



DeVERE

Mining Technologies

FINANCIAL REPORT

***Year Ended
30 June 2006***

***DeVere Mining Technologies Limited
A.C.N. 106 279 654***



CONTENTS



The Directors present their report on the operation of DeVere Mining Technologies Limited for the financial year ended 30 June 2006. The report includes a Financial Report on the financial fitness of the Company and the Auditor's Report in review thereof.

The Financial Report has been prepared in compliance with the revised Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the Financial Report complies with the International Financial Reporting Standards (IFRS). These changes have been required by reporting agencies as a result of the collapse of several global companies where Directors have not been open and honest with shareholders.

Corporate Profile **3**

Directors' Report **4**

Directors.....	4
Chief Executive Officer & Company Secretary.....	5
Officers who were previously partners of the audit firm.....	5
Directors' meetings.....	5
Board Function.....	6
Directors' remuneration.....	6
Directors' interests.....	7
Remuneration of key personnel.....	7
Environmental Statement.....	8
Principal Activities.....	10
Operating and Financial Review.....	10
Dividends.....	15
Events Subsequent to Reporting Date.....	16
Likely developments.....	16
Share options.....	17
Indemnification and insurance of officers and auditors.....	17
Audit and non-audit services.....	17
Rounding of amounts.....	17
Directors' Authorisation.....	17

FINANCIAL STATEMENTS **18**

Income Statement.....	19
Balance Sheet.....	20
Statement of Changes in Equity.....	21
Cash Flow Statement.....	22

Notes to Financial Statements **23**

Directors' Declarations **34**

Auditor's Report **35**



Corporate Profile

DeVere Mining Technologies Limited is an unlisted Public Company developing a number of exciting, environmentally sustainable and potentially highly profitable innovations for the mining industry.

DeVere was incorporated on 11 September 2003 as Evap-Mat Limited. It changed its name in August 2004 to better reflect the change in focus from a single technology (the Dam Cover) to a number of important technologies under the DeVere umbrella (including the CARIAT Conveying and the Trench Leaching Systems).

Development of the Dam Cover was postponed during this financial year to focus resources and capitalize on particularly ripe market opportunities for the CARIAT Conveying System and the Trench Leaching System.

The Company has significantly progressed and refined designs for the CARIAT Conveyor, including the completion of the first stage of a 10 million tonne per annum demonstrator prototype. Strategic industry and research contacts were also established this year to facilitate further development of the CARIAT.

We have successfully acquitted our Federal Government COMET grant and since this time have forged an agreement with an Australian gold mining company to commence testing the Trench Leaching System on a specific gold tailings resource, with a view to scaling up the System into a working pilot plant.

Registered Office

The compliance, accounting and company secretarial activities of DeVere are carried out at its Registered Office in Bentley, Western Australia.

Product Development

The design and development of DeVere's innovative mining systems takes place at its

Registered Office in Bentley, with testing and construction outsourced to three different companies.

Commercialisation Strategy

For each of its technologies, DeVere plans to seek a share of profits from potential users, as opposed to a royalty on the sale of the systems.

It is the extreme benefit of the systems to end-users that makes profit sharing an attractive and viable proposition for all parties. For this reason, the Company intends to initially market to mining companies with projects where the DeVere systems will provide the difference between "go" and "no go" decisions for otherwise stranded projects. In addition, the technologies are designed to dramatically reduce capital and operating costs, such as soaring fuel and tyre prices.

Company Development & Growth

DeVere is a research and development company and does not intend to become an engineering or manufacturing company, thus building on our strengths and avoiding competition with existing engineering and manufacturing companies.

This year the Company revised its Directors' Valuation to reflect progress in the research and development of its technologies, raising the Company value from \$6m to \$8m.

Initial Public Offerings

DeVere Mining Limited will list on the ASX when it is deemed the most beneficial course of action to its shareholders.

According to the advice of experts, the Company is not yet ready to list and the interests of the shareholders are presently better maintained by continuing as an unlisted company at this time.





Directors' Report



Directors

The directors of the Company at any time during or since the end of the financial year are as follows. Directors were in office for the entire period unless otherwise stated.

