Windy Knob Resources Limited

ABN 46 122 417 243

Annual Financial Report

30 June 2009

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CORPORATE INFORMATION

ABN 46 122 417 243

Directors

Mr Klaus Eckhof
Mr Mathew Walker
Mr Russell Lynton-Brown

Company secretary

Mr James Robinson

Registered office

Suite 9, 1200 Hay Street
WEST PERTH WA 6005

Telephone: (08) 6460 4960
Fax: (08) 9324 3045

Principal place of business

Suite 9, 1200 Hay Street
WEST PERTH WA 6005

Share register

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Solicitors

Steinepreis Paganin
Level 4, Next Building
16 Milligan Street
PERTH WA 6000

Bankers

National Australia Bank
Level 1, 1238 Hay Street
WEST PERTH WA 6005

Auditors

HLB Mann Judd
Level 2, 15 Rheola Street
WEST PERTH WA 6005

Website

www.windyknobresources.com.au

DIRECTORS' REPORT

Your directors submit the annual financial report of the Company for the financial year ended 30 June 2009. In order to comply with the provisions of the Corporations Act, the directors report as follows:

Directors

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Klaus Eckhof	(appointed 17 April 2008)
Mr Mathew Walker	(appointed 13 October 2006)
Mr Russell Lynton-Brown	(appointed 13 October 2006)
Mr Andrew McIlwain	(appointed 17 April 2008, resigned 30 June 2009)

Names, qualifications, experience and special responsibilities

Mr Klaus Eckhof
Non-Executive Chairman
Age: 51
Qualifications: Dipl. Geol. TU, AusIMM

Mr Eckhof (MAusIMM) is a senior exploration geologist who has global contacts and has been instrumental in sourcing and developing successful projects in Australia, Africa, Russia, South America and the Philippines. He was formerly President and Chief Executive Officer of Moto Goldmines Limited, a company which is listed on the Toronto Stock Exchange, and within 4 years from Mr Eckhof's appointment discovered just under 20,000,000 ounces of gold and completed a Bankable Feasibility Study (BFS) in the Democratic Republic of Congo (DRC).

During the last three years, Mr Eckhof has served as a director of the following listed companies:

- Moto Goldmines Limited (appointed 15 February 2003, resigned 1 January 2008)
- Elemental Minerals Limited (appointed 24 February 2006, resigned 22 November 2007)
- Tiger Resources Ltd (appointed 1 June 2005, resigned 10 October 2006)
- Carnavale Resources Ltd (appointed 1 January 2008)

Mr Mathew Walker
Executive Director
Age: 39
Qualifications: Bachelor of Business from the University of Technology Sydney

Mr Walker has extensive experience in public company management and in the provision of corporate advice. Specialising in the mining sector, he has served as executive Chairman or Managing Director for public companies with mining interests in North America, South America, Africa, Australia, and Central Asia. Currently he serves as Managing Director of Windy Knob Resources Limited, as Director of Imperium Minerals Limited and as Chairman of Fortuna Minerals Limited and Pacific Ore Limited. He is also a Director of boutique investment bank Alto Capital and corporate services firm Cicero Corporate Services Pty Ltd. Mr Walker is a member of the Australian Institute of Company Directors and holds a Bachelor of Business from the University of Technology, Sydney.

During the last three years, Mr Walker has served as a director of the following listed companies:

- Erongo Energy Limited (resigned 9 July 2007)
- Pacific Ore Limited (appointed 23 January 2009)
- Augustus Minerals Limited (appointed 29 November 2006)
- Fortuna Minerals Limited (appointed 29 November 2007)

DIRECTORS' REPORT (continued)

Mr Russell Lynton-Brown
Non-Executive Director
Age: 43
Qualifications: Nil

Mr Russell Lynton-Brown has 15 years experience in stock broking, both retail and corporate finance, and has specialised in the resources sector. Mr Lynton-Brown has worked with international and local stock broking companies. Mr Lynton-Brown is the Executive Director of ASX listed Pacific Ore Limited.

During the last three years, Russell Lynton-Brown has served as a director of the following listed companies:

- Pacific Ore Ltd (appointed 9 February 2007)
- Fortuna Minerals Limited (appointed 21 November 2008)

Mr Lynton-Brown is a member of the non-executive directors committee, which deals with responsibilities usually set aside for Remuneration, Risk, Audit and Nomination committees.

Mr Andrew McIlwain
Non-Executive Director (resigned 30 June 2009)
Age: 48
Qualifications: BE (Mining) University of Melbourne

Mr McIlwain has over 20 years experience in the mining industry. He is a qualified mining engineer and has held technical, senior management and executive roles within Mount Isa Mines Limited, Central Norseman Gold Corporation Limited, WMC Resources Limited and Lafayette Mining Limited. Mr McIlwain brings operational and corporate experience in a variety of fields including establishment of operational sustainability, project development and both equity and conventional debt financing. He most recently held the position of Managing Director of Lafayette Mining Limited and is currently Chairman of Emmerson Resources Limited.

During the last three years, Mr McIlwain has served as a director of the following listed companies:

- Emerson Resources Ltd (Appointed 1 February 2007)
- Verus Investments Limited (Appointed 15 May 2008)

Mr McIlwain was a member of the non-executive directors committee, which deals with responsibilities usually set aside for Remuneration, Risk, Audit and Nomination committees.

Company Secretary

Mr James Robinson
Company Secretary
Age: 31
Qualifications: Bachelor of Economics from The University of Western Australia

Mr James Robinson joined the Company following 10 years with one of Western Australia's leading stockbroking firms. He holds a Bachelor of Economics from the University of Western Australia and is currently completing a Graduate Diploma of Applied Corporate Governance from Chartered Secretaries Australia.

Mr Robinson was appointed Company Secretary in December 2008.

He is also currently Company Secretary of Augustus Minerals Limited and Fortuna Minerals Limited.

DIRECTORS' REPORT (continued)

Interests in the shares and options of the Company

The following relevant interests in shares and options of the Company or a related body corporate were held by the directors as at the date of this report.

Directors	Number of options over ordinary shares*	Number of fully paid ordinary shares
Mr Klaus Eckhof	1,000,000	0
Mr Mathew Walker	3,000,000	1,000,000
Mr Russell Lynton-Brown[1]	4,060,000	4,240,001

**All options are exercisable at 20 cents on or before 31 December 2009.*

During or since the end of the financial year no shares or share options were granted to directors or to the five most highly remunerated officers of the Company as part of their remuneration. They did however participate in the rights issue undertaken by the Company on 7 May 2009.

No ordinary shares were issued by the Company during or since the end of the financial year as a result of the exercise of an option.

There are no unpaid amounts on the shares issued.

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

Expiry Date	*Exercise price*	*Number of shares*
31 December 2009	$0.20	45,499,995
		45,499,995

Dividends

No dividends have been paid or declared since the start of the financial year and/or the directors do not recommend the payment of a dividend in respect of the financial year.

Principal Activities

The principal activity of the Company during the year was the exploration for natural resources.

Review of operations

<u>Windy Knob Bore (Windy 100%, reducing to 49%)</u>

On 12 March 2009 the Company announced it had entered into a joint venture agreement with Emu Nickel NL ("Emu") with respect to the Windy Knob Bore tenement (E51/900) located approximately 55km south of Meekatharra in Western Australia. Subsequently the Companies reached agreement to include an additional exploration license (E51/1300) in the joint venture, increasing the JV area from 183sq km to 273sq km. Under the terms of the amended joint venture agreement EMU may earn a 51% interest in the expanded JV by expenditure of $450,000 within three years.

The decision to expand the JV resulted from the recognition of several favourable factors:

- The prospective Windaning Formation which hosts the Austin volcanogenic massive sulphide (VMS) copper-zinc-gold discovery extends through the northern portion of the tenements.

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[1] Mr Russell Lynton Brown - 80,001 fully paid ordinary; 20,000 options
Husif Nominees Pty Ltd <RC Lynton-Brown Family A/C> - 4,080,000 fully paid shares; 4,020,000 options
Mrs Joanne Marie Lynton-Brown - 40,000 fully paid ordinary shares; 10,000 options
Mr Russell Lynton-Brown & Mrs Rosemary Beeck <R Lynton-Brown Super A/C> - 40,000 fully paid ordinary shares; 10,000 options

DIRECTORS' REPORT (continued)

Windy Knob Bore (continued)

- The paleochannel hosting the Cogla Downs, Murchison Downs and Nowthanna uranium deposits extends across the central part of the tenements
- The very limited modern exploration completed on E51/1300.

The Windaning Formation consists of interbedded jaspilitic banded iron formation, felsic volcaniclastic sediments, tuffs and minor volcanics. The nearby Austin VMS deposit is interpreted to have been deposited within this volcano-sedimentary sequence. An estimated 30km strike length of the Windaning Formation occurs within the expanded JV tenements.

