Martabe support helicopter approaching out-cropping ore on the crest of the Purnama Ridge

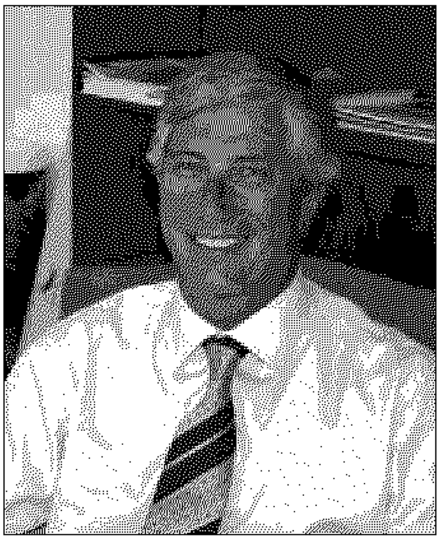
Company Structure – 30 September 2006

Highlights

- The acquisition of the large (5.3 million ounce gold and 54.8 million ounce silver) "development ready" Martabe Project in Indonesia from Newmont for US$80.25 million.
- Production at the Wiluna Operation increased to 113,607 ounces of gold.
- Exploration success underground at Wiluna discovers a new ore body adjacent to Calais and Woodley.
- Resources at the newly acquired Andorinhas gold project in Brazil increased 43% to 1.64Mt at 6.8 gpt for 358,000 ounces.
- A completed pre-feasibility study at Andorinhas by Snowden indicates excellent potential to develop a 50,000-60,000 ounce per annum operation over a five year mine life.
- Agincourt retains a 57% interest in publicly listed uranium exploration company, Nova Energy Limited, valued at around $45 million as at 30 September 2006.
- New grassroots tenement package acquired adjacent to the large Tropicana gold discovery owned by the Anglogold-Ashanti Australia Ltd/ Independence Gold Ltd Joint Venture located 350km east of Kalgoorlie.

- Loss (inc hedge accounting adjustment) .... ($39.005M)
- Loss after Tax .... ($36.309M)
- Loss per Share .... ($0.435)
- Gold Poured 113,607
- Revenue $74.903M
- Cash Flow From Operations $13.522M
- Cash Cost per Ounce $508.73
- Cash & Cash Equivalents $3.758M
(30 June 2006)

Chairman's Review



It is with pleasure that I present my Chairman's review of the Company's activities for the financial year to 30 June 2006.

Consistent with my comment last year that the Company intended to further grow by way of substantial asset acquisitions during the coming year, we were delighted to be able to announce the acquisition of the large (5.3 million ounces gold and 54.8 million ounces silver) ("development ready") Martabe Project in Indonesia from Newmont Mining Corporation for US$80.25 million.

We believe that Martabe will be a Company-shaping asset which will rapidly push Agincourt to become a major gold force within the ranks of ASX gold producers with production in the lowest cash cost quartile.

Since the acquisition of Martabe, the Company has quickly moved to commence work on a bankable feasibility study which will likely be completed by March next year with first production scheduled for late 2008. In order to facilitate this rapid progress, Agincourt has appointed an Indonesian management team with over 40 years of collective experience in Indonesia. One member of that team, Dr John Blake, has also joined the Board.

The Board is confident that the funds that will be required to develop Martabe can be raised from three or four different sources without the need to return to the equity market.

The Company's flagship operations at Wiluna presented some challenges during the year with disappointing production from Lake Way. Nevertheless under the strong leadership of Jim Jewell, underground production has gone well and recent major underground discoveries will ensure that Wiluna will continue to be a major cash generator for the Company for years to come.

The Company's 57% stake in the uranium explorer Nova Energy has grown considerably in value since it was spun-out of Agincourt last year. Agincourt is pleased with the progress that Nova has made under the leadership of Dr Tim Sugden and is confident that significant value upside will be delivered from that investment, which is valued around $45 million at the current market price.

A pre-feasibility study on the Andorinhas Gold Project in Brazil has been completed. Agincourt's Exploration Manager, Rob Watkins, has reported that this Project hosts a major resource upgrade with 1.64 Mt grading at 6.8 gpt for 356,000 ounces. The Company will soon need to make a decision whether to proceed to a full feasibility study for a standalone operation.

In summary, the Company has made substantial progress during the year in its pathway to becoming a significant Australian gold producer and we believe that this will come to be reflected in the share price during the current year. None of this could have been achieved without the commitment and expertise of the Agincourt Management Team so ably lead by Peter Bowler, our tenacious Managing Director. On behalf of our Shareholders, I would like to thank Peter and the Management Team for their efforts.

Craig Readhead
Chairman
17th October 2006

Managing Director's Report

As I reflect on Agincourt's 2005/2006 year and look to the year ahead, I would first like to comment on the critical area of safety. As reported in last year's annual report, a tragic fatal injury was sustained by one of our Contractors at the Wiluna Operation on 1 July 2005. Workplace safety procedures have been reinforced and are rigorously monitored to prevent this type of accident from ever happening again.

In the last fifteen months, I am pleased to report that there has been a significant improvement in on site safety statistics. The Company strongly believes that all injuries are avoidable and an increased vigilance on safe work practices by our Employees and Contractors has resulted in reduced injuries. The Wiluna Operation had three lost time injuries which represented a 62.5% decrease on the previous year and consequently, the Lost Time Injury Frequency Rate fell 50% to 2.25. This rate is considerably lower than the Western Australian industry average of 4.1 (2004/2005) for combined underground and open pit operations.

The Martabe Project in Indonesia has an established safety culture with sound systems in place and a knowledgeable long term local workforce. A heightened safety awareness campaign is underway as the Project commences a busy drilling program.

The Company continues to demonstrate its commitment to sound environmental management. This is evidenced by Wiluna's extensive monitoring program which continues to exceed the requirements stipulated by regulatory authorities, and ongoing in-pit tailings disposal, the method preferred by the DoE and DoIR.

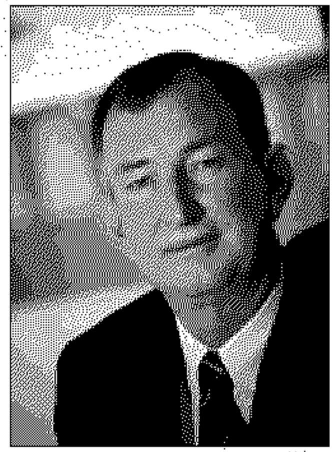
With regard to the Martabe Project, the Company recognises that compliance with all environmental regulations is critical for its success. All personnel are committed to sustainable development and support local initiatives in the region to protect native flora and fauna.

Operationally, gold production at Wiluna was below forecast principally due to poor grade reconciliation in the Williamson Open Pit and three cyclonic weather episodes in the third quarter. Production from the Calais and Woodley underground stoping zones performed well and total gold production from underground operations was in line with budget.

In the 2006/2007 year, the Wiluna Operation expects improved sulphide gold recoveries as a result of several circuit enhancements, including the application of skim air flotation technology. Priority will be given to the exploration and development of the highly prospective ore lenses to the north of the existing Calais orebody as well as developing and exploiting the ore contained within the saddle area of East Pit. I am confident that these initiatives will lead to an improved performance from Wiluna which is necessary to mitigate the constant upward cost pressures experienced by the Company and the sector as a whole.

The Company will continue to focus exploration efforts on core advanced projects within Australia, Brazil and Indonesia. Since acquiring the Brazilian Andorinhas Gold Project in September 2005, our Exploration Team established a fully functional office at site and has evaluated the Mamão and Lagoa Seca deposits. This drilling program has successfully increased the resource by 43% to 1.64Mt at 6.8 gpt for 356,000 ounces of gold. The Project has now progressed into the final Government approval stage. In the coming year, a major focus of exploration will be at the Martabe Project where 15,000 metres of diamond drilling is planned to significantly increase the resource and reserve base.

The acquisition of the multi-million ounce Martabe Gold and Silver Project provides our Company with the opportunity to produce around 270,000 ounces of gold and 2,200,000 ounces of silver per annum at a cost in the lower quartile of all gold mining operations worldwide. I am particularly pleased with this acquisition as it propels the Company into a position where we now have the ability to become a major ASX listed gold and silver producer.



A high calibre Management Team, with over forty years of collective experience working in Indonesia, will bring the Martabe Project into production. Development of Martabe is the primary focus for the Company during the next twelve months and I look forward to the Company achieving clear milestones as indicated in earlier releases which will enable first production towards the end of calendar year 2008.

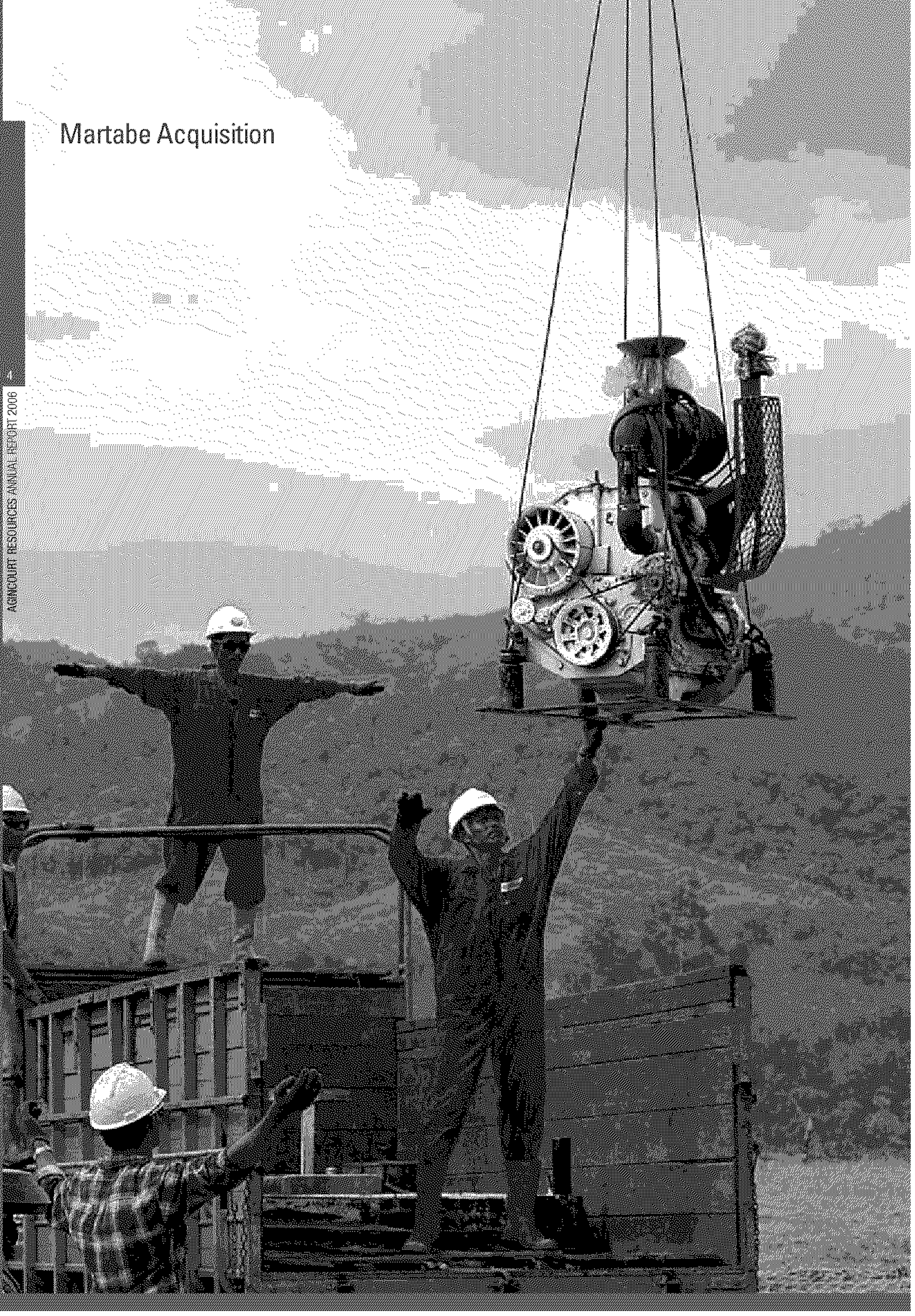
Strong support for the development of the Martabe project has been shown by all Community Stakeholders ranging from Village Chiefs, local Government (Buparti), Provincial and Central Governments, and our people are committed to developing relationships to ensure that successful development of the Project will be to the benefit of all local and regional Communities by creating numerous job opportunities and sustainable business development in the district.

Agincourt Employees will continue to be Ambassadors for the Company and will interact openly, honestly and in a socially responsible manner within the Communities in which we operate. The Company will continue to develop mutually beneficial and sustainable relationships with local Communities and key Stakeholders.

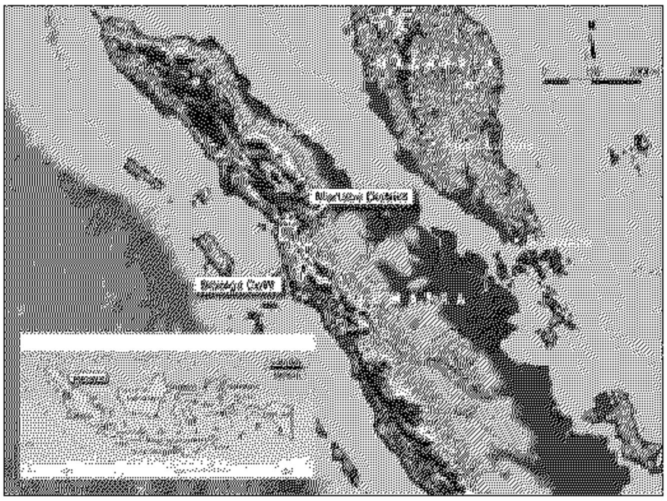
Finally, I would like to thank my Executive Team and all of our Employees at our operations around the world for their support and diligent work over the past year. Their dedication and focus on safety, environment and community development, cost control and intelligent exploration has us now positioned for unprecedented growth for the benefit of all Stakeholders and Shareholders.

Peter Bowler
Managing Director
17th October 2006

Martabe Acquisition



Martabe Acquisition



Martabe Sixth Generation CoW

The acquisition of the multi-million ounce Martabe Gold and Silver Project in Indonesia from Newmont Mining Corporation in August 2006 provides the Company with the opportunity to produce around 300,000 gold equivalent ounces per annum at a cost in the lower quartile of all gold mining operations.

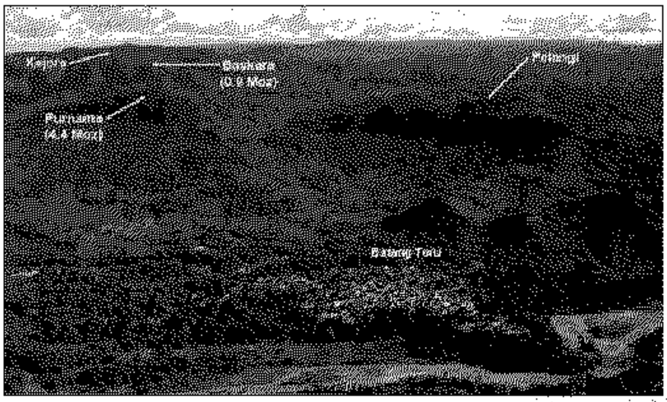
Martabe, located in North Sumatra, is one of the most attractive undeveloped gold projects globally, with an initial JORC compliant resource of 5.3 million ounces of gold and 54.8 million ounces of silver hosted within a large epithermal system.

The Contract of Work (CoW) covers over 2,500 km^2 of highly prospective terrain with identified "walk-up" drill targets. This, together with the fact that there are approximately 17,000m of existing drill results yet to be included in the resource model, has the potential to rapidly increase the resource inventory and may result in the addition one million ounces in the near future.

Previous studies indicate very attractive economics for developing an open cut project, processing around four million tonnes per annum through a Merrill Crowe/CIP circuit with a very low strip ratio of 0.8:1 (tonnes waste to tonnes ore) and a head grade of 2.7 gpt gold and 32 gpt silver, delivering 270,000 ounces of gold and 2,200,000 ounces of silver.

The Project's location will expedite the transformation from advanced exploration status to an operating mine. The trans-Sumatra highway runs through the town of Batang Toru, which has existing water supply and high voltage power readily available. The deep water port at Sibolga, approximately 30kms west of Martabe, will enable significant logistical savings during the plant construction.

Indonesia regards mining as a key sector of its economy and hosts many successful mining locations operated by local and international mining companies. Rio Tinto, Newcrest, Freeport-McMoRan and Newmont are among the list of large international companies mining gold in Indonesia. Gold production in Indonesia has almost doubled over the past ten years and is expected to continue increasing at a rapid rate due to excellent geology and supportive government policy. The sixth generation CoW covering the Martabe Project offers the best form of mineral rights in Indonesia.



Martabe Project Overview – Gold Resources

To further facilitate a smooth transition through development to mining operations at Martabe, a Joint Venture has been formed with a well mandated Indonesian consortium led by the Dharmawangsa Group (JV Partners). The JV Partners have an option to acquire up to 30% of Martabe via a pro-rata contribution of the acquisition and development costs. Agincourt and the JV Partners have also agreed that local government interests in Sumatra will be offered a 5% "loan carried" interest in Martabe. The JV will own Martabe, which will be operated on behalf of the JV by Agincourt.

The Dharmawangsa Group is a privately owned Indonesian group of companies with extensive interests in mining, oil and gas, power, real estate and construction. The Group have operations in the same province as Martabe and has developed excellent relationships with the Central and Provincial Indonesian Governments.

Development of Martabe is the primary focus for the Company. The funds raised at the time of the acquisition will take the Project through to the completion of the bankable feasibility study.

An aggressive timetable to development has been targeted including finishing the Bankable Feasibility Study by March 2007, commencing construction in August 2007 before commissioning the plant in December 2008. Project financing options being considered include silver pre-sales, debt financing and Indonesian partner equity contributions.

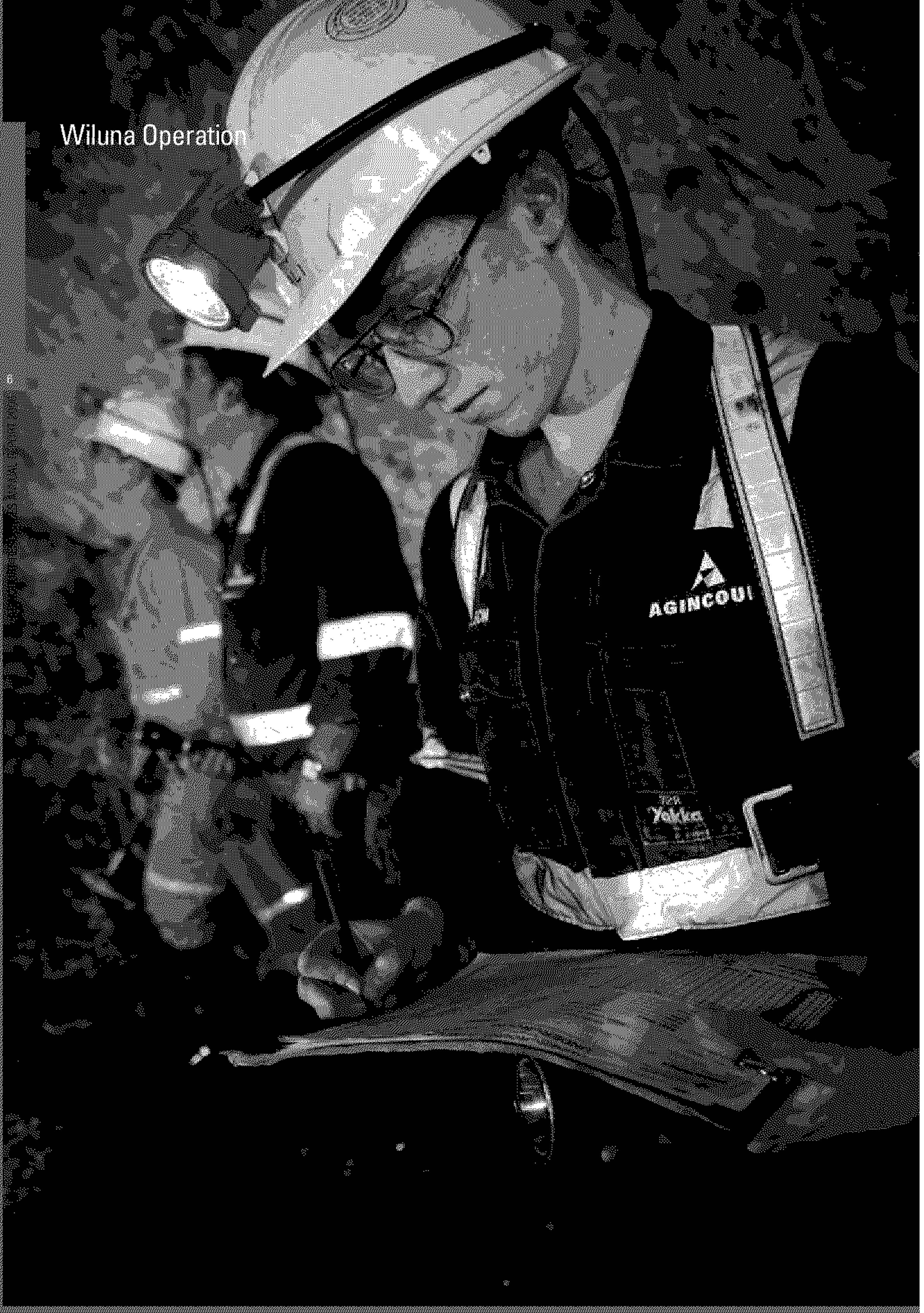
During September 2006, the Company successfully appointed the following highly experienced personnel to manage the Project in Indonesia:

- John Blake - President Director
- Greg Entwistle – General Manager & Director of Operations
- Tony Ainscough – Director of General Affairs
- Ted Fowles – Site Manager

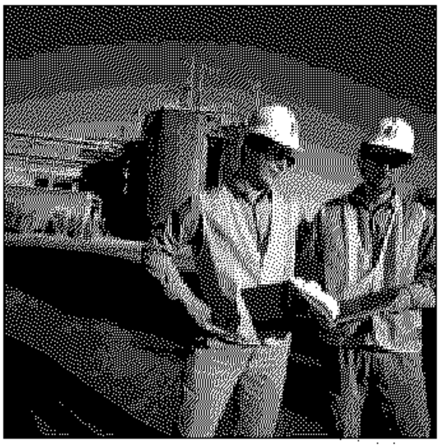
For further information on exploration at the Martabe Project, refer to page 9 in the Exploration section of this report.

Left: Use of helicopter at Martabe, Indonesia

Wiluna Operation



Wiluna Operation



Agincourt has operated the Wiluna Gold Mine, situated 1,000 km northeast of Perth in Western Australia, since December 2003. The field was discovered in 1897 and has produced more than 3.9 million ounces of gold.

About 85% of gold in Wiluna underground ore is locked in pyrite and arsenopyrite minerals, the balance being very fine free native gold. The Operation employs conventional milling and flotation technology to produce a high grade gold-sulphide concentrate. The sulphide minerals are broken down by bacterial oxidation (BIOX®) and gold is then recovered by conventional carbon-in-leach. In addition, the process facility has the capacity to treat non-refractory ores via direct carbon-in-leach.

With the introduction of the Williamson Open Pit oxide ore, the processing facility was separated into two streams: BIOX® for sulphides and CIL for oxides.

During the year, ore was primarily sourced from the Wiluna underground operations and the Williamson Open Pit. Some low grade surface oxide material was hauled from the old Wiluna South stockpiles to supplement mill feed until consistent ore supply could be attained from the Williamson Open Pit which commenced in August 2005.

Total mill throughput for the financial year was 1,073,229 tonnes.

	2004/2005	2005/2006
Underground Production	537,895 at 5.16 gpt	476,285 at 6.77 gpt
Open Pit Production	Nil	447,355 at 1.62 gpt
Mill Throughput	996,784 at 4.30 gpt	1,073,229 at 4.10 gpt
Recovery	81.6%	81.6%
Ounces Shipped	111,280 oz	113,607 oz

Gold production was below forecast principally due to the Williamson Open Pit grade control model reconciling lower than projections in the Geological Resource model. Further shortfalls were incurred due to delays in accessing the highest grade ore at the base of the Williamson Open Pit following three cyclonic weather episodes in the third quarter of the financial year. The severe cyclonic weather delayed the completion of mining at the Williamson Open Pit by one month, which completed mining operations in mid September 2006. A cut-back of the East Pit at Wiluna will replace this ore source.

The underground operations produced fewer tonnes than that of the previous year as production from the East Lode was finalised in October 2005 and stoping from the Golden Age orebody diminished to completion in April 2006. Production from the Calais and Woodley stoping zones performed very well and total gold production was in line with budget. Comprehensive work has been undertaken with geotechnical modelling to minimise dilution and improve recovery of the ore through stoping and this was reflected, in part, in the improved grade delivered to the mill compared to last year.

Left: Underground Geological Mapping at Calais Orebody
Top (left to right): Underground Bogger, Williamson Open Pit, Metallurgists at the Processing Plant

Jim Jewell
General Manager, Wiluna

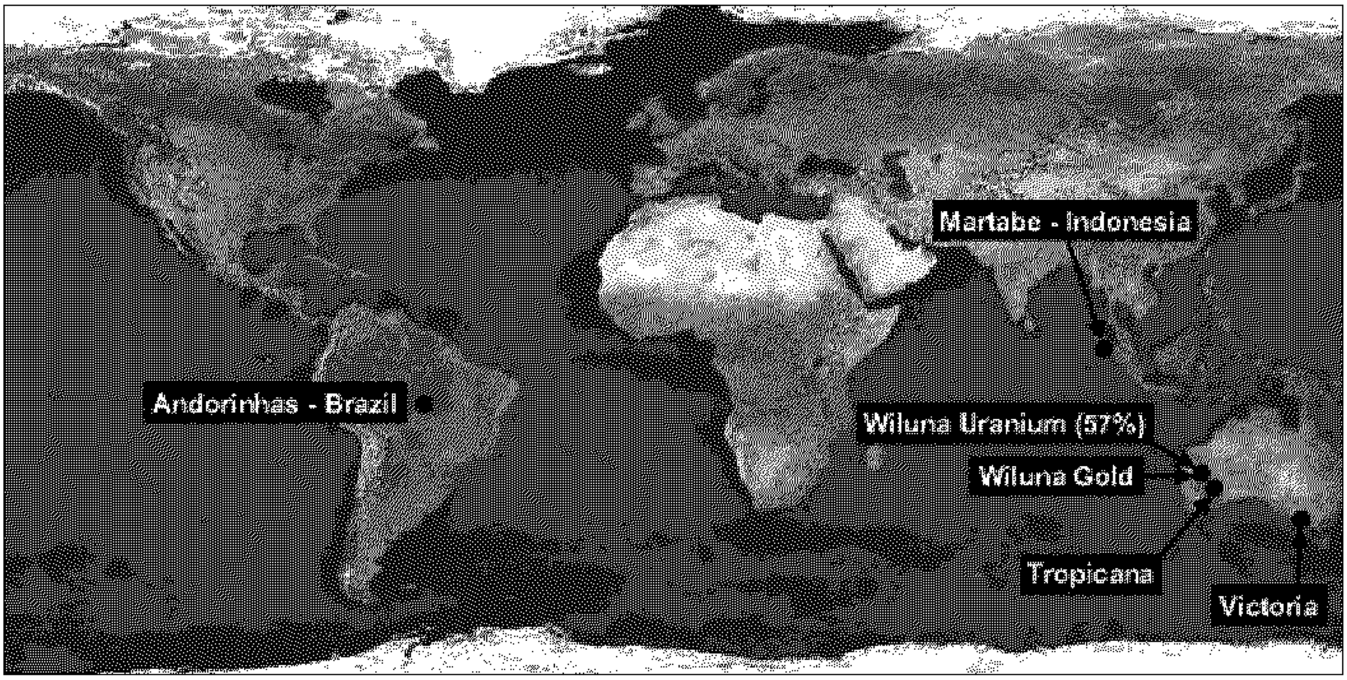
The following business improvement initiatives were completed during the year:

- Two additional gas generators were commissioned in July 2005, giving the site an equivalent 12MW electrical capacity derived solely from gas, which resulted in less reliance on diesel.
- Significant quantities of waste was backfilled into underground stopes reducing haulage cost of this material to the surface.
- Implementation of mining method variations and application of new blasting technology has resulted in improving recovery of ore from stoping blocks.

In the 2006/2007 year, the Wiluna Operation is committed to the following business improvement initiatives:

- Increasing sulphide recovery by improving skim air capacity and technology.
- Exploration and development of the highly prospective ore lenses to the north of the existing Calais orebody.
- Developing and exploiting the ore contained within the saddle area of the East Pit and discovery of incremental ore to that planned.
- Re-evaluate the satellite pit potential within the near mine environment at current elevated gold prices.
- Improving crusher throughput utilising design and maintenance enhancements.

Exploration

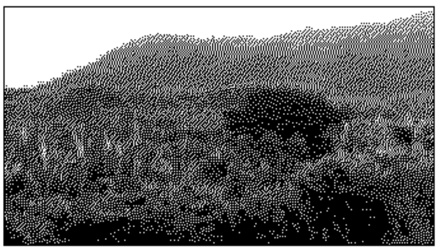


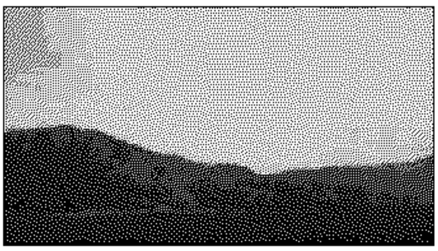
Agincourt Location Map

Agincourt continued to focus exploration efforts on core advanced projects within Australia and overseas, successfully delineating new resources and reserves from aggressive drilling programs completed throughout the year at both Wiluna in Western Australia and at the Andorinhas Project in Brazil. In addition, the Company has maintained a strong grassroots exploration direction with highly prospective projects in Victoria and remote parts of Western Australia.

In the coming year, a major focus of exploration will be at the Martabe project in Indonesia where 15,000 metres of diamond drilling is planned. This, together with 17,000m of drilling yet to be incorporated into the resource model, will significantly increase the resource and reserve base. The new drilling includes testing highly prospective multi-million ounce potential targets within the regional district. The currently defined 5.3 million ounce gold and 54.8 million ounce silver resource at Martabe will form the basis of a bankable feasibility study planned for completion in early 2007.

Exploration Team (left to right): Rob Watkins (Exploration Manager), Helen Wipf (Exploration Geologist) and Kevin Joyce (District Geologist)





Landscapes (left to right): Andorhinas (Brazil), Martabe (Indonesia) and Wiluna (Western Australia)

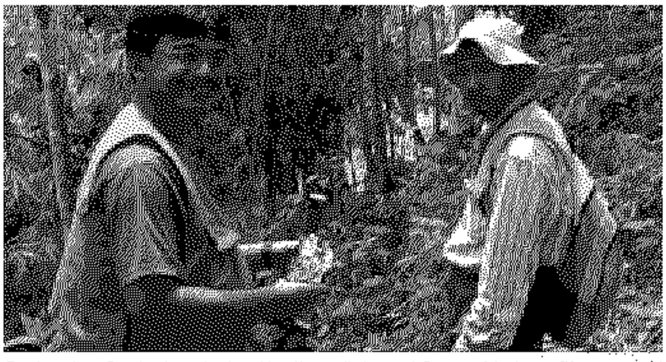
Indonesia

Martabe

The Martabe deposit contains JORC resources totalling 5.3 million ounces of gold and 54.8 million ounces of silver and is one of the most attractive undeveloped world class deposits globally.

