

OVERLAND RESOURCES LIMITED
ABN 86 009 079 047

FINANCIAL REPORT

30 June 2007

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Overland Resources Limited

Corporate Directory

Directors

Mr. Michael Haynes (Chairman)
Mr. Hugh Bresser (Managing Director)
Mr. Matthew Wood (Non Executive Director)

Company Secretaries

Mr. Tim Flavel
Mr. Scott Funston

Registered Office and Principal Place of Business

Level 2
675 Murray Street
West Perth WA 6005
Australia
Telephone: (+61 8) 9226 5566
Facsimile: (+61 8) 9226 2027

Stock Exchange Listing

Overland Resources Limited shares
are listed on the Australian Securities
Exchange, the home branch being Perth.
ASX Code: OVR

Auditors

Mack & Co.
Chartered Accountants
Level 2
35 Havelock Street
West Perth WA 6005

Overland Resources Limited

Directors' Report

The Directors present their report for Overland Resources Limited and its subsidiary for the year ended 30 June 2007.

DIRECTORS

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

Mr. Michael Haynes (Chairman)

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

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

Mr. Haynes is a Director of Genesis Minerals Limited (appointed 4 July 2007) and Overland Resources Limited (appointed 9 May 2006). Mr Haynes was a Director of Iberian Resources Limited (appointed 21 October 2003, resigned 31 July 2007).

Mr. Hugh Bresser (Managing Director)

Mr. Bresser has more than 14 years experience working in the resources industry. He holds an honours degree in Economic and Metalliferous Geology from James Cook University and an MBA from the Mt Eliza Business School, Melbourne. Mr. Bresser spent the last ten years working with BHP Billiton, generating and evaluating exploration projects in a variety of commodities within Australia, Asia, Southern Africa and South America. He has held senior positions within BHP Billiton's Global Exploration Division, including three years in Exploration Global Strategy, Business Planning and Risk Management. Mr. Bresser spent the last 18 months of his employment with BHP Billiton in a senior role within the Iron Ore Group, working on supply chain optimisation and new capital implementation. Mr. Bresser has previously held technical positions with Pancontinental Mining Ltd, Renison Goldfields Consolidated and Goldfields Ltd.

Mr. Bresser has not held any other Directorships over the past three years.

Mr. Matthew Wood (Non Executive Director)

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

Mr. Wood is a Director of Overland Resources Limited (appointed 9 May 2006) and Signature Brands Limited (appointed 19 February 2007). Mr. Wood was a Director of Iberian Resources Limited (appointed 21 October 2003, resigned 31 July 2007).

Overland Resources Limited

Directors' Report

COMPANY SECRETARIES

Mr. Flavel is a Chartered Accountant and Company Secretary, with over 20 years experience in the mining industry and accounting profession both in Australia and overseas. Mr. Flavel currently assists a number of resources companies operating throughout Australia, Africa and Europe with financial accounting, stock exchange compliance and regulatory activities.

Mr. Scott Funston is a Chartered Accountant with experience in the mining industry and accounting profession. His expertise is financial management and general corporate advice. Mr. Funston possesses a strong knowledge of the Australian Securities Exchange requirements and currently assists a number of resources companies operating throughout Australia, Europe, USA and Canada with financial accounting, stock exchange compliance and regulatory activities.

DIVIDENDS

No dividend was paid or declared by the Company in the year since the end of the period and up to the date of this report.

INTERESTS IN THE SECURITIES OF THE COMPANY

As at the date of this report, the interests of the Directors in the securities of the Company were:

| Director | Ordinary Shares |
|------------|-----------------|
| M. Haynes | 4,250,001 |
| M. Wood | 4,366,001 |
| H. Bresser | 4,190,000 |

CORPORATE STRUCTURE

Overland Resources Limited is a Company limited by shares that is incorporated and domiciled in Australia.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

During the financial year, the principal activity was mineral exploration. The Group currently holds base nickel, copper and platinum projects in Canada, New South Wales and New Zealand.

RESULTS OF OPERATIONS

The consolidated net loss of the Group for the year after income tax was \$491,841 (2006: \$10,737).

REVIEW OF OPERATIONS

In the eight months since listing Overland Resources Limited has achieved considerable success building the Group through it's aggressive exploration and project acquisition strategy. It has advanced the Peel Nickel-Copper Project in NSW and has secured a 90% interest in the Andrew Base Metal Project in Canada.

In January 2007 the Group entered into an option agreement to acquire a 90% interest in approximately 60km² of mineral claims in the Yukon Territory, Canada, known as the Andrew Base Metal Project. The project lies within the highly mineralised Selwyn Basin and encompass the high grade Andrew Zinc Deposit.

Overland Resources Limited

Directors' Report

In March 2007 an independent consultant calculated an inaugural JORC compliant resource calculation for the Andrew Zinc Deposit, utilizing historical drilling results from Noranda Inc. This resource is 5.92Mt at 5.84% Zn, 2.03% Pb, 9.49g/t Ag and 14.86g/t Ge, containing approximately 500,000 tonnes of zinc metal equivalent (commodity prices applied to derive the zinc equivalent resource were current at 29 August 2007, Zinc - US\$3055/t, Lead - US\$3188/t, Silver - US\$11.84/oz, Germanium US\$1150/kg).

The detailed resource table is shown below:

| Category | Tonnes | Zn (%) | Pb (%) | Ag (g/t) | Ge (g/t) |
|---------------|------------------|-------------|-------------|-------------|--------------|
| Indicated | 702, 422 | 7.09 | 1.01 | 5.61 | 22.21 |
| Inferred | 5,216,484 | 5.67 | 2.17 | 10.01 | 13.87 |
| Total* | 5,918,906 | 5.84 | 2.03 | 9.49 | 14.86 |

*Cut-off grade of 3% zinc applied

An extensive diamond drilling programme to test for strike and depth extensions to the Andrew Zinc Deposit commenced in June 2007. This drilling programme has successfully intersected stock-worked and massive sulphide mineralisation at depths below 200m. The drilling programme is continuing. Mineralisation remains open along strike and at depth.

Reprocessing of the airborne geophysical data, collected by Noranda, combined with geological mapping and soil and rock geochemistry has provided indications of an extensive mineralised structural corridor extending for approximately 5km between the Andrew Zinc Deposit and the Gentian prospect.

Stream, soil and rock geochemistry combined with geological mapping has also identified and advanced several prospects elsewhere on the claim blocks. These are yet to be drill tested. The exploration potential elsewhere on the claim blocks remains high and surrounding area and the Company plans to continue its aggressive exploration programme.

In March 2007 Company increased its ground position of it's Peel Nickel Copper Project in northern NSW with the granting of a 100% interest in EL6733, adjoining and directly north of its existing exploration leases. EL6733 includes the historical Mt Everest Mine which produced 800-1000 tonnes of ore averaging 14% copper between 1895 and 1908.