As previously reported, (Windy Knob ASX release 29 June 2009) Emu completed a VTEM survey over part of the JV area. This survey identified a large conductive zone interpreted to occur within a paleochannel. This tributary paleochannel joins the Nowthanna drainage system downstream from the Nowthanna uranium deposit. The VTEM conductor may indicate the presence of carbonaceous material within the paleochannel which could form a favourable environment for the deposition of uranium. Geological Survey of WA records indicate the Nowthanna paleochannel system contains approximately 12,000 tonnes of contained U3O8 at grades of 0.26 to 0.78kg/t U3O8 to the east of the JV area (source: GSWA Murchison 1:100,000 Geological Information Series). Uranium radiometric imagery indicates low level anomalism within the paleochannel in the expanded JV area. The VTEM conductor and radiometric anomalies are considered to be attractive targets for uranium exploration.

An intense aeromagnetic anomaly about 1km x 1km in area situated in the south west part of the JV area is interpreted to be related to a sequence of folded banded iron formation. The iron formation does not outcrop because of extensive laterite cover and may be highly weathered. Investigation of the iron potential of this broad anomaly is in progress.

Emu is continuing to collate available open file information and is planning a 5,000m aircore drilling program to test previously identified copper-zinc-gold targets (Windy Knob ASX release 29 June 2009) together with the new uranium and iron targets.

Tuckanarra Prospect, Western Australia (Windy 100%)

Two phases of Mobile Metal Ion (MMI) soil sampling programs were completed across the Tuckanarra Project over the past 12 months – one in the south west of the tenement (Tuckanarra prospect) and one in the north (Tuckanarra North prospect). The sampling consisted of an initial broad spaced program based on 500m line spacing, with samples collected either 25m or 50m along the lines. The second phase consisted of infill sampling of areas of interest identified in the initial phase at the Tuckanarra prospect. This sampling was completed on 100m line spacing with samples collected every 50m along the lines.

The infill MMI sampling has defined a moderate to weakly anomalous +2.5km long zone along the south eastern edge of the tenement. The anomaly, defined by the +20 Adjusted Response Ratio gold value, remains open to the south and is broadly associated with the contact between ultramafic and mafic volcanics.

The initial broad spaced program also defined two weakly anomalous zones at the Tuckanarra North prospect, one of which is some 2.0km long and is associated with an ultramafic / dolerite contact. No infill sampling has been completed at Tuckanarra North.

It is proposed to complete field investigations of the anomalies defined from the MMI soil sampling programs to determine if further infill and / or extensional sampling is required and to assess the underlying geology in these areas prior to planning any future drilling to test the anomalies.

Honeymoon Well Prospect, Western Australia (Windy 100%)

Tenement P53/1498, which forms part of the broader Honeymoon Well Project, was granted in the December 2008 quarter. Collation and review of all previous exploration and available remote sensing data is in progress. An exploration program will be developed based on this work.

Black Tank Well Prospect, Western Australia (Windy 100%)

This Exploration License is yet to be granted. No work was completed on this tenement during the year.

The information pertaining to the technical content of this report has been reviewed by Mr. Ian Prentice, who is a member of the Australian Institute of Geoscientists. Mr. Prentice is employed by Zephyr Consulting Group Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Prentice consents to the inclusion in the announcement of the technical information in the form and context in which it appears.

DIRECTORS' REPORT (continued)

TITIRIBI PROJECT, COLOMBIA (now terminated)

Titirbi is a historic mining district in Colombia and is located some 70 kms south of the city of Medellin. Located at Titiribi is the Cerro Vetas porphyry system, first discovered by Gold Fields Limited in the late 1990's.
The 2008 diamond drill program was completed during the half and consisted of 17 holes for over 6100 metres. The main focus of drilling was Cerro Vetas. 14 holes were drilled at Cerro Vetas, and these holes, together with 3 holes drilled in 2007 were used to calculate the Maiden Resource statement for the Cerro Vetas prospect as announced to the market on 15 December 2008. This consisted of a JORC compliant inferred resource of 370 million tonnes @ 0.4 g/t Au & 0.2% Cu.
Prior to the closure of the 2008 exploration season, Windy Knob drill tested the La Candela anomaly, less than 1 km south of Cerro Vetas. La Candela is a co-incident hyperspectral, geophysical and geochemical target. Initial drill testing consisted of 3 diamond holes into the most prominent Au and Cu responses defined by soil geochemistry. Geological logging of these holes has indentified brecciated rocks with significant amount of sulphides present.

On 3 April 2009 the Company advised that the agreement between the Company, De Beira Goldfields Inc, Goldplata Resources Inc, Goldplata Resources Sucursal-Colombia and Goldplata Mining International Corporation had been terminated. Pursuant to that agreement the Company had the right, but not the obligation, to earn a 65% interest in the Titiribi project in northern Colombia by spending US$4,500,000 by 6 May 2009.

Scientific or technical information in this report has been prepared under the supervision of Mr Michael Montgomery, a Consultant of the Company and a Member of the Australian Institute of Mining and Metallurgy. Mr Montgomery has sufficient experience which is relevant to the style of mineralisation under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mr Montgomery consents to the inclusion in this report of the Information, in the form and context in which it appears.

Operating results for the year

The loss of the Company for the financial period, after providing for income tax amounted to $5,263,242 (2008: $373,167).

Review of financial conditions

The Company currently has $1,008,103 in cash assets which the Directors believe puts the Company in a sound financial position with sufficient capital to effectively explore its tenements and pursue other resource based opportunities.

Risk management

Details of the Company's Risk Management policies are contained within the Corporate Governance Statement in Directors' Report.

Corporate Governance

Details of the Company's Corporate Governance policies are contained within the Corporate Governance Statement in Directors' Report.

Significant changes in the state of affairs

On 2 April 2009 the Company advised that the agreement between the Company, De Beira Goldfields Inc, Goldplata Resources Inc, Goldplata Resources Sucursal-Colombia and Goldplata Mining International Corporation had been terminated. Pursuant to that agreement the Company had the right, but not the obligation, to earn a 65% interest in the Titiribi project in northern Colombia by spending US$4,500,000 by 6 May 2009. This resulted in the write off of capitalised expenditure of $4,904,739.

On 3 April 2009 the Company announced a 1-for-1 pro-rata non-renounceable rights issue to shareholders, to raise a total of $630,000 before costs. The Rights Issue was offered to existing shareholders on the basis of one new share for every one share held at the record date at an issue price of $0.01 per share. Pursuant to this rights issue and subsequent placement of the shortfall, a total of 62,000,000 shares were issued raising $620,000 before costs.

Significant events after balance date

There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

DIRECTORS' REPORT (continued)

Likely developments and expected results

Disclosure of information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Therefore, this information has not been presented in this report.

Environmental legislation

The Company is subject to significant environmental and monitoring requirements in respect of its natural resources exploration activities.

The directors are not aware of any significant breaches of these requirements during the period.

Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium in respect of a contract insuring the directors and officers of the company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

DIRECTORS' REPORT (continued)

Remuneration report

This report outlines the remuneration arrangements in place for directors and senior management of Windy Knob Resources Limited (the "Company") for the financial year ended 30 June 2009.

The following persons acted as directors during or since the end of the financial year:

Mr Klaus Eckhof (Non- Executive Chairman)

Mr Mathew Walker (Executive Director)

Mr Russell Lynton-Brown (Non- Executive Director)

Mr Andrew McIlwain (Non- Executive Director)

The term 'senior management' is used in this remuneration report to refer to the following persons. Except as noted the named persons held their current position for the whole of the financial year and since the end of the financial year:

Mr Klaus Eckhof (Non- Executive Chairman)

Mr Mathew Walker (Executive Director)

Mr Russell Lynton-Brown (Non- Executive Director)

Mr Andrew McIlwain (Non- Executive Director – resigned 30 June 2009)

Mr James Robinson (Company Secretary – appointed 3 December 2008)

Mr David Parker (Company Secretary – resigned 3 December 2008)

Remuneration philosophy

The performance of the Company depends upon the quality of the directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration committee

The Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the director and the senior management team.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of directors and senior executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Remuneration structure

In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held on 18 November 2008 when shareholders approved an aggregate remuneration of up to $250,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the Company.

DIRECTORS' REPORT (continued)

Remuneration report (continued)

The remuneration of non-executive directors for the period ended 30 June 2009 is detailed in the Remuneration of directors and named executives section of this report on page 10 of this report.

Senior manager and executive director remuneration

Remuneration consists of fixed remuneration and Company options (as determined from time to time). In addition the Company employees and directors, the Company has contracted key consultants on contractual basis. These contracts stipulate the remuneration to be paid to the consultants.

Fixed Remuneration

Fixed remuneration is reviewed annually by the independent directors committee (which assumes the role of the Remuneration Committee). The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Committee has access to external, independent advice where necessary.