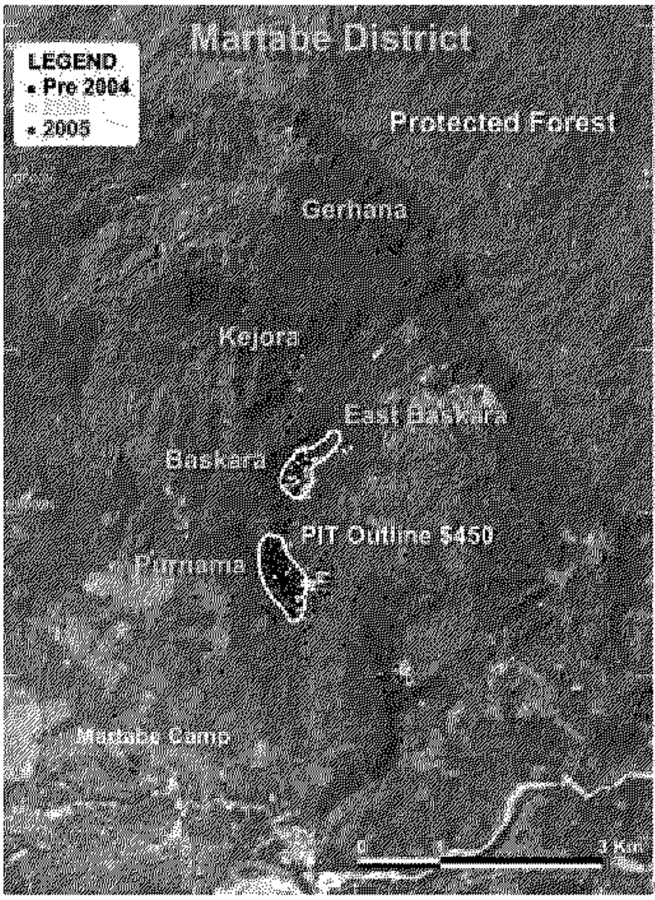
Mineralisation was first identified at the Purnama prospect in 1997 through regional stream sediment sampling by Normandy Anglo Asian Ltd. Extensive helicopter supported diamond drilling over ensuing years has totalled 70,000m with a total exploration expenditure of US$45 million.

The Martabe district is characterised by a cluster of high sulphidation gold and silver deposits over an area of approximately 5km². Deposits within this area include Purnama, Baskara, Pelangi, Kejora and Gerhana. Only the Purnama and Baskara deposits have been classified as JORC resources to date. Significant potential exists to rapidly increase the resource base by modelling and classifying the East Baskara and Pelangi deposits where 17,000m of additional drilling has been completed over the past two years. Significant results, such as 62.2m at 8.2 gpt gold at Baskara East, highlight the potential of the Baskara East prospect to materially add to the existing resource base.

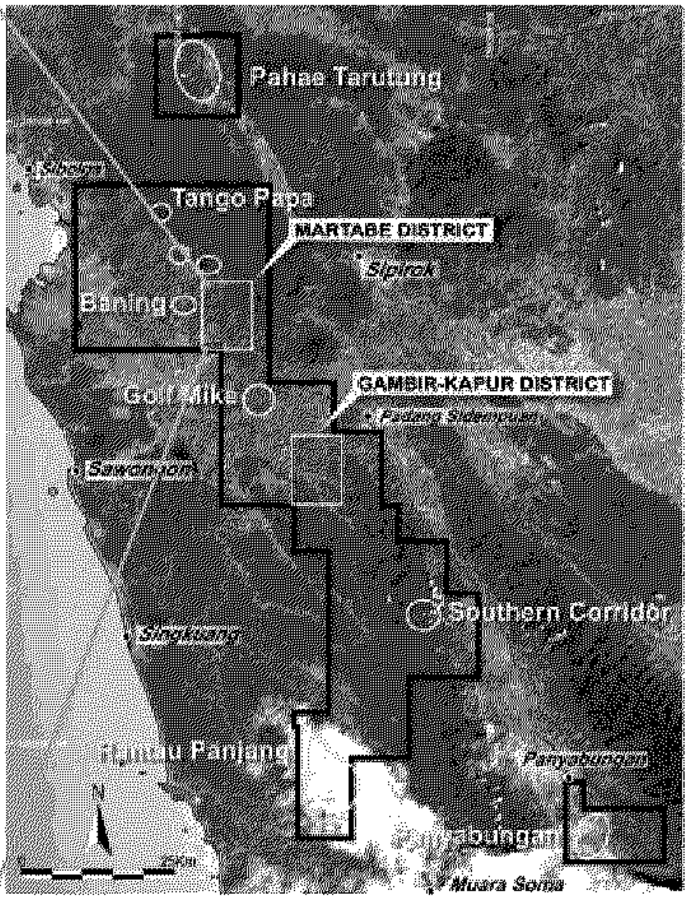


Exploration Geologists Janjan Hetrijana (left) and Dunan Madong Siregar (right)

An Indonesian Regional Government Delegation visited the Wiluna Operation in Western Australia in September 2006



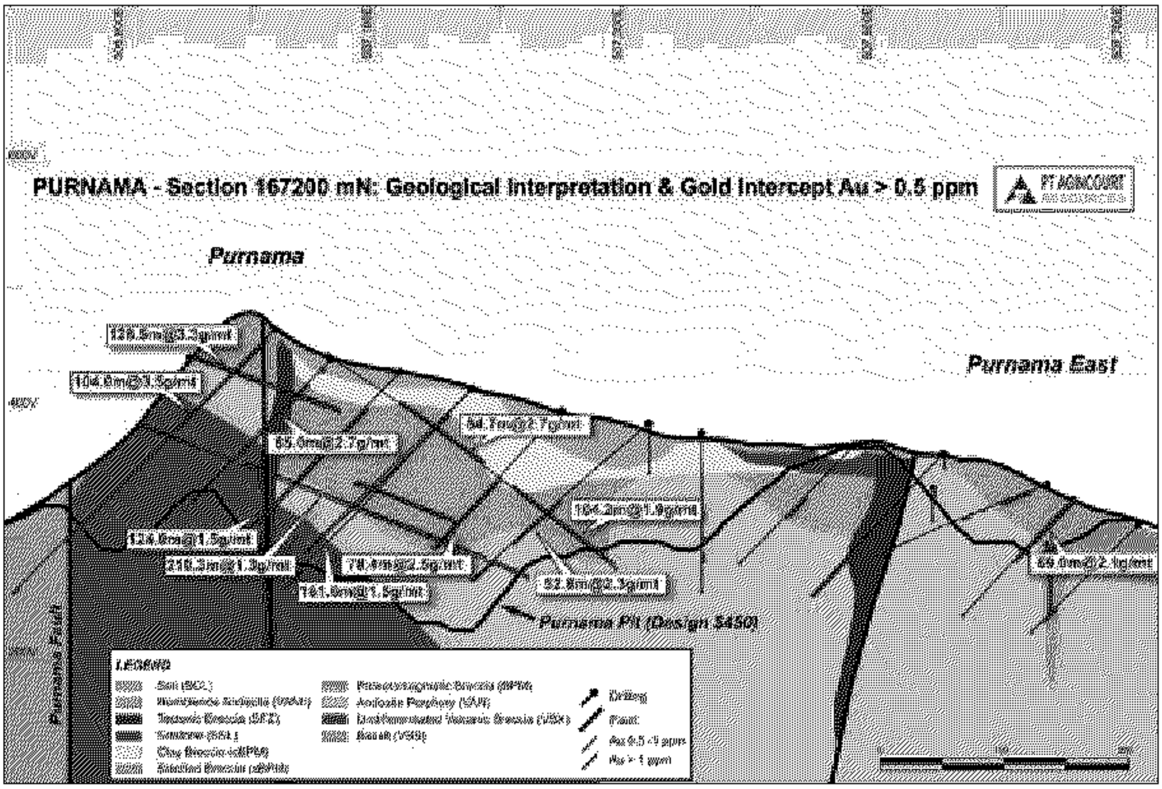
Martabe District - Location of Deposits



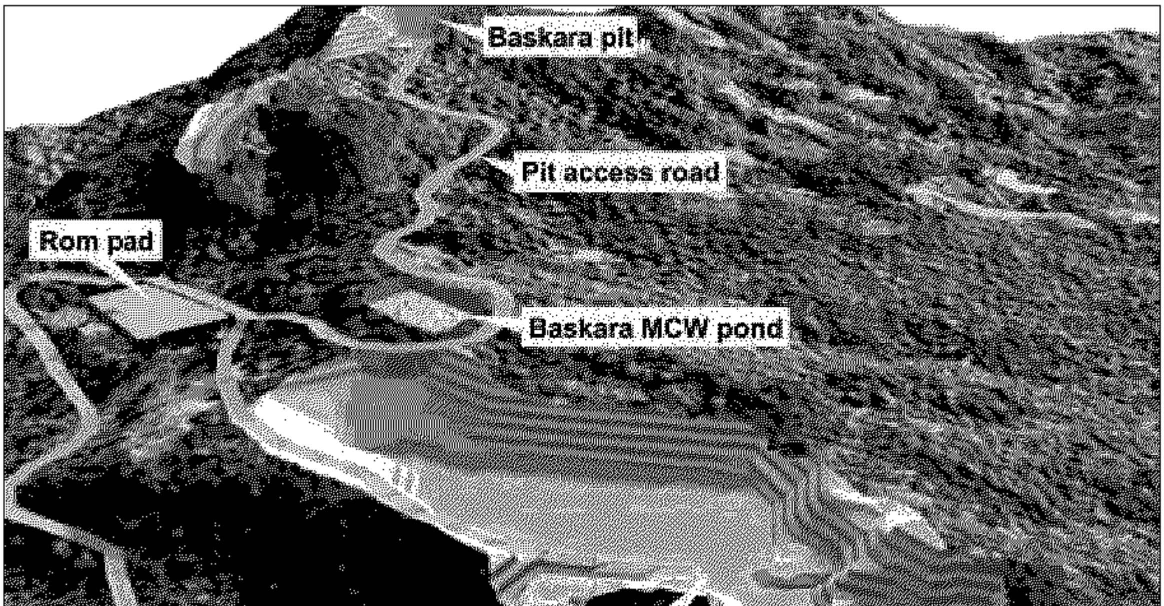
Martabe Location Plan and Contract of Work Boundary

Indonesia (Continued)

The Purnama deposit hosts a majority of the current resource and alone accounts for 91.2Mt at 1.5 gpt for 4.37Moz. Purnama is characterised by up to a 150m wide gently north dipping mineralised silicified breccia overlain by a blanket of clay altered breccia which forms a cap to the mineralisation. The mineralisation occurs as a resistant ridge and therefore has a favourable geometry with respect to open pit mining. Optimisation studies of Purnama exhibit a waste to ore stripping ratio of 0.8:1, which greatly enhances the economics of the project.



Purnama Cross Section



Preliminary Pit Optimisation Plans for Purnama at US$450oz

Indonesia (Continued)

Kapur Gambir

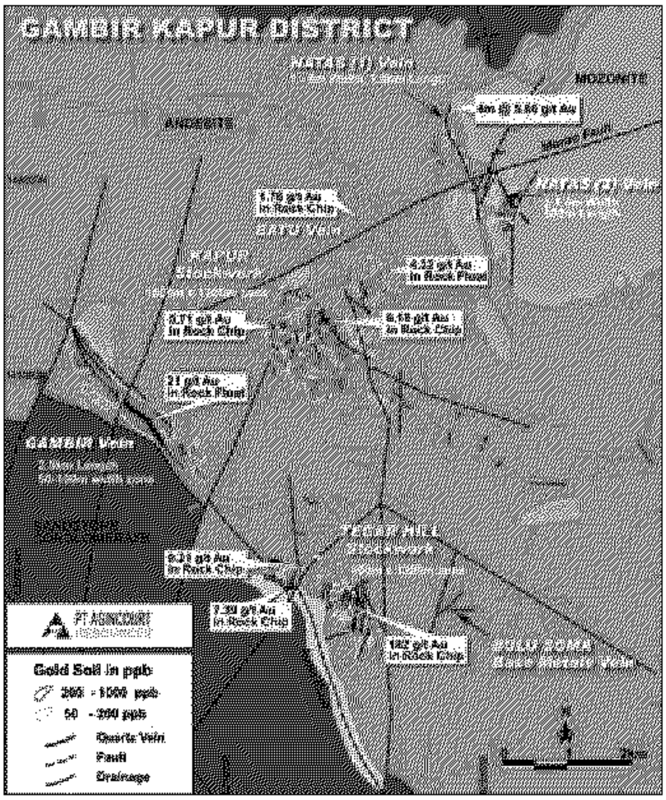
The wider Contract of Work (COW) includes over 75km strike of the Sumatran Fault System which hosts the Martabe deposits. Numerous untested multi-million ounce targets will form the basis of a 15,000m drilling program over the next twelve months.

The Kapur Gambir prospect located 30km south east of the Martabe district has the potential to become a new mineral district showing wide spread occurrences of high level, low sulphidation veins grading up to 182 gpt in rock chip over a 5km² area. Very limited drilling was completed in this area in 1998 prior to the focus switching to drill out the Martabe deposit. Results included 10.6m at 8.0 gpt from the start of hole hosted in colluvium from an unknown source.

Over the past twelve months extensive mapping, soil sampling and geophysics, including Hoist EM and IP, have highlighted several new targets in the district, which include the Natas, Tegar Hill, Kapur and Gambir prospects.

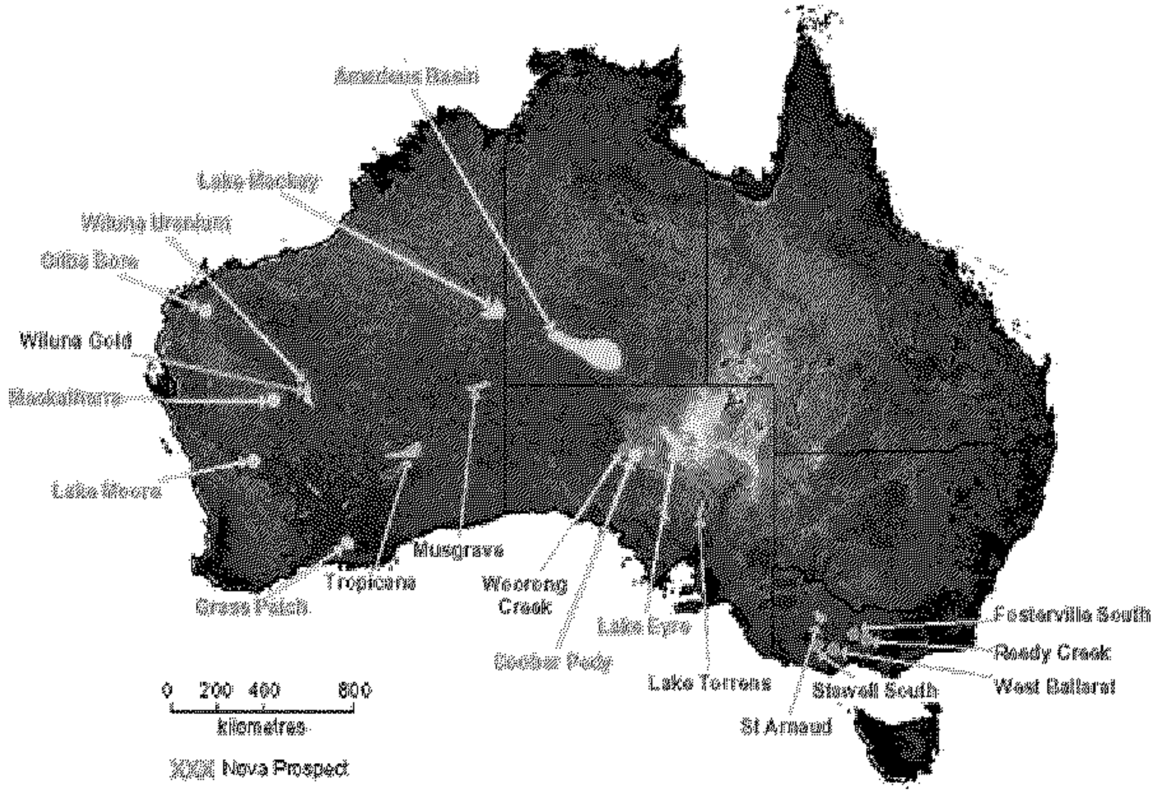
Planned Drill Holes at Kapur Gambir District

Employees outside the Martabe Office



Kapur Gambir District

Australia



Hole Number	Depth From (m)	Depth To (m)	Interval (m)	Gold gpt	Est true width	Lens
CADH293	140.7	170.3	29.6	9.8	25.6	50
CADH330	134.4	159.6	25.2	9.5	16.0	100
CADH287	204.7	210.2	5.5	20.6	3.5	50
CADH268	0.0	10.0	10.0	11.1	9.1	50
CADH298	201.0	209.0	8.0	12.4	6.9	50
CADH305	90.5	98.6	8.1	11.4	4.1	100
CADH302	103.7	120.0	16.3	5.3	14.1	100
CADH312	146.0	153.0	7.0	11.2	6.1	50
CADH316	142.0	158.0	16.0	4.4	13.9	50
CADH271	103.8	112.0	8.2	6.9	5.3	50
CADH273	77.0	83.1	6.1	8.9	5.9	50
CADH259	319.9	322.4	2.6	19.9	1.3	50
CADH284	208.0	215.0	7.0	7.1	4.9	50
CADH279	83.0	89.7	6.7	6.6	5.8	50
CADH316	154.9	158.0	3.1	12.4	2.7	50
CADH315	152.0	156.5	4.5	8.5	2.3	50

Significant Calais Results

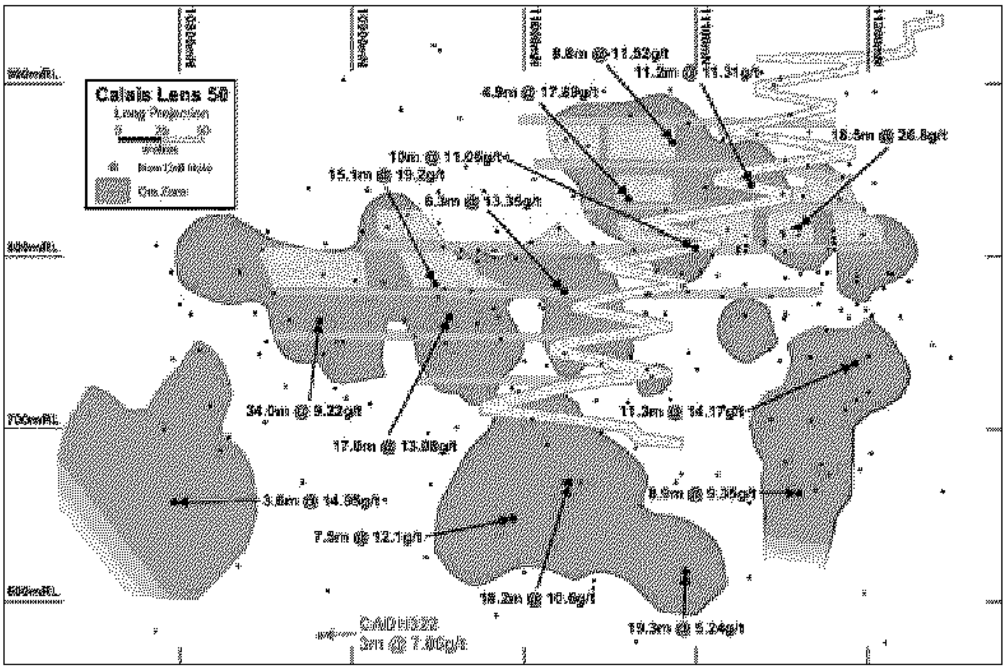
WESTERN AUSTRALIA

Wiluna In Mine Exploration

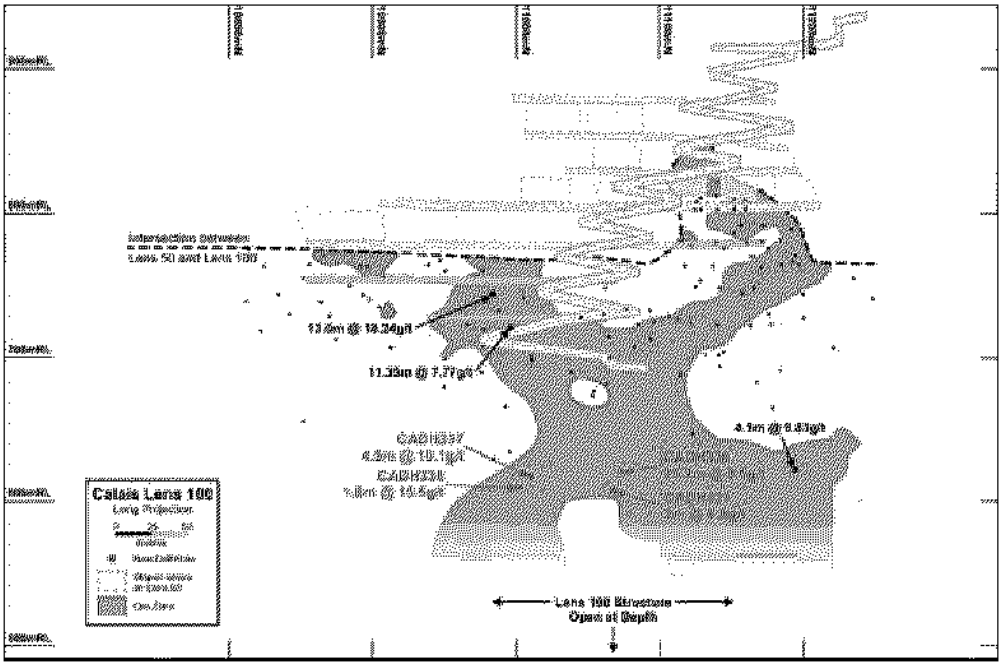
Calais

New drill intersections of up to 25.2 m (16.0m true width) at 9.5 gpt gold, confirmed that the Lens 100 structure strengthens at depth into a significant ore-bearing structure. With further drilling, ore tonnes per vertical metre are expected to improve in the deeper parts of the Calais system.

Australia (Continued)



Long Section of the Calais Lens 50



Long Section of the Calais Lens 100

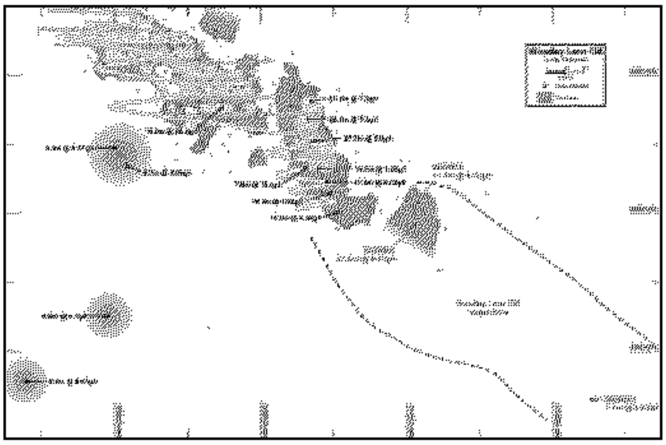
Australia (Continued)

Woodley

During the year, drilling focused on ore positions to the north of Woodley. Results confirmed the existence of sub-parallel lenses (130, 150 & 160) of variable grade and thickness. Future drilling will be directed towards the southern extensions of the lenses in closer proximity to existing development.

Hole Number	Depth From (m)	Depth To (m)	Interval (m)	Gold gpt	Est true width	Lens
WDH915	16.9	32.0	15.1	12.9	14.9	160
WDH940*	161.0	182.0	21.0	8.8	2.1	100
WDH828	74.0	98.0	24.0	6.2	12.0	150
WDH827	130.0	146.0	16.0	7.7	8.0	150
WDH914	49.0	56.0	7.0	16.3	6.1	170
WDH910	47.0	58.0	11.0	9.3	7.8	170
WDH826	95.0	106.4	11.4	8.9	4.8	150
WDH823	72.4	85.0	12.7	6.8	6.3	150
WDH910	31.0	39.0	8.0	10.1	5.7	160
WDH909	126.8	134.4	7.6	10.3	4.9	200
WDH819	110.0	117.9	7.9	9.8	4.5	160
WDH850	37.4	52.0	14.6	5.2	9.4	170
WDH913	25.0	35.2	10.2	7.2	9.6	160
WDH906	23.6	33.0	9.4	7.3	8.1	150
WDH909	108.2	113.1	4.9	13.6	3.1	185
WDH820A	79.5	89.8	10.3	6.4	5.2	150
WDH827	84.0	94.1	10.1	6.1	5.1	150
WDH951	10.0	17.0	7.0	8.3	6.1	150

Significant Woodley Results



Long Section of the Woodley Lens 130 and 150.

**Note: Hole WDH940 also intersects a sub-parallel shear further to the west.*

Wiluna Around-Mine Exploration

Magazine

The Magazine prospect is located on a north-south trending shear lying 1.5km to the south east of the East Pit. The current known strike length of mineralisation is at least 120m open to the south. Depth extent to the mineralisation has not yet been established. Further RC drilling will be conducted in 2006/2007. Significant results are tabulated below.

Hole Number	Depth From (m)	Depth To (m)	Interval (m)	Gold gpt	Est true width
EWS00078	16.0	23.0	7.0	10.2	4.9
EWS00083	29.0	38.0	9.0	3.6	6.4
EWS00074	0.0	4.0	4.0	6.6	2.8
EWS00082	21.0	27.0	6.0	4.1	4.2
EWS00077	1.0	6.0	5.0	4.9	3.5
EWS00086	21.0	26.0	5.0	3.0	3.5
EWS00091	35.0	38.0	3.0	4.9	2.1

Significant Magazine Results

Regent

Regent is located 7km to the south of the Wiluna Mine site. It consists of disseminated sulphide mineralisation within a dolerite host. A programme of RC holes was undertaken to infill a poorly tested section of the resource model and to identify possible extensions to the high grade supergene enrichment layer at the base of oxidation. A review of the Regent Prospect incorporating the new results is still in progress.

Hole Number	Depth From (m)	Depth To (m)	Interval (m)	Gold gpt	Est true width
REG00003	137.0	150.0	13.0	2.5	12.2
REG00002	151.0	163.0	12.0	2.3	11.3
REG00001	194.0	205.0	11.0	1.4	10.3

Significant Regent Results

The information in this report that relates to exploration results for Wiluna is based on information compiled by Mr Paul Tan, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Tan is a full time employee of the Company. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking to qualify as a competent person as defined in the 2004 edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Tan consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Australia (Continued)

Wiluna Regional Exploration

Regional exploration in the Wiluna district successfully delineated new oxide mineralised zones at Williamson South and Carroll Prior highlighting the potential for the Lake Way area to become a major gold district in the North Eastern Goldfields.

The wider, under explored Wiluna greenstone belt covering over 1,000km² remains highly prospective for concealed gold deposits, which will be targeted in the coming year with major reconnaissance drilling programs.

Lake Way Gold

The development of the Williamson gold deposit on Lake Way has created a platform for further growth of resources through exploration success and will form the centre point of future exploration activities on the Lake. Numerous targets remain concealed by the shallow lake cover and widespread zones of gold mineralisation discovered to date indicate excellent potential for unearthing a significant new gold deposit.

Williamson South

Shallow oxide mineralisation was intersected in aircore drilling further extending the Williamson South zone to over 1km in strike length. Gold mineralisation is associated with an anastomosing shear zone along a dolerite contact south of the Williamson deposit. Intercepts recorded during the year included 7m at 6.1 gpt from 4m and 10m at 2.3 gpt from 65m. A preliminary inferred resource for the shallow oxide mineralisation has been calculated to be 850,000t at 1.9 gpt for 53,000oz at a 1.0 gpt lower cut. First pass optimisation studies were positive, highlighting the need for further drilling in this area to target open extensions to the mineralisation.

Hole Number	Depth From (m)	Depth To (m)	Interval (m)	Gold gpt
RWA317	23.0	34.0	11.0	1.0
RWA379	56.0	58.0	2.0	6.1
RWA383	4.0	11.0	7.0	6.1
including	5.0	8.0	3.0	13.6
RWA384	65.0	75.0	10.0	2.3
including	65.0	69.0	4.0	4.6

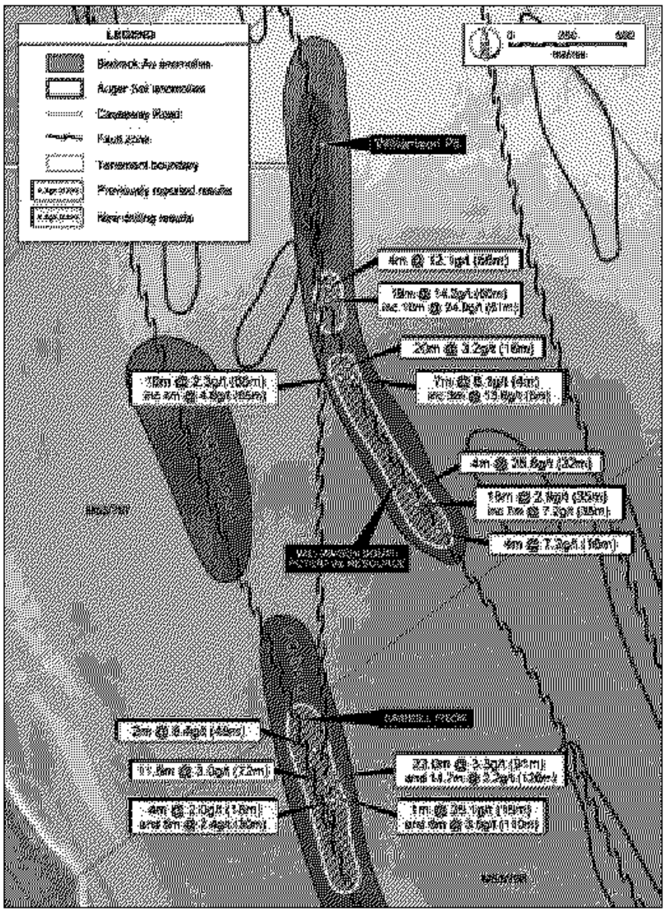
Williamson South Aircore Drill Intersections

Carroll Prior

The Carroll Prior trend is a large mineralised shear zone extending over 10km in length. Aircore and diamond drilling targeting the central area intersected broad zones of gold mineralisation associated with a wedge of felsic volcanics bounded by dolerite. Significant results received during the year include 22m at 3.3 gpt from 91m and 14.7m at 2.2 gpt from 126m. The entire Carroll Prior trend has the potential to host a large deposit suitable for an open operation, however limited effective aircore drilling has been completed due to the lake cover and a generally shallow weathering profile.