Three phases of field exploration were completed on the Peel Nickel Copper Project during the year including RC drilling for a total of 598m. The most significant intercept returned was 3m at 1.17% Cu, within 15m at 0.68% copper from 27m. Geological mapping, rock and soil geochemistry sampling was completed to advance numerous prospects.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Following lodgement of a prospectus dated 24 August 2006 for the issue of 15,000,000 shares at \$0.20 the Company was admitted onto the Official List and quotation for it's securities of the Australian Securities Exchange commenced on 14 November 2006.

On 1 February 2007 the Company announced it had secured an option to acquire a 90% interest in the high grade Andrew Zinc Deposit in Canada. The option was subsequently exercised on 26 July 2007.

Overland Resources Limited

Directors' Report

On 16 April 2007 the Company announced it had completed a placement of 20 million shares at \$0.60 per share to raise \$12 million.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 26 July 2007 the Group elected to exercise its option to acquire 90% of the Andrew Base Metal Project in the Yukon, Canada, ahead of schedule. To exercise the option, the Company paid US\$250,000 and issued 5,000,000 options, exercisable at \$0.20 on or before 25 July 2012.

On 17 September 2007, the Company received consent from the Department of Primary Industries, Victoria, to the surrender of the Exploration Licenses at the Jamieson Project.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

MEETINGS OF THE COMPANY'S DIRECTORS

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

| Name | Number of Meetings Eligible | Number of Meetings |
|--------------------|-----------------------------|--------------------|
| | to Attend | Attended |
| Mr. Hugh Bresser | 4 | 4 |
| Mr. Matthew Wood | 4 | 4 |
| Mr. Michael Haynes | 4 | 4 |

EMPLOYEES

The Group had 8 employees at 30 June 2007 (30 June 2006: Nil).

Overland Resources Limited

Directors' Report

SHARES UNDER OPTION

As at the date of this report, there were 12,000,000 unissued ordinary shares under options (7,000,000 at the reporting date). The details of the options at the date of this report are as follows:

| Number | Exercise Price \$ | Expiry Date |
|------------|-------------------|------------------|
| 7,000,000 | 0.20 | 31 December 2011 |
| 5,000,000 | 0.20 | 25 July 2012 |
| 12,000,000 | | |

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

During the financial year and since the end of the financial year, no options have been exercised to acquire fully paid ordinary shares.

REMUNERATION REPORT

This report outlines the remuneration arrangements in place for Directors and Executive of Overland Resources Limited.

Remuneration Policy

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

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

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

The rewards for Directors have no set or pre-determined performance conditions or key performance indicators as part of their remuneration. The Board determines appropriate levels of performance rewards as and when they consider rewards are warranted.

Overland Resources Limited

Directors' Report

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

| Short term | | | | | Post employment | |
|--------------------|-------------|-------------------------|-------------------|--------------------|--------------------|---------|
| 2007 | Base Salary | Share Based Payments | Directors Fees | Consulting Fees | Superannuation | Total |
| Director | \$ | \$ | \$ | \$ | \$ | \$ |
| Mr. Hugh Bresser | - | - | - | 185,000 | - | 185,000 |
| Mr. Michael Haynes | - | - | 60,000 | - | - | 60,000 |
| Mr. Matthew Wood | - | - | 60,000 | - | - | 60,000 |
| Executive | | | | | | |
| Mr. Tim Flavel | - | - | - | 40,700 | - | 40,700 |
| | - | - | 120,000 | 225,700 | - | 345,700 |

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

Executive Directors and Executive

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

The Managing Director, Mr. Hugh Bresser, is employed under a consulting services agreement, which commenced on 1 July 2006 for a period of twenty four months unless extended by both parties. The agreement may be terminated by Mr. Bresser at any time by giving three months notice in writing, or such shorter period of notice as may be agreed. The Company may terminate the agreement by the board giving three months written notice or by paying an amount equivalent to three months fees (based on the agreed consulting fee) or without notice in case of serious misconduct, at which time Mr. Bresser would be entitled to that portion of consulting fees services arising up to the date of termination. No additional Director's fees will be paid to Mr. Bresser in addition to the fees paid under the consulting agreement.

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

Non-Executive Directors

The Non Executive Directors, Mr. Matthew Wood and Mr. Michael Haynes are paid an annual Director's fee on a monthly basis.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Overland Resources Limited

Directors' Report

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has made an agreement indemnifying all the Directors and officers of the Company against all losses or liabilities incurred by each Director or officer in their capacity as Directors or officers of the Company. The indemnification specifically excludes wilful acts of negligence. The Company paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current officers of the Company, including officers of the Company's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group. The total amount of insurance premiums paid has not been disclosed due to confidentiality reasons.

CORPORATE GOVERNANCE

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

AUDITOR'S INDEPENDENCE AND NON-AUDIT SERVICES

The Company has obtained an independence declaration from its auditors, Mack & Co., which forms part of this report. A copy of that declaration is included at page 38 of this report.

The auditor was paid \$7,000 for the preparation of an Investigating Accountants Report, included in the prospectus lodged with ASIC on 24 August 2006 as part of the Company's Initial Public Offer.

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



Michael Haynes

Chairman

26 September 2007

Corporate Governance Statement

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

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

Structure of the Board

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

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

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

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

In accordance with the definition of independence above, there are no Independent Directors.

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

Corporate Governance Statement

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

| Name | Term in office |
|----------------|------------------|
| Hugh Bresser | 1 year 3 months |
| Matthew Wood | 2 years 4 months |
| Michael Haynes | 2 years 4 months |

Nomination Committee

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

Audit and Risk Management Committee

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

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

Performance

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

Remuneration

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

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

Corporate Governance Statement

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

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

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

Corporate Governance Compliance

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

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

**Overland Resources Limited
Financial Statements**

Income Statement for the year ended 30 June 2007

| | Notes | Consolidated 2007 \$ | Company 2007 \$ | 2006 \$ |
|--|-------|----------------------------|-----------------------|-----------------|
| Revenues from continuing operations | | | | |
| Interest revenue | | 167,129 | 167,129 | 3,102 |
| Total revenue | | 167,129 | 167,129 | 3,102 |
| Expenses | | | | |
| Consultants | | 182,485 | 182,485 | - |
| Directors fees | | 120,000 | 120,000 | - |
| Audit and tax fees | | 23,000 | 23,000 | 5,000 |
| Insurance | | 24,640 | 24,640 | - |
| Accounting fees | | 19,059 | 19,059 | 620 |
| Computer and website expenses | | 24,751 | 24,751 | - |
| Serviced office | | 96,000 | 96,000 | - |
| Travel and accommodation | | 94,862 | 94,862 | - |
| Listing and registry fees | | 18,180 | 18,180 | 2,130 |
| Legal expenses | | 12,554 | 12,554 | 560 |
| Other | | 43,439 | 51,619 | 5,529 |
| Total expenses | | 658,970 | 667,150 | 13,839 |
| Loss before income tax | | (491,841) | (500,021) | (10,737) |
| Income tax expense | 3 | - | - | - |
| Net loss attributable to members of the parent entity | 11 | (491,841) | (500,021) | (10,737) |
| Basic loss per share (cents per share) | 16 | 1.60 | 1.62 | (0.74) |

The accompanying notes form part of these financial statements.