Fixed remuneration is paid in the form of cash payments.

The fixed remuneration component of the 5 most highly remunerated Company executives is detailed in Table 1.

Employment Contracts

The Company currently has a services agreement with Mr Mathew Walker (Services Agreement) effective as from 1 November 2008. Under the Services Agreement, Mr Walker is engaged by the Company to provide services to the Company in the capacity of Executive Director. Mr Walker is to be paid an annual remuneration of $100,000 plus statutory superannuation. Mr Walker will also be reimbursed for reasonable expenses incurred in carrying out his duties.

The Services Agreement continues for a period of 1 year, with an option to extend for a further 1 year term, unless terminated in accordance with the relevant provisions of the Service Agreement. The Services Agreement contains standard termination provisions under which the Company must give notice of termination, or alternatively, payment in lieu of service. In addition, Mr Walker is entitled to all unpaid remuneration and entitlements up to the date of termination.

Options

During the period ended 30 June 2009, there were no Options that were granted, vested or lapsed as part of director remuneration. Options currently on issue are listed and exercisable at $0.20 on or before 31 December 2009.

Remuneration of directors and named executives

Table 1: Directors' and named executives remuneration for the year ended 30 June 2009

	Short-term employee benefits			Post-employment benefits		Equity	Other	Total	%
	Salary & Fees	Bonuses	Non- Monetary Benefits	Superannuation	Prescribed Benefits	Options			Performance Related
Mr Klaus Eckhof	50,000	-	-	-	-	-	-	50,000	-
Mr Mathew Walker	90,750	-	-	19,500[1]	-	-	-	110,250	-
Mr Russell Lynton-Brown	48,000	-	-	-	-	-	-	48,000	-
Mr Andrew McIlwain	78,092	-	-	-	-	-	-	78,092	-
Mr James Robinson	23,333	-	-	-	-	-	-	23,333	-
Mr David Parker	23,300	-	-	-	-	-	-	23,300	-
Total	**313,475**	**-**	**-**	**19,500**	**-**	**-**	**-**	**332,975**	**-**

Table 2: Directors' and named executives remuneration for the year ended 30 June 2008

	Short-term employee benefits			Post-employment benefits		Equity	Other	Total	%
	Salary & Fees	Bonuses	Non- Monetary Benefits	Superannuation	Prescribed Benefits	Options			Performance Related
Mr Klaus Eckhof	10,422	-	-	-	-	25,088	-	35,510	-
Mr Mathew Walker	75,000	-	-	-	-	-	-	75,000	-
Mr Russell Lynton-Brown	30,000	-	-	-	-	-	-	30,000	-
Mr Andrew McIlwain	69,832	-	-	-	-	25,088	-	94,920	-
Mr William Witham	32,279	-	-	-	-	-	-	32,279	-
Mr Michael Montgomery	32,000	-	-	-	-	12,544	-	44,544	-
Total	**249,533**	**-**	**-**	**-**	**-**	**-**	**-**	**312,253**	**-**

[1] In addition to payments for the 08/09 financial year Mr Walker was paid superannuation owing for the 06/07 and 07/08 financial years.

DIRECTORS' REPORT (continued)

Directors' Meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Director Meetings		Independent Director Meetings	
Director	**Attended**	**Eligible to Attend**	**Attended**	**Eligible to Attend**
Mr Klaus Eckhof	4	8	0	0
Mr Mathew Walker	8	8	0	0
Mr Russell Lynton-Brown	8	8	3	3
Mr Andrew McIlwain	8	8	3	3

In addition, six circular resolutions were signed by the board during the period.

Auditor Independence and Non-Audit Services

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 21 and forms part of this directors' report for the year ended 30 June 2009.

Non-Audit Services

No non-audit services were provided by the auditors for the year ended 30 June 2009.

Signed in accordance with a resolution of the directors.

Mathew Walker
Director
Dated this 17th day of September 2009

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Windy Knob Resources Limited is responsible for establishing the corporate governance framework of the Group having regard to the ASX Corporate Governance Council (‘CGC’) published guidelines as well as its corporate governance principles and recommendations.

The CGC’s published guidelines are as follows:

Principle 1. Lay solid foundations for management and oversight

Principle 2. Structure the board to add value

Principle 3. Promote ethical and responsible decision making

Principle 4. Safeguard integrity in financial reporting

Principle 5. Make timely and balanced disclosure

Principle 6. Respect the rights of shareholders

Principle 7. Recognise and manage risk

Principle 8. Remunerate fairly and responsibly

Windy Knob Resources Limited’s corporate governance practices were in place throughout the year ended 30 June 2009 and were fully compliant with the Council’s best practice recommendations.

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 is included in the Directors’ Report. Directors of Windy Knob Resources Limited 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 judgment.

In the context of director independence, 'materiality' is considered from both the Company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the director in question to shape the direction of the Company’s loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of Windy Knob Resources Limited are considered to be independent:

Name	Position
Mr Klaus Eckhof	Non-Executive Chairman
Mr Russell Lynton-Brown	Non-Executive Director

There are procedures in place, agreed by the Board, to enable directors in the furtherance of their duties to seek independent professional advice at the Company’s expense.

CORPORATE GOVERNANCE STATEMENT (continued)

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

Name	Term in Office
Mr Klaus Eckhof	1 year and 6 months
Mr Mathew Walker	2 years and 9 months
Mr Russell Lynton-Brown	2 years and 9 months
Mr Andrew McIlwain	1 year and 6 months (resigned 30 June 2009)

ASX BEST PRACTICE RECOMMENDATIONS AND COMMENTS

	BEST PRACTICE RECOMMENDATION	COMMENT
1	***Lay solid foundations for management and oversight***	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	The Company's Corporate Governance Policies includes a Board Charter, which discloses the specific responsibilities of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Managing Director.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	The Company's Corporate Governance Policies includes a section on Performance Evaluation Practices, which discloses the performance evaluation criteria. During the period a Performance evaluation of senior executives (the Executive Director) was performed once during the year and was in accordance with the process described in the Corporate Governance Policies.
1.3	Companies should provide the information indicated in the Guide to reporting Principle 1.	Any departure from principle 1.1 and 1.2 are contained in the above points. A performance evaluation of senior executives (the Executive Director) was performed once during the year and was in accordance with the process described in the Company's Corporate Governance Policies. The Corporate Governance Policies which discloses the board charter is available on the Company's web site.
2	**Structure the board to add value**	
2.1	A majority of the board should be independent directors.	The Independent Directors are considered to be: Mr Klaus Eckhof Mr Russell Lynton-Brown
2.2	The chairperson should be an independent director.	The chairperson Mr Klaus Eckhof is considered an independent director.
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	The Company has an Executive Director; Mr Mathew Walker (considered to be the Chief Executive Officer). This position is separate from the Chairman.

CORPORATE GOVERNANCE STATEMENT (continued)

2.4	The board should establish a nomination committee.	The Board did not believe it was necessary to establish a nomination committee during the year, however the Board has established an Independent Directors Committee that has assumed the role of the Nomination Committee. The Independent Director Committee meets at least annually, to ensure that the Board continues to operate within the established guidelines, including when necessary, selecting candidates for the position of director. The Independent Directors Committee comprised the following members and met three times throughout the year: Mr Russell Lynton-Brown Mr Andrew McIlwain At certain times through the year Mr Andrew McIlwain was employed on a consultancy part time basis in addition to his non-executive director responsibilities, so is not considered independent, however Andrew McIlwain has extensive experience in corporate governance matters and as such was asked by the board to sit on the independent directors committee.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	The Companies Corporate Governance Policies include on Performance Evaluation Practices that are used to evaluate the performance of the board.
2.6	Companies should provide the information indicated in *Guide to Reporting on Principle 2.*	The Company has included details for each director, such as their skills, experience and expertise relevant to their position in the Directors Report (section 2). Any departures from best practice recommendations 2.1, 2.2, 2.3, 2.4 and 2.5 are included in the above sections.
3	**Promote ethical and responsible decision-making**	
3.1	Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: (a) The practices necessary to maintain confidence in the Company's integrity (b) the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and (c) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	The Company's Corporate Governance Statement includes a Code of Conduct, which provides a framework for decisions and actions in relation to ethical conduct in employment. General principles of the Code of Conduct include: 1. Employees of the Company must act honestly, in good faith and in the best interests of the Company as a whole. 2. Employees have a duty to use due care and diligence in fulfilling the functions of their position and exercising the powers attached to their employment 3. Employees must recognise that their primary responsibility is to the Company's shareholders as a whole. 4. Employees must not take advantage of their position for personal gain, or the gain of their associates.