Hole Number	Depth From (m)	Depth To (m)	Interval (M)	Gold gpt
RWD32	72.0	83.6	11.6	3.0
RWD33	75.0	83.0	8.0	1.1
including	91.0	113.0	22.0	3.3
	126.0	140.7	14.7	2.2
RWD39	18.0	22.0	4.0	2.2
RWD40	15.0	16.0	1.0	25.1
including	110.0	116.0	6.0	3.5

Carroll Prior Diamond Drill Intersections

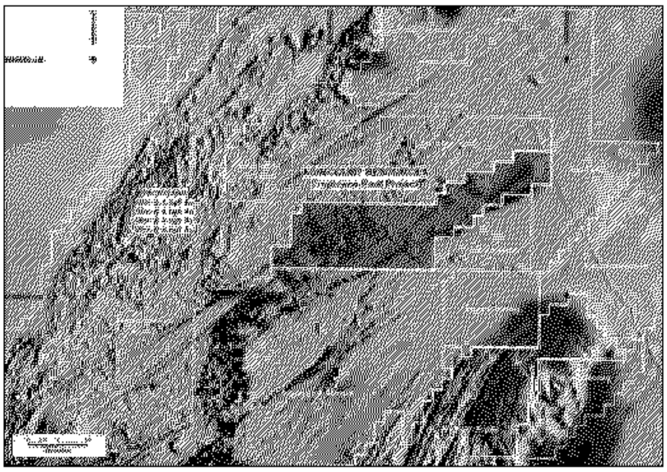


Significant Drill Intersections relating to Williamson South and Carroll Prior

Other Western Australia Regional Exploration

Tropicana East Project

Three exploration licence application tenements covering in excess of 1,000km² have been pegged adjacent to the Tropicana gold discovery by the Anglogold Ashanti Australia Ltd/Independence Group Ltd Joint Venture 350km northeast of Kalgoorlie. No recorded gold exploration has been completed on the application tenements. This represents an exciting new grassroots project within a large new gold district.



Tropicana Aeromagnetics

Australia (Continued)

Musgrave Gold Project

Agincourt holds a 100% interest in six exploration licence tenements which were granted in May 2006, as part of an alliance agreement with BHP Billiton Ltd. BHP Billiton Ltd retains "claw back" rights if subsequent discoveries are greater than four million ounces. The project includes a large undrilled (1.2km x 0.4km) soil lag anomaly with peak values of 250ppb Au.

NICKEL EXPLORATION

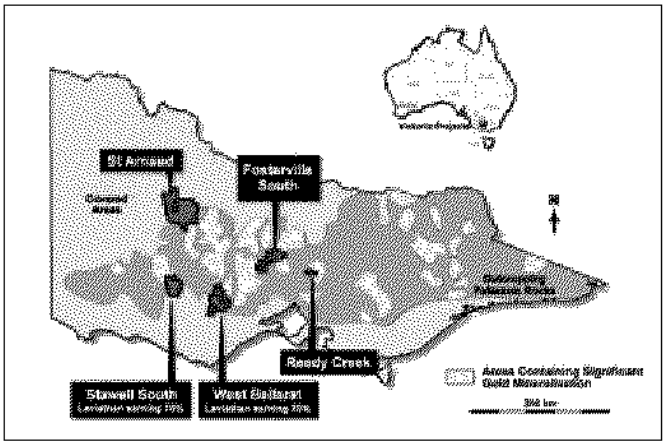
The Agincourt Wiluna tenements contain almost 40km of komatiites, the host rocks for numerous nickel sulphide deposits in the Yilgarn craton of Western Australia. The Honeymoon Well nickel deposits are located at the southern tip of the Wiluna Nickel Project with the high grade Wedgetail massive nickel sulphide deposit (1.07Mt at 6.9% Ni) only 600m from Agincourt's tenement boundary.

Wiluna Nickel Sulphide JV (Independence Group NL Option)

In May 2006, Independence Group NL commenced an initial six month option period in which to conduct a major data compilation and targeting exercise, including ground and downhole EM surveys, to define a minimum of six targets within the Wiluna ultramafic belt. Independence can then elect to sole fund exploration to earn 51% within three years by spending A$3 million which increases to 70% by spending a further A$1.5 million in two years. At that point, Agincourt will become free carried to a decision to mine.

VICTORIA

Following the acquisition of Reliance Minerals Ltd, Agincourt took control of several grassroots exploration projects in Victoria. Most of the Victorian projects lie in relatively under explored regions under shallow Tertiary cover along strike from several major historical goldfields including Bendigo (23 million ounces), Ballarat (13 million ounces) and Stawell (5 million ounces).



Victorian Exploration Projects

Stawell South Joint Venture (EL 4695)

Leviathan Resources Limited is earning 70% by funding $1.12m over four years and is manager of the joint venture. High resolution magnetic surveys have outlined several Stawell-type volcanic dome complexes beneath Tertiary basalt. Geophysical surveying and aircore drilling continues to define drill targets in this highly prospective district.

West Ballarat Joint Venture (EL 4691, EL 4696, EL 4857)

During the year Leviathan Resources Ltd reached the required earn-in threshold under the terms of the West Ballarat Joint Venture agreement. Agincourt has elected to revert to a 2% free carried Net Smelter Royalty interest in the project.

Fosterville South (EL 4687)

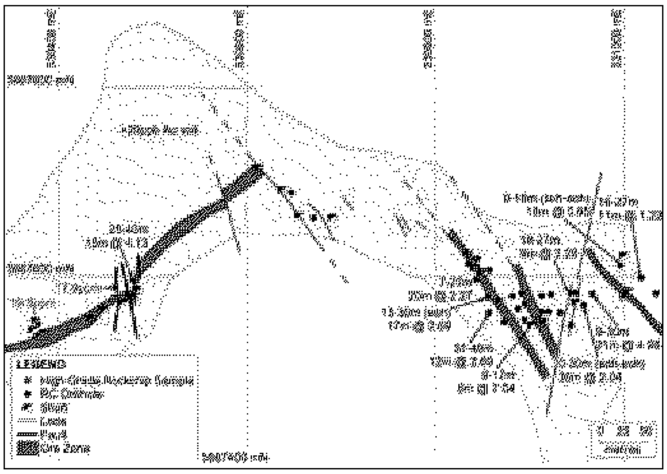
Barrack Gold of Australia Ltd has withdrawn from the Fosterville South Joint Venture. Agincourt retains 100% ownership of the project. The tenement is prospective for Bendigo-style slate-hosted gold mineralisation and Fosterville-style gold mineralisation. The Company is currently reviewing the project with regards to the next phase of exploration activities.

St Arnaud & Kerang (EL 4672, EL 4849, EL 4667)

The principal target is Bendigo-style reef gold in Palaeozoic basement rocks masked by 50 to 100m of Tertiary cover associated with the Murray Basin. Work during the year consisted of a hydro geochemical sampling program to define drill targets. A wide-spaced reconnaissance drilling program is planned for the January quarter.

Reedy Creek (EL 4460)

At Reedy Creek, Agincourt has recognised the potential for large tonnage, medium grade, intrusive hosted gold-antimony mineralisation. Historical RC drilling has returned highly significant results, including 15m at 4.1 gpt from 25m, 21m at 5.0 gpt from 9m and 30m at 2.0 gpt from surface. Many holes from this program ended in mineralisation, and ore-grade material is open along strike. A recently completed mapping, rock chip and soil sampling program has also returned highly encouraging results of up to 19.3 gpt in rock chip and 2.7 gpt in soils. A work plan is currently being prepared for a reverse circulation drilling program over the Clonbinane and Golden Dyke prospects. The Company has recently applied for further exploration tenure adjacent to the Reedy Creek Project area. Mapping and soil sampling will commence immediately the license is granted.



Reedy Creek Project

Brazil

Andorinhas

Since acquiring the Andorinhas Gold Project in September 2005, Agincourt rapidly established a fully functional exploration office at site and has completed a 6,500m drilling program to substantially increase the Resource base of the project by 43% to 1.64Mt at 6.8 gpt for 356,000 ounces of gold. The Resource extensions at the project allowed a robust pre-feasibility study to be undertaken by Snowden with additional metallurgical inputs from METS. The results of the pre-feasibility to date have been very encouraging and indicate that the project has an excellent potential to develop a 50,000 to 60,000 ounce per annum gold operation. The success of the drilling program has lead to a significant increase in the designed production from the main underground lodes with expected production rate of approximately 200,000 tpa. This cornerstone production rate, in conjunction with the open pit resources, supports an expected production profile of approximately 250,000 tpa for around five years. The exploration potential on the underground resources is expected to deliver additional ounces as the two main lodes are open at depth.

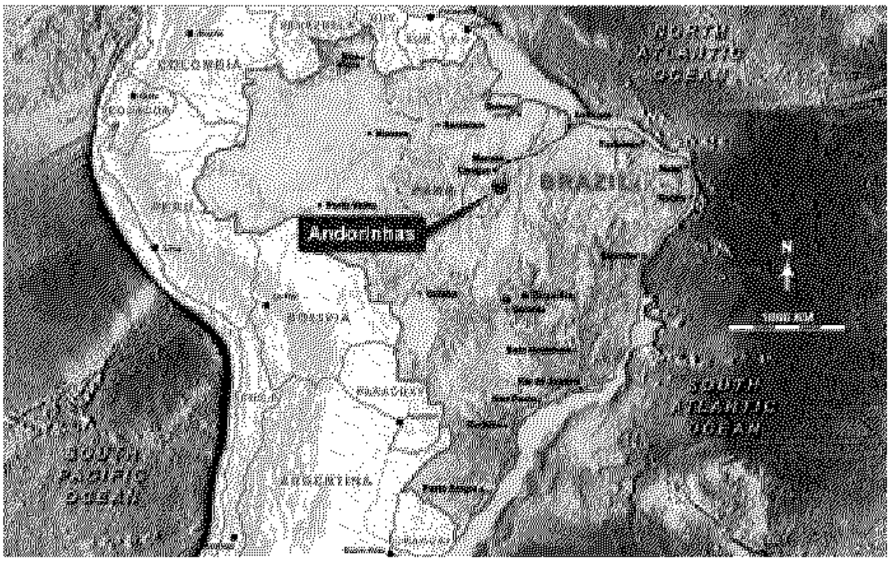
The mining techniques proposed in the pre-feasibility study include standard methods used throughout the industry. The open cut project has an ore to waste ratio of approximately 1:3·5 with a substantial amount of material categorised as low grade above a 0.9 gpt cut. Total material moved is expected to be approximately 1.37Mt including a high grade ore core of 109,000t at a grade of 9.05 gpt.

The underground operation will be accessed via a 1-in-7 decline to both ore bodies. The mining method proposed is cut and fill with the Melechete lode operating using larger machinery and the Mandioca (M2) lode extracted via hand held drills. The cut and fill method provides excellent geological information during the mining process and allows for adjustment to the mine design to minimise dilution.

The draft processing schedule currently includes an ore source of 1,228,000 tonnes at 6.5 gpt (257,000 oz) for the life of mine. The pre-feasibility study has included a conventional CIL processing plant with standard tailing and water management techniques that have been utilised elsewhere in Brazil. The capital cost from the construction of the processing plant and associated infrastructure is lower than Australian comparable costs. The availability of grid power and all-weather road access to the Andorinhas project are likely to be significantly upgraded in the next 12 months due to the development of iron ore project in close proximity to the Andorinhas tenement boundary.

The results of the pre-feasibility study have triggered the formation of a team to review all options available to Agincourt to examine value accretive strategies for the Andorinhas Project.

Significant iron ore potential has also emerged within the Andorinhas Project as a Brazilian iron ore company named SIDEPAR has committed to developing the Big Mac Iron Ore deposit on the northern tenement boundary. Rock chip results within Agincourt's tenure indicate high grade iron ore occurrences of economic significance continue across the tenement boundary.



Andorinhas Location Map

Brazil (Continued)

Mamão

The Mamão deposit is characterised by a series of gently dipping, high grade quartz veined shears that show excellent continuity down dip. The main Melechete lode was developed down to 150m below surface by "Garempeiro" illegal miners in the 1980s, however significant mineralisation exists both along strike and down dip of the workings. Exploration drilling and remodelling of the Mamão resource has increased by 46% to 938,000t at 9.7 gpt for 294,000oz.

Hole Number	Depth From (m)	Depth To (m)	Interval (m)	Gold gpt
RBD011*	129.8	131.8	2.0	37.7
including	129.8	130.4	0.6	110.8
RBD017*	156.6	159.8	3.2	15.3
including	157.5	158.1	0.6	60.8
RBD018*	194.3	196.4	2.1	6.2
including	195.9	196.4	0.5	20.2
RBD020*	172.9	173.4	0.5	24.8

Mamão (Mandioca) Diamond Drill Intersections

**Results reported as downhole, which approximate true width.*

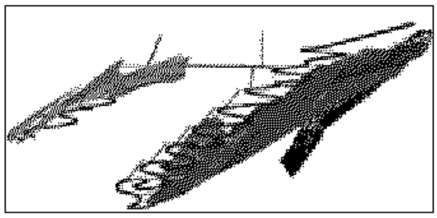
Drilling by Agincourt has focussed on the Mandioca (M2) shoot in the hangingwall to the Melechete lode. Significant results from Mandioca included true width intercepts of 2.0m at 37.7 gpt from 129.8m and 3.2m at 15.3 gpt from 156.6m. This shoot has now been extended to 200m below surface and remains open at depth. The Mandioca (M2) resource has grown from a marginal 9,000oz resource to a new high grade shoot containing 125,000t at 16.6 gpt for 67,000oz. The new resource for Mandioca has significantly increased the ounces per vertical metre at Mamão and subsequent optimisation studies by Snowden indicate that decline access to both Melechete and Mandioco via a single portal is optimal.

Lagoa Seca

The Lagoa Seca deposit is located 6km west of Mamão and is accessible via the main Floresta to Rio Maria road. Lagoa Seca was originally mined as a small open pit by Garempeiros to a maximum depth of approximately 20m. Gold mineralisation is associated with a 30m wide shear zone which comprises three high grade tabular zones over a strike length of 200m. Both the shear and gold mineralisation appear to be associated at or near the contacts between metasediments and ultramafic flows.

Hole Number	Depth From (m)	Depth To (m)	Interval (m)	Gold gpt
RBD006	38.0	86.0	48.0	1.3
RBD025	32.0	61.0	29.0	1.8
including	71.0	76.0	5.0	6.1
RBD026	23.0	56.0	33.0	4.8
including	32.4	40.0	7.6	12.2
RBD027	31.5	85.0	53.5	4.5
including	53.5	62.8	9.3	13.6

Lagoa Seca Diamond Drill Intersections



Mamão preliminary underground mine design for the Mandioca (left) and Melechete (right) lodes. Diagram looking southeast.

Agincourt conducted resource definition drilling of the main mineralised zone with spectacular results confirming the robustness of the open pittable mineralisation. Results included 53.5m at 4.5 gpt from 31.5m and 33m at 4.8 gpt from 23m. Incorporation of these results, and subsequent remodelling of the deposit, has increased the resource by 32% to 700,000t at 2.8 gpt Au for 63,000oz, including a high grade core of mineralisation above a 2 gpt lower cut of 173,000t at 7.4 gpt Au for 41,000oz. Optimisation studies by Snowden indicate excellent potential for an open pit satellite deposit to the main Mamão orebody.

Lagoa Seca West

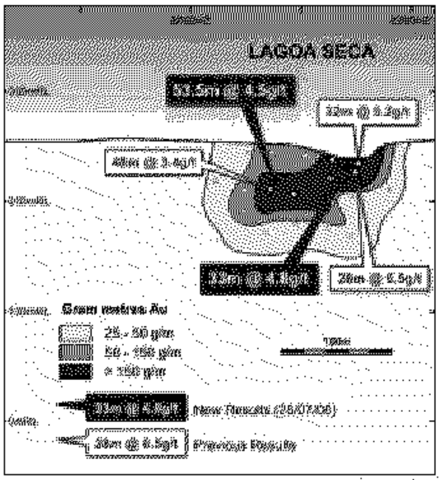
In the Lagoa Seca area, drilling and surface mapping has traced the main mineralised shear zone for a minimum distance of 1.7km. There are at least six separate identifiable shears within the broader northeast trending shear zone. Individual shears vary in length from 60 metres to over 600 metres and range in thickness from less than one metre to over 12 metres in the southwest at Lagoa Seca West.

Brazil (Continued)

Agincourt completed a limited drilling program at Lagoa Seca West identifying broad zones of low grade gold mineralisation with a best result of 35m at 1.4 gpt from 2.4m.

Hole Number	Depth From (m)	Depth To (m)	Interval (m)	Gold gpt
RBD030	50.0	63.4	13.4	1.4
including	82.0	91.0	9.0	1.9
RBD032	183.0	200.1	27.1	0.9
RBD033	2.4	37.4	35.0	1.4
including	7.4	12.4	5.0	3.7

Lagoa Seca West Diamond Drill Intersections



Lagoa Seca Long Section

Iron Ore

The Andorinhas project is located near the world class Carajas Iron Ore district controlled by CVRD. A very high grade iron ore deposit (Big Mac) is currently being developed on the northern tenement boundary of the Andorinhas project by a Brazilian iron ore company called SIDEPAR. The deposit is characterised by a hardrock outcropping hill with a majority of the ore being course colluvium scree on both the northern and southern slopes of the hill.

SIDEPAR own and operate a "gouza" iron ore production facility at Maraba which is utilised by CVRD for processing their raw iron ore material before railway cartage to the coast. SIDEPAR have begun construction of the Big Mac deposit including upgrading a haul road through Agincourt's Andorinhas project. The ore will be trucked to their Maraba processing facility.

The Big Mac deposit strikes obliquely into Agincourt's tenement with significant iron ore colluvium identified within the Company's tenements grading up to 69% Fe. The host Banded Iron Formation can be traced into Agincourt's tenements over a strike length of up to 10km with several new occurrences of high grade iron ore samples averaging 67% Fe having been discovered.

Agincourt is currently evaluating the magnitude of the iron ore mineralisation within its tenements in order to maximise value from the iron ore deposits.

Big Mac Iron Ore

Sample Number	Fe %	Al %	As %	P %	Si %	LOI
BR1000055	64.7	0.56	<0.01	0.04	1.9	1.10
BR1000057	68.3	0.10	<0.01	0.03	0.2	0.30
BR1000058	69.8	0.14	<0.01	0.02	0.2	0.34
BR1000059	67.0	0.24	<0.01	0.03	0.3	0.02
BR1000060	67.1	0.31	<0.01	0.04	1.0	0.87

Iron Ore Rock Chip Results

Resources & Reserves

Identified Mineral Resources (Gold) as at 30 June 2006

	Measured			Indicated			Inferred			Total Mineral Resources		
WESTERN AUSTRALIA – WILUNA	**Tonnes '000**	**Gold gpt**	**Oz '000**	**Tonnes '000**	**Gold gpt**	**Oz '000**	**Tonnes '000**	**Gold gpt**	**Oz '000**	**Tonnes '000**	**Gold gpt**	**Oz '000**
East Lode - West Lode	0	0.0	0	1,258	5.5	224	1,095	5.4	190	2,354	5.5	414
Woodley	89	7.2	21	149	5.6	27	88	6.5	18	326	6.3	66
Golden Age	0.3	9.1	0.1	0	0.0	0	0	0.0	0	0.3	9.1	0.1
Calais	66	7.3	15	247	6.7	53	129	7.2	30	442	6.9	98
Happy Jack	0	0.0	0	0	0.0	0	118	7.6	29	118	7.6	29
Lone Hand - Adelaide - Moonlight	0	0.0	0	50	5.7	9	851	5.6	154	901	5.6	164
Magazine	0	0.0	0	51	3.6	6	9	4.8	1	60	3.8	7
Wiluna South (M2 & M10)	0	0.0	0	0	0.0	0	529	1.7	29	529	1.7	29
Stockpiles	138	1.5	7	227	0.6	4	0	0.0	0	364	0.9	11
Sub-Total Wiluna Operation	**292**	**4.5**	**43**	**1,982**	**5.1**	**324**	**2,819**	**5.0**	**451**	**5,094**	**5.0**	**818**
Williamson	0	0.0	0	455	1.5	22	343	2.1	23	798	1.8	45
Willamson South	0	0.0	0	0	0.0	0	850	1.9	53	850	1.9	53
Regent	0	0.0	0	253	2.5	20	794	1.9	47	1,046	2.0	67
Sub-Total Lake Way Project	**0**	**0.0**	**0**	**707**	**1.9**	**42**	**1,987**	**1.9**	**123**	**2,694**	**1.9**	**165**
Total Western Australia – Wiluna	**292**	**4.5**	**43**	**2,689**	**4.2**	**366**	**4,806**	**3.7**	**574**	**7,788**	**3.9**	**983**
BRAZIL - ANDORINHAS												
Mandioca	0	0.0	0	123	16.6	66	2	17.5	1	125	16.6	67
Melechete	0	0.0	0	693	8.7	193	0	0.0	0	693	8.7	193
Barbosa Remnant	0	0.0	0	40	14.0	18	0	0.0	0	40	14.0	18
Arame	0	0.0	0	0	0.0	0	80	6.1	16	80	6.1	16
Lagoa Seca 1	0	0.0	0	700	2.8	63	0	0.0	0	700	2.8	63
Total Brazil - Andorinhas	**0**	**0.0**	**0**	**1,555**	**6.8**	**340**	**82**	**6.3**	**17**	**1,637**	**6.8**	**356**
INDONESIA – MARTABE*												
Purnama	0	0.0	0	48,750	1.8	2,853	42,527	1.1	1,518	91,277	1.5	4,370
Baskara	0	0.0	0	0	0.0	0	27,500	1.1	928	27,500	1.1	928
Total Indonesia – Martabe	**0**	**0.0**	**0**	**48,750**	**1.8**	**2,853**	**70,027**	**1.1**	**2,446**	**118,777**	**1.4**	**5,299**
AGINCOURT TOTAL	**292**	**4.5**	**43**	**52,994**	**2.1**	**3,558**	**74,915**	**1.3**	**3,037**	**128,201**	**1.6**	**6,638**

Identified Mineral Resources (Silver) as at 30 June 2006

	Measured			Indicated			Inferred			Total Mineral Resources		
INDONESIA – MARTABE*	**Tonnes '000**	**Silv gpt**	**Oz '000**	**Tonnes '000**	**Silv gpt**	**Oz '000**	**Tonnes '000**	**Silv gpt**	**Oz '000**	**Tonnes '000**	**Silv gpt**	**Oz '000**
Purnama	0	0.0	0	48,750	23.9	37,400	42,527	12.7	17,400	91,277	18.7	54,800
AGINCOURT TOTAL	**0**	**0.0**	**0**	**48,750**	**23.9**	**37,400**	**42,527**	**12.7**	**17,400**	**91,277**	**18.7**	**54,800**

**Martabe Resources are as at acquisition date of 1 September 2006.*

Resources & Reserves (Continued)

Identified Mineral Resources (Nickel) as at 30 June 2006

	Measured			Indicated			Inferred			Total Mineral Resources		
WESTERN AUSTRALIA - WILUNA	**Tonnes Mt**	**Ni (%)**	**Metal t '000**	**Tonnes Mt**	**Ni (%)**	**Metal t '000**	**Tonnes Mt**	**Ni (%)**	**Metal t '000**	**Tonnes Mt**	**Ni (%)**	**Metal t '000**
Wiluna Nickel Laterite	0	0.00	0	0	0.00	0	80.5	0.77	620	80.5	0.77	620
AGINCOURT TOTAL	**0**	**0.00**	**0**	**0**	**0.00**	**0**	**80.5**	**0.77**	**620**	**80.5**	**0.77**	**620**

Ore Reserves (Gold) as at 30 June 2006

	Proven			Probable			Total Reserves		
WESTERN AUSTRALIA - WILUNA	**Tonnes '000**	**Gold gpt**	**Oz '000**	**Tonnes '000**	**Gold gpt**	**Oz '000**	**Tonnes '000**	**Gold gpt**	**Oz '000**
East Lode - West Lode	0	0.0	0	1,127	5.1	185	1,127	5.1	185
Woodley	102	6.4	21	147	5.0	24	249	5.6	44
Golden Age	0.3	9.1	0.1	0	0.0	0	0.3	9.1	0.1
Calais	79	6.1	15	178	6.0	35	257	6.0	50
Lonehand	0	0.0	0	38	6.0	7	38	6.0	7
Magazine	0	0.0	0	18	6.3	4	18	6.3	4
Stockpiles	138	1.5	7	0	0.0	0	138	1.5	7
Sub-Total Wiluna Operation	**318**	**4.2**	**43**	**1,509**	**5.2**	**254**	**1,827**	**5.1**	**297**
Williamson	0	0.0	0	216	1.6	11	216	1.6	11
Sub-Total Lake Way Project	**0**	**0.0**	**0**	**216**	**1.6**	**11**	**216**	**1.6**	**11**
Total Western Australia - Wiluna	**318**	**4.2**	**43**	**1,725**	**4.8**	**265**	**2,043**	**4.7**	**308**
BRAZIL - ANDORINHAS									
Melechete	0	0.0	0	296	7.3	69	296	7.3	69
Barbosa Remnant	0	0.0	0	40	14.0	18	40	14.0	18
Lagoa Seca 1	0	0.0	0	258	4.7	39	258	4.7	39
Total Brazil - Andorinhas	**0**	**0.0**	**0**	**594**	**6.6**	**126**	**594**	**6.6**	**126**
AGINCOURT TOTAL	**318**	**4.2**	**43**	**2,319**	**5.2**	**392**	**2,637**	**5.1**	**434**

Tonnes and ounces are rounded, causing minor computational errors.

Measured and Indicated Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves.

The information in this report that relates to Gold Resources for Wiluna (with the exception of Williamson South) is based on information compiled by Paul Tan. Gold Resources for Williamson South is based on information compiled by Rob Watkins. All Gold Reserves for Wiluna have been reviewed by Jim Jewell. Mr Tan, Mr Watkins and Mr Jewell are full time employees of the Company and Members of The Australasian Institute of Mining and Metallurgy. They have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a competent person as defined in the 2004 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Tan, Mr Watkins and Mr Jewell consent to the inclusion in the report of the matters based on their information in the form and context in which it appears. Stated nickel laterite mineral resources were compiled by Ms Stephanie Golley and reviewed by Mr Mark Murphy, both of Snowden Mining Industry Consultants.

The Woodley and Calais mineral resources were estimated by ordinary kriging with a lower cut of 4.5 gpt and an upper cut of 30 gpt, using Surpac software. The East Lode – West Lode resource estimate was estimated by ordinary kriging with a lower cut of 4.5 gpt and an upper cut of 20 gpt, using Vulcan and Surpac Software. The Happy Jack resources were estimated by an inverse distance squared method with a lower cut of 4.5 gpt and an upper cut of 30 gpt using Surpac software. The Golden Age resources was based on the final extraction of ore from this mine. Adelaide, Lone Hand, Wiluna South and Magazine resources were determined by ordinary kriging in Surpac using a lower cut of 0.75 gpt and an upper cut of 14 gpt, 18 gpt, 12 gpt and 10 gpt respectively. The Lone Hand and Moonlight underground resources were estimated using polygonal methods. Williamson and Regent resources were estimated by ordinary kriging using Vulcan Software. An upper cut of 45 gpt and a lower cut of 0.75 gpt was applied to the Williamson estimate. Part of the Williamson indicated resource is derived from actual production data since the 1 July 2006, the remainder was based on a reconciliation – factored version of the original resource block model. An upper cut of 15 gpt and 20 gpt was applied to the supergene portion and the remainder of the resource for Regent respectively. A lower cut of 0.75 gpt was used for the Regent resource estimate.

The information in this report that relates to gold resources for Mandioca, Melechete, Arame and Lagoa Seca 1 is based on information compiled by Shaun Hackett. Mr Hackett is a fulltime employee of Snowden Mining Industry Consulting Group which is independent of the Company. Mr Hackett has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as defined in the 2004 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Hackett consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Snowden has estimated the mineral resource for Mandioca, Melechete, Arame and Lagoa Seca 1. These resources have been reported according to the JORC code using drill spacing, geological continuity, kriging variance and degree of extrapolation to classify the resource as either indicated or inferred. At Mamão a top cut of 66 gpt and 5 gpt was applied to the high grade and low grade domains respectively, and at Lagoa Seca, the top cut used was 35 gpt and 4.9 gpt for high grade and low grade domains respectively.

The information in this statement pertaining to the Martabe mineral resource is based on information compiled by Mr Alex Virisheff and Mr Ingvar Kirchner, who are Members of The Australasian Institute of Mining and Metallurgy. Both Mr Virisheff and Mr Kirchner are employed by RSG Global and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Mineral Resources and Reserves. Mr Virisheff and Mr Kirchner consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

The Martabe Gold resource estimates were determined by ordinary kriging in most cases. The estimation of silver is a mixture of ordinary kriging and inverse distance to the power of 5. Martabe gold resources used a lower cut of 0.5 gpt and an upper cut ranging from 4 gpt to 30 gpt. Purnama silver resources used an upper cut ranging from 200 gpt to 300 gpt.

People

People

Continued strength in the resources sector during the past year resulted in a growing shortage of qualified and skilled candidates in Australia, leading to increased turnover rates and escalating remuneration levels across the industry.

Turnover at the Wiluna Operation increased significantly during the 2005/2006 period however, it is anticipated that this rate will reduce during 2006/2007 year following the implementation of the more attractive nine (9) days on, five (5) days off roster for Agincourt's staff.

The Company continues to provide career development opportunities as an attraction and retention strategy and is committed to providing appropriate training for all Employees.

As at 30 June 2006, Agincourt's activities provided employment for 394 people in Australia and Brazil as detailed in the table below. This number increased to 475 on 1 September 2006 with the acquisition of the Martabe project in Indonesia.

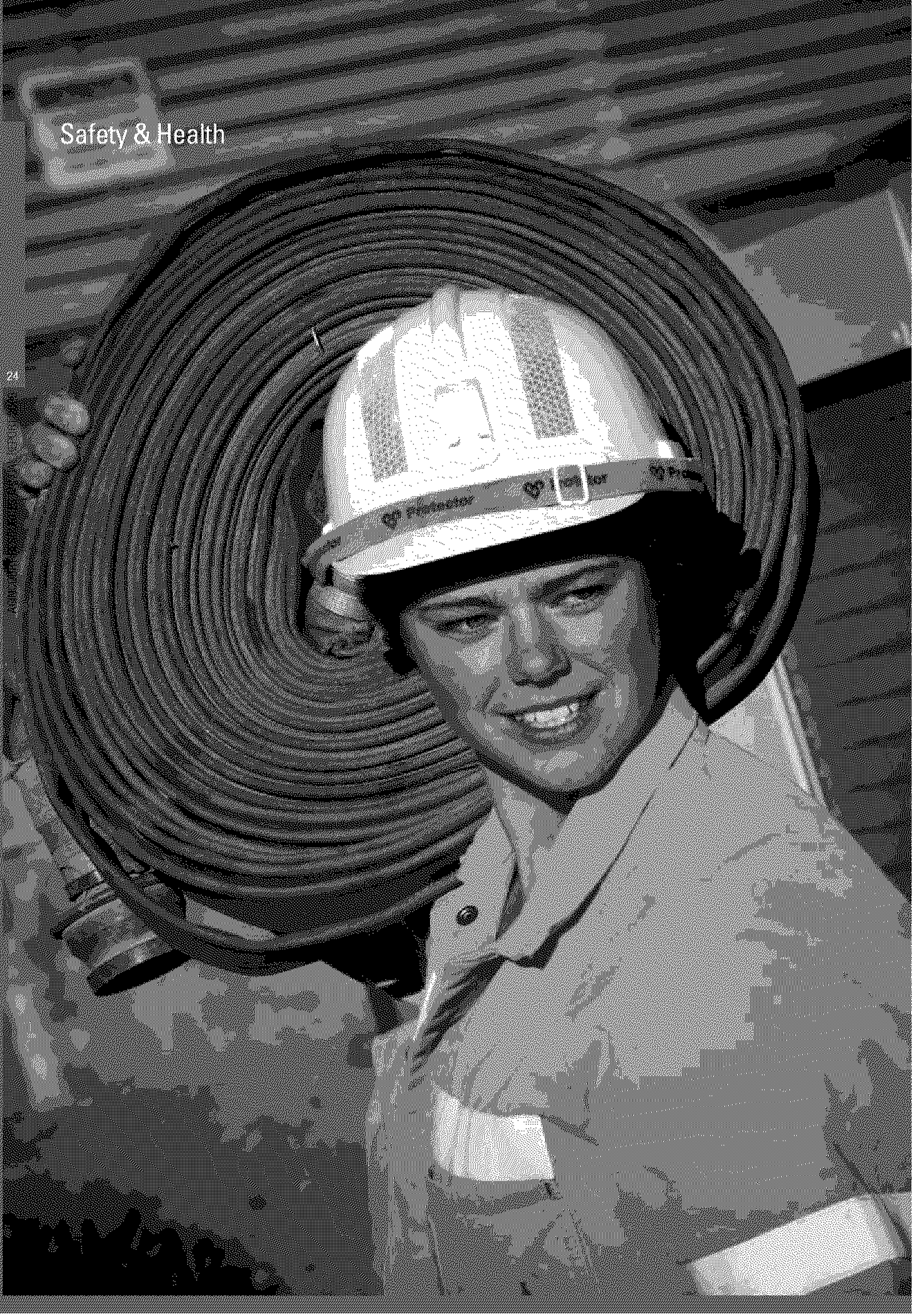
Locations	Direct Employees	Contractors	Total
West Perth Office	17	1	18
Wiluna Operations	90	272	362
Brazil	10	4	14
Indonesia*	77	4	81
Total	**194**	**281**	**475**

** 1 September 2006.*

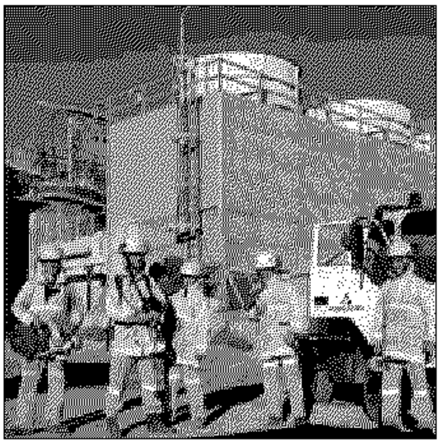
It is anticipated that employment numbers will remain at current levels for Australia and Brazil during the next year, however numbers in Indonesia will increase significantly as aggressive drilling programs are implemented.