**Overland Resources Limited
Financial Statements**

Balance Sheet as at 30 June 2007

| | Notes | Consolidated | Company | |
|---|-------|-------------------|-------------------|----------------|
| | | 2007 | 2007 | 2006 |
| | | \$ | \$ | \$ |
| ASSETS | | | | |
| Current assets | | | | |
| Cash | 13(b) | 12,639,418 | 12,486,823 | 341,117 |
| Trade and other receivables | 4 | 64,462 | 20,381 | 3,393 |
| Total current assets | | 12,703,880 | 12,507,204 | 344,510 |
| Non current assets | | | | |
| Plant and equipment | 5 | 49,497 | 2,299 | 3,066 |
| Other financial assets | 6 | - | 11 | - |
| Other receivables | 7 | 40,000 | 1,039,626 | - |
| Deferred exploration and evaluation expenditure | 8 | 1,198,354 | 282,871 | 41,582 |
| Total non current assets | | 1,287,851 | 1,324,807 | 44,648 |
| Total assets | | 13,991,731 | 13,832,011 | 389,158 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Trade and other payables | 9 | 238,690 | 78,970 | 10,392 |
| Total current liabilities | | 238,690 | 78,970 | 10,392 |
| Total liabilities | | 238,690 | 78,970 | 10,392 |
| Net assets | | 13,753,041 | 13,753,041 | 378,766 |
| EQUITY | | | | |
| Contributed equity | 10(a) | 13,591,799 | 13,591,799 | 389,503 |
| Reserves | 12 | 663,820 | 672,000 | - |
| Retained losses | 11 | (502,578) | (510,758) | (10,737) |
| Total equity | | 13,753,041 | 13,753,041 | 378,766 |

The accompanying notes form part of these financial statements.

**Overland Resources Limited
Financial Statements**

Statement of Changes in Equity for the year ended 30 June 2007

| | Notes | Consolidated | | Company | |
|---|-------|-------------------|-------------------|----------------|----------------|
| | | 2007 | 2007 | 2007 | 2006 |
| | | \$ | \$ | \$ | \$ |
| Total equity at the beginning of the period | | 378,766 | 378,766 | - | - |
| Exchange differences on translation of foreign operations | 12 | (8,180) | - | - | - |
| | | (8,180) | - | - | - |
| Net income recognised directly in equity: | | | | | |
| Loss for the year | 11 | (491,841) | (500,021) | (10,737) | (10,737) |
| Total income and expense for the year | | (500,021) | (500,021) | (10,737) | (10,737) |
| Share based payments | 21 | 672,000 | 672,000 | - | - |
| Issue of shares during the year | | 15,000,000 | 15,000,000 | 401,503 | 401,503 |
| Share issue costs | 10(b) | (1,797,704) | (1,797,704) | (12,000) | (12,000) |
| Total equity at the end of the period | | 13,753,041 | 13,753,041 | 378,766 | 378,766 |

The accompanying notes form part of these financial statements.

**Overland Resources Limited
Financial Statements**

Cash Flow Statement for the year ended 30 June 2007

| | Notes | Consolidated | | Company | |
|--|-------|--------------------------|--------------------------|-----------------------|------|
| | | 2007 | 2007 | 2006 | 2006 |
| | | \$ | \$ | \$ | \$ |
| Cash flows from operating activities | | | | | |
| Payments to suppliers and employees | | (621,218) | (621,185) | (8,668) | |
| Interest received | | 167,129 | 167,129 | 3,102 | |
| Net cash flows used in operating activities | 13(a) | <u>(454,089)</u> | <u>(454,056)</u> | <u>(5,566)</u> | |
| Cash flows from investing activities | | | | | |
| Purchase of property, plant and equipment | | (47,198) | - | (3,066) | |
| Investment in subsidiary | | - | (11) | - | |
| Tenement expenditure guarantees | | (40,000) | (40,000) | - | |
| Loans advanced to related entities | | - | (1,007,839) | - | |
| Expenditure on exploration | | (1,032,208) | (224,184) | (42,254) | |
| Net cash flows used in investing activities | | <u>(1,119,406)</u> | <u>(1,272,034)</u> | <u>(45,320)</u> | |
| Cash flows from financing activities | | | | | |
| Transaction costs of issue of shares | | (1,125,704) | (1,125,704) | (12,000) | |
| Proceeds from borrowings | | - | - | 2,500 | |
| Repayment of borrowings | | (2,500) | (2,500) | - | |
| Proceeds from issue of shares | | 15,000,000 | 15,000,000 | 401,503 | |
| Net cash flows from financing activities | | <u>13,871,796</u> | <u>13,871,796</u> | <u>392,003</u> | |
| Net increase in cash and cash equivalents | | 12,298,301 | 12,145,706 | 341,117 | |
| Cash and cash equivalents at beginning of period | | 341,117 | 341,117 | - | |
| Cash and cash equivalents at end of period | 13(b) | <u>12,639,418</u> | <u>12,486,823</u> | <u>341,117</u> | |

The accompanying notes form part of these financial statements.

Overland Resources Limited Financial Statements

Notes to the Financial Statements for the year ended 30 June 2007

1. Corporate Information

The financial report of Overland Resources Limited (the Company) for the year ended 30 June 2007 was authorised for issue in accordance with a resolution of the Directors on 26 September 2007.

Overland Resources Limited is a listed public Company limited by shares incorporated and domiciled in Australia.

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

2. Summary of Significant Accounting Policies

a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis. The Company did not have a subsidiary as at 30 June 2006, therefore there are no comparatives for the consolidated entity for 30 June 2006. The presentation currency is Australian dollars.

b) Statement of Compliance

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

Certain Australian Accounting Standards and UIG interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting period ended 30 June 2007. The Directors' have assessed the impact of these new or amended standards (to the extent relevant to the Company) and interpretations as follows:

Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ended 30 June 2007:

| AASB Amendment | Affected Standard (s) | Nature of change to accounting policy | Application date of standard | Application date for Company |
|----------------|--|---|------------------------------|------------------------------|
| 2005-10 | AASB 132 <i>Financial Instruments: Disclosure and Presentation</i> , AASB 101 <i>Presentation of Financial Statements</i> , AASB 114 <i>Segment Reporting</i> , AASB 117 <i>Leases</i> , AASB 133 <i>Earnings per Share</i> , AASB 139 <i>Financial Instruments: Recognition and Measurement</i> , AASB 1 <i>First-time adoption of AIFRS</i> , AASB 4 <i>Insurance Contracts</i> , AASB 1023 <i>General insurance Contracts</i> and AASB 1038 <i>Life Insurance Contracts</i> | No change to accounting policy required. Therefore no impact. | 1 January 2007 | 1 July 2007 |