CORPORATE GOVERNANCE STATEMENT (continued)

		5. Directors have an obligation to be independent in their judgments. 6. Confidential information received by employees in the course of the exercise of their duties remains the property of the Company. Confidential information can only be released or used with specific permission from the Company. 7. Employees have an obligation, to comply with the spirit as well as the letter, of the law and with the principles of this code.
3.2	Companies should establish a policy concerning trading in Company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	The Company's Corporate Governance Policy includes a section on Securities Trading Policy, which provides guidelines for transacting (buying and selling) securities in the Company, which has been posted on the Company's web site. The key policy items include: 1. General Restrictions when in possession of Inside Information, which includes sections dedicated to Insider Trading Laws and Confidential Information. 2. Additional Trading restrictions for directors and some employees. This section details times when Restricted Persons are prohibited from trading the Company's securities, and policies on exceptional circumstances where clearance is given to restricted persons. 3. Policies that Restricted persons must comply with prior to and after trading of the Company's securities. 4. Other sections of this policy include Notification of Trading, Breaches of Policy and General.
3.3	Companies should provide the information indicated in Guide to Reporting on Principle 3.	Any departures (if any) from best practice recommendations 3.1, 3.2 and 3.3 during the period are disclosed in the above sections. The Corporate Governance Statement which includes an applicable code of conduct or a summary and the trading policy or a summary, has been posted on the Company's website.

CORPORATE GOVERNANCE STATEMENT (continued)

4	***Safeguard integrity in financial reporting***	
4.1	The board should establish an audit committee.	The Board has not established an Audit Committee, however has established an Independent Directors Committee that has assumed the role of the Audit Committee which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes 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 information as well as non financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the Independent Director Committee. The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the Independent Director Committee are non-executive directors. The Company has a formal Audit Committee Charter, which is included in the Company's Corporate Governance Policy which is available on the Company's web site.
4.2	The audit committee should be structured so that it: 1. consists of only non-executive directors 2. consists of a majority of independent directors 3. is chaired by an independent director, who is not the chair of the Company 4. has at least three members.	As described in section 4.1, the Independent Director Committee assumed the role of the Audit Committee during the year. The Independent Director Committee: 1. Does consist of only non-executive directors. 2. Does consist of a majority of independent directors. 3. Is not chaired by an independent director, who is not the chair of the Company. This Committee is chaired by Russell Lynton Brown who is not the Chair of the Company. 4. The Committee does not have three members, only two members. This is due to the Company only having a small board of directors, ie. four. The Company will look to increase this number to three in the future, however believes two directors was adequate for the current year. The members (and qualifications) of the Independent Directors committee that has the responsibility of the Audit Committee during the year were: Andrew McIlwain BE (Mining) University of Melbourne Russell Lynton-Brown nil.
4.3	The audit committee should have a formal charter.	The Company's Corporate Governance Policy includes a formal charter for the proposed audit committee.

CORPORATE GOVERNANCE STATEMENT (continued)

4.4	Companies should provide information indicated in the Guide to reporting on Principle 4.	This information is included in the above sections 4.1, 4.2 and 4.3. The Corporate Governance Statement has been posted on the Company's website.
5	***Make timely and balanced disclosure***	
5.1	Companies should establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	The Company has a continuous disclosure program in place designed to ensure the factual presentation of the Company's financial position and the development of the Company's assets and activities. There is a vetting and authorisation processes in place that is designed to ensure that the Company's announcements: 1. Are made in a timely manner 2. Are factual 3. Do not omit material information 4. Are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.
5.2	Provide the information indicated in *Guide to Reporting on Principle 5.*	Any departures are included in section 5.1 and 5.2 of this report. The Corporate Governance Statement has been posted on the Company's website.
6	***Respect the rights of shareholders***	
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of the policy.	The Company's Corporate Governance Policy includes a Shareholder Communications Strategy, which aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	Any departures are included in section 6.1 and 6.2 of this report. The Corporate Governance Statement has been posted on the Company's website.
7	**Recognise and manage risk**	
7.1	Companies should establish policies for oversight and management of material risks and disclose a summary of these policies.	The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Company's Corporate Governance Policies include policies for oversight and management of material risks under the section Risk Management and Internal Compliance and Control, which is disclosed on the Company's web site.
7.2	The board should require management to design and implement the risk management and internal control systems to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	1. Risk Management and internal control system. The Executive Director is responsible for Risk Management and internal control systems and reports material business risks to the board. 2. Internal audit function The Audit Committee / Independent Director committee is described in section 4.1 and 4.2.

CORPORATE GOVERNANCE STATEMENT (continued)

		3. Risk Management Committee The Board has not established an Risk Committee, however has established an Independent Directors Committee that has assumed the role of the Risk Committee which operates under a charter approved by the Board. The Board is ultimately responsible for risk oversight and risk management. During the year, the Independent Directors Committee met three times and discussed the recognition and management of risk, and reported this to the board.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration in accordance with section 295A of the Corporations Act is founded on a and system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	At present, the Board believes that it has adequately addressed issues of Risk and the future management of risk.
7.4	Provide the information indicated in *Guide to Reporting on Principle 7.*	The Board considers it is appropriate to require the Managing Director and Chief Financial Officer (Company Secretary) to provide such a statement at the relevant time, i.e. as part of the annual and half yearly financial report process. Any departures from best practice recommendations 7.1, 7.2 7.3 and 7.4 are included in the above sections. The Corporate Governance Statement has been posted on the Company's website.
8	***Remunerate fairly and responsibly***	
8.1	The board should establish a remuneration committee.	1. Purpose of the Remuneration Committee The Board has not established an Remuneration Committee, however has established an Independent Directors Committee that has assumed the role of the Remuneration Committee, which operates under a charter approved by the Board. This committee met three times during the year. 2. Charter The Company's Corporate Governance Policies includes a section on Remuneration Committee Charter, which form the charter that the Independent Directors Committee relies upon when discussing remuneration. 3. Composition of the Independent Director Committee The Independent Director Committee: 1. Does consist of only independent directors, Mr Russell Lynton-Brown (Chair) and Mr Andrew McIlwain.

CORPORATE GOVERNANCE STATEMENT (continued)

		2. Is not chaired by an independent director, who is not the chair of the Company. This Committee is chaired by Mr Russell Lynton-Brown who is the Chair of the Company. This Company did not think this was relevant at this point of the Company's development stage. 4. The Committee does not have three members, only two members. This is due to the Company only having two independent, non-executive directors to form the committee. 5. Remuneration Policy The remuneration policy is described in the Remuneration Committee Charter in the Corporate Governance Policies which is available on the Company's web site.
8.2	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	**Remuneration** It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration Committee links the nature and amount of executive directors' and officers' emoluments to the Company's financial and operational performance. The expected outcomes of the remuneration structure are: • retention and motivation of key executives; • attraction of high quality management to the Company; and • performance incentives that allow executives to share the success of Windy Knob Resources Limited. For a full discussion of the Company's remuneration philosophy and framework and the remuneration received by directors and executives in the current period please refer to the remuneration report, which is contained within the Directors' Report. There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors. The Board is responsible for determining and reviewing compensation arrangements for the directors themselves and the chief executive officer and executive team. The Board has not established a Remuneration Committee. Members of the Remuneration Committee throughout the year were: Mr Russell Lynton-Brown Mr Andrew McIlwain
8.3	Provide the information indicated in *Guide to Reporting on Principle 8.*	The names of the members of the Independent Director Committee which assumed the role of the Remuneration Committee during the year is included in section 8.2 above.

CORPORATE GOVERNANCE STATEMENT (continued)

		The Company does not currently have in existence any schemes for retirement benefits. Any departures from best practice recommendations 8.1, 8.2 and 8.3 are included above. The Company's Corporate Governance Policies, which includes a Remuneration Committee Charter is available on the Company's web site.

HLB Mann Judd

Accountants | Business and Financial Advisers

Auditor's Independence Declaration

As lead auditor for the audit of the financial report of Windy Knob Resources Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Windy Knob Resources Limited.