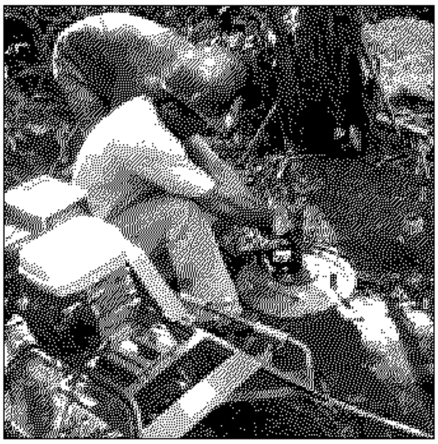
Left: Maintenance Planning Team at the Wiluna Operation
Top (left to right): Wiluna (Western Australia), Andorinhas (Brazil), Martabe (Indonesia)

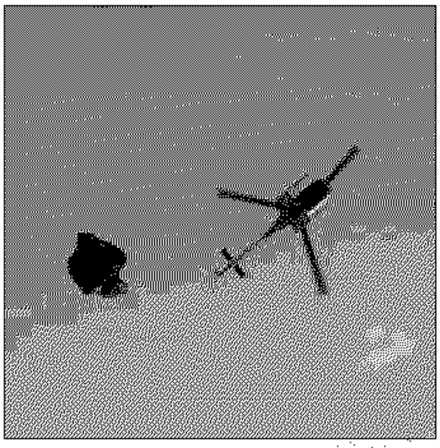
Safety & Health



Safety & Health







Agincourt is committed to providing a safe and healthy environment in all areas of its operations in Australia, Brazil and now in Indonesia. The Company is determined to achieve continuous improvement in health and safety through a comprehensive Safety Management Plan incorporating: Leadership, People, Health and Safety Management Processes, Information Gathering and Analysis.

Wiluna

Over the 2005/2006 financial year, a total of 890,594 hours were worked with an average of 210 personnel working on the Wiluna site each day. This represents a 15.5% increase in hours worked on the previous reporting period.

As reported in the 2005 Annual Report, a tragic accident occurred on 1 July 2005 at the Williamson Open Pit which resulted in Mr Chris Miller, Project Manager for Mining & Civil Australia, sustaining fatal injuries.

In total, there were three lost time injuries for the year representing a 62.5% decrease over the previous year's result. Consequently the Lost Time Injury Frequency Rate fell 50% to 2.25, which is considerably lower than the Western Australian Industry average for combined underground and open pit operations of 4.1 (reported 2004/2005 period).

In addition, the following notable safety statistical improvements were made on the previous reporting period:

- Medical treated injuries reduced by 74.1%; and
- Restricted work injury frequency rate (RWIFR) was 5.61 and is a reduction of 60.4% .

Safety and Health initiatives during the year included:

- Independently facilitated site-wide critical risk analysis;
- Comprehensive review of the site traffic management plan;
- Installation of traffic lights at the haul road intersection near the Administration and Operations area;
- An increased program of workplace safety inspections;
- Introduction of high visibility clothing and reflective strips on hard hats for personnel working in the production area;
- Reflective vests for personnel walking to and from the village and the work area; and
- Company and Contractor social sporting events.

Training and Support Services will be targeting the following initiatives during the reporting period 2006/2007:

- Formulation and implementation of control measures stemming from the site critical risk analysis;
- Regular mock emergency response exercises;
- Integration and centralisation of the site training data;
- Six monthly full departmental safety audits; and
- Promotion of work group generated safety initiatives via the Safety Representatives.

Brazil

Drilling activity commenced at the Andorinhas project in Brazil during the 2005/2006 reporting period. Safety systems have been established at the remote exploration facility. Initiatives include the training the local staff in the concept of Duty of Care, and instilling a culture of hazard identification and proactive implementation of "safety first" practices.

During the reporting period, there were two minor Lost Time Injuries and a serious incident involving a vehicle rollover which fortunately did not result in any significant injuries being sustained. All incidents were investigated. Ongoing education programs for local employees are held emphasising the necessity for correct safety precautions.

Indonesia

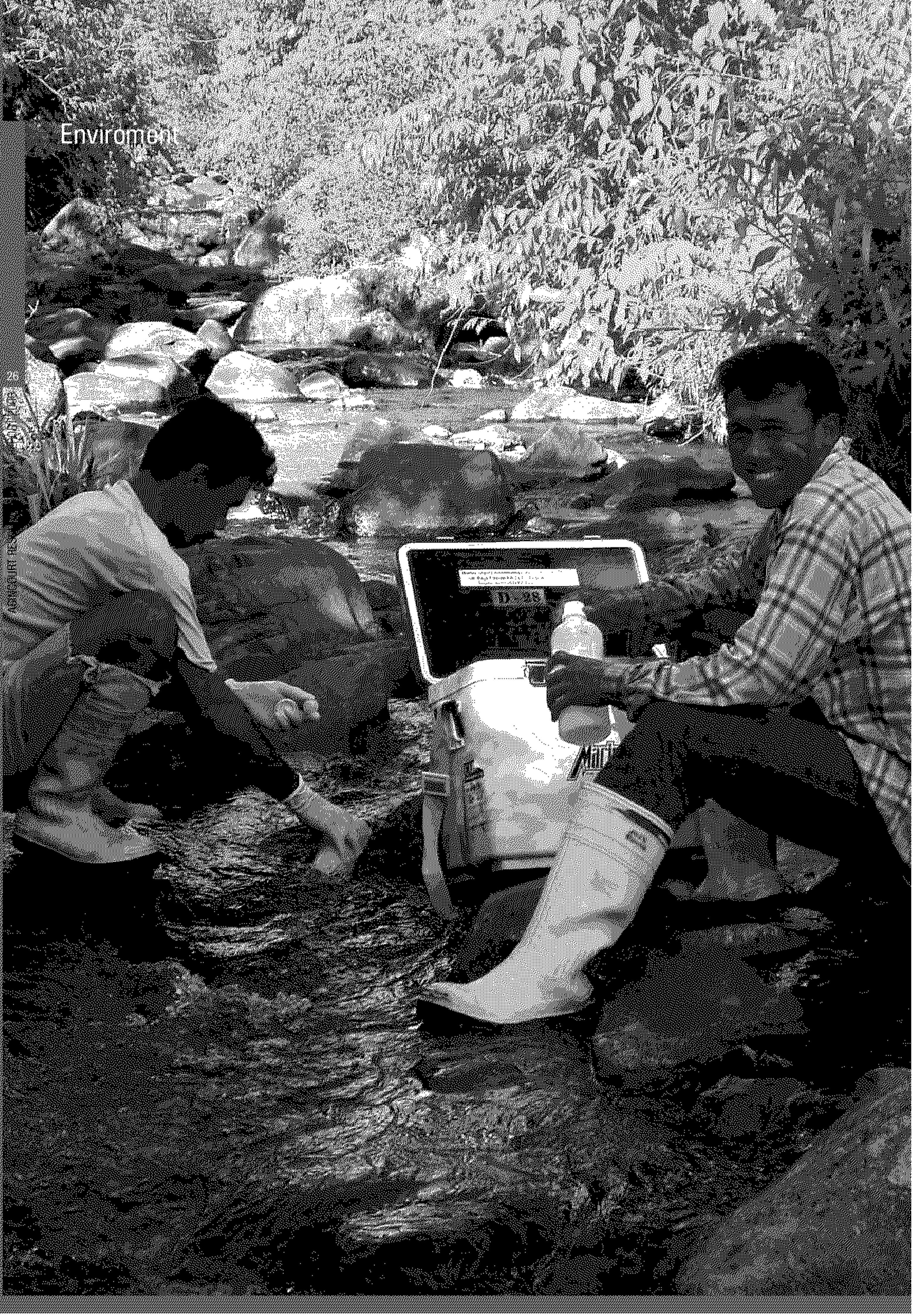
The acquisition of the Martabe Project in Indonesia brings with it a long established safety culture which has been developed over the life of the project to date. The local workforce is familiar with the safety systems currently in place and further training will be provided as the Project enters the drilling program due to commence in October 2006.

Additional safety personnel are currently being recruited to ensure that maximum attention is given to the appropriate training of new personnel and implementation and execution of safety precautions going forward in the remote drilling locations.

Agincourt has a qualified Doctor on site at all times to ensure the health and wellbeing of its Employees.

Left: Mine Rescue at the Wiluna Operation
Top (left to right): Wiluna (Western Australia), Andorinhas (Brazil), Martabe (Indonesia)

Enviroment



Environment



Agincourt is committed to managing its activities in an environmentally responsible manner and strives to achieve a high standard of environmental management throughout its operations in Australia, Brazil and now in Indonesia. The Company is determined to achieve continuous improvement in the environment in which we operate through the use of strong management systems, dedicated people, responsible rehabilitation and a proactive compliance approach.

Wiluna

Environmental Approvals

A groundwater licence was issued allowing extraction from underground and open pits for dewatering purposes, with all other mining activities continuing on existing approvals. Approval to dispose of tailings into Moonlight pit was also granted.

Environmental Monitoring

Our extensive monitoring program continues to exceed the requirements stipulated by the regulatory authorities. The monitoring program includes tailings, dewatering and potable water. In addition, Lake Way is specifically monitored to ensure it is not adversely affected.

In-Pit Tailings Disposal

Agincourt continues to dispose of tails in line with the DoE and DoIR preferred method of in-pit placement. Approval was granted to tail into Moonlight Pit in October 2005 and this facility has been used in conjunction with TSF H during the year.

It is the Company's intention to apply to dispose of tailings into its Squib Pit during the 2006/2007 financial year and thereby mitigate the construction of an additional tailings dam.

Rehabilitation

Historic drilling areas to the north of the current minesite were audited and approximately 160km^2 were rehabilitated.

Rehabilitation of the Wiluna South area has been postponed due to the possible re-employment of the area for mining activities.

Environmental Incidents

During the 2005/2006 financial year, 15 minor environmental incidents were reported with two requiring notification to the regulators. The majority of these incidents were minor hydrocarbon spills. All incidents were closed off by regulators following investigations, and any rectification of procedures and clean-up of spills occurred.

Waste Management

The site-wide waste management program continues and involves reducing the quantity of waste generated, the responsible management of wastes and maximising opportunities for recycling. Proceeds from recycled materials allowed approximately A$3,000 to be donated between the Princess Margaret Hospital for Children's "Ruggies" programme, the RFDS and Silverchain during the year. April and May 2006 saw a large cleanup of the site recycling and salvage yard and Makkadon Pty Ltd have commenced a regular pickup service of recyclable materials.

Brazil

Diamond drilling at the Andorinhas project has been carefully managed with respect to ensuring all drill pads and access tracks were positioned with the minimal impact to established trees and understorey. On completion of drilling, the drill pads were rehabilitated with top soil and fenced off to allow regrowth of native grasses and shrubbery.

An environmental base line survey has commenced at Andorinhas in order to assess the extent of any existing mercury contamination from the illegal mining that happened in the area during the 1980s. The survey will also form part of the feasibility study creating a baseline database for the proposed development of the project.

An environmental impact mine plan report will be submitted to the environmental governing agency (SECTAM) in the form of an EIA/RIMA technical report.

Indonesia

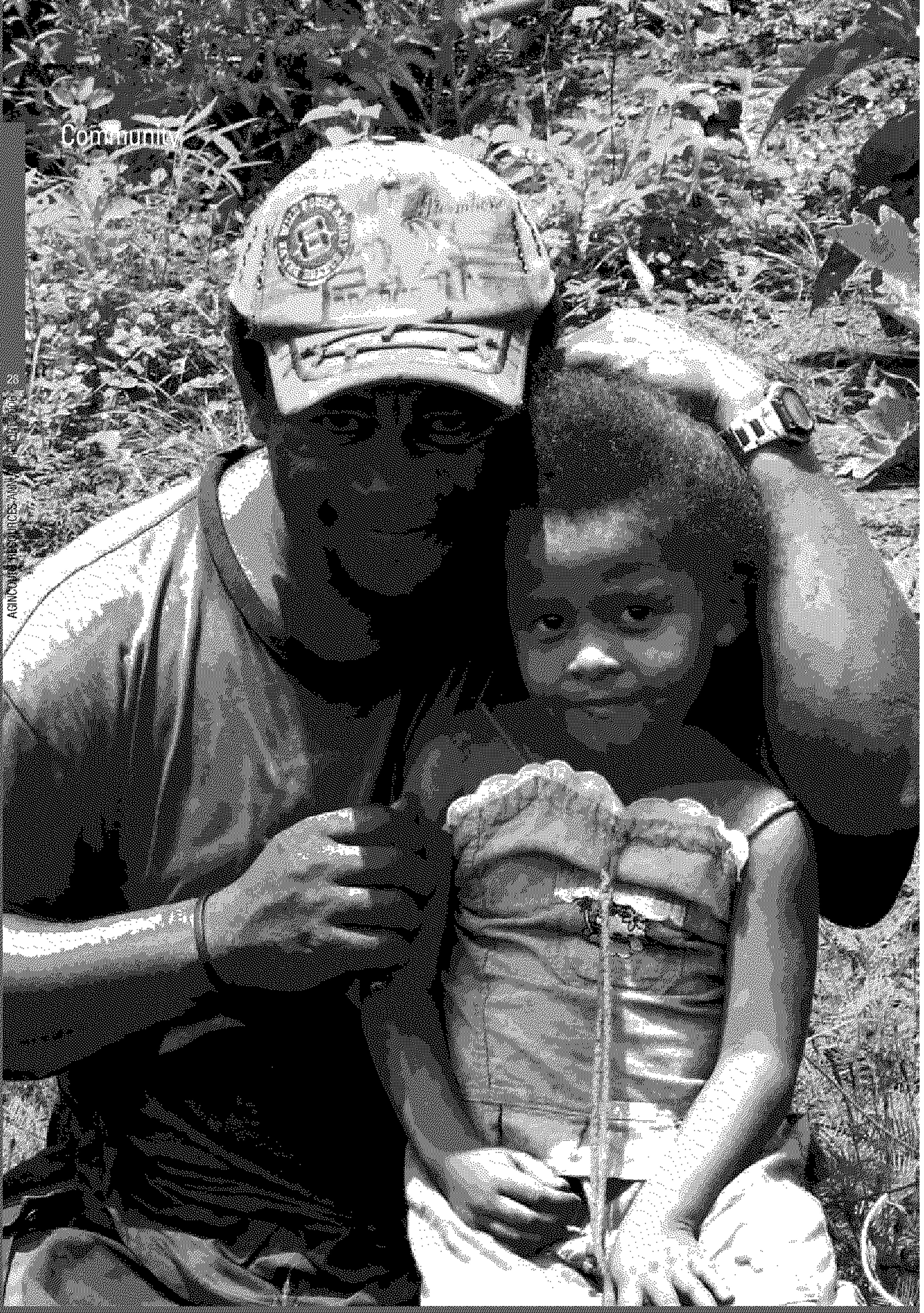
The Martabe project is located adjacent to the town of Batang Toru in the north of Sumatra. The deposit is located in an area of high relief with significant rainfall in excess of four metres per annum. The area consists of small subsistence farms with rubber plantations being the most common form of agriculture. The Martabe deposit is predominantly hosted in regrowth forested areas and rubber plantations, and is located approximately 5km south west of a protected forest.

Agincourt recognises that environmental compliance for all Government regulations needs to be strictly adhered to and is committed to sustainable development, which includes taking responsibility for the impacts of mining in the area. Agincourt is also committed to support local initiatives in the region to protect the native flora and fauna.

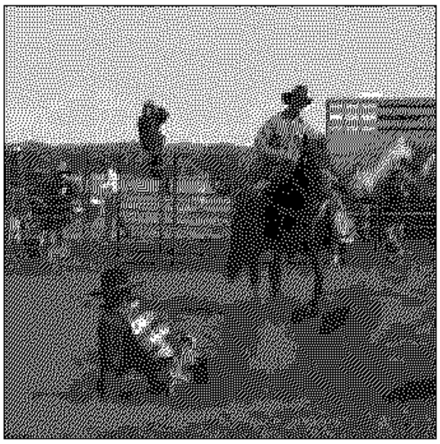
An extensive environmental monitoring and rehabilitation program has been established at Martabe with a long history of baseline monitoring and complete rehabilitation of any disturbed areas from drilling. All drill sites are rehabilitated including reseeding in areas of poor regrowth and bioremediation of topsoil. Agincourt will continue to build on the programs that have been implemented at Martabe and will use the extensive environmental database and monitoring programs to complete the environmental study (AMDEL) required for the mining permit.

Examples of environmental initiatives in the Martabe district include the establishment of two weather stations, a bioremediation centre for disturbed top soil and establishment of a nursery of native trees and shrubs.

Left: Environmental Water Sampling at Martabe in Indonesia
Top (left to right): Wiluna (Western Australia), Andorinhas (Brazil), Martabe (Indonesia)



Community



Agincourt continues to manage its activities in a socially and environmentally responsible manner, whilst striving to maintain and build mutually beneficial and sustainable relationships with local communities and key stakeholders. The Company is determined to achieve continuous improvement in the area of social responsibility in all areas in which we operate through the use of strong management systems, dedicated people, education, local business opportunities and transparent communication.

Wiluna

Community involvement and support during the year included:

- Ongoing co-funding with Newmont Jundee of a second local doctor at the Nagangganawili Medical Centre to ensure that a general practitioner is available for the Wiluna Community all the times.
- Ongoing management of the Wiluna branch of the State Emergency Service and response to four significant local incidents during the period.
- Sponsorship of "building healthy communities" programme in Wiluna and assistance with various sporting events during the year.
- Sponsorship and organisational assistance with the Gunbarrel Centenary Rodeo.
- Employment of local people and contractors.
- Ongoing support of the local Ngangganawili Medical Centre's parenting and early childhood development programme in Wiluna by the provision of fresh fruit for children.
- General support and assistance to the Wiluna community.

Brazil

Agincourt has established a strong community presence at the Andorinhas project and are working together with local farming communities to provide work for local contractors and businesses as well as providing employment opportunities to locals from adjacent towns of Floresta and Rio Maria. Community support for the project has been strong given that the area is a historical mining district.

Indonesia

Strong support for the development of the Martabe project has been shown by all Community Stakeholders ranging from Village Chiefs, local Government (Buparti), Provincial and Central Governments.

Agincourt is strongly committed to working together with the local Community and Government to ensure that successful development of the Project will be to the benefit of all local and regional communities by creating numerous job opportunities and sustainable business development in the district.

Numerous community development programs have been implemented and the Company will expand its support throughout the local community.

The Martabe Site Doctor looks after the health and wellbeing of employees and provides assistance to local authorities for education programs in relation to local residents.

The Company will continue to support the advancement of educational standards in local schools and assist with employment development opportunities.

Left: Community Relations, Andorinhas Brazil
Top (left to right): Rodeo in Wiluna (Western Australia), Local Brazilian children celebrating the World Cup Soccer at Andorinhas, Indonesian Regional Government delegation enjoy a "bush BBQ" in Wiluna

Financial Reports
For the year ended 30 June 2006

Directors' Report

The Directors of Agincourt Resources Limited ("Agincourt" or "the Company") present their report together with the consolidated financial report for the financial year ended 30 June 2006 and the auditor's report thereon.

1. DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

Mr Craig Readhead
Non Executive Chairman - B Juris, LLB
Appointed 4 December 2003
Mr Readhead is a lawyer with more than twenty five years legal and corporate advisory experience, with specialisation in the resources sector. Mr Readhead is a partner of the law firm Pullinger Readhead Lucas. Mr Readhead is currently or has been a director of the following listed companies during the last three years, Heron Resources (from 2001 to present), Mount Gibson Iron Limited (from 2002 to present), Halcyon Group Limited (from 2000 to present), Pioneer Nickel Limited (from 2003 to 2005), and New World Alloys Limited (from 2000 to 2003). He is also a director of a number of unlisted public companies, involved in mining and exploration in Australia. Mr Readhead is a past vice president of the Association of Mining and Exploration Companies and a past president of the Australian Mining and Petroleum Law Association.

Mr Peter Bowler
Managing Director - Dip Farm Management (Hons)
Appointed 4 December 2003
Director of Operations from 1 July 2005 to 24 January 2006 then became Managing Director.
Mr Bowler has been involved with the Wiluna Gold Mine for more than ten years and worked in the gold industry for over twenty years. He has extensive business management experience having owned businesses in the earthmoving and ore handling industry as well as commercial property, agricultural and pastoral businesses. Mr Bowler has also been involved in successful contract negotiations, overseeing the full feasibility of open pit projects, completion of very sensitive heritage clearances with local indigenous communities and completion of regulatory clearances. Mr Bowler is currently or has been a director of the following listed company during the last three years, Nova Energy Ltd (from 12 August 2005 to present).

Mr Roy Arthur
Business Development Director – BSc
Appointed 4 December 2003
Mr Arthur has been associated with the mining industry for more than 20 years, including nine years on site at the Wiluna project, during which time he held the position of Manager of Metallurgy for a significant period of time. In this position he was responsible for all facets of metallurgy and production, including the optimisation of the BIOX® treatment process and design and implementation of a number of process innovations to substantially improve productivity. Since the inception of Agincourt in 2003 Mr Arthur has held a position as Director, with a primary role focusing on asset management and acquisitions for the Company.

Dr Timothy Sugden
Non Executive Director – BSc, (Hons), PhD
Appointed 4 December 2003
Managing Director from 1 July 2005 to 24 January 2006 then became Non Executive Director.
Dr Sugden has over nineteen years experience in mine geology, exploration, metallurgy, research and development and mine management with Western Mining Corporation Limited, Wiluna Mines Limited, Great Central Mines Limited, Normandy Mining Limited and Newmont Australia Limited. Dr Sugden was General Manager of the Wiluna Gold Mine for Normandy and Newmont prior to joining the Company. During this time he oversaw the discovery and development of resources at Woodley and Golden Age, redevelopment of open pits, major rehabilitation works and feasibility studies focused on resources at East Lode and West Lode. Dr Sugden is currently or has been a director of the following listed company during the last three years, Nova Energy Ltd (from 12 August 2005 to present).

2. DIRECTORS RESIGNATION

Mr Edward Tait
Non Executive Director – BA (Econ)
Appointed 21 December 2004, Resigned 30 June 2006

Directors' Report (Continued)

3. COMPANY SECRETARY

The Company Secretary of the Company during and at the end of the financial year is:

Mr Gregory Barrett

CA, FFin, B Comm

Appointed 17 October 2003

Mr Barrett is a Chartered Accountant, a Fellow of the Financial Services Institute of Australasia and holds a Bachelor of Commerce degree. He worked for KPMG, a large international Chartered Accounting firm, before specialising in the mining industry. He has over fifteen years management, corporate advisory, finance and accounting experience working for several listed and unlisted public companies for which he has held the role as Company Secretary for the past ten years.

4. DIRECTORS' MEETINGS

Meetings of Directors

The number of meetings of the Company's Directors held and attended during the year ended 30 June 2006 were:

Board of Directors	Number of Meetings	
	Held +	Attended
Mr Craig Readhead	12	12
Mr Peter Bowler	12	12
Mr Roy Arthur	12	12
Dr Tim Sugden	12	10
Mr Edward Tait	11	10

\+ Number of meetings held during the year whilst the Director held office.

Refer to the Directors' section above for details of when directors were appointed and resigned.

Meetings of Audit Committee

The number of meetings of the Company's Audit Committee held and attended during the year ended 30 June 2006 were:

Audit Committee	Number of Meetings	
	Held +	Attended
Mr Craig Readhead	2	2
Mr Peter Bowler	1	1
Dr Tim Sugden	1	1
Mr Edward Tait	2	2

\+ Number of meetings held during the year whilst the Director held office.

Meetings of Remuneration and Nomination Committee

The number of meetings of the Company's Remuneration and Nomination Committee held and attended during the year ended 30 June 2006 were:

Remuneration and Nomination Committee	Number of Meetings	
	Held +	Attended
Mr Craig Readhead	5	5
Mr Peter Bowler	2	2
Dr Tim Sugden	3	3
Mr Edward Tait	3	3

\+ Number of meetings held during the year whilst the Director held office.

5. CORPORATE GOVERNANCE STATEMENT

This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council recommendations unless otherwise stated.

5.1. BOARD OF DIRECTORS

5.1.1 ROLE OF THE BOARD AND MANAGEMENT

The Board of Directors of Agincourt Resources Limited is responsible for its corporate governance, that is, the system by which the Company and its subsidiaries are managed. In carrying out its responsibilities, the Board undertakes to serve the interests of shareholders, employees and the broader community honestly, fairly, diligently and in accordance with applicable laws.

The Board represents shareholders' interests in managing the Consolidated Entity's business, which seeks to optimise medium to long-term financial gains for shareholders. By not focusing on short-term gains for shareholders, the Board believes that this will ultimately result in the interests of all stakeholders being appropriately addressed when making business decisions.

The Board is responsible for ensuring that the Consolidated Entity is managed in such a way to best achieve this desired result. The Board is responsible for evaluating and setting the strategic directions for the Consolidated Entity, establishing goals for management and monitoring the achievement of these goals. The Managing Director is responsible to the Board for the day-to-day management of the Consolidated Entity.

The Board's role and the Consolidated Entity's corporate governance practices are being continually reviewed and improved as the Consolidated Entity's business develops.

5.1.2 COMPOSITION OF THE BOARD AND NEW APPOINTMENTS

The names of the Directors of the Company in office at the date of this report are set out in this Directors Report.

The Company's Constitution provides that the number of directors shall not be less than three and not more than ten. There is no requirement for any share holding qualification. The Board considers the appointment of additional Non-Executive Directors. The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues.

If the Company's activities increase in size, nature and scope, the size of the Board will be reviewed periodically and the optimum number of directors required for the Board to properly perform its responsibilities and functions.

A Remuneration and Nomination Committee meets regularly to assess and make recommendations to the Board regarding the membership of the Board, including proposed new appointments. Where appropriate, independent consultants are engaged to identify possible new candidates for the Board.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Consolidated Entity's scope of activities, intellectual ability to contribute to Board's duties and physical ability to undertake Board's duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next general meeting. Under the Company's Constitution the tenure of directors (other than Managing Director, and only one Managing Director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his last appointment. Subject to the requirements of the Corporations Act 2001, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A Managing Director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.

Directors' Report (Continued)

5. CORPORATE GOVERNANCE STATEMENT (CONTINUED)

5.1.3 COMMITTEES OF THE BOARD

To assist the Board in carrying out its responsibilities, the Board has the following committees:

- Audit Committee
- Remuneration and Nomination Committee

5.1.4 CONFLICT OF INTEREST

In accordance with the Corporations Act and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists, the Director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered.

5.1.5 INDEPENDENT PROFESSIONAL ADVICE

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

5.2. ETHICAL STANDARDS

The Board acknowledges the need for continued maintenance of the highest standard of corporate governance practice and ethical conduct by all Directors and employees of the Consolidated Entity.

5.2.1 CODE OF CONDUCT FOR DIRECTORS

The Board has adopted a Code of Conduct for Directors to promote ethical and responsible decision-making by the Directors. The code is based on a code of conduct for Directors prepared by the Australian Institute of Company Directors.

The principles of the code are:

- A director must act honestly, in good faith and in the best interests of the Company as a whole.
- A director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- A director must use the powers of office for a proper purpose, in the best interests of the Company as a whole.
- A director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interest of all stakeholders of the Company.
- A director must not make improper use of information acquired as a director.
- A director must not take improper advantage of the position of director.
- A director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company.
- A director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken as a Board.
- Confidential information received by a director in the course of the exercise of directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.
- A director should not engage in conduct likely to bring discredit upon the Company.
- A director has an obligation at all times, to comply with the spirit, as well as the letter of the law and with the principles of the Code.
- The principles are supported by guidelines as set out by the Australian Institute of Company Directors for their interpretation. Directors are also obliged to comply with the Company's Code of Ethics and Conduct, as outlined below.

5. CORPORATE GOVERNANCE STATEMENT (CONTINUED)

5.2.2 CODE OF ETHICS AND CONDUCT

The Company has implemented a Code of Ethics and Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Company. All employees and directors are expected to:

- respect the law and act in accordance with it;
- respect confidentiality and not misuse Company information, assets or facilities;
- value and maintain professionalism;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the Company's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- to act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Ethics and Conduct may face disciplinary action. If an employee suspects that a breach of the Code of Ethics and Conduct has occurred or will occur, he or she must report that breach to management. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

5.2.3 DEALINGS IN COMPANY SECURITIES

The Company's share trading policy applies to all Employees and Contractors employed by the Company with "inside information" and imposes trading restrictions. Additional trading restrictions apply to Directors of the Company.

'Inside information' is information that:

- is not generally available; and
- if it were generally available, it would, or would be likely to influence investors in deciding whether to buy or sell the Company's securities.

If an Employee or Contractor possesses inside information, the person must not trade in the Company's securities;

- advise others or procure others to trade in the Company's securities; or
- pass on the inside information to others – including colleagues, family or friends – knowing (or where the employee or Director should have reasonably known) that the other persons will use that information to trade in, or procure someone else to trade in, the Company's securities.

This prohibition applies regardless of how the Employee, Contractor or Director learns the information, (eg. even if the Employee, Contractor or Director overhears it or is told in a social setting).

In addition to the above, the purchase and sale of Company securities by Directors, Employees or Contractors (and their related parties) is only permitted during the three week trading window following the release of the Company's quarterly, half-yearly and final results and any significant public announcements, provided the Company is not in possession of undisclosed potentially price sensitive information.