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**Notes to the Financial Statements
for the year ended 30 June 2007**

| AASB Amendment | Affected Standard (s) | Nature of change to accounting policy | Application date of standard | Application date for Company |
|------------------------|--|--|-------------------------------------|-------------------------------------|
| 2007-1 | AASB Interpretation 11 (AASB 2 <i>Share-based Payment</i>) | No change to accounting policy required. Therefore no impact. | 1 March 2007 | 1 July 2007 |
| 2007-3 | AASB 8 <i>Operating Segments</i> | AASB 8 is a disclosure standard so will have no impact on the amounts included in the Company's financial statements. However the new standard may have an impact on the segment disclosures included in the Company's financial report. | 1 January 2009 | 1 July 2009 |
| 2007-4 | ED 151 and other amendments | No change to accounting policy required. Therefore no impact. | 1 July 2007 | 1 July 2007 |
| 2007-6 | AASB 123 <i>Borrowing Costs</i> | No change to accounting policy required. Therefore no impact. | 1 January 2009 | 1 July 2009 |
| 2007-7 | Amendments to AASB 1 <i>First-time adoption of AIFRS</i> , AASB 2 <i>Share-based Payment</i> , AASB 4 <i>Insurance Contracts</i> , AASB 5 <i>Non-Current Assets Held for Sale and Discontinued Operations</i> , AASB 107 <i>Cash Flow Statements</i> , AASB 128 <i>Investments in Associates</i> | No change to accounting policy required. Therefore no impact. | 1 July 2007 | 1 July 2007 |
| New Standard | AASB 7 <i>Financial Instruments: Disclosures</i> | No change to accounting policy required. Therefore no impact. | 1 January 2007 | 1 July 2007 |
| | AASB 8 <i>Operating Segments</i> | AASB 8 is a disclosure standard so will have no impact on the amounts included in the Company's financial statements. However the new standard may have an impact on the segment disclosures included in the Company's financial report. | 1 January 2009 | 1 July 2009 |
| | AASB 101 (revised October 2006) <i>Presentation of Financial Statements</i> | AASB 101 is a disclosure standard so will have no impact on the amounts included in the Company's financial statements. However the new standard may have an impact on the segment disclosures included in the Company's financial report. | 1 January 2007 | 1 July 2007 |
| | AASB 123 (revised June 2007) <i>Borrowing Costs</i> | No change to accounting policy required. Therefore no impact. | 1 January 2009 | 1 July 2009 |
| Interpretations | AASB Interpretation 10 | The prohibition on reversing impairment in AASB 136 and AASB 139 to take precedence over the more general statement in AASB 134 that interim reporting is not expected to have any impact on the Company's financial report | 1 November 2006 | 1 July 2007 |
| | AASB Interpretation 11 | No change to accounting policy required. Therefore no impact. | 1 March 2007 | 1 July 2007 |

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

| | |
|---------------|--|
| 2007-2 | AASB Interpretation 12 (AASB 1 <i>First-time adoption of AIFRS</i> , AASB 117 <i>Leases</i> , AASB 118 <i>Revenue</i> , AASB 120 <i>Accounting for Government Grants and Disclosure of Government Assistance</i> , AASB 121 <i>The Effects of Changes in Foreign Exchange Rates</i> , AASB 127 <i>Consolidated and Separate Financial Statements</i> , AASB 131 <i>Interests in Joint Ventures</i> , AASB 139 <i>Financial Instruments Recognition and Measurement</i>) |
| 2007-5 | Amendments to Australian Accounting Standard – Inventories Held for Distribution by Not for Profit Entities |
| | AASB Interpretation 12 (revised June 2007) |
| | IFRIC Interpretation 13 |
| | IFRIC Interpretation 14 |

Overland Resources Limited Financial Statements

Notes to the Financial Statements for the year ended 30 June 2007

c) Income tax

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

No deferred income tax will be recognised from the initial recognition of goodwill or of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

No deferred income tax will be recognised in respect of temporary differences associated with investments in subsidiaries if the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the near future.

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

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

The amount of benefits brought to account or which may be realised in the future is based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each balance date and only recognised to the extent that sufficient future assessable income is expected to be obtained.

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

d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Overland Resources Limited and its subsidiary as at 30 June each year ('the Company').

Subsidiaries are all those entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a Company controls another entity.

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

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-company transactions have been eliminated in full.

Overland Resources Limited Financial Statements

Notes to the Financial Statements for the year ended 30 June 2007

Subsidiaries are fully consolidated from the date on which control is obtained by the Company and cease to be consolidated from the date on which control is transferred out of the Company.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

e) Cash and cash equivalents

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

f) Trade and other receivables

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

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

g) Property, plant and equipment

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

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

Depreciation

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

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

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

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

Overland Resources Limited Financial Statements

Notes to the Financial Statements for the year ended 30 June 2007

Derecognition

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

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

Impairment

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

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

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

h) Exploration expenditure

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

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

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

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

i) Impairment of assets

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

Overland Resources Limited Financial Statements

Notes to the Financial Statements for the year ended 30 June 2007

an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

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

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

j) Trade and other payables

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

k) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

l) Revenue

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

Interest income

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

Overland Resources Limited Financial Statements

Notes to the Financial Statements for the year ended 30 June 2007

m) Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

n) Goods and services tax

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

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

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

o) Investments in controlled entities

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

p) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional and presentation currency of Overland Resources Limited is Australian dollars. The functional currency of the overseas subsidiary is Canadian dollars.

Overland Resources Limited Financial Statements

Notes to the Financial Statements for the year ended 30 June 2007

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(iii) Company entities

The results and financial position of all the Company entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the income statement, as part of the gain or loss on sale where applicable.

q) Significant accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions 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.

Determination of mineral resources and ore reserves

Overland Resources estimates its mineral resources and ore reserves in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 (the 'JORC code'). The information on mineral

Overland Resources Limited Financial Statements

Notes to the Financial Statements for the year ended 30 June 2007

resources and ore reserves were prepared by or under the supervision of Competent Persons as defined in the JORC code. The amounts presented are based on the mineral resources and ore reserves determined under the JORC code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated. Such changes in reserves could impact on depreciation and amortisation rates, asset carrying values, deferred stripping costs and provisions for decommissioning and restoration.

Capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

Share based payment transactions

The Company measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in note 21.

r) Segment reporting

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

**Overland Resources Limited
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**Notes to the Financial Statements
for the year ended 30 June 2007**

| | Consolidated | Company | |
|---|---------------------|----------------|----------|
| | 2007 | 2007 | 2006 |
| | \$ | \$ | \$ |
| 3. Income Tax | | | |
| (a) Income tax expense | | | |
| Current tax | - | - | - |
| Deferred tax | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| | - | - | - |
| (b) A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Company's applicable tax rate is as follows: | | | |
| Loss from continuing operations before income tax expense | (491,841) | (500,020) | (10,737) |
| Tax at the company rate of 30% | (147,552) | (150,006) | (3,221) |
| Deferred tax balances not brought to account | 147,552 | 150,006 | 3,221 |
| | <hr/> | <hr/> | <hr/> |
| Income tax expense | - | - | - |
| (c) Deferred tax | | | |
| The following deferred tax balances have not been brought to account: | | | |
| <i>Assets</i> | | | |
| Losses available to offset against future taxable income | 300,857 | 300,857 | 14,916 |
| Share issue costs | 272,329 | 272,329 | 2,880 |
| Accrued expenses | 4,500 | 4,500 | 2,250 |
| Other | - | 2,464 | - |
| | <hr/> | <hr/> | <hr/> |
| | 577,686 | 580,150 | 20,046 |
| <i>Liabilities</i> | | | |
| Capitalised exploration and evaluation expenditure | 84,861 | 84,861 | 12,475 |
| | <hr/> | <hr/> | <hr/> |
| | 84,861 | 84,861 | 12,475 |
| (c) Tax losses | | | |
| Unused tax losses | 1,002,856 | 1,002,856 | 49,719 |
| Potential tax benefit not recognised at 30% | 300,857 | 300,857 | 14,916 |
| | <hr/> | <hr/> | <hr/> |
| (d) Tax consolidation | | | |
| Overland Resources has not formed a tax consolidation group and there is no tax sharing agreement. | | | |

**Overland Resources Limited
Financial Statements**

**Notes to the Financial Statements
for the year ended 30 June 2007**

| | Consolidated | Company | |
|---|---------------------|----------------|--------------|
| | 2007 | 2007 | 2006 |
| | \$ | \$ | \$ |
| 4. Trade and Other Receivables - Current | | | |
| GST receivable | 59,054 | 18,637 | 3,393 |
| Pre-payments | 3,664 | - | - |
| Other | 1,744 | 1,744 | - |
| | 64,462 | 20,381 | 3,393 |

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

5. Plant and Equipment

| | | | |
|---------------------------|---------------|--------------|--------------|
| Plant and equipment | 50,264 | 3,066 | 3,066 |
| Accumulated depreciation | (767) | (767) | - |
| Total plant and equipment | 49,497 | 2,299 | 3,066 |

The useful life of the plant and equipment is estimated at four years.

Movement in Plant and Equipment

| | | | |
|--------------------------------------|---------------|--------------|--------------|
| Carrying amount at beginning of year | 3,066 | 3,066 | - |
| Additions | 47,198 | - | 3,066 |
| Depreciation expense | (767) | (767) | - |
| Carrying amount at end of year | 49,497 | 2,299 | 3,066 |

6. Other Financial Assets – Non Current

| | | | |
|---------------------------------|---|-----------|---|
| Investment in controlled entity | - | 11 | - |
|---------------------------------|---|-----------|---|

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2 (d).

Details of subsidiary companies are as follows:

| Name | Country of incorporation | % Equity Interest | |
|----------------------------------|--------------------------|-------------------|------|
| | | 2007 | 2006 |
| Overland Resources Yukon Limited | Canada | 100% | N/A |

**Overland Resources Limited
Financial Statements**

**Notes to the Financial Statements
for the year ended 30 June 2007**

| | Consolidated | Company | |
|---|---------------------|-------------------|----------------|
| | 2007 | 2007 | 2006 |
| | \$ | \$ | \$ |
| 7. Other Receivables – Non Current | | | |
| Amounts owing by controlled entities: | | | |
| Overland Yukon Limited | - | 999,659 | - |
| Less: impairment losses | - | (33) | - |
| | - | 999,626 | - |
| Security deposits | 40,000 | 40,000 | - |
| | 40,000 | 1,039,626 | - |
| 8. Deferred Exploration and Evaluation Expenditure | | | |
| Exploration and evaluation expenditure | | | |
| At cost | 1,198,354 | 282,871 | 41,582 |
| Accumulated amortisation | - | - | - |
| Total exploration and evaluation | 1,198,354 | 282,871 | 41,582 |
| Movement in exploration and evaluation expenditure | | | |
| Carrying amount at beginning of year | 41,582 | 41,582 | - |
| Exploration expenditure during the year | 1,156,772 | 241,289 | 41,582 |
| Carrying amount at end of year | 1,198,354 | 282,871 | 41,582 |
| 9. Trade and Other Payables | | | |
| Trade payables | 223,690 | 63,970 | 2,892 |
| Other creditors | 15,000 | 15,000 | 7,500 |
| | 238,690 | 78,970 | 10,392 |
| Trade creditors, other creditors and goods and services tax are non-interest bearing and generally payable on 30 day terms. | | | |
| 10. Contributed Equity | | | |
| (a) Issued and paid up capital | | | |
| Ordinary shares fully paid | 13,591,799 | 13,591,799 | 389,503 |

**Overland Resources Limited
Financial Statements**

**Notes to the Financial Statements
for the year ended 30 June 2007**

| | 2007 | | 2006 | |
|--|-------------------|-------------------|-------------------|----------------|
| | Number of shares | \$ | Number of shares | \$ |
| (b) Movements in ordinary shares on issue | | | | |
| Balance at beginning of year | 19,000,003 | 389,503 | - | - |
| Formation shares | - | - | 3 | 3 |
| Vendor shares | - | - | 15,000,000 | 1,500 |
| Initial public offer | 15,000,000 | 3,000,000 | - | - |
| Exempt placement | 20,000,000 | 12,000,000 | 4,000,000 | 400,000 |
| Transaction costs on share issue | - | (1,797,704) | - | (12,000) |
| | 54,000,003 | 13,591,799 | 19,000,003 | 389,503 |

(c) Ordinary shares

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

d) Share options

At the date of this report, there were 12,000,000 unissued ordinary shares under options (7,000,000 at the reporting date).

The details of the options at the date of this report are as follows:

| Number | Exercise Price | Issue Date | Expiry Date |
|------------|----------------|------------------|------------------|
| 7,000,000 | 0.20 | 14 November 2006 | 31 December 2011 |
| 5,000,000 | 0.20 | 26 July 2007 | 25 July 2012 |
| 12,000,000 | | | |

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

The options issued on 14 November 2006 are subject to an escrow period of two years.

| | Consolidated | Company | |
|--|--------------|---------|------|
| | 2007 | 2007 | 2006 |
| | \$ | \$ | \$ |

11. Accumulated losses

Movements in accumulated losses were as follows:

| | | | |
|--|----------------|----------------|---------------|
| Balance at beginning of year | 10,737 | 10,737 | - |
| Net loss attributable to members of Overland Resources Limited | 491,841 | 500,021 | 10,737 |
| Balance at end of year | 502,578 | 510,758 | 10,737 |

**Overland Resources Limited
Financial Statements**

**Notes to the Financial Statements
for the year ended 30 June 2007**

| | Consolidated | Company | |
|--------------------------------------|---------------------|----------------|----------|
| | 2007 | 2007 | 2006 |
| | \$ | \$ | \$ |
| 12. Reserves | | | |
| Share based payments reserve | 672,000 | 672,000 | - |
| Foreign currency translation reserve | (8,180) | - | - |
| | 663,820 | 672,000 | - |

Movement in reserves:

Share based payments reserve

| | | | |
|------------------------------|---------|---------|---|
| Balance at beginning of year | - | - | - |
| Equity benefits expense | 672,000 | 672,000 | - |
| Balance at end of year | 672,000 | 672,000 | - |

The share based payment reserve is used to record the value of equity benefits granted.