Perth, Western Australia
17 September 2009

N G NEILL
Partner, HLB Mann Judd

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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HLB Mann Judd (WA Partnership) is a member of HLB International, a world-wide organisation of accounting firms and business advisers

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 $	2008 $
Continuing operations			
Other income	2	63,310	126,673
Consultants and corporate costs		(56,833)	(42,710)
Administration expenses	2	(82,519)	(54,576)
Directors fees		(201,667)	(166,292)
Exploration expenditure		-	(11,437)
Travel expenses		(6,162)	(90,872)
Other expenses		(74,632)	(133,953)
Loss before income tax expense		(358,503)	(373,167)
Income tax expense	3	-	-
Loss after tax from continuing operations		(358,503)	(373,167)
Loss from discontinued operation	6	(4,904,739)	-
Net loss for the period		(5,263,242)	(373,167)
Basic loss per share (cents per share)	4	(7.498)	(0.014)
Basic loss per share from continuing operations (cents per share)		(0.511)	(0.014)
Basic loss per share from discontinued operations (cents per share)		(6.988)	-

The accompanying notes form part of these financial statements

BALANCE SHEET
AS AT 30 JUNE 2009

	Note	2009 $	2008 $
Assets			
Current Assets			
Cash and cash equivalents	8	1,008,103	2,297,316
Trade and other receivables		35,117	49,977
Total Current Assets		**1,043,220**	**2,347,293**
Non-Current Assets			
Deferred exploration and evaluation expenditure	10	1,149,131	4,087,286
Total Non-Current Assets		**1,149,131**	**4,087,286**
Total Assets		**2,192,351**	**6,434,579**
Liabilities			
Current Liabilities			
Trade and other payables	11	48,446	295,868
Total Current Liabilities		**48,446**	**295,868**
Non-Current Liabilities		-	-
Total Liabilities		**48,446**	**295,868**
Net Assets		**2,143,905**	**6,138,711**
Equity			
Issued capital	7	7,331,631	6,100,116
Reserves		609,233	572,312
Accumulated losses		(5,796,959)	(533,717)
Total Equity		**2,143,905**	**6,138,711**

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

	Issued Capital	Accumulated Losses	Option Reserve	Total Equity
	$	$	$	$
Balance at 1 July 2007	2,806,696	(160,550)	23,812	2,669,958
Shares issued during the year	3,293,420	-	-	3,293,420
Loss for the period	-	(373,167)	-	(373,167)
Recognition of option based payments	-	-	548,500	548,500
Balance at June 2008	6,100,116	(533,717)	572,312	6,138,711
Balance at 1 July 2008	6,100,116	(533,717)	572,312	6,138,711
Shares issued during the year	1,231,515	-	-	1,231,515
Loss for the period	-	(5,263,242)	-	(5,263,242)
Recognition of option based payments	-	-	36,921	36,921
Balance at 30 June 2009	7,331,631	(5,796,959)	609,233	2,143,905

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	2008 $	2008 $
		Inflows/(Outflows)	
Cash flows from operating activities			
Interest received		62,077	128,957
Payments to suppliers and employees		(616,221)	(267,436)
Net cash used in operating activities	8	(554,144)	(138,479)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure	10	(1,966,584)	(2,964,313)
Net cash provided used in investing activities		(1,966,584)	(2,964,313)
Cash flows from financing activities			
Net proceeds from issue of shares		1,231,515	3,360,450
Net cash provided by financing activities		1,231,515	3,360,450
Net increase/(decrease) in cash held		(1,289,213)	257,658
Cash and cash equivalents at the beginning of the period		2,297,316	2,039,658
Cash and cash equivalents at the end of the period	8	**1,008,103**	**2,297,316**

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT 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, Accounting Standards and Interpretations and complies with other requirements of the law.

The financial report has also been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars.

The Company is a listed public company, incorporated in Australia and operating in Australia. The entity's principal activities are Mining Exploration.

(b) Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2009, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2009. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Company accounting policies.

(c) Statement of Compliance

The financial report was authorised for issue on 17 September 2009.

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).

(d) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Revenue Recognition

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

(i) Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(f) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Trade and other receivables

Trade receivables are measured on initial recognition at fair value. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Company in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Company.

The amount of the impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(h) Derecognition of financial assets and financial liabilities

(i) Financial assets

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

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass-through’ arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either:
  - (a) has transferred substantially all the risks and rewards of the asset, or
  - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Company could be required to repay.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(i) Foreign currency translation

Both the functional and presentation currency of Windy Knob Resources Limited is Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All exchange differences in the consolidated financial report are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(j) Income tax

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Income tax (continued)

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

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

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

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

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(k) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(l) 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 or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of assets (continued)

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.

(m) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(n) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(o) Share-based payment transactions

The Company provides benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Windy Knob Resources Limited (market conditions) if applicable.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Share-based payment transactions (continued)

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

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

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

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

Cash settled transactions:
The Company also provides benefits to employees in its electronics segment in the form of cash-settled share-based payments, whereby employees render services in exchange for cash, the amounts of which are determined by reference to movements in the price of the shares of Windy Knob Resources Limited.

The cost of cash-settled transactions is measured initially at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is re-measured to fair value at each balance sheet date up to and including the settlement date with changes in fair value recognised in profit or loss.

(p) Issued capital

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.

(q) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, 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 element.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

(a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

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

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(s) Going concern

The financial statements have been prepared on the going concern basis, the validity of which depends upon the positive cash position, reduced ongoing costs and the positive working capital position. The Company's existing projections show that it is able to fund its activities for at least the next twelve months from the date of signing these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 2: REVENUES AND EXPENSES

	2009 $	2008 $
(a) Revenue		
Interest income	63,310	126,673
(b) Administration Expenses		
Accounting and auditing fees	53,728	42,845
Office administration costs	2,512	1,627
Share registry expenses	26,279	10,104
	82,519	54,576
(c) Other Expenses		
Advertising	2,475	38,630
Bank charges	1,447	2,075
Courier fee and freight	646	132
Entertainment	372	-
Insurance	16,525	19,207
Legal fees	14,490	6,940
Postage, printing and stationary	5,149	5,119
Project evaluation	1,800	-
Rental expenses	49,938	60,000
Tenement accruals reversed	(20,984)	-
Staff amenities	-	73
Telephone expenses	1,766	640
Website expenses	1,008	1,137
	74,632	133,953

NOTE 3: INCOME TAX

Income tax recognised in profit or loss

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	2009 $	2008 $
Accounting loss before tax	(5,263,242)	(373,167)
Income tax benefit calculated at 30%	(1,578,973)	(111,950)
Accrued expenses	6,000	56,878
Other non deductible expenses	112	(59,719)
Tenement expenses	(589,975)	(1,035,734)
Tenement expenses written off / Other	1,471,422	1,368
Income tax benefit not brought to account	691,414	1,147,157
Income tax expense	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in this tax rate since the previous reporting period.

The Company has tax losses arising in Australia of $3,005,666 (2008: $700,951) that are available indefinitely to offset against future taxable profits.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 4: EARNINGS PER SHARE

	2009 Cents per share	2008 Cents per share
Basic loss per share:		
Continuing operations	(0.511)	(0.014)
Discontinued operations	(6.988)	-
Total loss per share	(7.498)	(0.014)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:	70,190,708	26,413,650

There are no potential ordinary shares that are considered dilutive, as a result no dilutive earnings per share has been disclosed.

NOTE 5: SEGMENT INFORMATION

Geographical segments

The Company operated in 2 distinct geographical segments, Australia and South America. These segments were determined based on the location of the Company's assets. The Company's' geographical segment in South America was in the District of Antioquia, Northern Columbia – Titribi project (this has now been terminated).

The following table presents expenditure and asset information regarding geographical segments for the years ended 30 June 2009 and 30 June 2008.

	Continuing operations	**Discontinued operation**	**Total**
	Australia $	South America $	$
30 June 2009			
Segment revenue	63,310	-	63,310
Segment expenditure	(421,813)	(4,904,739)	(5,326,552)
Segment result	(358,503)	(4,904,739)	(5,263,242)
Segment assets	2,192,351	-	2,192,351

	Australia	**South America**	**Total**
	$	$	$
30 June 2008			
Segment expenditure	(42,142)	(198,788)	(240,930)
Segment result	(42,142)	(198,788)	(240,930)
Segment assets	3,252,688	3,181,941	6,434,579

Cash and cash equivalents comprise approximately half of the Company's assets. These are held in the geographical segment of Australia.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 6: DISCONTINUED OPERATION – TITRIBI PROJECT

On 2 April 2009 the Company announced that the Titribi Project agreement between the Company, De Beira Goldfields Inc, Goldplata Resources Inc, Goldplata Resources Sucursal-Colombia and Goldplata Mining International Corporation had been terminated. Pursuant to that agreement the Company had the right, but not the obligation, to earn a 65% interest in the Titiribi project in northern Colombia by spending US$4,500,000 by 6 May 2009.

The principal activity of the Titribi Project during the period was exploration for natural resources.