Permission to purchase or sell Company securities may be granted by the Chairman (in the case of Directors) or the Managing Director (in the case of Employees and Contractors) outside the trading window.

Dealing in Company securities is specifically prohibited in the two week period prior to the market release of price sensitive information and for short term speculation.

Directors' Report (Continued)

5. CORPORATE GOVERNANCE STATEMENT (CONTINUED)

5.2.3 DEALINGS IN COMPANY SECURITIES (CONTINUED)

Directors must notify the Company Secretary as soon as possible after they have bought or sold the Company's securities or exercised options. In accordance with the provisions of the Corporations Act and the Listing rules of the ASX, the Company on behalf of the Directors must advise the ASX of any transactions conducted by them in the securities of the Company.

Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

5.2.4 INTERESTS OF OTHER STAKEHOLDERS

The Company is committed to managing its activities in a socially and environmentally responsible manner. The Company strives to build mutually beneficial and sustainable relationships with the local community and key stakeholders.

To assist in meeting its objective, the Company conducts its business within the Code of Ethics and Conduct, as outlined in 5.2.2 above.

5.3. DISCLOSURE OF INFORMATION

5.3.1 CONTINUOUS DISCLOSURE TO ASX

The continuous disclosure policy requires all executives and Directors to inform the Managing Director or in his absence the Company Secretary of any potentially material information as soon as practicable after they become aware of that information.

Information is material if it is likely that the information would influence investors who commonly acquire securities on ASX in deciding whether to buy, sell or hold the Company's securities.

Information is not material and need not be disclosed if:

- A reasonable person would not expect the information to be disclosed or is material but due to a specific valid commercial reason is not to be disclosed; or
- The information is confidential; or
- One of the following applies:
    - It would breach a law or regulation to disclose the information;
    - The information concerns an incomplete proposal or negotiation;
    - The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
    - The information is generated for internal management purposes;
    - The information is a trade secret; or
    - It would breach a material term of an agreement, to which the Company is a party, to disclose the information.

The Managing Director is responsible for interpreting and monitoring the Company's disclosure policy in consultation with the Board. The Company Secretary is responsible for all communications with ASX.

5. CORPORATE GOVERNANCE STATEMENT (CONTINUED)

5.3.2 COMMUNICATION WITH SHAREHOLDERS

The Company places considerable importance on effective communications with shareholders.

The Consolidated Entity's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Consolidated Entity. The strategy provides for the use of systems that ensure a regular and timely release of information about the Consolidated Entity is provided to shareholders.

Mechanisms employed include:

- Announcements lodged with ASX;
- ASX Quarterly Reports;
- Half Yearly Report;
- Presentations at the Annual General Meeting/General Meetings; and
- Annual Report.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the Consolidated Entity's strategy and goals. The Company also posts all reports, ASX and media releases and copies of significant business presentations on the Company's website.

5.4. RISK MANAGEMENT

5.4.1 IDENTIFICATION OF RISK

The Board is responsible for the oversight of the Consolidated Entity's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Consolidated Entity with the Managing Director and Chief Financial Officer having ultimate responsibility to the Board for the risk management and control framework.

Arrangements put in place by the Board to monitor risk management include:

- monthly reporting to the Board in respect of operations and the financial position of the Company;
- quarterly rolling forecasts prepared; and
- circulate minutes of the Audit Committee and Remuneration and Nomination Committee to the Board and the Chairperson of each respective committee and provide a report to the Board on an annual basis.

5.4.2 INTEGRITY OF FINANCIAL REPORTING

The Company's Managing Director and Chief Financial Officer report in writing to the Board that:

- the consolidated financial statements of the Company and its controlled entities for each half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards;
- the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

5.4.3 ROLE OF AUDITOR

The auditor attends the Annual General Meeting and will be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Directors' Report (Continued)

5. CORPORATE GOVERNANCE STATEMENT (CONTINUED)

5.5 PERFORMANCE REVIEW

The Board has adopted a self-evaluation process to measure its own performance and the performance of its committees during each financial year. Also, an annual review is undertaken in relation to the composition and skills mix of the directors of the Company.

Arrangements put in place by the Board to monitor the performance of the Company's executives include:

- a review by the Board of the Company's financial performance;
- annual performance appraisal meetings incorporating analysis of key performance indicators with each individual;
- and regular reporting from the Chairperson of the Remuneration and Nomination Committee which monitors the performance of the Company's executives to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the Company.

5.6 COMPLIANCE WITH ASX CORPORATE GOVERNANCE RECOMMENDATIONS

The Board and Management of Agincourt Resources Limited are committed to good corporate governance and have adopted the ASX Corporate Governance Council's Best Practice Recommendations ("Recommendations") except as noted in the table below. The Recommendations are available on the Australian Stock Exchange website at www.asx.com.au. The Company provides up to date information on Corporate Governance and details its conformity with the Recommendations on the Company's website at www.agincourtresources.com.au.

Principle Ref.	Recommendation Ref.	Notification of Departure	Explanation for Departure
2. Composition of the Board	2.1	The majority of the Board are not Non - Executive Directors	The Company currently has two Non-Executive Directors who are considered by the Board to be independent in terms of the ASX Corporate Governance Council's definition of independent in accordance with Recommendation 2.1, however the Board believes that the individuals of the Board can make, and do make, quality and independent judgements in the best interests of the Company on all relevant issues.
4. Integrity of Financial Reports	4.3	The Audit Committee are not all Non-Executive Directors	The Audit Committee does consist of a majority of independent Directors, and has at least three members in accordance with the Recommendations; however, the Company's Managing Director is a member of the Audit Committee. As there are only two independent Directors on the Board of the Company it is not possible to fully comply with this Recommendation, however the Board believes the individuals on the Audit Committee can make, and do make, quality and independent judgements in the best interests of the Company on all financial report related issues.

6. AUDIT COMMITTEE

The Audit Committee has a documented charter, approved by the Board. The committee advises on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Consolidated Entity.

The members of the Audit Committee during the year were:

- Mr Craig Readhead, B Juris, LLB (Chairperson) – Non-Executive Director
- Mr Peter Bowler, Dip Farm Management (Hons) – Executive Director
- Dr Tim Sugden, BSc, (Hons), PhD – Non-Executive Director
- Mr Edward Tait, BA (Econ) – Non-Executive Director

The external auditors, the Chief Financial Officer and Company Secretary, are invited to Audit Committee meetings at the discretion of the committee. The committee met two times during the year and committee members' attendance record is disclosed in the table of directors' meetings on page 32.

The Managing Director and Chief Financial Officer declared in writing to the Board that the financial records of the Company for the financial year have been properly maintained, the Company's financial reports for the financial year ended 30 June 2006 comply with accounting standards and present a true and fair view of the Company's financial condition and operational results. This statement is required annually.

7. RISK MANAGEMENT

Financial Reporting

The Managing Director and the Chief Financial Officer have declared, in writing to the Board that the Company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

Monthly actual results are reported against budgets approved by the directors and revised forecasts for the year are prepared regularly.

Convergence with Australian equivalents to International Financial Reporting Standards (AIFRS) has been a key financial reporting project during the financial year ended 30 June 2006. The Board established a formal project to ensure a smooth transition to AIFRS reporting.

Details of the impact of transition from previous Australian Generally Accepted Accounting Principles (AGAAP) to AIFRS on the financial report for the financial year ended 30 June 2006 is included in note 34 to the financial statements.

Environmental Regulation

The Consolidated Entity holds various environmental licences and authorities to regulate its mining and exploration activities in Australia, Indonesia and Brazil. These licences include conditions and regulations which specify limits on discharges to the environment and rehabilitation of areas disturbed during the course of mining and exploration activities.

The Consolidated Entity's mining operations based in Western Australia are regulated under the Mining Act 1978 and Environmental Protection Act 1986. The management of exploration is reviewed by environmental consultants as well as environmental and mining regulatory authorities.

So far as the Directors are aware there has been no known breach of the Consolidated Entity's licence conditions and all mining and exploration activities comply with all relevant environmental regulations.

Directors' Report (Continued)

8. PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity during the course of the financial year was the production and sale of gold bullion; development of new gold production sources; exploration for gold, nickel, and uranium; and evaluation of merger and acquisition opportunities.

In the 2006 financial year, the Consolidated Entity achieved the following significant milestones:

- Signed a sale and purchase agreement, to acquire Martabe Gold and Silver Project ("Martabe") in Indonesia,
- Acquired uranium exploration licenses in Western Australia, South Australia, and Guinea, West Africa. Successfully negotiated sale of all uranium assets into a new Company, Nova Energy Limited, which is 57% owned by the Consolidated Entity,
- Increased gold and uranium resources,
- Increased gold reserves,
- Continued development and mining of the Calais and Woodley ore bodies at Wiluna in Western Australia,
- Commenced mining at Williamson on Lake Way at Wiluna in Western Australia,
- Discovered significant new areas of mineralisation on Lake Way at Wiluna in Western Australia,
- Acquired gold exploration licences in Victoria, Western Australia, and Brazil by successfully purchasing 100% of Reliance Minerals Limited and Reliance Minerals do Brasil Ltda,
- Completed a 6,000m drill exploration program in Brazil, and
- Entered an option agreement with Independence Group NL on the Wiluna Nickel Sulphides Project.

Objectives

The Consolidated Entity's Objectives are to:

- Produce 500,000 oz gold equivalent annually by June 2010,
- To commence production at the Martabe project in Indonesia by December 2008,
- Complete a pre-feasibility study for the Andorinhas Gold Project in Brazil by March 2007,
- Finalise plans and commence open pit development at the Wiluna Operations East/West Project,
- Continue aggressive gold exploration programmes in Australia, (focusing on the Tropicana East in Western Australia, and western and central Victoria) and Brazil,
- Continue to discover and develop nickel sulphide deposits in the Wiluna district through direct expenditure and a joint venture with Independence Group NL, and
- Support Nova Energy Ltd with political developments and scoping studies.

In order to achieve these objectives, the following targets have been set for the 2007 and later financial year:

- Complete a bankable feasibility study in regards to the Martabe project by March 2007,
- Complete the land acquisition and gain environmental approval in regards to the Martabe project by June 2007,
- To finance the project infrastructure in regards to the Martabe project by July 2007,
- Construction to commence on the Martabe processing plant by August 2007,
- Commence production at the Martabe project by December 2008,
- Complete a pre-feasibility study for the Andorinhas Gold Project in Brazil by March 2007,
- Achieve annual gold production of 120,000 ounces at the Wiluna Operation, and
- Reduce cash costs at the Wiluna Operation to $500 per ounce.

9. OPERATING AND FINANCIAL REVIEW

Overview of Consolidated Entity

The Consolidated Income Statement shows a loss before tax of $39,005,000 (2005 profit: $2,623,000). The income tax benefit of $2,696,000 (2005 expense: $1,012,000) resulted in a consolidated net loss after tax of $36,309,000 (2005 profit: $1,611,000).

Investments for Future Performance

The Consolidated Entity acquired property plant and equipment totalling $39,057,000 during the year. The acquisitions were primarily due to expenditure on mine properties.

Review of Financial Condition

Capital Structure and Treasury Policy

The Consolidated Entity has no bank debt. Agincourt Resources borrowed $5,037,000 from an external entity to fund ordinary business operations, while focusing on the purchase of Martabe (see Directors Report: 11 Events subsequent to reporting date). This loan has an option for the lender to acquire Agincourt Resources Ltd ordinary shares in satisfaction of the repayment of the debt, otherwise it will be paid back in cash including interest on or before 31 December 2006. (Refer Note 33)

Funds surplus to operating requirements are invested in high yielding A credit rated commercial bills and term deposits.

The Consolidated Entity enters into derivatives to hedge, or hedge a proportion of gold sales. Accounting policy (e) sets out the treatment for these commitments. The contracts are generally held to maturity and used as the mechanism for the sale of gold. Gold is expected to be delivered into the flat forward contracts monthly based on forecast gold production. Up until February 2006 the Company continued to deliver into flat forward sales contract as they matured. After this date the Company took advantage of the rising gold prices by delivering part of its sales into the spot market.

Liquidity and Funding

As at the 30 June 2006 the Consolidated Entity had a cash position of $3,758,000 comprising of cash at bank.

Cash Flows from Operations

Operations generated a positive cash flow for the year, before capital, deferred stripping, and exploration, of $13,522,000.

Impact of Legislation and Other External Requirements

From 1 July 2005 the Consolidated Entity is required to comply with Australian equivalents to International Financial Reporting Standards (AIFRS) issued by the Australian Accounting Standards Board. The expected impact of the resulting changes in accounting policies are disclosed in Note 34 of the financial report.

Review of principal businesses

Indonesia – Martabe Gold and Silver Project

The Company completed the acquisition of the Martabe Gold and Silver Project on the 31st August 2006. The Company plans to commence a bankable feasibility study, to be completed by March 2007. Construction of the process plant is proposed to commence in August 2007, with the commissioning of the plant to occur in December 2008.

Brazil – Andorinhas Gold Project

The Company completed the acquisition of the Andorinhas Gold Project on the 30th September 2005. The Company has focused on an extensive exploration drill program which was completed in June 2006. A pre-feasibility study commenced in July 2006, to be completed by March 2007.

Australia - Wiluna Operations

During the financial year 113,605 ounces of gold were poured at Wiluna Operations by treating 1,073,229 tonnes of ore at an average grade of 4.1 g/t and a recovery of 81.57%.

Grassroots Exploration – Western Australia and Victoria

The Company continued to aggressively explore in Western Australia and Victoria.

Directors' Report (Continued)

10. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the period the Consolidated Entity raised $16,200,000 in equity capital via a placement of 11,000,000 shares.

Nova Energy Limited ("Nova") issued 32,500,000 shares to the Company in accordance with the Rights and Usage Agreement, for the acquisition of the uranium rights over the Centipede tenements and certain rights to infrastructure at the Wiluna gold mine. The Company gained control of Nova on 23 August 2005 (when Nova's official quotation of securities commenced), by owning 57% of the ordinary issued capital of Nova.

The Consolidated Entity acquired 100% of Reliance Minerals Limited (RML) and Reliance Minerals do Brasil Ltda (RMB). The consideration was $169,000 cash and the issue of 2,470,000 fully paid ordinary shares in the Company at a fair value of $1.50 per share.

The Consolidated Entity entered into an option agreement with Independence Group NL (IGO) in regards to the Wiluna Nickel Sulphides Project. Under the terms of the Agreement, IGO will undertake a significant work program over the next six months. Upon IGO completing the work program commitments, IGO may elect to exercise the option and enter into a joint venture on the following terms: IGO can earn 51% in the nickel sulphide commodity rights by the expenditure of $3,000,000 within three years, and upon IGO earning 51%, IGO may elect to increase its equity to 70% by spending a further $1,500,000 over the following two years. Upon IGO reaching 70% equity in the project, the Consolidated Entity will be free-carried until a decision to mine.

During the period the Consolidated Entity produced its first gold dore from the Williamson open pit project.

11. EVENTS SUBSEQUENT TO REPORTING DATE

Indonesian - Martabe Acquisition

On 12 July 2006, Agincourt entered into an agreement to acquire the Martabe Gold and Silver Project (Martabe) in Indonesia from Newmont Mining Corporation (Newmont). On 31 August 2006 Agincourt completed the acquisition of a 100% interest in Martabe at a cost of US$80.25 million.

A Joint Venture (JV) has also been formed with an Indonesian consortium led by the Dharmawangsa Group (JV Partners). The JV Partners have an option to acquire up to 30% of Martabe via a pro-rata contribution of the acquisition and development costs. Agincourt and the JV Partners have also agreed that local government interests in Sumatra, Indonesia will be offered a 5% "contribute or dilute" interest in Martabe. Under the JV, Agincourt will retain approximately 67% of Martabe. The JV will own Martabe, which will be operated on behalf of the JV by Agincourt. Completion of the Sale and Purchase Agreement with Newmont occurred on 31 August 2006.

Capital Raising

On 28 July 2006 Agincourt issued 12.72 million shares at an issue price of A$1.15 per share to raise A$14.62 million. On 29 August 2006 Agincourt issued 74.24 million shares at an issue price of A$1.15 per share to raise A$85.38 million. On 31 August 2006 an additional 30.07 million shares at an issue price of A$1.15 per share were issued to Newmont to raise a further A$35 million. At the date of this report this has increased the number of issued shares from 84,778,286 to 201,803,533.

Included in the above, were shares issued to the following Directors and Key Management Personnel of the Company, 1,304,348 shares at an issue price of A$1.15 per share to raise A$1.5 million were issued to Mr Bowler, 869,565 shares at an issue price of A$1.15 per share to raise A$1 million were issued to Dr Sugden, 234,782 shares at an issue price of A$1.15 per share to raise A$270,000 were issued to Mr Barrett, and 86,956 shares at an issue price of A$1.15 per share to raise A$99,000 were issued to Mr Watkins.

Up to an additional 13.41 million shares at an issue price of A$1.15 per share or up to A$15 million will be issued to Newmont. The issue of these shares to Newmont is conditional on approval from the Foreign Investment Review Board. This will increase the number of issued shares from 201,803,353 to 215,218,286.

Agincourt also undertook a Share Purchase Plan (SPP). At the date of this report the SPP applications had not been finalised. Approximately 400,000 shares at an issue price of A$1.15 per share will be issued to raise approximately $460,000. This will increase the number of issued shares from 215,218,286 to approximately 215,618,286.

Directors' Report (Continued)

11. EVENTS SUBSEQUENT TO REPORTING DATE (CONTINUED)

Other

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in future financial years.

12. LIKELY DEVELOPMENTS

Likely developments are the progression of the Martabe Gold and Silver Project through the feasibility stage to development, the completion of the feasibility study in regards to the Andorinhas Gold Project in Brazil, the continued operation of the Wiluna Mine, exploration and evaluation of gold, nickel and uranium projects on the tenements owned or controlled by the Consolidated Entity and the evaluation of other acquisition opportunities in the mining and resources sector. Disclosure of any further information has not been included in this Directors' report because, in the opinion of the Directors, to do so would result in unreasonable prejudice to the Consolidated Entity.

13. DIRECTORS' INTERESTS

The relevant interest of each Director in the shares or options within the Consolidated Entity or any related body corporate, as notified by the Directors to the Australian Stock Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Director	Ordinary Shares	Director	Ordinary Shares
Mr Craig Readhead	200,000	Mr Roy Arthur	5,700,000
Mr Peter Bowler	7,254,348	Dr Tim Sugden	6,469,566

There were no options granted to Directors during the year.

14. SHARE OPTIONS

Options Granted to Directors and Officers of the Company

During or since the end of the financial year, the Company granted options for no consideration over unissued ordinary shares in Agincourt Resources Limited to the following officers of the Company as part of their remuneration.

Officers	Number of Options Granted	Exercise Price	Expiry Date
Mr Jim Jewell	500,000	$1.30	30 June 2009

All options were granted during the financial year. No options have been granted since the end of the financial year.

Unissued shares of the Company under option

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

Expiry Date	Exercise Price	Number of Shares
30 June 2009	$1.30	500,000

All options expire on the expiry date, unless the options have not vested and the employee is terminated the options will lapse.

These options do not entitle the holder to participate in any share issue of the Company or any other related entity.

Shares issued on exercise of options

During or since the end of the financial year, the Company did not issue any ordinary shares as a result of the exercise of options.

Directors' Report (Continued)

15. DIRECTORS' AND OFFICERS' INDEMNIFICATION AND INSURANCE

The Consolidated Entity provides insurance to cover legal liability and expenses for the Directors and Executive Officers of the Company and related bodies corporate. The Directors' and Officers' Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Company has entered into an agreement with the Directors and certain officers to indemnify these individuals against any claims and related expenses, which arise as a result of their work in their respective capacities.

The Consolidated Entity has not provided any insurance or indemnity for the auditor of the Company or any related body corporate.

16. NON-AUDIT SERVICES

During the year KPMG, the Company's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001, for the following reasons:

(i) all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor; and

(ii) the non-audit services provided do not undermine the general principles relating to auditor independence as set out in Professional Statement F1 Professional independence, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

A copy of the auditors' independence declaration as required under Section 307C of the Corporation Act is included in the Directors' Report.

Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are set out below. In addition, amounts paid to other auditors for the statutory audit have been disclosed.

	Consolidated	
	2006	2005
	$	$
Audit Services		
Auditors of the Company		
Audit and review of financial reports (KPMG Australia)	95,000	46,000
	95,000	46,000
Services other than statutory audit		
Auditors of the Company		
Accounting advisory services (KPMG Australia)	12,000	-
Taxation advisory and compliance services (KPMG Australia)	71,230	24,000
Taxation advisory and compliance services (KPMG Overseas firms)	2,669	-
	85,899	24,000

17. REMUNERATION REPORT

17.1 PRINCIPLES OF REMUNERATION - AUDITED

The broad remuneration policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide Executive Directors and Executives with a remuneration package consisting of a fixed component and a variable component that together reflect the person's responsibilities, duties and personal performance. An equity-based remuneration arrangement for key executives is in place.

The remuneration of Non-Executive Directors is determined by the Board as a whole having regard to the level of fees paid to Non-Executive Directors by other companies of similar size in the industry.

The Board has established a Remuneration and Nomination Committee responsible for making recommendations to the Board on remuneration arrangements for Directors and Executives of the Company.

17.1.1. FIXED REMUNERATION - AUDITED

Fixed remuneration consists of base remuneration as well as employer contributions to superannuation funds. Remuneration levels are reviewed bi-annually through a process that considers individual, segment and overall performance of the Consolidated Entity.

17.1.2. PERFORMANCE LINKED REMUNERATION - AUDITED

Performance linked remuneration includes both short-term and long-term incentives and is designed to reward employees for meeting or exceeding their financial and personal objectives.

17.1.3. SHORT-TERM INCENTIVE BONUS - AUDITED

The short-term incentive is an "at risk" bonus in the form of cash which is calculated based on actual gold produced on a quarterly basis compared to forecast. The forecast for gold production is set prior to each quarter. In previous years this bonus was offered to all executives and employees, this short-term incentive has been withdrawn with the exception of a number of key personnel.

17.1.4. LONG-TERM INCENTIVE - AUDITED

The long-term incentive is in the form of options that are able to be issued under the Employee Option Scheme. During the financial year 500,000 options were issued under this scheme to an executive.

17.1.5. SERVICE AGREEMENTS - AUDITED

17.1.5.1. EXECUTIVE DIRECTORS - AUDITED

It is the Consolidated Entity's policy that contracts for Executive Directors, Mr Peter Bowler, and Mr Roy Arthur, are for an initial term of three years and extendable by mutual consent for additional periods. If the Company does not intend to extend the contract, at least three months written notice will be provided. Current Executive Directors have a Service Agreement dated 2 December 2003.

Dr Tim Sugden resigned as the Managing Director on 24 January 2006. His contract was terminated with mutual consent.

Contracts may be terminated by the Company forthwith if the Executive Director (amongst other) breaches duties connected with the performance of services; commits an act of bankruptcy; engages in misconduct; is of ill health or of unsound mind. If an Executive Director elects to terminate the contract, three months written notice will be provided to the Company. Under such circumstances the Company will pay an amount equal to the aggregate of unpaid salary, annual leave and long service leave accrued to the date of termination.

If an Executive Director and the Company agree to terminate the contract by mutual consent, or if an Executive Director is removed, or if the Company enters into a deed of arrangement with creditors, placed under the control of receivers or is in breach of regulations, and provided that the contract has operated for three years or more, the Company will pay a sum to the Executive Director calculated in accordance with Section 200G9(3) of the Corporations Act. In the event that the contract has operated for less than three years, the Company will pay to the Executive Director an amount equal to one year's salary.

The Company provides insurance for Executive Directors for any liability arising from statute or common law and public indemnity insurance in respect of shareholder or third party actions. The Company also provides for Executive Directors, life insurance, disablement insurance and salary continuance insurance.

Directors' Report (Continued)

17. REMUNERATION REPORT (CONTINUED)

17.1.5.1. EXECUTIVE DIRECTORS – AUDITED (CONTINUED)

The Remuneration and Nomination Committee undertakes to review Directors' remuneration on an annual basis to take into account changes to the cost of living and changes in the scope of the Directors' roles and responsibilities. If warranted, the Remuneration and Nomination Committee may approve bonus payments up to a reasonable limit for exceptional performance.

17.1.5.2. EXECUTIVE OFFICERS - AUDITED

It is the Consolidated Entity's policy not to enter Service Agreements with Executive Officers. Mr Gregory Barrett, Mr Ken Banks, Mr Robert Watkins, Ms Liza Carpene, and Mr Jim Jewell have a common law contract of employment with the Company. The standard employment contract is for an unlimited term and may be terminated with four weeks written notice. In the event of redundancy through takeover or merger, Executive Officers are entitled to a lump sum payment of six months gross base salary, with an additional three weeks salary for each completed year of service.

17.1.5.3. NON EXECUTIVE DIRECTORS – AUDITED

Total remuneration for all Non-Executive Directors, is not to exceed $300,000 per annum and are set with reference to fees paid to other Non-Executive Directors of comparable companies. Directors' base fees are presently up to $50,000 per annum.

The Chairman and Non-Executive Directors do not receive performance related remuneration. Directors' fees cover all main Board activities and membership of committees.

17.2. DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION (COMPANY AND CONSOLIDATED) - AUDITED

Details of the nature and amount of each major element of the remuneration of each Director of the Company and each of the named Company executives and relevant group executives who receive the highest remuneration are:

Nature and amount of remuneration for the year ended 30 June 2006

		Short – term		Post-employment	Share based payments	Other			
		Salary & Directors' Fees	Bonus	Super	Non – Cash Value of Options *	Insurance Premiums	Total	Proportion of Remuneration Performance Related	Value of Options as Proportion of Remuneration
		$	$	$	$	$	$	%	%
Directors									
Non-Executive									
Mr Craig Readhead	2006	50,000	-	-	-	1,458	51,458	-	-
– Chairman	2005	50,000	-	-	-	2,716	52,716	-	-
Mr Edward Tait (a)	2006	45,000	-	-	-	1,458	46,458	-	-
	2005	22,500	-	-	-	1,358	23,858	-	-
Mr Ian Middlemas (b)	2006	-	-	-	-	-	-	-	-
	2005	15,000	-	1,350	-	1,358	17,708	-	-
Executive									
Mr Peter Bowler	2006	181,685	-	16,352	-	2,700	200,737	-	-
- Managing Director (c)	2005	140,000	-	12,600	-	2,716	155,316	-	-
Mr Roy Arthur - Director	2006	149,913	-	13,492	-	3,945	167,350	-	-
- Business Development	2005	121,410	-	25,740	-	5,024	152,174	-	-
Dr Tim Sugden	2006	240,657	30,000	20,254	-	2,700	293,611	10.2%	-
- Managing Director (d)	2005	190,328	-	17,129	-	2,716	210,173	-	-

(a) Mr Edward Tait resigned on 30 June 2006.

(b) Mr Ian Middlemas resigned on 21 December 2004.

(c) Mr Peter Bowler transferred from Director of Operations to Managing Director on 24 January 2006.

(d) Dr Tim Sugden resigned as the Managing Director of Agincourt on 24 January 2006. Dr Tim Sugden became the Managing Director of Nova Energy Ltd and a Non-Executive Director of Agincourt Resources Ltd. Remuneration for both positions held by Dr Tim Sugden is included above. Included in the Salary and Directors' fees is a payment of all accrued leave entitlements on resignation from Agincourt.

17. REMUNERATION REPORT (CONTINUED)

17.2 DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION (COMPANY AND CONSOLIDATED) – AUDITED (CONTINUED)

Nature and amount of remuneration for the year ended 30 June 2006

		Short – term		Post-employment	Share based payments	Other			
		Salary & Directors' Fees	Bonus	Super	Non – Cash Value of Options *	Insurance Premiums	Total	Proportion of Remuneration Performance Related	Value of Options as Proportion of Remuneration
		$	$	$	$	$	$	%	%
Executives									
Mr G Barrett, Company Secretary	2006	158,948	832	12,490	-	2,700	174,970	0.5%	-
	2005	125,977	13,302	12,535	-	2,716	154,530	8.6%	-
Mr K Banks, Chief Financial Officer	2006	136,883	825	12,394	-	1,458	151,560	0.5%	-
	2005	124,942	13,033	12,418	11,501	2,716	164,610	7.9%	7.0%
Mr R Watkins, Exploration Manager	2006	133,938	792	12,054	-	1,458	148,242	0.5%	-
	2005	120,000	10,384	11,734	84,699	2,716	229,533	4.5%	36.9%
Ms L Carpene, General Manager. – Admin. & Human Resources	2006	133,118	759	12,049	-	1,458	147,384	0.5%	-
	2005	114,965	12,414	11,464	11,501	2,716	153,060	8.1%	7.5%
Mr J Jewell, General Manager – appointed 19/07/2005	2006	189,011	5,160	17,475	145,983	1,382	359,011	1.4%	40.7%
	2005	-	-	-	-	-	-	-	-
Total Compensation: Key Management Personnel (Consolidated)	2006	1,419,153	38,368	116,560	145,983	20,717	1,740,781	2.2%	8.4%
	2005	1,025,122	49,133	104,970	107,701	26,752	1,313,678	3.7%	8.2%

All Key Management Personnel and Executive Directors are employed by a wholly owned subsidiary of the Consolidated Entity.

Notes in relation to the table of directors' and executive officers' remuneration – Audited

The short-term incentive bonus is for performance during the 30 June 2006 financial year using the criteria set out in the remuneration report. The amount was determined on 29 June 2006 after performance reviews were completed and approved by the Remuneration and Nomination Committee.

* The fair value of the unlisted options granted has been calculated at the date of the grant based upon the Black Scholes option pricing model. The fair value is allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed above is the portion of the fair value of the options allocated to this reporting period.

17. REMUNERATION REPORT (CONTINUED)

17.3 EQUITY INSTRUMENTS – AUDITED

All options refer to options over ordinary shares of Agincourt Resources Limited, which are exercisable on a one-for-one basis under the equity-based remuneration arrangement for key executives.

17.3.1 OPTIONS AND RIGHTS OVER EQUITY INSTRUMENTS GRANTED AS COMPENSATION – AUDITED

Details on options over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period are as follows:

30 June 2006						
Executive Officers	Number of Options Granted during 2006	Grant date	Fair Value per option at Grant Date	Exercise Price per Option	Vesting date	Expiry date
Mr Jim Jewell	170,000	19 July 2005	$0.48	$1.30	Vested	30 June 2009
Mr Jim Jewell	170,000	19 July 2005	$0.48	$1.30	30 June 2007	30 June 2009
Mr Jim Jewell	160,000	19 July 2005	$0.48	$1.30	30 June 2008	30 June 2009

No options were granted during the period 1st July 2004 to 30th June 2005.

170,000 options vested during the reporting period.

No options have been granted in Agincourt Resources Ltd since the end of the financial year.

The options were provided at no cost to the recipients.

17.3.2 MODIFICATION OF TERMS OF EQUITY-SETTLED SHARE BASED PAYMENT TRANSACTIONS – AUDITED

No terms of equity-settled share-based payment transactions (including options and rights granted as compensation to a key management person) have been altered or modified by the issuing entity during the reporting period.

17.3.3 EXERCISE OF OPTIONS GRANTED AS COMPENSATION – AUDITED

During the reporting period, no options were exercised in regards to previously granted compensation.

17.4. PRINCIPLES OF REMUNERATION - UNAUDITED

17.4.1 CONSEQUENCES OF PERFORMANCE ON SHAREHOLDER WEALTH – UNAUDITED

In considering the Consolidated Entity's performance and benefits for shareholder wealth, the Remuneration and Nomination Committee take into account profitability, share price movements and total gold production of the Consolidated Entity when setting the total amount of bonuses. In the current year the short-term incentive targets were partially achieved resulting in low bonuses being paid.