Foreign currency translation reserve

| | | | |
|--|---------|---|---|
| Balance at beginning of year | - | - | - |
| Currency translation differences arising during the year | (8,180) | - | - |
| Balance at end of year | (8,180) | - | - |

The foreign currency translation reserve is used to record currency differences arising from the translation of the financial statements of foreign operations.

13. Cash flow statement

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

| | | | |
|--|-----------|-----------|----------|
| Net loss after tax | (491,841) | (500,021) | (10,737) |
| Adjustments for: | | | |
| Depreciation | 767 | 767 | - |
| Impairment intercompany loan | - | 33 | - |
| Foreign exchange differences | - | 8,180 | - |
| Changes in assets and liabilities: | | | |
| Increase in receivables | (15,242) | (15,242) | - |
| Increase in trade and other creditors | 52,227 | 52,227 | 5,171 |
| Net cash flow used in operating activities | (454,089) | (454,056) | (5,566) |

(b) Reconciliation of cash

Cash balance comprises:

| | | | |
|--------------|------------|------------|---------|
| Cash at bank | 12,639,418 | 12,486,823 | 341,117 |
|--------------|------------|------------|---------|

The cash at bank is invested at floating interest rates between 1.25% and 6.10%.

**Overland Resources Limited
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**Notes to the Financial Statements
for the year ended 30 June 2007**

14. Expenditure commitments

(a) Expenditure commitments

Under the terms and conditions of being granted exploration licenses, the Company has a minimum annual commitment for the term of the license. The terms of the licenses are between 2 and 5 years within Australia and there no expenditure commitments within Canada.

| | Consolidated | Company | |
|--|---------------------|----------------|--------|
| | 2007 | 2007 | 2006 |
| | \$ | \$ | \$ |
| Commitments contracted for at reporting date but not recognised as liabilities are as follows: | | | |
| Within one year | 92,000 | 92,000 | 47,500 |
| After one year but not longer than 5 years | 44,500 | 44,500 | 47,500 |
| Greater than 5 years | - | - | - |
| | 136,500 | 136,500 | 95,000 |

(b) Remuneration commitments

Under the terms and conditions of the consulting services agreements entered into by the Company with the Managing Director, the Company has a minimum commitment for the term of the consulting service agreement. The term of the agreement is 2 years. Commitments contracted for at reporting date but not recognised as liabilities are as follows:

| | | | |
|-----------------|---------|---------|---------|
| Within one year | 240,000 | 240,000 | 185,000 |
|-----------------|---------|---------|---------|

(c) Services agreement

The Company entered a service agreement for certain administrative services and office space for a term of two years. The Company is required to give three months written notice to terminate the agreement. Commitments contracted for at reporting date but not recognised as liabilities are as follows:

| | | | |
|--|--------|--------|---------|
| Within one year | 96,000 | 96,000 | 96,000 |
| After one year but not longer than 5 years | - | - | 96,000 |
| | 96,000 | 96,000 | 192,000 |

15. Subsequent events

On 26 July 2007 the Company elected to exercise its option to acquire 90% of the Andrew Base Metal Project in the Yukon, Canada, ahead of schedule. To exercise the option, the Company paid US\$250,000 and issued 5,000,000 options, exercisable at \$0.20 on or before 25 July 2012.

On 17 September 2007, the Company received consent from the Department of Primary Industries, Victoria, to the surrender of the Exploration Licenses at the Jamieson Project.

**Overland Resources Limited
Financial Statements**

**Notes to the Financial Statements
for the year ended 30 June 2007**

| | Consolidated | Company | |
|---|---------------------|----------------|-----------|
| | 2007 | 2007 | 2006 |
| | \$ | \$ | \$ |
| 16. Loss per share | | | |
| Loss used in calculating basic and dilutive EPS | 491,841 | 500,021 | 10,737 |
| Weighted number of ordinary shares outstanding during the period used in the calculation of basic EPS | 30,780,825 | 30,780,825 | 1,457,537 |
| Weighted number of ordinary shares outstanding during the period used in the calculation of diluted EPS | 30,780,825 | 30,780,825 | 1,457,537 |
| Basic loss per share (cents per share) | 1.60 | 1.62 | 0.74 |
| Diluted loss per share (cents per share) | 1.60 | 1.62 | 0.74 |

The number of potential ordinary shares, which do not have a dilutive effect is 7,000,000 (2006: Nil)

17. Auditors' remuneration

The auditor of Overland Resources Limited is Mack & Co.

Amounts received or due and receivable by Mack & Co. for:

| | | | |
|--|---------------|---------------|--------------|
| Audit or review of the financial report of the Company | 23,000 | 23,000 | 5,000 |
| Preparation of Investigating Accountants Report | 7,000 | 7,000 | - |
| | <u>30,000</u> | <u>30,000</u> | <u>5,000</u> |

18. Director and Executive Disclosures

(a) Details of Key Management Personnel

(i) Specified Directors

| | |
|--------------------|------------------------|
| Mr. Michael Haynes | Chairman |
| Mr. Hugh Bresser | Managing Director |
| Mr. Matthew Wood | Non Executive Director |

(ii) Executive

Mr. Tim Flavel Company Secretary

(b) Compensation of Key Management Personnel

(i) Compensation Policy

The full Board is responsible for determining and reviewing compensation arrangements for the Directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to

**Overland Resources Limited
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**Notes to the Financial Statements
for the year ended 30 June 2007**

relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. The Company does not link the nature and amount of the emoluments of such officers to the Company's financial or operational performance.

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

(ii) Compensation of Key Management Personnel

| 2007 | Short term | | | | Post employment | Total |
|--------------------|-------------|----------------------|----------------|-----------------|-----------------|---------|
| | Base Salary | Share Based Payments | Directors Fees | Consulting Fees | Superannuation | |
| Director | \$ | \$ | \$ | \$ | \$ | \$ |
| Mr. Hugh Bresser | - | - | - | 185,000 | - | 185,000 |
| Mr. Michael Haynes | - | - | 60,000 | - | - | 60,000 |
| Mr. Matthew Wood | - | - | 60,000 | - | - | 60,000 |
| Executive | | | | | | |
| Mr. Tim Flavel | - | - | - | 40,700 | - | 40,700 |
| | - | - | 120,000 | 225,700 | - | 345,700 |

There was no compensation of key management personnel during the period ended 30 June 2006.

| | Consolidated | Company | |
|---------------------------------------|---------------------|----------------|------|
| | 2007 | 2007 | 2006 |
| | \$ | \$ | \$ |
| <i>(iii) Compensation by category</i> | | | |
| Short term employee benefits | 345,700 | 345,700 | - |
| Share based payments | - | - | - |
| Post employment benefits | - | - | - |
| | 345,700 | 345,700 | - |

Executive Directors and Executive

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

The Managing Director, Mr. Hugh Bresser, is employed under a consulting services agreement, which commenced on 1 July 2006 for a period of twenty four months unless extended by both parties. The agreement may be terminated by Mr. Bresser at any time by giving three months notice in writing, or such shorter period of notice as may be agreed. The Company may terminate the agreement by the board giving three months written notice or by paying an amount equivalent to three months fees (based on the agreed consulting fee) or without notice in case of serious misconduct, at which time Mr. Bresser would

**Overland Resources Limited
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**Notes to the Financial Statements
for the year ended 30 June 2007**

be entitled to that portion of consulting fees services arising up to the date of termination. No additional Director's fees will be paid to Mr. Bresser in addition to the fees paid under the consulting agreement.