The profit for the period from the discontinued operation is as follows:

	10 months ended 2 April 2009 $	2008 $
Loss of Titribi Project for the period	(4,904,739)	-
The components of the loss for the period from the discontinued operation are as follows:		
Loss – write off of Titribi Project	(4,904,739)	-
Income tax expense	-	-
Loss after income tax	(4,904,739)	-

NOTE 7: ISSUED CAPITAL AND RESERVES

	2009 $	2008 $
Ordinary shares		
Issued and fully paid	7,421,683	6,851,379
Less share issue costs	(90,052)	(751,263)
	7,331,631	6,100,116

Movements in ordinary shares on issue	No.	$
At 1 July 2008	54,230,421	6,100,116
Share issued at 8 cents on 10 July 2008	8,269,579	661,567
Share issued at 8 cents on 17 July 2008	500,000	40,000
Right issue at 1 cent on 5 May 2009	23,392,191	233,922
Right issue at 1 cent on 25 May 2009	38,607,809	386,078
Share issue costs		(90,052)
At 30 June 2009	125,000,000	7,331,631

Accumulated Losses

Movements in accumulated losses were as follows:

	2009 $	2008 $
Balance at 1 July 2008	(533,717)	(160,550)
Net loss for the year	(5,263,242)	(373,167)
Balance at 30 June 2009	(5,796,959)	(533,717)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 7: ISSUED CAPITAL AND RESERVES (continued)

	2009 No.	2008 No.
Company options	45,499,995	37,230,416

Company options carry no voting rights and carry no right to dividends.

Share option Reserves	2009	2008
Movements in option reserve were as follows:	$	$
Balance 1 July	572,312	23,812
Value of options issued during the year	36,921	548,500
Balance 30 June	609,233	572,312

	No.	$
Movements in share options		
At 1 July 2008	37,230,416	572,312
Company options issued on 10 July 2008	8,269,579	36,921
At 30 June 2009	45,499,995	609,233

The value of Options was calculated using the Black Scholes model using the following variables:

Date issued:	10/07/2008
Number issued:	8,269,579
Volatility:	75%
Spot price at date of valuation:	$0.075
Date of valuation:	10/07/2008
Date of expiry:	31/12/2009
Time until maturity:	1.5 years
Exercise price:	$0.20
Interest rate:	6.66%
Valuation:	$36,921

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 8: CASH AND CASH EOUIVALENTS

	2009	2008
	$	$
Cash at bank and on hand	258,103	2,170,612
Short-term deposits	750,000	126,704
	1,008,103	2,297,316

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

The Company did not engage in any non-cash financing activities for the period ending 30 June 2009 was not party to any borrowing facilities for the same period.

All cash was available for use, and no restrictions were placed on the use of it at any time during the period.

Reconciliation of loss for the year to net cash flows from operating activities	2009	2008
	$	$
Loss for the year	(5,253,242)	(373,167)
Change in net assets and liabilities:		
Change in trade and other receivables	13,627	(25,049)
Changes in trade and other payables	(247,422)	259,737
Increase in share option reserve	(36,921)	-
Titribi project write off	4,904,739	-
Net cash used in operating activities	(555,377)	(138,479)

NOTE 9: CURRENT TRADE AND OTHER RECEIVABLES

	2008	2008
	$	$
GST recoverable	12,471	49,977
Prepayments - other	21,413	-
Accrued Interest	1,233	-
	35,117	49,977

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 10: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	2009 $	2008 $
Costs carried forward in respect of:		
Exploration and evaluation phase – at cost		
Balance at beginning of year	4,087,287	641,504
Expenditure incurred / (written off)		
Windy Knob Tenement	143,702	91,416
Honeymoon Well Tenement	9,435	111,057
Tuckannnara Tenement	33,637	61,368
Titibiri Project	1,722,797	3,181,942
Titibiri Project write off	(4,904,739)	-
Hood Tenement	56,830	-
Mt Way	182	-
Total exploration expenditure	1,149,131	4,087,287

Total expenditure incurred and carried forward in respect of specific projects -

	2009 $	2008 $
Windy Knob Tenement	821,138	677,436
Honeymoon Well Tenement	169,139	159,704
Tuckannnara Tenement	101,842	68,205
Titibiri Project	-	3,181,942
Hood Tenement	56,830	-
Mt Way	182	-
	1,149,131	4,087,287

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

NOTE 11: TRADE AND OTHER PAYABLES (CURRENT)

	2009 $	2008 $
Trade payables *	28,446	69,024
Accrued expenses	20,000	222,844
Other	-	4,000
	48,446	295,868

* Trade payables are non-interest bearing and are normally settled on 60-day terms

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 12: FINANCIAL INSTRUMENTS

	2009	2008
	$	$
Financial assets		
Receivables	35,117	49,977
Cash and cash equivalents	1,008,103	2,297,316

The following table details the expected maturity/s for the Company's non-derivative financial assets. These have been drawn up based on undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate	Less than 1 month	1 – 3 Months	3 months – 1 year	1 – 5 years	5+ years
	%	$	$	$	$	$
2009						
Non-interest bearing	-	63,220	-	-	-	-
Variable interest rate instruments	3.25	230,000	-	-	-	-
Fixed interest rate instruments	4	-	750,000	-	-	-
		293,220	750,000	-	-	-
2008						
Non-interest bearing	-	2,220,589	-	-	-	-
Variable interest rate instruments	6.50	126,704	-	-	-	-
		2,347,293	-	-	-	-

The following tables detail the Company's remaining contractual maturity/s for its non-derivative financial liabilities. These are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Less than 1 month	1 – 3 Months	3 months – 1 year	1 – 5 years	5+ years
	%	$	$	$	$	$
2009						
Non-interest bearing	-	48,446	-	-	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		48,446				
2008						
Non-interest bearing	-	295,868	-	-	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		295,868	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 13: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES

The Company has exposure to the following risks from their use of financial instruments

- Credit risk
- Liquidity risk
- Market risk

This note presents the information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.
The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing each of these risks as summarised below.
The Company's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Company. The Company also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the year ended 30 June 2009, it has been the Company's policy not to trade in financial instruments.

(a) Credit risk management

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses publicly available financial information and its own trading record to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Company does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company did not have any undrawn facilities at its disposal as at balance date.

(c) Interest rate risk management
The company is exposed to interest rate risk as the Company deposits the bulk of the Company's cash reserves in Term Deposits with the NAB. The risk is managed by the Company by maintaining an appropriate mix between short term and medium-term Deposits. The Company's exposures to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

(i) Interest rate sensitivity

At 30 June 2009, the effect on loss and equity as a result of changes in the interest rate, with all other variable remaining constant would be as follows:

	2009 **$**
Change in Loss Change	
Increase in interest rate by 1%	(9,800)
Decrease in interest rate by 1%	9,800
Change in Equity Change	
Increase in interest rate by 1%	(9,800)
Decrease in interest rate by 1%	9,800

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 13: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES (continued)

(d) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's income or value of the holdings of financial instruments. The Company is exposed to movements in market interest rates on short term deposit. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The Company does not have short or long-term debt, and therefore this risk is minimal. The Company limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have acceptable credit ratings.

NOTE 14: COMMITMENTS AND CONTINGENCIES

Remuneration Commitments

The Company entered into remuneration commitments with all the directors of the company on 1 July 2008, for all services rendered from this date forward. The Company also employs consultants who are contracted under standard consultancy rates.

There were no other remuneration commitments made.

Guarantees

Windy Knob Resources Limited did commit to nor make guarantees of any form as at 30 June 2009.

Western Australian Projects

The Company has minimum expenditure commitments on its 100% owned Western Australian granted tenements. These commitments include expenditure on annual rental fees (a total of $14,199.68) and minimum annual exploration expenditure (of $177,320) which are both detailed in the below table.

WINDY KNOB RESOURCES LTD - FULL TENEMENT "GRANTS" SCHEDULE

HOLDER	PROJECT	TID	AREA	GRANT DATE	RENT	EXPCOM
WKRE	Tuckanarra	E20/0515	9	4/07/2006	$1,067.22	$20,000.00
WKRE	Windy Knob	E51/0900	20	9/11/2005	$3,691.60	$39,500.00
WKRE	Tuckanarra	E51/0919	33	20/01/2006	$6,091.14	$49,500.00
WKRE	Honeymoon Well	E53/0976	10	15/06/2005	$2,504.70	$45,000.00
WKRE	Honeymoon Well	E53/1241	2	6/03/2007	$369.16	$15,000.00
WKRE	Windy Knob	P51/2596	48	28/07/2009	$110.88	$2,000.00
WKRE	Mt Way	P53/1498	158	11/11/2008	$364.98	$6,320.00
					$14,199.68	**$177,320.00**

NOTE 15: DIVIDENDS

The directors of the Company have not declared any dividend for the year ended 30 June 2009.

NOTE 16: CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2009.

NOTE 17: EVENTS SUBSEQUENT TO REPORTING DATE

On 21 July 2009 it was announced that agreement had been reached with Emu Nickel NL (ASX:EMU) to include an additional exploration licence (E51/1300) in the Windy Knob joint venture 80km south of Meekatharra, increasing the JV area from 183sq km to 273sq km – see Figure 1. Under the terms of the amended joint venture agreement EMU may earn a 51% interest in the expanded JV by expenditure of $450,000 within three years.