Directors' Report (Continued)

17. REMUNERATION REPORT (CONTINUED)

17.5. EQUITY INSTRUMENTS – UNAUDITED

17.5.1 ANALYSIS OF MOVEMENTS IN OPTIONS – UNAUDITED

The movement during the reporting period, by value, of options over ordinary shares in the Company held by each Company director and each of the five named Company executives and relevant group executives is detailed below.

	Value of Options			
	Granted in Year	Exercised in year	Forfeited in year	Total Option value in year
	$ (a)	$ (b)	$ (c)	$
Mr Robert Watkins	-	-	62,500	62,500
Mr Jim Jewell	81,600	-	-	81,600
Mr Jim Jewell	39,710	-	-	39,710
Mr Jim Jewell	24,673	-	-	24,673
Total	145,983	-	62,500	208,483

a) The fair value of options granted in the year is the fair value the $1.30 unlisted options calculated at the date of the grant based upon the Black Scholes option pricing model. The fair value is allocated to each reporting period evenly over the period from grant date to vesting date. This amount is allocated to remuneration over the vesting period (ie. in years 30 June 2006 to 30 June 2008).

b) There were no options exercised during the year.

c) The value of the options that lapsed during the year represents the benefit forgone and is calculated at the date the option lapsed using the Black Scholes option pricing model with no adjustments for whether the performance criteria have or have not been achieved.

18. ROUNDING OFF

The Company is of a kind referred to in ASIC Class Order 98/100 dated July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Directors' Report (Continued)

19. LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 102 and forms part of the directors' report for the financial year ended 30 June 2006.

Signed in accordance with a resolution of the Directors.

Dated at Perth this 12 September 2006

PETER BOWLER
Managing Director

Income Statements

FOR THE YEAR ENDED 30 JUNE 2006

	Note	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent 2006 $'000	Parent 2005 $'000
Revenue from sales		74,306	64,738	-	-
Interest received		597	893	311	762
Total Revenue		74,903	65,631	311	762
Other income	3	4,501	4	228	-
Change in gold in circuit		592	759	-	-
Mining costs		(22,500)	(20,720)	-	-
Processing and maintenance costs		(11,197)	(10,606)	-	-
Employee expenses	5	(13,013)	(11,773)	(386)	(528)
Energy costs		(6,585)	(7,651)	-	-
Site costs		(4,519)	(4,228)	-	-
Royalties		(2,715)	(1,746)	-	-
Consultants and professional fees		(726)	(230)	(170)	(32)
Office costs		(199)	(224)	(174)	(137)
Finance costs	7	(141)	(27)	-	-
Net foreign exchange gain	7	127	-	85	-
Exploration tenements written off		(251)	-	-	-
Depreciation and amortisation expense	16	(27,509)	(5,602)	-	-
Loss on forward gold contracts	24	(28,493)	-	-	-
Impairment losses	4	-	-	(19,800)	-
Other expenses		(1,280)	(964)	(233)	(120)
Profit (Loss) before tax		(39,005)	2,623	(20,139)	(55)
Income tax (expense) benefit	8	2,696	(1,012)	(4)	(32)
Profit (Loss)		(36,309)	1,611	(20,143)	(87)
Attributable to:					
Equity holders of the parent		(36,035)	1,611	(20,143)	(87)
Minority interest		(274)	-	-	-
Profit (Loss) for the period		(36,309)	1,611	(20,143)	(87)
Earnings (Loss) per share attributable to ordinary equity holders					
Basic earnings (loss) per share – cents	9	(43.50)	2.45		
Diluted earnings (loss) per share – cents	9	(43.50)	2.40		

The income statements are to be read in conjunction with the notes of the financial statements.

Statements of Recognised Income and Expense

FOR THE YEAR ENDED 30 JUNE 2006

		Consolidated		Parent	
		2006	2005	2006	2005
	Note	$'000	$'000	$'000	$'000
Foreign exchange translation differences, net of tax		36	-	-	-
Net income recognised directly in equity	23	36	-	-	-
Profit (Loss) for the period		(36,309)	1,611	(20,143)	(87)
Total recognised income and expense for the period	23	(36,273)	1,611	(20,143)	(87)
Attributable to:					
Equity holders of the parent		(35,999)	1,611	(20,143)	(87)
Minority interest		(274)	-	-	-
Total recognised income and expense for the period	23	(36,273)	1,611	(20,143)	(87)

Other movements in equity arising from transactions with owners as owners are set out in note 23.

The statements of recognised income and expense are to be read in conjunction with the notes of the financial statements.

Balance Sheets

FOR THE YEAR ENDED 30 JUNE 2006

	Note	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent 2006 $'000	Parent 2005 $'000
Current Assets					
Cash and cash equivalents	10	3,758	12,828	44	10,810
Trade and other receivables	11	5,148	3,193	10	-
Inventories	12	6,744	6,230	-	-
Total Current Assets		15,650	22,251	54	10,810
Non-Current Assets					
Receivables	11	60	37	30,730	22,852
Investments	13	-	-	14,954	8,776
Property, plant and equipment	16	44,685	31,189	-	-
Exploration and evaluation	17	29,575	16,257	-	-
Deferred tax assets	15	-	-	-	4
Other non-current assets	18	840	-	840	-
Total Non-Current Assets		75,160	47,483	46,524	31,632
TOTAL ASSETS		90,810	69,734	46,578	42,442
Current Liabilities					
Trade and other payables	19	37,474	8,318	98	10
Interest-bearing liabilities	20	5,903	-	5,037	-
Employee benefits	21	691	618	-	-
Provisions	22	52	1,328	-	228
Total Current Liabilities		44,120	10,264	5,135	238
Non-Current Liabilities					
Trade and other payables	19	1,826	-	-	-
Interest-bearing liabilities	20	938	-	-	-
Deferred tax liabilities	15	-	2,696	-	-
Provisions	22	9,462	8,303	-	-
Total Non-Current Liabilities		12,226	10,999	-	-
TOTAL LIABILITIES		56,346	21,263	5,135	238
NET ASSETS		34,464	48,471	41,443	42,204
Equity					
Issued capital	23	64,606	45,369	64,606	45,369
Reserves	23	36	-	-	-
Retained earnings	23	(32,786)	3,102	(23,163)	(3,165)
Total equity attributable to equity holders of the parent	23	31,856	48,471	41,443	42,204
Minority interest		2,608	-	-	-
TOTAL EQUITY	23	34,464	48,471	41,443	42,204

The balance sheets are to be read in conjunction with the notes of the financial statements.

Statements of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2006

	Note	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent 2006 $'000	Parent 2005 $'000
Cash flows from operating activities					
Cash receipts from gold operations		73,157	65,448	-	-
Cash paid to suppliers and employees		(60,202)	(58,357)	(838)	(477)
Cash generated from operations		12,955	7,091	(838)	(477)
Deposits (paid) refunded		(23)	150	(23)	-
Interest received		590	894	336	762
Net cash inflow (outflow) from operating activities	30	**13,522**	**8,135**	**(525)**	**285**
Cash flows from investing activities					
Acquisition of subsidiaries, net of cash acquired	29	5,001	(2,000)	(191)	-
Payment for deferred expenditure		(762)	-	(762)	-
Acquisition of property, plant and equipment		(5,122)	(3,017)	-	-
Proceeds from sale of property, plant & equipment		4	38	-	-
Payment for mine properties		(11,292)	(14,351)	-	-
Payment for deferred stripping		(21,217)	-	-	-
Payment for exploration and evaluation		(8,811)	(6,718)	-	-
Net cash outflow from investing activities		**(42,199)**	**(26,048)**	**(953)**	**-**
Cash flows from financing activities					
Proceeds from the issue of share capital	23	16,280	17,392	16,280	17,392
Payment for share issue costs	23	(748)	(725)	(748)	(725)
Funds advanced to controlled entities		-	-	(29,820)	(17,902)
Loan from external party	20	5,000	-	5,000	-
Payment of finance lease liabilities		(980)	-	-	-
Net cash inflow (outflow) from financing activities		**19,552**	**16,667**	**(9,288)**	**(1,235)**
Net decrease in cash and cash equivalents		(9,125)	(1,246)	(10,766)	(950)
Cash and cash equivalents at 1 July		12,828	14,074	10,810	11,760
Effect of exchange rate fluctuations on cash held		55	-	-	-
Cash and cash equivalents at 30 June	10	**3,758**	**12,828**	**44**	**10,810**

The statements of cash flows are to be read in conjunction with the notes of the financial statements.

Notes To The Consolidated Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

Agincourt Resources Limited ("Agincourt" or "the Company") is a Company domiciled in Australia. The consolidated financial report of the Company for the financial year ended 30 June 2006 comprises the Company and its subsidiaries (together referred to as the "Consolidated Entity").

The consolidated financial report was authorised for issue by the directors on 12 September 2006.

(a) Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs"), adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001.

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRSs). Compliance with AIFRSs ensures that the consolidated financial statements and notes of the Companies financial report comply with International Financial Reporting Standards (IFRSs). The parent entity financial statements and notes also comply with IFRSs except that it has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in AASB 132 *Financial Instruments: Presentation and Disclosure*.

These financial statements are the first Agincourt Resources Limited full year financial statements to be prepared in compliance with requirements of AIFRSs. AASB 1 *First-Time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements. Until 30 June 2005, financial statements of the Company had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS.

When preparing Agincourt Resources Limited financial statements for the year ended 30 June 2006, management has amended certain accounting, valuation and consolidation methods applied in the previous AGAAP financial statements to comply with AIFRSs. With the exception of financial instruments, the comparative figures in respect of 2005 were restated to reflect these adjustments.

The Company has taken the exemption available under AASB 1 to only apply AASB 132 and AASB 139 from 1 July 2005.

An explanation of how the transition to AIFRS has affected the reported financial position, financial performance and cash flows of the Consolidated Entity and the Company is provided in note 34.

(b) Basis of Preparation

The financial report is presented in Australian dollars.

The following standards and amendments were available for early adoption from 1 July 2005 but have not been applied by the Consolidated Entity in these financial statements:

Accounting Standard	Note	Issue Date	AASB Ref.	Application Date
AASB 1: First Time Adoption of AIFRS	(iii)	Dec 2004	2004-3	1 Jan 06
	(ii)	Jun 2005	2005-4	1 Jan 06
	(iii)	Jun 2005	2005-5	1 Jan 06
	(ii)	Sep 2005	2005-10	1 Jan 07
	(iii)	Mar 2006	2006-2	30 Jun 06
AASB 3: Business Combinations	(iii)	Jun 2005	2005-6	1 Jan 06
AASB 4: Insurance Contracts	(iii)	Sep 2005	2005-9	1 Jan 06
	(iii)	Sep 2005	2005-10	1 Jan 06
AASB 7: Financial Instruments Disclosure	(i)	Aug 2005	AASB 7	1 Jan 07
AASB 101: Presentation of Financial Statements	(iii)	Dec 2004	2004-3	1 Jan 06
	(ii)	Sep 2005	2005-10	1 Jan 07

Notes To The Consolidated Financial Statements (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of Preparation (Continued)

Accounting Standard	Note	Issue Date	AASB Ref.	Application Date
AASB 1023: General Insurance Contracts	(iii)	Jun 2005	2005-4	1 Jan 06
	(iii)	Sep 2005	2005-9	1 Jan 06
	(iii)	Sep 2005	2005-10	1 Jan 07
AASB 1038: Life Insurance Contracts	(iii)	Jun 2005	2005-4	1 Jan 06
	(iii)	Sep 2005	2005-10	1 Jan 07
AASB 114: Segment Reporting	(ii)	Sep 2005	2005-10	1 Jan 07
AASB 117: Leases	(ii)	Sep 2005	2005-10	1 Jan 07
AASB 119: Employee Benefits	(iii)	Dec 2004	AASB 119	1 Jan 06
	(iii)	Jun 2005	2005-3	1 Jan 05
AASB 121: The Effects of Changes in Foreign Exchange Rates	(iii)	Jan 2006	2006-1	31 Dec 06
AASB 124: Related Party Disclosures	(iii)	Dec 2004	2004-3	1 Jan 06
AASB 132: Financial Instruments Disclosure and Presentation	(ii)	Jun 2005	2005-4	1 Jan 06
	(iii)	Sep 2005	2005-9	1 Jan 06
	(ii)	Sep 2005	2005-10	1 Jan 07
AASB 133: Earnings per Share	(ii)	Sep 2005	2005-10	1 Jan 07
AASB 139: Financial Instruments Recognition and Measurement	(iii)	May 2005	2005-1	1 Jan 06
	(ii)	Jun 2005	2005-4	1 Jan 06
	(iii)	Jun 2005	2005-5	1 Jan 06
	(iii)	Sep 2005	2005-9	1 Jan 06
	(ii)	Sep 2005	2005-10	1 Jan 07
UIG 4 Determining whether an Arrangement contains a Lease	(ii)	-	UIG 4	1 Jan 06
UIG 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	(iii)	-	UIG 5	1 Jan 05
UIG 7 Applying the Restatement Approach under AASB 129 : Financial Reporting in Hyperinflationary Economies	(iii)	-	UIG 7	1 Jan 05

(i) AASB 2005-10 Amendments to Accounting Standards (September 2005) includes amendments to AASB 139: *Financial Instruments Recognition and Measurement* effective from 1 January 2007. The amendments restrict the application of "at fair value through profit and loss". Early adoption of the standard has no financial impact on the consolidated entity.

(ii) The initial application of these amendments and standards is not expected to have an impact on the financial results of the Company and the consolidated entity as the standard and the amendment are concerned only with disclosures.

(iii) The standards, and therefore the amendments, are not relevant to the consolidated entity.

Notes To The Consolidated Financial Statements (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of Preparation (Continued)

The financial report is prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments held for trading, financial instruments classified as available-for-sale.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006) and in accordance with the Class Order, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the Consolidated Entity.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial report and in preparing an opening AIFRS balance sheet at 1 July 2004 for the purposes of the transition to Australian Accounting Standards – AIFRS.

The accounting policies have been applied consistently by all entities in the Consolidated Entity.

(c) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

(ii) Transactions eliminated on consolidation

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign Currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Australian dollars at rates approximating to the foreign exchange rates ruling at the dates of the transactions. The revenues and expenses of foreign operations in hyperinflationary economies are translated to Australian dollars at the foreign exchange rates ruling at the balance sheet date. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity.

Prior to translating the financial statements of foreign operations in hyperinflationary economies, the financial statements, including comparatives, are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the balance sheet date.

(iii) *Net investment in foreign operations*

Exchange differences arising from the translation of the net investment in foreign operations, and of related hedges are taken to translation reserve. They are released into the income statement upon disposal.

In respect of all foreign operations, any differences that have arisen after 1 July 2004, the date of transition to AIFRS, are presented as a separate component of equity.

(e) Derivative Financial Instruments

(i) Current accounting policy

The Consolidated Entity does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

The fair value of flat forward contracts is their marked to market value at the balance sheet date.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Derivative Financial Instruments (Continued)

(ii) Comparative period policy

The Consolidated Entity is exposed to changes in foreign exchange rates and gold prices from its activities. The Consolidated Entity uses gold derivatives to enable it to sell specified quantities of gold in the future at pre-determined prices to hedge these risks. Derivative financial instruments are not held for speculative purposes.

Where hedge transactions are designated as a hedge of the anticipated sale of gold, gains and losses on the hedge arising up to the date of the anticipated transaction are deferred and included in the measurement of the anticipated transaction when the transaction has occurred as designated. Any gains or losses on the hedge transaction after that date are included in the Income Statement.

The net amount receivable under derivatives and the associated deferred gains or losses are not recorded in the Income Statement.

When the anticipated transaction is no longer expected to occur as designated the deferred gains and losses relating to the hedged transaction are recognised immediately in the Income Statement.

Where a hedge transaction is terminated early and the anticipated transaction is still expected to occur as designated, the deferred gains or losses that arose on the hedge prior to its termination are included in the Income Statement for the period.

Where a hedge is redesignated as a hedge of another transaction, gains and losses arising on the hedge prior to its redesignation are only deferred where the original anticipated transaction is still expected to occur as designated. When the original anticipated transaction is no longer expected to occur as designated any gains or losses relating to the derivatives are recognised immediately in the Income Statement for the period.

Gains and losses that arise prior to and upon the maturity of transactions entered into under hedge rollover strategies are deferred and included in the measurement of the hedged transaction if the transaction is expected to occur as designated. If the anticipated transaction is no longer expected to occur as designated, the gains and losses are recognised immediately in the Income Statement.

(f) Property, Plant and Equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see accounting policy l). The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

(ii) Mine properties

Mine property assets include costs transferred from exploration and evaluation assets once technical feasibility and commercial viability of an area of interest are demonstrable and subsequent costs to develop the mine to the production phase.

When further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the cost of that mine property only when substantial future economic benefits are established, otherwise such expenditure is classified as part of the cost of production.

(iii) Leased assets

Leases in terms of which the Consolidated Entity assumes substantially all the risks and rewards of ownership are classified as finance leases. An asset acquired by way of a finance lease is stated at amounts equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease less any accumulated amortisation and impairment losses. Lease payments are accounted for as described in accounting policy (s).

(iv) Subsequent costs

The Consolidated Entity recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Property, Plant and Equipment (Continued)

(v) Depreciation

With the exception of mine property assets, depreciation or amortisation is charged to the income statement over the lower of their estimated useful lives and the estimated remaining life of the mine. Mine property assets are amortised over the estimated remaining life of the mine. The estimated remaining life of the mine is based upon geological ore reserves and resources. Assets not linked to the mining operation are depreciated over their estimated useful lives using the straight line method.

The estimated useful lives in the current and comparative periods are as follows:

	2006	2005
Buildings	5 years	5 years
Plant and equipment	2-20 years	3–8 years

Assets are depreciated or amortised from the date of acquisition or from the time an asset is completed and held ready for use.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until commercial production commences.

If the estimated remaining economic life of the mine, based on economically recoverable resources, is less than the depreciation period for an asset group then the depreciation period is limited to the estimated remaining economic life of the mine.

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

(vi) Deferred stripping costs

Mining costs associated with the removal of waste rock are referred to as "deferred stripping" costs and are capitalised to the Balance Sheet using a life of mine waste-to-ore strip ratio. Costs of mining waste rock, in excess of the life of mine waste-to-ore strip ratio, are accumulated and classified as property, plant and equipment. The deferred stripping accounting method is generally accepted in the mining industry where mining operations have diverse ore grades and waste-to-ore strip ratios over the mine life. Deferred stripping matches the costs of production with extraction of ore.

(g) Intangible Assets

(i) Goodwill - business combinations prior to 1 July 2003

The classification and accounting treatment of business combinations that occurred prior to 1 July 2003 has not been reconsidered in preparing the Consolidated Entity's opening AIFRS balance sheet at 1 July 2004 (see note 34).

(ii) Goodwill - business combinations since 1 July 2003

All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortised but is tested annually for impairment (see accounting policy l).

Negative goodwill arising on an acquisition is recognised directly in profit or loss.

Notes To The Consolidated Financial Statements (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Exploration and Evaluation

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Consolidated Entity has obtained the legal rights to explore an area are recognised in the income statement.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

(i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or

(ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or other wise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if:

(i) sufficient data exists to determine technical feasibility and commercial viability, and

(ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see accounting policy l).

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mine property assets within property, plant and equipment.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the period in which that assessment is made. Each area of interest is reviewed at the end of each accounting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

(i) Receivables

(i) Goods sold

Trade and other receivables are stated at amortised cost. Receivables are usually settled within no more than 30 days.

Trade debtors are reviewed on an ongoing basis. An impairment loss is recognised for debts which are known to be uncollectible. An impairment provision is raised for any doubtful accounts (see accounting policy l).

(ii) Sale of non-current assets

The net gain (loss) on the sale of goods is included as revenue or expense at the date control of the assets passes to the buyer. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Inventories

Inventories are stated at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of mining inventories is determined using a weighted average basis. Cost includes direct material, direct labour, other direct variable costs and allocated production overheads necessary to bring inventories to their present location and condition based on normal operating capacity of the production facilities.

Cost is accounted for as follows:

- Consumable Stores — Purchase cost on a weighted average cost method
- Spare Parts — Purchase cost on a weighted average cost method
- Gold in Circuit — Operational cost excluding non-cash costs.

(k) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances.

(l) Impairment

The carrying amounts of the Consolidated Entity's assets, other than exploration and evaluation (see accounting policy h); inventories (see accounting policy j) and deferred tax assets (see accounting policy t) are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists the asset's recoverable amount is estimated (see accounting policy v).

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

(i) Calculation of recoverable amount

The recoverable amount of the Consolidated Entity's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (ie. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each balance sheet date.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. 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. For an asset that does not generate largely independent cash inflows the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

Impairment losses, in respect of other assets, are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment (Continued)

(ii) Reversals of impairment (Continued)

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(iii) De-recognition of financial assets and liabilities

(i) Current Accounting Policy

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Consolidated Entity retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party; or
- the Consolidated Entity has transferred its rights to receive cash flows from the asset and either:
    - has transferred substantially all the risks and rewards of the asset, or
    - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit and loss.

(ii) Comparative period policy

A financial asset was derecognised when the contractual right to receive or exchange cash no longer existed. A financial liability was derecognised when the contractual obligation to deliver or exchange cash no longer existed.

(m) Share Capital

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

(n) Interest-Bearing Borrowings

(i) Current accounting policy

The financial assets and financial liabilities included in non-current assets and non-current liabilities approximate net fair values. Fair value is calculated based on discounted expected future principal and interest cash flows, net of costs.

(ii) Comparative period policy

Bank loans are recognised at their principal amount, subject to set-off arrangements. Interest expense is accrued at the contracted rate and included in note 19 Trade and Other Payables.

(o) Employee Benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within twelve months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Consolidated Entity expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Notes To The Consolidated Financial Statements (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Employee Benefits (Continued)

(ii) Share-based payments

Employee options are, from time to time, granted to executives and employees. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

(p) Provisions

A provision is recognised in the balance sheet when the Consolidated Entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(i) Restoration and rehabilitation

Mine restoration and rehabilitation costs are provided for at the present value of future expected expenditures required to settle the Consolidated Entity's obligations on commencement of commercial production, discounted using a rate specified to the liability. When this provision is recognised a corresponding asset is also recognised as part of the development costs of the mine to the extent that it is considered that the provision gives access to future economic benefits. The capitalised cost of this asset is amortised over the life of the mine. On an ongoing basis, the rehabilitation liability is remeasured at each reporting period in line with the changes in the time value of money (recognised as a finance expense in the income statement and an increase in the provision), changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability.

Provision for restoration and rehabilitation includes the following costs: reclamation, waste stabilisation, site closure and monitoring activities. These costs have been determined based on future expected costs, current legal requirements and current technology. The provisions referred to above do not include any amounts related to remediation costs associated with unforeseen circumstances.

(q) Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods and services provided to the Consolidated Entity prior to the end of the reporting period and are stated at amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition.

(r) Revenue Recognition

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

Revenues are recognised at fair value of the consideration received net of the amount of GST. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revaluations. The following specific recognition criteria must also be met before revenue is recognised:

(i) Forward contracts for the sale of gold

The Consolidated Entity is exposed to changes in foreign exchange rates and gold prices from its activities. The Consolidated Entity uses forward contracts for the sale of gold to enable it to sell specified quantities of gold in the future at pre-determined prices to mitigate these risks. Forward contracts for the sale of gold are not held for speculative purposes.

The forward contracts are generally held to maturity and used as the mechanism for the sale of gold. Gold is expected to be delivered into the flat forward contracts monthly based on forecast gold production. Up until February 2006 the Company continued to deliver into flat forward sales contract as they matured and forward contracts for the sale of gold were treated as normal sale and purchase contracts and therefore excluded form AASB 139 for part of the year. After this date the Company took advantage of the rising gold prices by delivering part of its sales into the spot market. Subsequently they were recognised at fair value through the income statement as derivatives pursuant to AASB 139.

Notes To The Consolidated Financial Statements (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Revenue Recognition (Continued)

(ii) Interest

Interest income is recognised as it accrues using the effective interest method.

(iii) Sale of non-current assets

The net gain (loss) on the sale of goods is included as revenue or expense at the date control of the assets passes to the buyer. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

(s) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

(ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(iii) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the income statement (see accounting policy r). Borrowing costs are expensed as incurred and included in net financing costs.

(t) Tax

(i) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(ii) Tax consolidation

The Company has decided not to elect to implement tax consolidation at this time.

Notes To The Consolidated Financial Statements (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Tax (Continued)

(iii) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

(u) Segment Reporting

A segment is a distinguishable component of the Consolidated Entity that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(v) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Consolidated Entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management discussed with the Audit Committee the development, selection and disclosure of the Consolidated Entity's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Mine rehabilitation provision

The Consolidated Entity assesses its mine rehabilitation provision half-yearly in accordance with the accounting policy p. Significant judgement is required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate the mine site. Factors that will affect this liability includes future development, changes in technology, price increases and changes in interest rates. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which they change or become known.

(ii) Units of production method of amortisation

The Consolidated Entity applies the units of production method for depreciation of its mine assets based on ore tonnes mined. These calculations require the use of estimates and assumptions. Significant judgement is required in assessing the available future mineable resources and the production capacity of the plants to be depreciated under this method. Factors that must be considered in determining resources and production capacity are the Consolidated Entity's history of converting resources to reserves and the relevant time frames, the complexity of metallurgy, markets and future developments.

When these factors change or become known in the future, such differences will impact pre-tax profit and the carrying values of assets

(iii) Deferred stripping costs

The Consolidated Entity capitalises the costs associated with the removal of waste rock using a life of mine waste-to-ore strip ratio. Mining of waste rock, in excess of the life of mine waste-to-ore strip ratio, are accumulated and classified as property, plant and equipment. Significant judgement is required in determining the life of mine strip ratio. Factors that will affect this ratio include future changes in pit design, cost structures, product price changes and grade recoveries against modelled grades. When these factors change or become known in the future, such differences will impact the deferred stripping costs in property, plant and equipment in the period in which they change or become known.

Notes To The Consolidated Financial Statements (Continued)

2. SEGMENT REPORTING

Segment information is presented in respect of the Consolidated Entity's business segments, which are the primary basis of segment reporting. The primary format, business segments is based on the Consolidated Entity's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest bearing loans, borrowings and expenses, and corporate assets and expenses.

Business Segments

The Consolidated Entity comprises of the following main business segments:

- Gold mining and exploration
- Uranium exploration and evaluation of uranium deposits

	Gold		Uranium		Other Operations & Eliminations		Consolidated	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Segment revenue	74,306	64,738	-	-	-	-	74,306	64,738
Unallocated Income							597	893
							74,903	65,631
Segment result	(41,804)	2,720	(365)	-	(643)	(70)	(42,812)	2,650
Unallocated expenses							3,807	(27)
Profit (Loss) before tax							(39,005)	2,623
Income tax expense (benefit)							2,696	(1,012)
Profit (Loss) for the period							(36,309)	1,611
Segment Assets	83,676	59,510	6,180	-	114	10,224	89,970	69,734
Unallocated Assets							840	-
Total Assets							90,810	69,734
Segment Liabilities	51,004	21,028	235	-	70	235	51,309	21,263
Unallocated Liabilities							5,037	-
Total Liabilities							56,346	21,263
Cash flows from operating activities	14,637	7,897	(590)	(23)	(525)	261	13,522	8,135
Cash flows from investing activities	(39,531)	(26,047)	(1,714)	(28)	(954)	27	(42,199)	(26,048)
Cash flows from financing activities	23,258	17,902	5,582	54	(9,288)	(1,289)	19,552	16,667
Impairment Losses	-	-	-	-	-	-	-	-

Notes To The Consolidated Financial Statements (Continued)

2. SEGMENT REPORTING (CONTINUED)

Geographical Segments

The gold and uranium segments are managed on a worldwide basis, but operate in two principal geographical areas, Australia and Brazil.

In Australia, a gold mine is operational at Wiluna, Western Australia, and exploration is undertaken at Wiluna, remote Western Australia, and Victoria.

In Brazil, gold exploration is undertaken at Andorinhas.

In presenting information on the basis of geographical segments, assets are based on the geographical location of the asset.

	Australia		Brazil		Consolidated	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Revenue from external customers	74,903	65,631	-	-	74,903	65,631
Segment Assets	84,583	69,734	6,227	-	90,810	69,734

	Note	Consolidated		Parent	
		2006 $'000	2005 $'000	2006 $'000	2005 $'000
3. OTHER INCOME					
Reversal of stamp duty provisions	22	659	-	228	-
Net gain (loss) on disposal of property, plant and equipment		(1)	4	-	-
Discount on acquisition of Nova Energy Limited	29	3,822	-	-	-
Other		21	-	-	-
Total Other Income		4,501	4	228	-
4. IMPAIRMENT LOSSES					
Impairment loss on investments		-	-	8,776	-
Impairment loss on receivables		-	-	11,024	-
Total Other Expenses		-	-	19,800	-

An impairment loss of $19,800,000 has arisen in regards to the parent entity's investment in a subsidiary and loan to a subsidiary, arising principally from losses recognised by the subsidiary in the year. The recoverable amount has been determined with reference to the subsidiary's net asset position as at 30 June 2006.

	Note	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent 2006 $'000	Parent 2005 $'000
5. EMPLOYEE EXPENSES					
Wages and salaries		9,148	8,322	171	90
Other associated personnel expenses		3,580	2,777	69	1
Increase in liability for annual leave		139	237	-	-
Equity–settled transactions	21	146	437	146	437
Total Employee Expenses		13,013	11,773	386	528

	Consolidated 2006 $	Consolidated 2005 $	Parent 2006 $	Parent 2005 $
6. AUDITORS' REMUNERATION				
Audit services				
Auditors of the Company				
KPMG Australia				
Audit and review of financial reports	95,000	46,000	76,000	-
Total Audit Services	95,000	46,000	76,000	-
Other services				
Auditors of the Company				
KPMG Australia				
Accounting advisory service	12,000	-	12,000	-
Taxation services	71,230	24,000	56,740	8,000
KPMG Overseas Firms				
Taxation services	2,669	-	2,669	-
Total Other Services	85,899	24,000	71,409	8,000

	Note	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent 2006 $'000	Parent 2005 $'000
7. NET FINANCING COSTS					
Financial Expenses					
Interest Expense	22	141	27	-	-
Net foreign exchange (gain) loss		(127)	-	(85)	-
Total Financial Expenses		14	27	(85)	-

	Note	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent 2006 $'000	Parent 2005 $'000
8. INCOME TAX EXPENSE					
Recognised in the income statement					
Deferred tax expense / (benefit)					
Reversal of temporary differences		(2,696)	1,012	4	32
Total Deferred tax expense / (benefit)		(2,696)	1,012	4	32
Total income tax expense / (benefit) in income statement attributable to continuing operations	15	(2,696)	1,012	4	32
Numerical reconciliation between tax expense and pre-tax net (loss) profit					
Profit (loss) before tax		(39,005)	2,623	(20,139)	(55)
Income tax using the domestic corporation tax rate of 30% (2005: 30%)		(11,702)	787	(6,042)	(17)
Increase in income tax expense due to :					
Non–deductible expenses		99	142	63	124
Impairment loss treated as capital		-	-	5,940	-
Non-assessable discount on business combination		(1,147)	-	-	-
Capital Gain on sale of tenements		3,900	-	-	-
Decrease in income tax expense due to :					
Business Capital Costs		(163)	(75)	(120)	(75)
Tax losses not bought to account		6,319	158	160	-
Under / (Over) provided in prior years		(2)	-	3	-
Total Income tax expense (benefit) on pre-tax net profit		(2,696)	1,012	4	32

	Note	Consolidated 2006	2005

9. EARNINGS (LOSS) PER SHARE

Basic Earnings per Share

The calculation of basic earnings (loss) per share (EPS) at 30 June 2006 was based on the loss attributable to ordinary shareholders of $36,035,000 (2005 profit: $1,611,000) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2006 of 82,829,683 (2005: 65,786,375), calculated as follows:

	Note	2006	2005
Profit Attributable to Ordinary Shareholders			
Profit (Loss) attributable to ordinary shareholders		($36,035,000)	$1,611,000
Weighted average number of Ordinary Shares			
Issued ordinary shares at 1 July	23	71,308,286	59,330,286
Effect of shares issued on 1 December 2004		-	4,646,575
Effect of conversion of $0.35 options on various dates		-	1,809,514
Effect of shares issued on 14 August 2005		9,673,972	-
Effect of shares issued on 1 October 2005		1,847,425	-
Weighted average number of ordinary shares at 30 June		82,829,683	65,786,375

Diluted Earnings per Share

The calculation of diluted earnings (loss) per share at 30 June 2006 was based on the loss attributable to ordinary shareholders of $36,035,000 (2005 profit: $1,611,000) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2006 of 82,829,683 (2005: 67,083,700), calculated as follows:

	Note	2006	2005
Profit Attributable to Ordinary Shareholders (diluted)			
Profit attributable to ordinary shareholders (diluted)		($36,035,000)	$1,611,000
Weighted average number of Ordinary Shares (diluted)			
Weighted average number of ordinary shares at 30 June		82,829,683	65,786,375
Effect of shares options on issue	21	-	1,297,325
Weighted average number of ordinary shares (diluted) at 30 June		82,829,683	67,083,700

(i) – During the current year share options are not considered dilutive.