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

Non-Executive Directors

The Non Executive Directors' Mr. Matthew Wood and Mr. Michael Haynes are paid an annual Director's fee on a monthly basis.

(c) Shareholdings and option holdings of Key Management Personnel

(i) Shareholdings

The number of shares in the Company held during the financial year held by each Director of Overland Resources Limited, including their personally related parties, is set out below. There were no shares granted during the reporting period as compensation.

| 30 June 2007 | Balance at the start of the year | Granted during the year as compensation | Exercised during the year | Other changes during the year | Balance at the end of the year |
|---------------------|----------------------------------|---|---------------------------|-------------------------------|--------------------------------|
| Directors | | | | | |
| Mr. Michael Haynes | 4,250,001 | - | - | - | 4,250,001 |
| Mr. Matthew Wood | 4,300,001 | - | - | 66,000 | 4,366,001 |
| Mr. Hugh Bresser | 4,190,000 | - | - | - | 4,190,000 |
| Executive | | | | | |
| Mr. Tim Flavel | 1,850,001 | - | - | - | 1,850,001 |
| Total | 14,590,003 | - | - | 66,000 | 14,656,003 |

There were no other key management personnel to disclose for the year ended 30 June 2007.

| 30 June 2006 | Balance at the start of the year | Granted during the year as compensation | Exercised during the year | Other changes during the year | Balance at the end of the year |
|--|----------------------------------|---|---------------------------|-------------------------------|--------------------------------|
| Directors | | | | | |
| Mr. Michael Haynes | - | - | - | 4,250,001 | 4,250,001 |
| Mr. Matthew Wood | - | - | - | 4,300,001 | 4,300,001 |
| Mr. Hugh Bresser | - | - | - | 4,190,000 | 4,190,000 |
| Mr. Tim Flavel (<i>resigned 2 June 2006</i>) | - | - | - | 1,850,001 | 1,850,001 |
| Total | - | - | - | 14,590,003 | 14,590,003 |

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

Overland Resources Limited Financial Statements

Notes to the Financial Statements for the year ended 30 June 2007

(ii) Option holdings

There were no options held by key management personnel for the year ended 30 June 2007 and the year ended 30 June 2006.

(d) Other transactions with key management personnel

- (i) MQB Ventures Pty Ltd, a Company of which Mr. Matthew Wood and Mr. Michael Haynes are Directors, provided the Company with a fully serviced office including administration support for a fee totaling \$96,000 during the year. MQB Ventures Pty Ltd also employs geological and accounting staff which were on charged at cost to the Company for an amount totaling \$61,902.
- (ii) Mineral Quest Pty Ltd, a Company of which Mr. Matthew Wood is a Director, was paid Directors fees of \$60,000 during the year. This amount is included in Note 18b(ii) "Compensation of Key Management Personnel".
- (iii) Bullseye Geoservices Pty Ltd, a Company of which Mr. Michael Haynes is a Director, was paid Directors fees of \$60,000 during the year. This amount is included in Note 18b(ii) "Compensation of Key Management Personnel".
- (iv) Warrior Consulting Pty Ltd, a Company of which Mr. Tim Flavel is a Director, was paid consulting fees of \$40,700 during the year. This amount is included in Note 18b(ii) "Compensation of Key Management Personnel".
- (v) Milagro Ventures Pty Ltd, a Company of which Mr. Hugh Bresser is a Director was paid consulting fees of \$185,000 during the year. This amount is included in Note 18b(ii) "Compensation of Key Management Personnel".

There were no other transactions with key management personnel for the year ended 30 June 2007.

19. Related Party Disclosures

For Director related party transactions please refer to Note 18 "Director and Executive Disclosures".

There were no other related party disclosures for the year ended 30 June 2007.

20. Financial Instruments and Financial Risk Management

Exposure to interest rate and credit risk arises in the normal course of the Company's business. The Company does not hold or issue derivative financial instruments.

(a) Interest rate risk

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

**Overland Resources Limited
Financial Statements**

**Notes to the Financial Statements
for the year ended 30 June 2007**

Consolidated

| Financial Instruments | Floating interest rate | | Floating interest rate maturing in: 1 year or less | | Non-interest bearing | | Total | | Weighted average effective interest rate | |
|------------------------------------|------------------------|----------------|--|----------|----------------------|---------------|-------------------|----------------|--|------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | % | % |
| <i>(i) Financial assets</i> | | | | | | | | | | |
| Cash assets | 12,639,418 | 341,117 | - | - | - | - | 12,639,418 | 341,117 | 6.00 | 4.00 |
| Trade and other receivables | - | - | - | - | 64,462 | 3,393 | 64,462 | 3,393 | N/A | N/A |
| Total financial assets | 12,639,418 | 341,117 | - | - | 64,462 | 3,393 | 12,703,880 | 344,510 | | |
| <i>(ii) Financial liabilities</i> | | | | | | | | | | |
| Trade and other payables | - | - | - | - | 238,690 | 10,392 | 238,690 | 10,392 | N/A | N/A |
| Total financial liabilities | - | - | - | - | 238,690 | 10,392 | 238,690 | 10,392 | | |

Parent

| Financial Instruments | Floating interest rate | | Floating interest rate maturing in: 1 year or less | | Non-interest bearing | | Total | | Weighted average effective interest rate | |
|------------------------------------|------------------------|----------------|--|----------|----------------------|---------------|-------------------|----------------|--|------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | % | % |
| <i>(i) Financial assets</i> | | | | | | | | | | |
| Cash assets | 12,486,418 | 341,117 | - | - | - | - | 12,486,418 | 341,117 | 6.07 | 4.00 |
| Trade and other receivables | - | - | - | - | 20,381 | 3,393 | 20,381 | 3,393 | N/A | N/A |
| Total financial assets | 12,486,418 | 341,117 | - | - | - | 3,393 | 12,506,799 | 344,510 | | |
| <i>(ii) Financial liabilities</i> | | | | | | | | | | |
| Trade and other payables | - | - | - | - | 78,970 | 10,392 | 78,970 | 10,392 | N/A | N/A |
| Total financial liabilities | - | - | - | - | 78,970 | 10,392 | 78,970 | 10,392 | | |

(b) Net fair values

All assets and liabilities have been recognised at the balance sheet date at their net fair value.