The decision to expand the JV resulted from the recognition of several favourable factors:

- The prospective Windaning Formation which hosts the Austin volcanogenic massive sulphide (VMS) copper-zinc-gold discovery extends through the northern portion of the tenements.
- The paleochannel hosting the Cogla Downs, Murchison Downs and Nowthanna uranium deposits extends across the central part of the tenements
- The very limited modern exploration completed on E51/1300.

On 28/07/2009 tenement P51/2596 was granted. This tenement is part of the Windy Knob Project.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 18: AUDITOR'S REMUNERATION

The auditor of Windy Knob Resources Limited is HLB Mann Judd.

	2009	2008
	$	$
Amounts received or due and receivable by HLB Mann Judd for:		
An audit or review of the financial reports	19,800	13,500
	19,800	13,500

NOTE 19: DIRECTORS AND EXECUTIVES DISCLOSURES

(a) Details of Key Management Personnel

Mr Klaus Eckhof	Chairman (non-executive)
Mr Mathew Walker	Executive Director
Mr Russell Lynton-Brown	Director (non-executive)
Mr Andrew McIlwain	Director (non-executive)(resigned 30 June 2009)
Mr James Robinson	Company Secretary (appointed 3 December 2008)

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 19: DIRECTORS AND EXECUTIVES DISCLOSURES (Continued)

(b) Option holdings of Key Management Personnel – Options are exercisable at 20 cents on or before 31 December 2009

30 June 2009	Balance at beginning of period	Granted as remuneration	Options exercised	Net change Other #	Balance at end of period
Mr Klaus Eckhof	1,000,000	-	-	-	1,000,000
Mr Mathew Walker	3,000,000	-	-	-	3,000,000
Mr Russell Lynton-Brown*	4,060,000	-	-	-	4,060,000
Mr Andrew McIlwain**	1,120,000	-	-	-	1,120,000
Mr James Robinson***	-	-	-	450,000^	450,000
Mr Michael Montgomery****	500,000	-	-	(500,000)	-
Total	9,680,000	-	-	(50,000)	9,630,000

30 June 2008	Balance at beginning of period	Granted as remuneration	Options exercised	Net change Other #	Balance at end of period
Mr Klaus Eckhof	-	1,000,000	-	-	1,000,000
Mr Mathew Walker	3,000,000	-	-	-	3,000,000
Mr Russell Lynton-Brown*	3,000,000	-	-	1,060,000	4,060,000
Mr Andrew McIlwain**	-	1,000,000	-	120,000	1,120,000
Mr Michael Montgomery****	-	500,000	-	-	500,000
Mr William Witham	-	-	-	-	-
Mr Guy Leclezio	-	-	-	-	-
Total	6,000,000	2,500,000	-	1,180,000	9,680,000

Options purchased as part of the purchases as part of the non-renounceable rights issue at $0.08

*1. 20,000 options held in the Name of Russell Lynton Brown.

2. 4,020,000 options held in the name of Husif Nominees Pty Ltd <RC Lynton-Brown Family A/c>; Mr Lynton-Brown is a director and controlling shareholder.

3. 10,000 options held in the name of Mrs Joanne Marie Lynton-Brown, a spouse of Mr Lynton-Brown and an associate for this purpose.

4. 10,000 options held in the name of Mr Russell Lynton-Brown & Mrs Rosemary Beeck ATF R Lynton-Brown Super A/c. Mr Lynton-Brown is a beneficiary.

** 1,120,000 options held in Macfac Pty Ltd ATF the McIlwain Family S/F A/c. Mr McIlwain is a director of Macfac Pty Ltd and a beneficiary of the Super Fund.

***450,000 options held in the name of Sabreline Pty Ltd ATF <JPR Investment A/c>. Mr Robinson is a director and controlling shareholder.

^ Balance at appointment (appointed 3 December 2008)

****500,000 options held in the name of Melissa Jane Montgomery, the spouse of Michael Montgomery.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 19: DIRECTORS AND EXECUTIVES DISCLOSURES (Continued)

(c) Shareholdings of Key Management Personnel

Shares held in Windy Knob Resources Limited (number)

	Balance at beginning of period	Granted as remuneration	Net Change Other #	Balance held on retirement	Balance at end of period
30 June 2009	Ord	Ord	Ord		Ord
Mr Klaus Eckhof	-	-	-	-	-
Mr Mathew Walker	75,000	-	925,000	-	1,000,000
Mr Russell Lynton-Brown*	2,120,001	-	2,120,000	-	4,240,001
Mr Andrew McIlwain**	120,000	-	120,000	240,000	-
Mr James Robinson***	-	-	2,337,809	-	2,337,809
	2,315,001	-	5,502,809	240,000	7,577,810

Shares purchased as part of the non-renounceable rights issue at $0.01.

	Balance at beginning of period	Granted as remuneration	Net Change Other ##	Balance held on retirement	Balance at end of period
30 June 2008	Ord	Ord	Ord		Ord
Mr Klaus Eckhof	-	-	-	-	-
Mr Mathew Walker****	75,000	-	-	-	75,000
Mr Russell Lynton-Brown*	1,060,001	-	1,060,000	-	2,120,001
Mr Andrew McIlwain**	-	-	120,000	-	120,000
Mr William Witham	225,001	-	-	225,001	-
Mr Guy Leclezio	700,001	-	-	700,001	-
Mr Michael Montgomery	-	-	-	-	-
	2,060,003	-	1,180,000	925,002	2,315,001

##Shares purchased as part of the non-renounceable rights issue at $0.08.

* 1. 40,001 shares held in the Name of Russell Lynton Brown.

2. 2,040,000 shares held in the name of Husif Nominees Pty Ltd <RC Lynton-Brown Family A/c>; Mr Lynton-Brown is a director and controlling shareholder.

3. 20,000 shares held in the name of Mrs Joanne Marie Lynton-Brown, a spouse of Mr Lynton-Brown and an associate for this purpose.

4. 20,000 shares held in the name of Mr Russell Lynton-Brown & Mrs Rosemary Beeck ATF R Lynton-Brown Super A/c. Mr Lynton-Brown is a beneficiary.

** Shares held in Macfac Pty Ltd ATF the McIlwain Family S/F A/c. Mr McIlwain is a director of Macfac Pty Ltd and a beneficiary of the Super Fund.

*** 2,337,809 shares held in the name of Sabreline Pty Ltd ATF <JPR Investment A/c>. Mr Robinson is a director and controlling shareholder.

^ Balance at appointment (appointed 3 December 2008)

**** 75,000 shares were held in the name of Mathew Donald Walker as trustee for the Isabella Margaret Davis Trust. These were transferred to the name of Mathew Donald Walker during the year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

NOTE 20: DIRECTORS AND EXECUTIVES DISCLOSURES (Continued)

(d) Related Party Disclosures

1. Disclosure of interest of Administration Agreement with Cicero Corporate Services Pty Ltd
   - Mathew Walker and David Parker are the joint owners and controllers of Cicero Corporate Services Pty Ltd.
   - Services provided include office rent of the Company's principle place of business, bookkeeping, boardroom facilities and reimbursements,
   - Cicero Corporate Services Pty Ltd is contracted to provide administration services on an ongoing basis, of approximately $4,500 plus reimbursements per month.
   - Cicero Corporate Services Pty Ltd provided administration services to the Company on commercial terms during the year. The Company made payments during the year on commercial terms totalling $65,680 (2008 - $14,946) to Cicero Corporate Services Pty Ltd for administration services.

DIRECTORS' DECLARATION

In the opinion of the directors of Windy Knob Resources Limited ('the Company'):

1. The financial statements and notes thereto, as set out on pages 22 to 45, are in accordance with the Corporations Act 2001 including:

   a. giving a true and fair view of the Company's financial position as at 30 June 2009 and of its performance for the year then ended; and

   b. complying with Accounting Standards and Corporations Regulations 2001; and

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2009.

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

Mathew Walker

Executive Director

17 September 2009

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of

WINDY KNOB RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Windy Knob Resources Limited, which comprises the balance sheet as at 30 June 2009, the income statement, statement of changes in equity, cash flow statement and notes to the financial statements for the year ended on that date, and the directors' declaration as set out on pages 22 to 46.

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 controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1(c), 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 ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls 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 controls. 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 2 15 Rheola Street West Perth 6005 PO Box 263 West Perth 6872 Western Australia. Telephone +61 (08) 9481 0977. Fax +61 (08) 9481 3686.

Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of HLB International, a world-wide organisation of accounting firms and business advisers

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

In our opinion:

(a) the financial report of Windy Knob Resources Limited is in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the company's financial position as at 30 June 2009 and of its 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; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 8 to 10 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Windy Knob Resources LImited for the year ended 30 June 2009 complies with section 300A of the Corporations Act 2001.

HLB Mann Judd

HLB MANN JUDD

Chartered Accountants

Norman Glad

Perth, Western Australia **N G NEILL**

17 September 2009 **Partner**

ADDITIONAL SHAREHOLDER INFORMATION

A. Corporate Governance

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the period is contained within the Director's Report.