Earnings per Share

	2006	2005
Basic earnings (loss) per share – cents	(43.50)	2.45
Diluted earnings (loss) per share - cents	(43.50)	2.40

Notes To The Consolidated Financial Statements (Continued)

	Note	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent 2006 $'000	Parent 2005 $'000
10. CASH AND CASH EQUIVALENTS					
Bank Balances		3,758	2,375	44	357
Call Deposits		-	10,453	-	10,453
Total Cash and Cash Equivalents in the statement of cash flows		3,758	12,828	44	10,810
11. TRADE AND OTHER RECEIVABLES					
Current					
Other Receivables		1,966	1,081	-	-
Gold Sales Receivable		2,833	1,806	-	-
Prepayments		349	306	10	-
Total Current Trade and Other Receivables		5,148	3,193	10	-
Non-Current					
Loans to controlled entities (i)	32	-	-	41,694	22,852
Less: Impairment losses (i)	4	-	-	(11,024)	-
Deposits		60	37	60	-
Total Non-Current Trade and Other Receivables		60	37	30,730	22,852

(i) The recoverability of the carrying value of loans to controlled entities is dependent on the successful development and commercial exploitation or sale of interests held by controlled entities.

	Note	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent 2006 $'000	Parent 2005 $'000
12. INVENTORIES					
Current					
Raw materials, stores and spare parts – at cost		2,430	2,538	-	-
Gold in circuit – at cost		4,061	3,469	-	-
Run of Mine ore – at cost		253	223	-	-
Total Current Inventories		6,744	6,230	-	-
13. INVESTMENTS					
Non-Current					
Investments in controlled entities - at cost	28	-	-	23,730	8,776
Less: Impairment losses	4	-	-	(8,776)	-
Total Non-Current Investments		-	-	14,954	8,776

14. TAX CONSOLIDATION

It has not been decided whether Agincourt Resources Limited will implement the tax consolidation regime. The Australian Taxation Office will be notified when a decision has been made. The financial effect of tax consolidation implementation has not been recognised in the Consolidated Entity's financial statements for the year ended 30 June 2006.

15. DEFERRED TAX ASSETS AND LIABILITIES

	Assets		Liabilities		Net	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Recognised deferred tax assets and liabilities						
Deferred tax assets and liabilities are attributable to the following						
Consolidated						
Property, plant and equipment	778	227	-	-	778	227
Mine properties	-	170	(6,045)	(1,927)	(6,045)	(1,757)
Exploration and evaluation	-	-	(5,571)	(4,459)	(5,571)	(4,459)
Inventories	660	28	-	(67)	660	(39)
Current trade and other payables	8,000	-	-	-	8,000	-
Non-current trade and other payables	548	-	-	-	548	-
Non-current provisions	75	-	-	(375)	75	(375)
Employee benefits	183	147	-	-	183	147
Other items	18	17	-	(63)	18	(46)
Tax value of loss carry-forwards recognised	1,354	3,606	-	-	1,354	3,606
Tax assets / (liabilities)	11,616	4,195	(11,616)	(6,891)	-	(2,696)
Set off of tax	-	(4,191)	-	4,191	-	-
Net tax assets / (liabilities)	-	4	-	(2,700)	-	(2,696)
The Parent						
Other Items	(1)	3	-	(8)	(1)	(5)
Tax value of loss carry-forwards recognised	1	9	-	-	1	9
Tax assets / (liabilities)	-	12	-	(8)	-	4
Set off of tax	-	(8)	-	8	-	-
Net tax assets / (liabilities)	-	4	-	-	-	4

	Note	Consolidated		Parent	
		2006 $'000	2005 $'000	2006 $'000	2005 $'000
Unrecognised deferred tax assets and liabilities					
Net deferred tax assets have not been recognised in respect of the following					
Tax losses		6,215	-	67	-
Total tax assets / (liabilities) not recognised		6,215	-	67	-

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Consolidated Entity can utilise the benefits from.

15. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Movement in temporary differences during the year

	Consolidated				Parent			
	Balance 1 July 04 $'000	Recognised In income $'000	Recognised In equity $'000	Balance 30 June 05 $'000	Balance 1 July 04 $'000	Recognised In income $'000	Recognised In equity $'000	Balance 30 June 05 $'000
Property, plant and equipment	(80)	(147)	-	(227)	-	-	-	-
Mine properties	873	884	-	1,757	-	-	-	-
Exploration and evaluation	2,544	1,915	-	4,459	-	-	-	-
Inventories	-	39	-	39	-	-	-	-
Non-current provisions	294	81	-	375	-	-	-	-
Employee benefits	(76)	(71)	-	(147)	-	-	-	-
Other items	(31)	77	-	46	5	-	-	5
Tax value of loss carry-forwards (recognised) / derecognised	(1,840)	(1,766)	-	(3,606)	(41)	32	-	(9)
	1,684	1,012	-	2,696	(36)	32	-	(4)

	Balance 1 July 05 $'000	Recognised In income $'000	Recognised In equity $'000	Balance 30 June 06 $'000	Balance 1 July 05 $'000	Recognised In income $'000	Recognised In equity $'000	Balance 30 June 06 $'000
Property, plant and equipment	(227)	227	-	-	-	-	-	-
Mine properties	1,757	(1,757)	-	-	-	-	-	-
Exploration and evaluation	4,459	(4,459)	-	-	-	-	-	-
Inventories	39	(39)	-	-	-	-	-	-
Non-current provisions	375	(375)	-	-	-	-	-	-
Employee benefits	(147)	147	-	-	-	-	-	-
Other items	46	(46)	-	-	5	(5)	-	-
Tax value of loss carry-forwards (recognised) / derecognised	(3,606)	3,606	-	-	(9)	9	-	-
	2,696	(2,696)	-	-	(4)	4	-	-

16. PROPERTY, PLANT AND EQUIPMENT

	Note	Consolidated					
		Buildings	Plant and Equipment	Mine Properties	Deferred Stripping	Under Construction	Total
		$'000	$'000	$'000	$'000	$'000	$'000
Cost							
Balance at 1 July 2004		1,000	4,727	9,872	-	263	15,862
Acquisitions		-	1,819	12,986	2,626	1,952	19,383
Transfer from exploration and evaluation assets	17	-	-	3,349	-	-	3,349
Disposals		-	(55)	-	-	-	(55)
Balance at 30 June 2005		1,000	6,491	26,207	2,626	2,215	38,539
Balance at 1 July 2005		1,000	6,491	26,207	2,626	2,215	38,539
Acquisitions		445	8,614	11,330	20,718	(2,050)	39,057
Rehabilitation Asset		-	-	725	-	-	725
Transfer from exploration and evaluation assets	17	-	-	1,228	-	-	1,228
Transfer from mine property to plant and equipment		-	5,604	(5,604)	-	-	-
Disposals		-	(9)	-	-	-	(9)
Balance at 30 June 2006		1,445	20,700	33,886	23,344	165	79,540
Depreciation and Amortisation							
Balance at 1 July 2004		117	406	1,248	-	-	1,771
Depreciation charge for the year		200	1,154	-	-	-	1,354
Amortisation charge for the year		-	-	4,248	-	-	4,248
Disposals		-	(23)	-	-	-	(23)
Balance at 30 June 2005		317	1,537	5,496	-	-	7,350
Balance at 1 July 2005		317	1,537	5,496	-	-	7,350
Depreciation charge for the year		262	3,255	-	-	-	3,517
Amortisation charge for the year		-	-	12,891	11,101	-	23,992
Disposals		-	(4)	-	-	-	(4)
Balance at 30 June 2006		579	4,788	18,387	11,101	-	34,855
Carrying Amounts							
At 1 July 2004		883	4,321	8,624	-	263	14,091
At 30 June 2005		**683**	**4,954**	**20,711**	**2,626**	**2,215**	**31,189**
At 1 July 2005		683	4,954	20,711	2,626	2,215	31,189
At 30 June 2006		**866**	**15,912**	**15,499**	**12,243**	**165**	**44,685**

The Parent Entity has no property, plant and equipment.

Notes To The Consolidated Financial Statements (Continued)

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Leased Plant and Machinery

The Consolidated Entity leases production equipment under a finance lease agreement. At the end of each of the leases the Consolidated Entity will acquire ownership of the equipment. At 30 June 2006, the net carrying amount of leased plant and machinery, included within plant and equipment above, was $3,628,444 (2005: Nil). The leased equipment secures the lease obligations (see note 20).

Property, Plant and Equipment under Construction

During the financial year ended 30 June 2006, the Consolidated Entity commenced various projects at Wiluna gold mine.

17. EXPLORATION AND EVALUATION

	Note	Consolidated $'000	Parent $'000
Cost			
Balance at 1 July 2004		13,223	-
Acquisitions		6,383	-
Transfer to Mine Properties	16	(3,349)	-
Balance at 30 June 2005		16,257	-
Balance at 1 July 2005		16,257	-
Acquisitions through business combinations	29	7,742	-
Acquisitions		6,792	-
Transfer to Mine Properties assets	16	(1,228)	-
Disposals		(251)	-
Effect of movements in foreign exchange		263	-
Balance at 30 June 2006		29,575	-
Amortisation and impairment losses			
Balance at 1 July 2004		-	-
Balance at 30 June 2005		-	-
Balance at 1 July 2005		-	-
Balance at 30 June 2006		-	-
Carrying Amounts			
At 1 July 2004		13,223	-
At 30 June 2005		16,257	-
At 1 July 2005		16,257	-
At 30 June 2006		29,575	-

Exploration and Evaluation

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest.

18. OTHER NON-CURRENT ASSETS

	Note	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent 2006 $'000	Parent 2005 $'000
Non – current					
Deferred expenditure – Martabe acquisition	33	840	-	840	-
Total other non-current assets		840	-	840	-

19. TRADE AND OTHER PAYABLES

	Note	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent 2006 $'000	Parent 2005 $'000
Current					
Trade payables		2,047	961	-	-
Other trade payables and accrued expenses		7,493	7,357	98	10
Non trade payables and accrued expenses		1,267	-	-	-
Fair value derivatives	24	26,667	-	-	-
Total current trade and other payables		37,474	8,318	98	10
Non-current					
Fair value derivatives	24	1,826	-	-	-
Total non-current trade and other payables		1,826	-	-	-

20. INTEREST-BEARING LOANS AND BORROWINGS

This note provides information about the contractual terms of the Consolidated Entity's interest-bearing loans and borrowings. For more information about the Consolidated Entity's exposure to interest rate and foreign currency risk, see note 24.

	Note	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent 2006 $'000	Parent 2005 $'000
Current					
Finance lease liabilities		866	-	-	-
Loan from external party		5,037	-	5,037	-
Total current interest – bearing loans and borrowings		5,903	-	5,037	-
Non-current					
Finance lease liabilities		938	-	-	-
Total non-current interest – bearing loans and borrowings		938	-	-	-
Financing facilities					
Loan from external party		5,037	-	5,037	-
		5,037	-	5,037	-
Facilities utilised at reporting date					
Loan from external party		5,037	-	5,037	-
		5,037	-	5,037	-

Financing arrangements

Loan

The interest on the loan from external parties is calculated at the Reserve Bank of Australia 11am cash rate, plus a margin of 2%. This facility was utilised up to $5,037,000 (2005: Nil) as at 30 June 2006 and includes capitalised interest of $37,000 (2005: Nil). This loan has an option for the lender to acquire Agincourt Resources Ltd ordinary shares in satisfaction of the repayment of the debt, otherwise it will be paid back in cash including interest, on or before 31 December 2006. (Refer Note 33)

20. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

Finance Lease Liabilities

Finance lease liabilities of the Consolidated Entity are payable as follows:

	Consolidated					
	Minimum Lease Payments 2006 $'000	Interest 2006 $'000	Principle 2006 $'000	Minimum Lease Payments 2005 $'000	Interest 2005 $'000	Principle 2005 $'000
Less than one year	979	113	866	-	-	-
Between one and five years	979	41	938	-	-	-
	1,958	154	1,804	-	-	-

The Consolidated Entity leases production plant and equipment under finance leases expiring in two years. At the end of the lease term, the Consolidated Entity will own the leased plant and equipment.

21. EMPLOYEE BENEFITS

	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent 2006 $'000	Parent 2005 $'000
Current liabilities				
Liability for annual leave	630	491	-	-
Other current liability	61	127	-	-
	691	618	-	-

Share Based Payments

On 19 November 2004, the Consolidated Entity established a share option plan that entitles key management personnel and senior employees to purchase shares in the entity. In accordance with these programmes options are exercisable at the market price of the shares at the date of grant.

All options vest on the vesting date, unless options have not vested and the employee is terminated then these options will lapse. These options do not entitle the holder to participate in any share issue of the Company or any other related Company.

The following options were granted during the year:

Employee Entitled	Grant Date	Number of Options	Vesting Date	Expiry Date
Option grant to key management	19/07/2005	170,000	Vested	30 June 2009
Option grant to key management	19/07/2005	170,000	30 June 2007	30 June 2009
Option grant to key management	19/07/2005	160,000	30 June 2008	30 June 2009
Total Share Options		500,000		

There were no options granted to key management during the period 1 July 2004 to 30 June 2005.

All options vest on the vesting date, unless options have not vested and the employee is terminated then these options will lapse.

21. EMPLOYEE BENEFITS (CONTINUED)

The number and weighted average exercise prices of share options is as follow:

	Weighted Average Exercise Price 2006	Number of Options 2006	Weighted Average Exercise Price 2005	Number of Options 2005
Outstanding at the beginning of the period	$1.30	250,000	$0.41	4,230,000
Forfeited during the period	$1.30	(250,000)	$0.35	(22,000)
Exercised during the period	-	-	$0.35	(3,958,000)
Granted during the period	$1.30	500,000	-	-
Outstanding at the end of the period	$1.30	500,000	$1.30	250,000

The options outstanding at 30 June 2006 have an exercise price of $1.30 and a weighted average contractual life of 3 years.

During the financial year, no share options were exercised. (2005: 3,958,000)

The fair values of the unlisted options have been calculated at the date of the grant based upon the Black Scholes option pricing model. The fair value is allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed below ("Employee Expenses") is the portion of the fair value of the options allocated to this reporting period.

Fair value of share options and assumptions:

	Key Management Personnel 2006	Key Management Personnel 2005
Fair value at measurement date	$0.48	$0.33 - $0.70
Share Price	$1.26	$1.60
Exercise Price	$1.30	$0.35 - $1.30
Expected volatility (expressed as weighted average volatility used in the modelling under the Black Scholes option pricing model)	40%	59%
Option life (expressed as weighted average life used in the Black Scholes option pricing model)	4.1 years	0.5 – 2 years
Risk Free Interest Rate (based on 90 day bank bills)	5.5%	5.4%

The common method for valuing options is the Black Scholes option pricing model. Black Scholes option pricing model looks at the past share price as an indicator of the future share price. Black Scholes option pricing model assumes that high volatility in the share price is an indicator for a higher valuation as there is a greater chance of the share price moving significantly (upwards or downwards). The model also assumes that the options are exercised at or near the expiry date of the options.

Employee Expenses

	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent 2006 $'000	Parent 2005 $'000
Share options granted in 2005 - equity settled	-	437	-	437
Share options granted in 2006 - equity settled	146	-	146	-
Total expense recognised as employee costs	146	437	146	437

22. PROVISIONS

	Consolidated			Parent		
	Rehabil-itation 2006 $000	Stamp Duty 2006 $000	Total 2006 $000	Rehabil-itation 2006 $000	Stamp Duty 2006 $000	Total 2006 $000
Current						
Balance at 1 July	-	1,328	1,328	-	228	228
Provisions made during the year	-	748	748	-	-	-
Provisions used during the year	-	(1,365)	(1,365)	-	-	-
Provisions reversed during the year	-	(659)	(659)	-	(228)	(228)
Balance at 30 June	-	52	52	-	-	-
Non-Current						
Balance at 1 July	8,303	-	8,303	-	-	-
Provisions made during the year	1,018	-	1,018	-	-	-
Unwind of discount	141	-	141	-	-	-
Balance at 30 June	9,462	-	9,462	-	-	-

Mine Rehabilitation

In accordance with State government legislative requirements, a provision for mine rehabilitation has been recognised in relation to the Consolidated Entity's Wiluna gold mining operation. The basis for accounting is set out in note 1(p) of the significant accounting policies.

Stamp Duty

The provision for stamp duty relates to business combinations made by the Company during the financial years ended 30 June 2005 and 2006.

Notes To The Consolidated Financial Statements (Continued)

23. CAPITAL AND RESERVES

Reconciliation of movement in capital and reserves attributable to equity holders of the parent

	Note	Consolidated						
		Share Capital $'000	Translation Reserve $'000	Option Premium Reserve $'000	Retained Earnings $'000	Total $'000	Minority Interest $'000	Total Equity $'000
Balance as at 1 July 2004		28,227	-	475	1,054	29,756	-	29,756
Total recognised income and expense		-	-	-	1,611	1,611	-	1,611
Transfer from option premium reserve		475	-	(475)	-	-	-	-
Equity settled transactions		-	-	-	437	437	-	437
Share options exercised by employees		1,392	-	-	-	1,392	-	1,392
Shares issued (8,000,000 @ $2.00)		16,000	-	-	-	16,000	-	16,000
Transaction costs of shares issued		(725)	-	-	-	(725)	-	(725)
Balance at 30 June 2005		**45,369**	**-**	**-**	**3,102**	**48,471**	**-**	**48,471**
Balance as at 1 July 2005		45,369	-	-	3,102	48,471	-	48,471
Total recognised income and expense		-	36	-	(36,035)	(35,999)	(274)	(36,273)
Minority interest on acquisition of subsidiary	29	-	-	-	-	-	2,882	2,882
Equity settled transactions		-	-	-	147	147	-	147
Shares issued (2,470,000 @ $1.50)		3,705	-	-	-	3,705	-	3,705
Shares issued (11,000,000 @ $1.48)		16,280	-	-	-	16,280	-	16,280
Transaction costs of shares issued		(748)	-	-	-	(748)	-	(748)
Balance at 30 June 2006		**64,606**	**36**	**-**	**(32,786)**	**31,856**	**2,608**	**34,464**

	Parent						
	Share Capital $'000	Translation Reserve $'000	Option Premium Reserve $'000	Retained Earnings $'000	Total $'000	Minority Interest $'000	Total Equity $'000
Balance as at 1 July 2004	28,227	-	475	(3,515)	25,187	-	25,187
Total recognised income and expense	-	-	-	(87)	(87)	-	(87)
Equity settled transactions	-	-	-	437	437	-	437
Transfer from option premium reserve	475	-	(475)	-	-	-	-
Share options exercised by employees	1,392	-	-	-	1,392	-	1,392
Shares issued (8,000,000 @ $2.00)	16,000	-	-	-	16,000	-	16,000
Transaction costs of shares issued	(725)	-	-	-	(725)	-	(725)
Balance at 30 June 2005	**45,369**	**-**	**-**	**(3,165)**	**42,204**	**-**	**42,204**
Balance as at 1 July 2005	45,369	-	-	(3,165)	42,204	-	42,204
Total recognised income and expense	-	-	-	(20,143)	(20,143)	-	(20,143)
Equity settled transactions	-	-	-	145	145	-	145
Shares issued (2,470,000 @ $1.50)	3,705	-	-	-	3,705	-	3,705
Shares issued (11,000,000 @ $1.48)	16,280	-	-	-	16,280	-	16,280
Transaction costs of shares issued	(748)	-	-	-	(748)	-	(748)
Balance at 30 June 2006	**64,606**	**-**	**-**	**(23,163)**	**41,443**	**-**	**41,443**

23. CAPITAL AND RESERVES (CONTINUED)

Issued Capital

The Consolidated Entity recorded the following amounts within shareholder's equity as a result of the issuance of ordinary shares.

	Parent Ordinary Shares 2006 Number	2005 Number	2006 $'000	2005 $'000
On issue at 1 July	71,308,286	59,330,286	45,369	28,227
Share placement at $2.00 per share for cash	-	8,000,000	-	16,000
Conversion of 0.35 options expiring on 30 June 2005	-	3,978,000	-	1,392
Transfer from option premium reserve	-	-	-	475
Share placement at $1.48 per share	11,000,000	-	16,280	-
Transaction costs of share issue	-	-	(748)	(725)
Purchase of Reliance Minerals Limited (Refer Note 29)	1,235,000	-	1,853	-
Purchase of Reliance Minerals Do Brasil Ltda (Refer Note 29)	1,235,000	-	1,852	-
On Issue at 30 June – fully paid	84,778,286	71,308,286	64,606	45,369

Effective 1 July 1998, the Company Law Review Act abolished the concept of par value shares and the concept of authorised capital. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

The holders of ordinary shares are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Translation Reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

Option Premium Reserve

The option premium reserve arose upon the acquisition of Wiluna Operations Ltd and reflects the fair value of the 5,500,000 options issued as part consideration for the purchase of Wiluna Operations Ltd at an average fair value of $0.21 each. The reserve has been reduced when the options were.

24. FINANCIAL INSTRUMENTS

Exposure to credit, interest rate and currency risks arises in the normal course of the Consolidated Entity's business.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Consolidated Entity does not require collateral in respect of financial assets.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

24. FINANCIAL INSTRUMENTS (CONTINUED)

Commodity Price

(i) Gold Forward Contracts

The Consolidated Entity enters into derivatives to hedge, or hedge a proportion of gold sales. Accounting policy (e) sets out the treatment for these commitments. The contracts are generally held to maturity and used as the mechanism for the sale of gold. Gold is expected to be delivered into the flat forward contracts monthly based on forecast gold production. Up until February 2006 the Company continued to deliver into flat forward sales contract as they matured. After this date the Company took advantage of the rising gold prices by delivering part of its sales into the spot market.

	Consolidated			
	Ounces Hedged 2006	Average Price A$ 2006	Ounces Hedged 2005	Average Price A$ 2005
Gold forward contracts at 30 June				
Not later than 1 year	120,275	601	103,601	601
Later than 1 year but not later than 2 years	7,430	601	97,110	601
Later than 2 years but not later than 3 years	-	601	7,430	601
	127,705	601	208,141	601

(ii) Fair Value of Derivatives

The Consolidated Entity undertakes a forward gold sales programme. As at 30 June 2006, there were 127,705 ounces remaining to be delivered at a flat forward price of A$601/ounce. These contracts are defined as derivatives under Australian Accounting Standard AASB 139 *Financial Instruments: Recognition and Measurement*.

The Company has obtained the fair value of the flat forward contracts at 30 June 2006, being a marked to market value of negative $28,493,000 (2005: Nil). This amount is reflected as a derivative liability on the balance sheet. The unrealised loss recognised in the Income Statement represents the fair value of these derivatives as at 30 June 2006.

(iii) Marked to Market

The net fair value of financial instruments is determined on a marked to market basis. This represents the difference in value between the instruments in place at balance date and identical instruments that could be put in place if market rates at balance date were used.

	2006	2005
Marked to Market brought to account	$28,493,000	-
Marked to Market not brought to account	-	$795,000
Spot Gold Price	US $597.00	US $434.44
Exchange Rate	US $0.7396 / A$1	US $0.7611 / A$1

24. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign Currency Risk

The Consolidated Entity is exposed to foreign currency risk on purchases and borrowings that are denominated in a currency other than the AUD. The currencies giving rise to this risk are primarily U.S Dollars and Brazilian Real.

The Company has a short term foreign currency payable to an external party in US dollars.

In respect of other monetary assets and liabilities held in currencies other that the AUD, the Consolidated Entity ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The Consolidated Entity currently does not hedge against foreign currency gains or losses.

Fair Values

The financial assets and financial liabilities included in assets and liabilities approximate net fair values.

Effective Interest Rates and Repricing Analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice.

	Note	Effective Interest rate	Total $'000	Floating Rate $'000	1 year or less $'000	1-2 years $'000
				2006		
Consolidated						
Cash and cash equivalents (b)	10	5.0%	3,758	3,758	-	-
Loan from external party(c)	20	7.9%	(5,037)	(5,037)	-	-
Finance lease liabilities (a)	20	8.3%	(1,804)	-	(866)	(938)
			(3,083)	(1,279)	(866)	(938)
Parent						
Cash and cash equivalents (b)	10	5.0%	44	44	-	-
Loan from external party (c)	20	7.9%	(5,037)	(5,037)	-	-
			(4,993)	(4,993)	-	-

	Note	Effective Interest rate	Total $'000	Floating Rate $'000	1 year or less $'000	1-2 years $'000
				2005		
Consolidated						
Cash and cash equivalents (b)	10	5.5%	12,828	2,375	10,453	-
			12,828	2,375	10,453	-
Parent						
Cash and cash equivalents (b)	10	5.5%	10,810	357	10,453	-
			10,810	357	10,453	-

(a) These liabilities bear interest at a fixed rate.

(b) These assets bear interest at a variable rate.

(c) These liabilities bear interest calculated at the Reserve Bank of Australia 11am cash rate, plus a margin of 2%.

25. OPERATING LEASES

Leases as Lessee

Non-cancellable operating lease rentals are payable as follows:

	Consolidated		Parent	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Less than one year	191	59	177	34
Between one and five years	152	8	143	-
	343	67	320	34

The Consolidated Entity leases a building in West Perth and office equipment under operating leases.

The office equipment lease runs for a period of 2 years, with an option to renew the lease after that date. Lease payments are subject to the Consumer Price Index and market reviews.

The small appliances leases run between 2 to 3 years, with an option to renew the lease after that date. Lease payments are fixed for the duration of the lease.

During the financial year ended 30 June 2006, $197,000 was recognised as an expense in the income statement in respect of operating leases (2005: $153,000).

26. CAPITAL AND OTHER COMMITMENTS

Capital Expenditure Commitments

Plant and Equipment Contracted but not provided for and payable:

	Consolidated		Parent	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Within one year	339	59	-	34
One year or later and no later than five years	-	8	-	-
	339	67	-	34

Exploration Expenditure Commitments

In order to maintain current rights of tenure to exploration tenements, the Consolidated Entity is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State governments. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report and are payable:

	Consolidated		Parent	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Within one year	1,076	760	-	-
	1,076	760	-	-

Employee Compensation Commitments

Commitments under non-cancellable employment contracts not provided for in the financial statements and payable:				
Key Management Personnel				
Within one year	338	465	-	-
	338	465	-	-

Notes To The Consolidated Financial Statements (Continued)

27. CONTINGENCIES

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Performance Bonds and Bank Guarantees

Security given for the following bonds and bank guarantee is a fixed and floating charge over the Consolidated Entity's assets.

(i) Department of Industry and Resources

Performance Bonds totalling $5,433,500 (2005: $5,398,500) has been granted in favour of the Department of Industry and Resources by a financier.

(ii) Bank Guarantee

A bank guarantee totalling $489,600 (2005: $489,600) has been granted upon the signing of a finance lease for two gas generating sets and ancillary equipment.

Native Title

Native Title legislation may have an adverse impact on the Consolidated Entity's exploration activities and its ability to fund those activities. It is impossible at this stage, to quantify the impact, if any, that the legislation may have on the operations of the Consolidated Entity.

The Consolidated Entity is aware of Native Title claims in respect of areas in which the Consolidated Entity has interests. It is possible that further claims could be made in the future. However the Consolidated Entity cannot determine whether any current or future claims, if made, will succeed and, if so, what the implications would be for the Consolidated Entity.

28. CONSOLIDATED ENTITIES

	Note	Country of Incorporation	Ownership Interest 2006	2005
Parent Entity				
Agincourt Resources Limited				
Subsidiaries				
Wiluna Operations Ltd		Australia	100%	100%
Gowit Developments Pty Ltd		Australia	100%	100%
Reliance Minerals Limited	29	Australia	100%	-
Agincourt Resources (Holdings) Limited	29	British Virgin Islands	100%	-
Agincourt Resources do Brasil Ltda	29	Brazil	100%	-
Nova Energy Limited	29	Australia	57%	-
Agincourt Resources (Martabe) Pty Ltd	33	Australia	100%	-

In the financial statements of the Company, investments in controlled entities are measured at cost and included with other financial assets. Refer also to note 13.

29. ACQUISITION OF SUBSIDIARIES

Nova Energy Limited

On 23 August 2005, the Consolidated Entity acquired 57% of Nova Energy Limited. Consideration for the purchase was the transfer of Uranium and certain infrastructure rights with a fair value of $13,000,000. The rights recognised were carried in the accounts of the Consolidated Entity at nil value prior to the acquisition. The uranium rights and rights to certain infrastructure assets, continue to be recognised at nil after the acquisition. A profit on acquisition of $3,822,000 has been recognised, being the Consolidated Entity's share of the fair value of net assets acquired in excess of purchase consideration. In the period 23 August 2005 to 30 June 2006, the subsidiary contributed $342,000 to the consolidated loss after tax. If the acquisition had occurred on 1 July 2005, the estimated loss contributed would have been $360,000.

The acquisition had the following effect on the Consolidated Entity's assets and liabilities.

Acquiree's net assets at the acquisition date

	Recognised Values $'000	Fair Value Adjustments $'000	Carrying Amounts $'000
Cash and cash equivalents	5,193	-	5,193
Trade and other receivables	109	-	109
Exploration and evaluation	1,520	-	1,520
Trade and other payables	(118)	-	(118)
Net identifiable assets and liabilities	**6,704**	**-**	**6,704**
Minority interest share of net assets (43%)	2,882		
Purchase Consideration paid by Agincourt	-		
Discount on acquisition recognised as other income	**3,822**		
Cash (acquired)	5,193		
Net cash inflow	5,193		

Notes To The Consolidated Financial Statements (Continued)

29. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Reliance Minerals Limited

On 30 September 2005, the Consolidated Entity purchased 100% of Reliance Minerals Limited for $100,000 in cash and $1,853,000 in ordinary shares. Reliance Minerals Limited owns the rights to gold tenements in Victoria and exploration licence applications in Western Australia. In the period 30 September 2005 to 30 June 2006 the subsidiary contributed a loss of $14,000 to the consolidated loss before tax. If the acquisition had occurred on 1 July 2005, the estimated loss contributed would have been $46,000.