(c) Credit risk exposures

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

**Overland Resources Limited
Financial Statements**

**Notes to the Financial Statements
for the year ended 30 June 2007**

21. Share Based Payment Plans

(a) Recognised share based payment expenses

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

| | Consolidated | Company | |
|------------------------|---------------------|----------------|------|
| | 2007 | 2007 | 2006 |
| | \$ | \$ | \$ |
| Underwriting agreement | 672,000 | 672,000 | - |

(b) Type of share based payment plan

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

There were no share based payments for the year ended 30 June 2007 (30 June 2006: Nil) under the ESOP.

22. Contingent Liabilities

There are no known contingent liabilities.

23. Segment Information

| 2007 | Australia | Canada | Consolidated |
|-------------------------------|------------------|---------------|---------------------|
| | \$ | \$ | \$ |
| Revenue | 167,129 | - | 167,129 |
| Segment result | (491,808) | (33) | (491,841) |
| Segment assets | 12,832,374 | 1,159,357 | 13,991,731 |
| Segment liabilities | 78,970 | 159,720 | 238,690 |
| Amortisation and depreciation | 767 | - | 767 |
| Other non cash items | 8,180 | - | 8,180 |
| Capital expenditure | 241,289 | 962,681 | 1,203,970 |

During the financial year ended 30 June 2006 the Company operated in one geographic segment and within one industry classification being exploration for minerals in Australia.

Overland Resources Limited

DIRECTORS' DECLARATION

1. In the opinion of the Directors:
 - (a) the financial statements and notes of the Company and its controlled entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company and its controlled entity as at 30 June 2007 and of their performance, for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with sections of 295A of the Corporations Act 2001 for the financial period ending 30 June 2007.

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

On behalf of the board



Michael Haynes

Director

26 September 2007

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF OVERLAND RESOURCES LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007 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.

mack & co

Mack & Co
Chartered Accountants
2nd Floor, 35 Havelock Street
West Perth WA 6005

n a Calder

N A Calder, Partner

SEPTEMBER 26 2007

Date

Overland Resources Limited

Independent Audit Report to the Members of Overland Resources Limited

Scope

We have audited the accompanying financial report of Overland Resources Limited and the consolidated entity, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

As permitted by the Corporations Regulations 2001, the Company has disclosed information about the remuneration of Directors and executives (remuneration disclosures), required by Accounting Standard AASB 124: Related Party Disclosures, under the heading 'Remuneration Policy of the Directors' report and not in the financial report.

Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the Directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

The Directors also are responsible for preparation and presentation of the remuneration disclosures contained in the Directors' report in accordance with the Corporations Regulations 2001.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures in the Directors' report comply with Accounting Standard AASB 124.

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

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

Overland Resources Limited

Independence

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

Auditor's Opinion

In our opinion:

- a. the financial report of Overland Resources Limited and its consolidated entity is in accordance with the Corporations Act 2001, including:
- b.
 - i. giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- c. the financial report also complies with International financial Reporting Standards as disclosed in Note 1; and
- d. the remuneration disclosures that are contained in the Directors' report and notes to the financial statements comply with Accounting Standard AASB 124.

MACK & CO

Mack & Co
Chartered Accountants
2nd Floor, 35 Havelock Street
West Perth WA 6005

N A Calder

N A Calder, Partner

SEPTEMBER 26 2007

Date

Overland Resources Limited

ASX Additional Information

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report. The additional information was applicable as at 14 September 2007

DISTRIBUTION OF SECURITY HOLDERS

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

| Category | | Number of Shareholders |
|----------|-----------|---------------------------|
| 1 | - 1,000 | 14 |
| 1,001 | - 5,000 | 100 |
| 5,001 | - 10,000 | 202 |
| 10,001 | - 100,000 | 229 |
| 100,001 | and over | 47 |
| | | <hr/> |
| | | 592 |
| | | <hr/> |

There are 7 shareholders holding less than a marketable parcel of ordinary shares.

STATEMENT OF RESTRICTED SECURITIES

There are 13,400,000 restricted securities as at 30 June 2007.

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of the Company are as follows:

| Name | Number of equity securities |
|--|--------------------------------|
| HSBC Custody Nominees (Australia) Limited – GSACO ECSA | 6,700,000 |
| Mr. Michael Haynes | 4,250,001 |
| Mr. Matthew Wood | 4,366,001 |
| Mr. Hugh Bresser | 4,190,000 |

VOTING RIGHTS

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

USE OF PROCEEDS

In accordance with listing rule 4.10.19, the Company confirms that it has used cash and assets in a form readily convertible to cash in a way consistent with its business objectives during the period from admission (14 November 2006) to the end of the financial year (30 June 2007).

ORDINARY SHARES

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

Overland Resources Limited

OPTIONS

These securities have no voting rights.

TOP 20 SHAREHOLDERS

| Name of Holder | Number of Shares Held | Percentage of Capital |
|---|-----------------------------|--------------------------|
| HSBC Custody Nominees (Australia) Limited – GSCO ECSA | 6,700,000 | 12.41 |
| Bullseye Geoservices Pty Ltd <Haynes Family A/C> | 4,100,000 | 7.59 |
| Mr Matthew Gaden Western Wood & Ms Belinda Lucy Wood <Wood Family A/C> | 4,100,000 | 7.59 |
| Milagro Ventures Pty Ltd <Bresser Family A/C> | 4,100,000 | 7.59 |
| Pacific Development Limited | 2,465,000 | 4.56 |
| TM Consulting Pty Ltd <Super Fund A/C> | 2,155,500 | 3.99 |
| ANZ Nominees Limited Cash Income A/C | 2,005,690 | 3.71 |
| Mr Tim Flavel <The Flavel Investment A/C> | 1,850,000 | 3.43 |
| Bannaby Investments Pty Ltd <Super Fund A/C> | 1,655,500 | 3.07 |
| RBC Dexia Investor Services Australia Nominees Pty Ltd BKCust A/C | 1,512,500 | 2.80 |
| Citicorp Nominees Pty Limited | 1,268,000 | 2.35 |
| Bannaby Investments Pty Ltd | 1,000,000 | 1.85 |
| TM Consulting Pty Ltd | 1,000,000 | 1.85 |
| Societe Generale Australia Branch | 830,000 | 1.54 |
| HGL Group Pty Ltd | 705,461 | 1.31 |
| Bolo Pty Ltd Doncon Superfund A/C | 600,000 | 1.11 |
| Hinona Pty Ltd | 600,000 | 1.11 |
| Mr Erik Adriaanse <National Investment A/C> | 500,000 | 0.93 |
| Takorin Pty Ltd AJG Superannuation Fund A/C | 500,000 | 0.93 |
| Mr Brian McCubbing Brian McCubbing S/F A/C | 400,000 | 0.74 |
| | 38,047,651 | 70.46 |