B. Shareholding

1. Substantial Shareholders

There is one substantial holder listed on the Company's register as at 15 September 2009:

Redtown Enterprises Pty Ltd and Vienna Holdings Pty Ltd holding 8,000,000 shares or 6.4% of the Company's issued capital.

2. Number of holders in each class of equity securities and the voting rights attached (as at 15 September 2009)

Ordinary Shares

There are 572 holders of ordinary shares. Each shareholder is entitled to one vote per share held.

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

Options

There are 305 holders of options. There are no voting rights attached to these options.

3. Distribution schedule of the number of holders in each class of equity security as at 10 September 2008.

a) Fully Paid Ordinary Shares

SPREAD OF HOLDINGS	HOLDERS	UNITS	% OF ISSUED CAPITAL
NIL HOLDING			
1 - 1,000	21	1,841	0.00 %
1,001 - 5,000	36	124,224	0.10 %
5,001 - 10,000	51	457,867	0 .37 %
10,001 - 100,000	279	13,550,002	10.84 %
100,001 -	185	110,866,066	88.69 %
TOTAL ON REGISTER	572	125,000,000	100.00 %

b) Listed Options exercisable at $0.20 on or before 31 December 2008

SPREAD OF HOLDINGS	HOLDERS	UNITS	% OF ISSUED CAPITAL
NIL HOLDING			
1 - 1,000			0.00 %
1,001 - 5,000	14	54,237	0.12 %
5,001 - 10,000	49	470,635	1.03 %
10,001 - 100,000	163	6,807,146	14.96 %
100,001 -	79	38,167,977	83.89 %
TOTAL ON REGISTER	305	45,499,995	100.00 %

ADDITIONAL SHAREHOLDER INFORMATION (Continued)

4. Marketable Parcel

There are 135 shareholders with less than a marketable parcel.

5. Twenty largest holders of each class of quoted equity security

The names of the twenty largest holders of each class of quoted security, the number of equity security each holds and the percentage of capital each holds (as at 15 September 2009) is as follows:

Ordinary Shares Top 20 holders and percentage held

	HOLDER NAME		UNITS	% OF ISSUED
1 *	VIENNA HLDGS PL	RONJEN S/F A/C	7,500,000	6.00%
2	BROOKMAN RES PL	MCSWEENEY S/F A/C	4,500,000	3.60%
3	BEECK ROSEMARY HELEN F		4,160,000	3.33%
4 *	HUSIF NOM PL	RC LYNTON-BROWN FA	4,040,000	3.23%
5	MCNEIL NOM PL		3,550,000	2.84%
6 *	LYNTON-BROWN DARRYL F		3,200,000	2.56%
7 *	CORPORATE & RESOURCE CONS PL		3,000,000	2.40%
8	LE CLEZIO GUY FRANCOIS	R W S/F ACCOUNT	2,600,000	2.08%
9	SABRELINE PL	JPR INV A/C	2,337,809	1.87%
10	MAGAURITE PL	PETER NELSON S/F A	2,000,000	1.60%
11 *	D F LYNTON-BROWN PL		2,000,000	1.60%
12	ANZ NOM LTD	CASH INCOME A/C	1,915,100	1.53%
13	PASO HLDGS PL		1,700,000	1.36%
14	EDMONDSON FIONNUALA C		1,680,000	1.34%
15	DONGRAY RICHARD S + J	S/F A/C	1,440,000	1.15%
16	BATIO PL	WILD S/F A/C	1,325,000	1.06%
17	FRANCOIS GUY	RW S/F ACCOUTN	1,250,000	1.00%
18	WATES GAVIN ANTHONY		1,200,000	0.96%
19 *	FOWLER PAUL TRAVIS		1,125,000	0.90%
20	BELTON COLIN PRIESTLEY	E BIGUM S/F A/C	1,070,000	0.86%
	*** TOP 20 TOTAL ***		51,592,909	41.27%

** ALL HOLDERS INCLUDED * - DENOTES MERGED HOLDER

ADDITIONAL SHAREHOLDER INFORMATION (Continued)

5. Twenty largest holders of each class of quoted equity security (Continued)

Options exercisable at $0.20 on or before 31 December 2009 Top 20 holders and percentage held

	HOLDER NAME		UNITS	% OF ISSUED
1 *	HUSIF NOM PL	RC LYNTON-BROWN FA	4,010,000	8.81%
2 *	WALKER MATHEW DONALD		3,000,000	6.59%
3	JACOBS PL		2,347,500	5.16%
4 *	CORPORATE & RESOURCE CONS PL		1,250,000	2.75%
5 *	VIENNA HLDGS PL	RONJEN S/F A/C	1,187,500	2.61%
6	MACFAC PL	MCILWAIN FAM S/F A	1,120,000	2.46%
7	ECKHOF KLAUS		1,000,000	2.20%
8	DOMROE DANIEL FREDERICK		1,000,000	2.20%
9 *	RALSTON GARRY		891,800	1.96%
10	SIGMA CHEMICALS 1986 PL		750,000	1.65%
11	MCNEIL NOM PL		750,000	1.65%
12	ANZ NOM LTD	CASH INCOME A/C	727,000	1.60%
13 *	MALBEK HLDGS PL	CPB S/F A/C	637,500	1.40%
14	FRANCOIS GUY	RW S/F ACCOUTN	625,000	1.37%
15	EVERINGHAM ELISSA JEAN	P & E EVERINGHAM F	625,000	1.37%
16	FOGARTY JENNIFER JILL		550,000	1.21%
17	CALM HLDGS PL	TIDE A/C	534,842	1.18%
18	DONGRAY RICHARD S + J	S/F A/C	520,000	1.14%
19 *	CANON POINT PL		500,000	1.10%
20	MONTGOMERY MELISSA JANE		500,000	1.10%
	*** TOP 20 TOTAL ***		22,526,142	49.51%

** ALL HOLDERS INCLUDED * - DENOTES MERGED HOLDER

ADDITIONAL SHAREHOLDER INFORMATION (Continued)

1. Company Secretary

The name of the Company secretary is James Robinson.

2. Address and telephone details of the Company's registered administrative office and principle place of business:

Suite 9, 1200 Hay Street
WEST PERTH WA 6005
Telephone: (08) 6460 4960
Fax: (08) 9324 3045

3. Address and telephone details of the office at which a registry of securities is kept:

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

4. Stock exchange on which the Company's securities are quoted:

The Company's listed equity securities are quoted on the Australian Stock Exchange.

5. Restricted Securities

The Company has no restricted securities.

6. Review of Operations

A review of operations is contained in the Directors' Report.

7. Consistency with business objectives - ASX Listing Rule 4.10.19

In accordance with Listing Rule 4.10.19, the Company states that it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives. The business objective is primarily exploration for natural resources and acquisition of resource based projects. The Company believes it has used its cash in a consistent manner to which was disclosed under the prospectus dated 19 December 2006.

8. Schedule of Tenements

Exploration Licences (Granted)

The following granted tenements are registered in the name of and 100% owned by Windy Knob Resources Ltd (WKRE).

HOLDER	PROJECT	TID	AREA
WKRE	Tuckanarra	E20/0515	9
WKRE	Windy Knob	E51/0900	20
WKRE	Tuckanarra	E51/0919	33
WKRE	Honeymoon Well	E53/0976	10
WKRE	Honeymoon Well	E53/1241	2
WKRE	Windy Knob	P51/2596	48
WKRE	Mt Way	P53/1498	158

ADDITIONAL SHAREHOLDER INFORMATION (Continued)

8. Schedule of Tenements (Continued)

Exploration Licences (Applications)

The following tenement 'applications' are registered in the name of and 100% owned by Windy Knob Resources Ltd.

HOLDER	PROJECT	TID	AREA
WKRE	TUCKANARRA	E20/0692	37
WKRE	TUCKANARRA	E20/0716	41
WKRE	BLACK TANK WELL	E21/0138	14
WKRE	WINDY KNOB NTH	E51/1282	2
WKRE	WINDY KNOB	E51/1284	1
WKRE	WINDY KNOB	E51/1297	12
WKRE	WINDY KNOB	E51/1300	70
WKRE	LAKEWAY	E53/1408	4
WKRE	BLACK TANK WELL	E58/0374	70
WKRE	TUCKANARRA	P20/2057	7
WKRE	TUCKANARRA	P20/2075	99
WKRE	WINDY KNOB	P51/2597	192
WKRE	WINDY KNOB NTH	P51/2598	50
WKRE	WINDY KNOB NTH	P51/2599	22
WKRE	WINDY KNOB	P51/2603	46
WKRE	WINDY KNOB	P51/2604	99
WKRE	MT WAY	P53/1499	126
WKRE	MT WAY	P53/1502	120