The acquisition had the following effect on the Consolidated Entity's assets and liabilities.

Acquiree's net assets at the acquisition date

	Recognised Values $'000	Fair Value Adjustments on Consolidation $'000	Carrying Amounts $'000
Exploration and evaluation	1,953	1,919	34
Net identifiable assets and liabilities	**1,953**	**1,919**	**34**
Purchase consideration			
Settled in cash	100		
Settled in shares	1,853		
Total Purchase consideration	1,953		
Cash (acquired)	-		
Net cash outflow	(100)		
Agincourt shares issued (No.)	1,235,000		
Fair value per share at acquisition date	$1.50		
Fair value of shares issued	$1,853,000		

Reliance Minerals Do Brasil Ltda

On 30 September 2005 the Consolidated Entity purchased 100% of Reliance Minerals Do Brasil Ltda for $97,000 in cash and $1,853,000 in ordinary shares. Reliance Minerals Do Brasil Ltda owns the rights to gold tenements in Brazil. In the period 30 September 2005 to 30 June 2006 the subsidiary contributed a profit of $53,000 to the consolidated net loss before tax. If the acquisition had occurred on 1 July 2005, the estimated Consolidated Entity revenue and profit would have been $277,000.

29. ACQUISITION OF SUBSIDIARIES (CONTINUED)

The acquisition had the following effect on the Consolidated Entity's assets and liabilities.

Acquiree's net assets at the acquisition date

	Recognised Values $'000	Fair Value Adjustments on Consolidation $'000	Carrying Amounts $'000
Cash and cash equivalents	5	-	5
Exploration and evaluation	4,269	1,754	2,515
Interest-bearing liabilities	(2,324)	-	(2,324)
Net identifiable assets and liabilities	**1,950**	**1,754**	**196**

Acquiree's net assets at the acquisition date

Purchase consideration	97
Settled in cash	1,853
Settled in shares	1,950
Total Purchase consideration	
Cash (acquired)	5
Net cash outflow	(92)
Agincourt shares issued (No.)	1,235,00
Fair value per share at acquisition date	$1.50
Fair value of shares issued	$1,853,000

30. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	Consolidated		Parent	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
i) Cash flows from operating activities				
Profit (loss) for the period	(36,309)	1,611	(20,143)	(87)
Adjustments for non cash items:				
Depreciation	3,517	1,352	-	-
Amortisation	23,992	4,249	-	-
Foreign exchange gain	(127)	-	(85)	-
Interest expense	141	27	-	-
Net Gain (Loss) on sale of property, plant and equipment	1	(4)	-	-
Gain (Loss) on disposal of exploration expenditure	251	-	-	-
Unrealised (Loss) on forward gold contracts	28,493	-	-	-
Impairment loss on investment	-	-	8,776	-
Impairment loss on receivables	-	-	11,024	-
Equity-settled share-based payment expenses	146	437	146	437
Discount on acquisition of Nova	(3,822)	-	-	-
Operating profit before changes in working capital and provisions	16,283	7,672	(282)	350
(Increase) / decrease in trade and other receivables	(454)	545	(26)	-
(Increase) / decrease in inventories	(514)	(1,500)	-	-
(Decrease) / increase in trade and other payables	1,174	461	7	(98)
(Decrease) / Increase in net deferred tax balances	(2,696)	1,013	4	33
(Decrease) in provisions and employee benefits	(271)	(56)	(228)	-
	(2,761)	463	(243)	(65)
Net cash from operating activities	13,522	8,135	(525)	285
ii) Non-Cash from financing and investing items				
Issue of shares for Reliance	3,705	-	3,705	-
Non-Cash from financing and investing items	3,705	-	3,705	-

31. KEY MANAGEMENT PERSONNEL DISCLOSURES

The following were key management personnel of the Consolidated Entity at any time during the reporting period, and unless otherwise indicated, were key management personnel for the entire period:

Non-executive directors
Mr C Readhead (Chairman)
Mr E Tait (resigned 30/06/06)

Executive directors
Mr P Bowler (Managing Director – transferred From Director of Operations on 24/01/06)
Mr R Arthur (Director – Business Development)
Dr T Sugden (Managing Director resigned 24/01/06)

Executives
Mr G Barrett (Company Secretary, Agincourt Resources Ltd, Nova Energy Ltd)
Mr K Banks (Chief Financial Officer, Agincourt Resources Ltd)
Mr R Watkins (Exploration Manager, Agincourt Resources Ltd)
Ms L Carpene (General Manager - Administration & Human Resources, Agincourt Resources Ltd)
Mr J Jewell (General Manager, Wiluna Operations Limited - appointed 19/07/05)

There have been no changes in key management personnel between 1 July 2006 and the date of this report.

The key management personnel compensation included in 'employee expenses' (see note 5) are as follows:

	Consolidated		Parent	
	2006	2005	2006	2005
	$	$	$	$
Short - term employee benefits	1,457,521	1,074,255	-	-
Post - employment benefits	116,560	104,970	-	-
Equity compensation benefits	145,983	107,701	-	-
Other - Insurance	20,717	26,752	-	-
	1,740,781	1,313,678	-	-

Individual directors and executives compensation disclosures
Information regarding individual directors' and executives' compensation is provided in the Remuneration Report section of the Directors' report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company or the Consolidated Entity since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

31. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

Other key management personnel transactions with the Company or its controlled entities

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company or its subsidiaries in the reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

The aggregate amounts recognised during the year relating to key management personnel and their related parties were as follows:

		Note	Consolidated 2006 $	Consolidated 2005 $	Parent 2006 $	Parent 2005 $
Key Management Persons	**Transactions**					
Mr C Readhead	Legal fees	(i)	93,439	37,686	93,439	-
Mr P Bowler	Accommodation	(ii)	-	2,162	-	-
Mr E Tait	Legal fees	(iii)	111,513	-	111,513	-

(i) Legal fees were paid to a partnership of which Mr Readhead is a partner.

(ii) Fees for accommodation at Gunbarrel Grapes were paid to Riverblue Holdings Pty Ltd, a Company which holds a business in which Mr Bowler is a partner.

(iii) Legal fees were paid to a partnership of which Mr Tait is a partner.

Amounts receivable from and payable to key management personnel at reporting date arising from these transactions were as follows:

	Consolidated 2006 $	Consolidated 2005 $	Parent 2006 $	Parent 2005 $
Assets and liabilities arising from the above transactions				
Current payables				
Trade creditors	29,308	16,165	29,308	-

Options over equity instruments

The movement during the reporting period in the number of options over ordinary shares in Agincourt Resources Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

2006	Type of Option	Held at 1 July 2005	Granted as Compensation	Exercised	Other Changes *	Held at 30 June 2006	Vested during the year	Vested and exercisable at 30 June 2006
Executives								
Mr R Watkins	B	250,000	-	-	(250,000)	-	-	-
Mr J Jewell	C	-	500,000	-	-	500,000	170,000	170,000

31. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

2005	Type of Option	Held at 1 July 2004	Granted as Compensation	Exercised	Other Changes *	Held at 30 June 2005	Vested during the year	Vested and exercisable at 30 June 2005
Directors								
Mr P Bowler	A	833,333	-	(833,333)	-	-	-	-
Mr R Arthur	A	833,334	-	(833,334)	-	-	-	-
Dr T Sugden	A	833,333	-	(833,333)	-	-	-	-
Executives								
Mr G Barrett	A	250,000	-	(250,000)	-	-	-	-
Mr K Banks	A	55,000	-	(55,000)	-	-	-	-
Ms L Carpene	A	55,000	-	(55,000)	-	-	-	-
Mr R Watkins	B	250,000	-	-	-	250,000	250,000	250,000
	A	25,000	-	(25,000)	-	-	-	-
Mr J Jewell		-	-	-	-	-	-	-

* Other Changes represent options that expired during the year.

A – unlisted options exercisable at $0.35 on or before 30 June 2005
B – unlisted options exercisable at $1.30 on or before 30 June 2006
C – unlisted options exercisable at $1.30 on or before 30 June 2009

Movements in shares

The movement during the reporting period in the number of ordinary shares in Agincourt Resources Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

2006	Held at 1 July 2005	Purchases	Received on exercise of options	Sales	Held at 30 June 2006	Held at Resignation Date
Directors						
Mr C Readhead	200,000	-	-	-	200,000	N/A
Mr P Bowler	5,950,000	-	-	-	5,950,000	N/A
Mr R Arthur	5,700,000	-	-	-	5,700,000	N/A
Dr T Sugden	5,600,000	-	-	-	5,600,000	N/A
Mr E Tait	-	-	-	-	-	-
Executives						
Mr G Barrett	500,000	-	-	(250,000)	250,000	N/A
Mr K Banks	30,000	-	-	(30,000)	-	N/A
Mr R Watkins	28,000	-	-	-	28,000	N/A
Ms L Carpene	85,800	-	-	(15,800)	70,000	N/A
Mr J Jewell	-	-	-	-	-	N/A

No shares were granted to key management personnel during the reporting period as compensation.

31. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

2005	Held at 1 July 2004	Purchases	Received on exercise of options	Sales	Held at 30 June 2005	Held at Resignation Date
Directors						
Mr C Readhead	200,000	-	-	-	200,000	N/A
Mr P Bowler	5,816,667	-	833,333	(700,000)	5,950,000	N/A
Mr R Arthur	5,566,666	-	833,334	(700,000)	5,700,000	N/A
Dr T Sugden	5,466,667	-	833,333	(700,000)	5,600,000	N/A
Mr E Tait	-	-	-	-	-	N/A
Mr I Middlemas	5,200,000	-	-	(3,000,000)	N/A	2,200,000
Executives						
Mr G Barrett	460,000	-	250,000	(210,000)	500,000	N/A
Mr K Banks	44,000	-	55,000	(69,000)	30,000	N/A
Mr R Watkins	3,000	-	25,000	-	28,000	N/A
Ms L Carpene	55,000	-	55,000	(24,200)	85,800	N/A
Mr J Jewell	N/A	N/A	N/A	N/A	N/A	N/A

No shares were granted to key management personnel during the reporting period as compensation.

32. NON - KEY MANAGEMENT PERSONNEL DISCLOSURES

Identity of related parties

The Consolidated Entity has a related party relationship with its subsidiaries (see note 28), and with its key management personnel (see note 31).

Other related party transactions

Subsidiaries

Loans are made by the Company to wholly owned subsidiaries. With the exception of the specific transactions noted below, loans outstanding between the Company and its subsidiaries have no fixed date of repayment but are repayable at call, and are non-interest bearing. During the financial year ended 30 June 2006, such loans to subsidiaries totalled $41,694,000 (2005: $22,852,000).

During the period an impairment loss of $11,024,000 has arisen in regards to loans to a subsidiary. (refer note 4)

33. SUBSEQUENT EVENTS

Indonesian - Martabe Acquisition

On 12 July 2006, Agincourt entered into an agreement to acquire the Martabe Gold and Silver Project (Martabe) in Indonesia from Newmont Mining Corporation (Newmont). On 31 August 2006 Agincourt completed the acquisition of a 100% interest in Martabe at a cost of US$80.25 million.

A Joint Venture (JV) has also been formed with an Indonesian consortium led by the Dharmawangsa Group (JV Partners). The JV Partners have an option to acquire up to 30% of Martabe via a pro-rata contribution of the acquisition and development costs. Agincourt and the JV Partners have also agreed that local government interests in Sumatra, Indonesia will be offered a 5% "contribute or dilute" interest in Martabe. Under the JV, Agincourt will retain approximately 67% of Martabe. The JV will own Martabe, which will be operated on behalf of the JV by Agincourt. Completion of the Sale and Purchase Agreement with Newmont occurred on 31 August 2006.

33. SUBSEQUENT EVENTS (CONTINUED)

Capital Raising

On 28 July 2006 Agincourt issued 12.72 million shares at an issue price of A$1.15 per share to raise A$14.62 million. On 29 August 2006 Agincourt issued 74.24 million shares at an issue price of A$1.15 per share to raise A$85.38 million. On 31 August an additional 30.07 million shares at an issue price of A$1.15 per share were issued to Newmont to raise a further A$35 million. At the date of this report this has increased the number of issued shares from 84,778,286 to 201,803,533.

Included in the above, were shares issued to the following Directors and Key Management Personnel of the Company: 1,304,348 shares at an issue price of A$1.15 per share to raise A$1.5 million were issued to Mr Bowler, 869,565 shares at an issue price of A$1.15 per share to raise A$1 million were issued to Dr Sugden, 234,782 shares at an issue price of A$1.15 per share to raise A$270,000 were issued to Mr Barrett, and 86,956 shares at an issue price of A$1.15 per share to raise A$99,000 were issued to Mr Watkins.

Up to an additional 13.41 million shares at an issue price of A$1.15 per share or up to A$15 million will be issued to Newmont. The issue of these shares to Newmont is conditional on approval from the Foreign Investment Review Board. This will increase the number of issued shares from 201,803,353 to 215,218,286.

Agincourt also undertook a Share Purchase Plan (SPP). At the date of this report the SPP applications had not been finalised. Approximately 400,000 shares at an issue price of A$1.15 per share will be issued to raise approximately $460,000. This will increase the number of issued shares from 215,218,286 to approximately 215,618,286.

34. EXPLANATION OF TRANSITION TO AIFRSs

Explanation of transition to Australian equivalents to IFRS

As stated in significant accounting policies note 1, these are the Consolidated Entity's first consolidated financial statements prepared in accordance with Australian Accounting Standards - AIFRS.

The policies set out in the significant accounting policies section of this report have been applied in preparing the consolidated financial statements for the financial year ended 30 June 2006, the comparative information presented in these financial statements for the financial year ended 30 June 2005 and in the preparation of an opening AIFRS balance sheet at 1 July 2004 (the Consolidated Entity's date of transition).

In preparing its opening AIFRS balance sheet, the Consolidated Entity has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (previous AGAAP).

An explanation of how the transition from previous AGAAP to AIFRSs has affected the Consolidated Entity's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

34. EXPLANATION OF TRANSITION TO AIFRSs (CONTINUED)

Reconciliation of Balance Sheets

		Consolidated							
	NOTE	Previous AGAAP $'000	Effect of transition to AIFRSs $'000	Reclassification (h) $'000	AIFRSs $'000	AGAAP $'000	Transition Impact $'000	Reclassification (h) $'000	AIFRSs $'000
		1 July 2004				30 June 2005			
Current Assets									
Cash and cash equivalents	34f	16,589	(2,515)	-	14,074	14,633	(1,805)	-	12,828
Trade and other receivables	34f,34ha	849	2,515	374	3,738	1,082	1,805	306	3,193
Inventories		4,730	-	-	4,730	6,230	-	-	6,230
Other current assets	34ha	374	-	(374)	-	306	-	(306)	-
Total Current Assets		22,542	-	-	22,542	22,251	-	-	22,251
Non-Current Assets									
Receivables	34hb	-	-	37	37	-	-	37	37
Property, plant & equipment		14,091	-	-	14,091	31,189	-	-	31,189
Exploration and evaluation		13,223	-	-	13,223	16,257	-	-	16,257
Deferred tax assets	34hc	268	-	(268)	-	598	-	(598)	-
Other non-current assets	34hb	37	-	(37)	-	37	-	(37)	-
Total Non-Current Assets		27,619	-	(268)	27,351	48,081	-	(598)	47,483
TOTAL ASSETS		50,161	-	(268)	49,893	70,332	-	(598)	69,734
Current Liabilities									
Trade and other payables	34hd, 34he	7,628	-	(1,400)	6,228	9,773	-	(1,455)	8,318
Non Interest – bearing loans and borrowings		2,000	-	-	2,000	-	-	-	-
Employee benefits	34he	-	-	254	254	-	-	618	618
Provisions	34hd	254	-	1,146	1,400	491	-	837	1,328
Total Current Liabilities		9,882	-	-	9,882	10,264	-	-	10,264
Non-Current Liabilities									
Deferred tax liabilities	34e,34hc	1,626	327	(268)	1,685	2,975	319	(598)	2,696
Provisions	34c	9,659	(1,090)	-	8,569	9,366	(1,063)	-	8,303
Total Non-Current Liabilities		11,285	(763)	(268)	10,254	12,341	(744)	(598)	10,999
TOTAL LIABILITIES		21,167	(763)	(268)	20,136	22,605	(744)	(598)	21,263
NET ASSETS		28,994	763	-	29,757	47,727	744	-	48,471
Issued capital		28,227	-	-	28,227	45,369	-	-	45,369
Reserves		475	-	-	475	-	-	-	-
Retained earnings	34g	292	763	-	1,055	2,358	744	-	3,102
TOTAL EQUITY		28,994	763	-	29,757	47,727	744	-	48,471

34. EXPLANATION OF TRANSITION TO AIFRSs (CONTINUED)

Reconciliation of Balance Sheets (Continued)

		Parent					
	NOTE	Previous AGAAP $'000	Reclassification (h) $'000	AIFRSs $'000	AGAAP $'000	Reclassification (h) $'000	AIFRSs $'000
			1 July 2004			30 June 2005	
Current Assets							
Cash and cash equivalents	34f	11,760	-	11,760	10,810	-	10,810
Total Current Assets		11,760	-	11,760	10,810	-	10,810
Non-Current Assets							
Receivables		4,950	-	4,950	22,852	-	22,852
Investments		8,776	-	8,776	8,776	-	8,776
Deferred tax assets	34e,34hc	43	(6)	37	12	(8)	4
Total Non-Current Assets		13,769	(6)	13,763	31,640	(8)	31,632
TOTAL ASSETS		25,529	(6)	25,523	42,450	(8)	42,442
Current Liabilities							
Trade and other payables	34hd	336	(300)	36	238	(228)	10
Provisions	34hd	-	300	300	-	228	228
Total Current Liabilities		336	-	336	238	-	238
Non-Current Liabilities							
Deferred tax liabilities	34e,34hc	6	(6)	-	8	(8)	-
Total Non-Current Liabilities		6	(6)	-	8	(8)	-
TOTAL LIABILITIES		342	(6)	336	246	(8)	238
NET ASSETS		25,187	-	25,187	42,204	-	42,204
Issued Capital		28,227	-	28,227	45,369	-	45,369
Reserves		475	-	475	-	-	-
Retained earnings	34g	(3,515)	-	(3,515)	(3,165)	-	(3,165)
TOTAL EQUITY		25,187	-	25,187	42,204	-	42,204

Notes To The Consolidated Financial Statements (Continued)

34. EXPLANATION OF TRANSITION TO AIFRSs (CONTINUED)

Notes to the Reconciliation of Balance Sheets

The impact on deferred tax of the adjustments described below is set out in note 34e.

(a) Business Combinations

AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* allows an exemption from the retrospective application of AASB 3 *Business Combinations* for all or some business combinations.

The Consolidated Entity has elected not to restate any past business combinations as at transition date. As a result, accounting for business combinations recognised under previous AGAAP has not changed for AIFRS.

(b) Impairment of Assets

Impairment testing is required to be performed on individual assets with strict tests for determining whether assets have been impaired. If this is not possible, the Company is then required to test for impairment at the Cash Generating Unit ("CGU") level. Assets are only tested for impairment where an impairment trigger has occurred.

The Consolidated Entity assessed the recoverability of the value in use of the asset by discounting future cashflows in accordance with AASB 136: *Impairment*. The methodology for impairment testing under AIFRS is more prescriptive than AGAAP.

Impairment testing undertaken as at the transition date did not result in any material impairment write downs.

(c) Restoration and Rehabilitation

Under previous AGAAP provisions were made for mine site restoration and rehabilitation on an incremental basis during the course of the mine life and were determined on an undiscounted basis. Under AIFRS the total future cost of restoration and rehabilitation costs must be recognised as a provision at its present value in the balance sheet upon transition. A corresponding asset will be recognised and included as part of the development costs, unless the restoration and rehabilitation relates to an abandoned asset in which case the adjustment is made to opening retained earnings.

Each year there is a depreciation charge on the asset capitalised element and an interest expense representing the unwinding of the discount on the decommissioning provision.

As at 1 July 2004 the adoption of AIFRS has resulted in a reduction to the provision of $1,090,000, with a corresponding increase to opening retained earnings. As a result the deferred tax asset has been decreased by $327,000, with a corresponding decrease to opening retained earnings.

For the financial year ended 30 June 2005, the unwinding of the discount has resulted in additional interest expense of $27,000, a decrease to income tax expense of $8,000, resulting in a net reduction to net profit after tax of $19,000.

(d) Share Based Payments

The Consolidated Entity has elected to apply the exemption in AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* to not apply AASB 2 to share options granted prior to 7 November 2002 or that vested before 1 January 2005.

Under previous GAAP, the Consolidated Entity did not recognise an expense for options issued to employees at the date of the grant. On adoption of AASB 2 Share Based Payments, the Consolidated Entity recognises the fair value of options granted as an employee expense with a corresponding increase in equity. The fair value measured at grant date is recognised as an expense over the relevant vesting period.

The effect in the Consolidated Entity of accounting for share based payments at fair value is to increase Employee expense by $437,000 for the financial year ended 30 June 2005.

34. EXPLANATION OF TRANSITION TO AIFRSs (CONTINUED)

(e) Income Taxes

Under AGAAP the Consolidated Entity calculated income tax balances under the income statement method. Under AIFRS Income tax is calculated using the "balance sheet" approach. This method recognises deferred tax balances when there is a difference between the carrying value of an asset or liability and it tax base. Other than described in Note 34c above, there are no material adjustments from the adoption of this method under AIRFS.

(f) Cashflow Statement

Under AIFRS, gold bullion has been reclassified from cash to receivables totalling $1,805,000 at 30 June 2005, and $2,515,000 at 1 July 2004. This has had the impact of increasing cashflow from operations by $709,000 for the year ended 30 June 2005 and decreasing cashflow from operations by $2,033,000 for the financial year ended 30 June 2004 under AIFRS. There are no other changes to the cashflow statement.

(g) The effect of the above adjustments on retained earnings is as follows:

		Consolidated		Parent	
	Note	1 July 2004 $'000	30 June 2005 $'000	1 July 2004 $'000	30 June 2005 $'000
Restatement of rehabilitation	34c	1,090	1,063	-	-
Deferred tax	34e	(327)	(319)	-	-
Total Adjustment to Equity		763	744	-	-
Attributable to:					
Equity holders of the parent		763	744	-	-
Minority interest		-	-	-	-
		763	744	-	-

(h) Re-classification

Under AIFRS various balance sheet items are required to be reclassified as follows:

a. **Prepayments**

Prepayments (Consolidated: $306,000) (Parent: Nil), (2004: (Consolidated: $374,000) (Parent: Nil)) have been reclassified from "Other current assets" to "Current trade and other receivables"

b. **Deposits**

Deposits (Consolidated: $37,000) (Parent: Nil), (2004: (Consolidated: $37,000) (Parent: Nil)) have been reclassified from "Other non current assets" to "Non Current trade and other receivables".

c. **Deferred Taxes**

Deferred Tax Assets (Consolidated: $598,000) (Parent: $8,000), (2004: (Consolidated: $268,000) (Parent: $6,000)) have been netted off with "Deferred tax liabilities".

d. **Provisions**

Provisions (Consolidated: $837,000) (Parent: $228,000), (2004: (Consolidated: $1,146,000) (Parent: $300,000)) have been reclassified from "Current trade and other payables" to "Current Provisions".

34. EXPLANATION OF TRANSITION TO AIFRSs (CONTINUED)

e. Employee Benefits

Employee benefits (Consolidated: $618,000) (Parent: Nil), (2004: (Consolidated: $254,000) (Parent: Nil)) have been reclassified from "Current trade and other payables" to "Employee benefits".

Reconciliation of profit for 2005

		Consolidated			Parent		
	NOTE	Previous AGAAP $'000	Effect of Transition to AIFRSs $'000	AIFRSs $'000	Previous AGAAP $'000	Effect of Transition to AIFRSs $'000	AIFRSs $'000
Revenue from sales		64,738	-	64,738	-	-	-
Interest Received		893	-	893	762	-	762
Total Revenue		65,631	-	65,631	762	-	762
Other income		4	-	4	-	-	-
Change in gold in circuit		759	-	759	-	-	-
Mining costs		(20,720)	-	(20,720)	-	-	-
Processing and maintenance costs		(10,606)	-	(10,606)	-	-	-
Employee expenses	34d	(11,336)	(437)	(11,773)	(91)	(437)	(528)
Energy costs		(7,651)	-	(7,651)	-	-	-
Site costs		(4,228)	-	(4,228)	-	-	-
Royalties		(1,746)	-	(1,746)	-	-	-
Consultants and professional fees		(230)	-	(230)	(32)	-	(32)
Office costs		(224)	-	(224)	(137)	-	(137)
Finance costs	34c	-	(27)	(27)	-	-	-
Depreciation and amortisation expense		(5,602)	-	(5,602)	-	-	-
Other expenses		(964)	-	(964)	(120)	-	(120)
Profit/(Loss) before tax		3,087	(464)	2,623	382	(437)	(55)
Income tax (expense) benefit	34e	(1,021)	8	(1,012)	(32)	-	(32)
Profit/ (loss) for the period		2,066	(456)	1,611	350	(437)	(87)
Earnings per share attributable to ordinary equity holders							
Basic earnings (loss) per share		3.15	(0.70)	2.45			
Diluted earnings (loss) per share		3.15	(0.75)	2.40			

Directors' Declaration

1 In the opinion of the Directors of Agincourt Resources Limited ("the Company"):

a) the financial statements and notes (including the remuneration disclosures that are contained in sections 17.1, 17.2 and 17.3 of the Remuneration report in the Directors' report) are in accordance with the Corporations Act 2001, including:

i) giving a true and fair view of the financial position of the Company and the Consolidated Entity as at 30 June 2006 and of their performance, as represented by the results of their operations and their cash flows for the financial year ended on that date; and

ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b) the remuneration disclosures that are contained in section 17.1, 17.2, and 17.3 of the Remuneration report in the Directors' report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures* and ASIC Class Order 06/105 *Calculation of director and executive remuneration / Corporations Act Regulation* 2M.6.04:

c) 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 The directors have been given the declarations required by Section 295A of the Corporations Act 2001, by the Managing Director and Chief Financial Officer for the financial year ended 30 June.

Signed in accordance with a resolution of the directors:

Pt. R. B

PETER BOWLER
Managing Director
Perth, 12 September 2006

Auditor's Independence Declaration

KPMG

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

To: the directors of Agincourt Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2006 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

B C FULLARTON
Partner

Perth
12 September 2006

KPMG

Independent audit report to members of Agincourt Resources Limited

Scope

The financial report, remuneration disclosures and directors' responsibility

The financial report comprises the income statements, statements of changes in recognised income and expense, balance sheets, statements of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Agincourt Resources Limited (the "Company") and Agincourt Resources Limited and its Controlled Entities (the "Consolidated Entity") for the financial year ended 30 June 2006. The Consolidated Entity comprises both the Company and the entities it controlled during that year.

As permitted by the Corporations Regulations 2001, the Company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Australian Accounting Standard AASB 124 *Related Party Disclosures*, under the heading "Remuneration report" in sections 17.1, 17.2 and 17.3 of the directors' report and not in the financial report.

The Remuneration report also contains information in 17.4 and 17.5 not required by Australian Accounting Standard AASB 124 which is not subject to our audit.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for preparing the relevant reconciling information regarding the adjustments required under the Australian Accounting Standard AASB 1 *First-time Adoption of Australian equivalents to International Financial Reporting Standards*. The directors are also responsible for the remuneration disclosures contained in the directors' report.

Audit approach

We conducted an independent audit 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 and that the remuneration disclosures comply with AASB 124. 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*, Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the Consolidated Entity's financial position, and of their performance as represented by the results of their operations and cash flows and whether the remuneration disclosures comply with Australian Accounting Standard AASB 124.

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.

Independent Audit Report (Continued)

KPMG

Audit opinion

In our opinion:

(1) the financial report of Agincourt Resources Limited is in accordance with:

a) the *Corporations Act 2001*, including:

i) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2006 and of their performance for the financial year ended on that date; and;

ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia; and

(2) the remuneration disclosures that are contained in sections 17.1, 17.2 and 17.3 of the Remuneration report in the directors' report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures.*

KPMG

KPMG

B C FULLARTON
Partner

Perth
12 September 2006

Additional Shareholder Information as at 6 October 2006

a) Substantial Shareholders lodged with the Company

Name of Ordinary Shareholder	Number of Shares Held	% of Shares Held
Newmont Capital Pty Ltd	43,060,000	19.99
Colonial First State	16,137,580	7.49

b) Listing of 20 Largest Shareholders

Rank	Name of Ordinary Shareholder	Number of Shares Held	% of Shares Held
1	Newmont Capital Pty Ltd	43,060,000	19.99
2	Westpac Custodian Nominees Ltd	36,846,904	17.11
3	ANZ Nominees Limited	29,937,119	13.90
4	Citicorp Nominees Pty Ltd	16,955,892	7.87
5	National Nominees Limited	14,624,260	6.79
6	J P Morgan Nominees Australia Limited	11,288,825	5.24
7	Kumbhalgarh Pty Ltd	6,469,565	3.00
8	HSBC Custody Nominees (Australia) Limited	6,461,797	3.00
9	Braidwood Investments (WA) Pty Ltd	5,950,000	2.76
10	Bedivere Holdings Pty Ltd	5,700,000	2.65
11	Bond Street Custodians Limited	3,951,265	1.83
12	UBS Nominees Pty Ltd	3,265,090	1.52
13	Arredo Pty Ltd	2,100,000	0.98
14	Queensland Investment Corporation	1,674,057	0.78
15	Powers Pty Ltd	1,428,219	0.66
16	Bowler Enterprises Pty Ltd	1,304,348	0.62
17	Cogent Nominees Pty Limited	1,119,404	0.53
18	Arredo Pty Ltd	1,000,000	0.46
19	Macquarie Bank Limited	1,000,000	0.46
20	Macquarie Bank Limited Metals & Energy Cap Div A/C	1,000,000	0.46
		195,136,745	90.61

c) Distribution of Shareholders

Range	Total Holders	Units	% Issued Capital
1 - 1,000	185	98,817	0.05
1,001 - 5,000	440	1,378,433	0.64
5,001 - 10,000	235	1,956,100	0.91
10,001 - 100,000	345	9,424,150	4.38
100,001 - over	58	202,505,380	94.02
Total	**1,263**	**215,362,880**	**100.00**

d) Number of Shareholders Holding Less than a Marketable Parcel is 91.

e) Voting Rights

(i) Ordinary Shares
On a show of hands every shareholder present in person or by proxy shall have one vote and upon a poll, each share shall have one vote.

(ii) Options
The Company's options have no voting rights.

f) Stock Exchange Listing
Agincourt Resources Limited shares are listed on the Australian Stock Exchange. The Company's ASX code is AGC.

g) Unlisted Employee Share Options

Number of Options	Exercise Price	Expiry Date	Number of Holders
500,000	$1.30	30 June 2009	1

AGINCOURT RESOURCES LIMITED
ACN 088 174 565
Second Floor
16 Ord Street
West Perth 6005 Western Australia

PO Box 219
West Perth 6872 Western Australia

Telephone: +61 8 9216 5800
Facsimile: +61 8 9216 5888
Email: admin@agincourtresources.com.au
Website: www.agincourtresources.com.au

VIVID9734