Name, qualifications and independence status	Age	Experience and special responsibilities
<p>Mr Graham Donald Maisey</p> <p>Chairperson & Non-Executive Director</p>	65	<p>Over 20 years' experience in the roles of Chief Financial Officer, General Manager and Company Secretary for a range of large public and private enterprises. 5 years' experience as Group Corporate Manager of the Griffin Group. A background in accounting and law, and considerable experience with the mining and mineral sectors of the economy. A wealth of experience in strategy, planning, management and corporate governance. Director since November 2003. Appointed Chairperson April 2005.</p> <p>Graham is also the CEO of The One Arm Point Community north of Broome in Western Australia.</p>
<p>Mr Robert John Giraud</p> <p>Non-Executive Director</p>	67	<p>Over 40 years' experience in small business, with wide expertise in corporate governance, planning and management, strategic planning of new ventures, business planning, set-up, management and operation, analysis of market forces and opportunities and installation of and compliance with ISO9001 standards. He also has considerable experience in management of teams, staff training, motivation and hiring. Special responsibilities include capital raising and promotion. Director since September 2003.</p> <p>Rob also has extensive experience in board positions in steering the operations of organisations in competitive fields of operation.</p>
<p>Mr Nicholas Geoffrey de Vere Sadleir</p> <p>Non-Executive Director</p>	25	<p>Son of Company founder, the late Kim Sadleir. Since early childhood, keenly followed the progress of his father's groundbreaking inventions. Fully committed to the commercialisation of the DeVere technologies, assuring continuity of his father's work. Nick is a profound thinker and designer and contributes conscientiously to the operations of the Board and the business of DeVere. Director since May 2005.</p>

The Directors hold 6.2%, 5.7% and 26.9% of the shares in the Company. Nicholas Sadleir controls a total of 62.2% of the shares by virtue of a trustee arrangement with the other major shareholder, Simon Sadleir. Hence, the Board controls a total of 68.6% of the shares. The Board together with key personnel controls 78.6% of the shares of the Company.

The control that the Board presently has over the voting rights of DeVere is anticipated to reduce, as significant investment funds are brought into the Company.

It is a recommendation of the ASX that the majority of the Board of Directors each hold less than 5% of the shares, so as to constitute an independent board. However, due to the start-up nature of DeVere and the fact that it does not yet have the funds to pay for an independent Board of Directors, the present Board structure is likely to continue.

It is envisaged that when DeVere does list on the ASX, the Board will be expanded to include a number of independent directors with knowledge and experience appropriate to the task of guiding the operations of a listed vehicle conducting R&D.

The Constitution of DeVere requires that there be at least three Directors to guide the operations of the Company, and that the sitting directors can replace vacancies subject to ratification by the next general meeting of shareholders. The size of the Board has been kept to a minimum to reduce the burden on shareholder equity.

Also, by virtue of the Constitution of DeVere, the Directors are entitled to remuneration for travelling expenses in attending Directors and other official meetings of the Company. To date, this right has been exercised only once to bring the Chairman from Broome to the last AGM.

Further, according to the Constitution of DeVere, the Chairman does not have a casting vote. Further, Directors must resign their post at their third AGM or after 3 years of service – whichever is the longer. Accordingly, Chairman, Graham Maisey, and Director, Rob Giraudo, will retire from office at this AGM and, being eligible for re-election, are seeking re-appointment by the members in the AGM.

CEO & Company Secretary

Clinton Giraudo was appointed to the positions of Company Secretary and Chief Executive Officer (CEO) in December 2003 and April 2005, respectively. He previously spent 13 years working as a Patent Attorney and developed extensive legal and licensing expertise and broad experience in development and management of start-up technology. He serves on the board of several new technology-based private companies in start-up phases. Clinton is a qualified electrical engineer with a broad understanding of a wide range of technologies. His responsibilities include the day-to-day operation of the Company, management of the R&D activities, compliance with ASIC and other regulatory requirements, contributing to and overseeing of product design and implementation, including general management, project leadership and problem solving. Other duties include preparation and review of intellectual property documents.

Officers who were previously partners of the audit firm

No officers of DeVere were previously partners of the audit firm, Carlton & Partners.

Directors' meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

Director	Board Meetings	
	A	B
Mr G Maisey	6	11
Mr R Giraudo	11	11
Mr N Sadleir	11	11





A – Number of meetings attended.
B – Number of meetings held during the time the Director held office during the year.

Graham has been based full time at One Arm Point - about 200 km north of Broome - for most of the past 12 months and due to this remote proximity to Perth (about 2,400 km) has not been able to attend a number of the Director's meetings. Despite this, he continues to contribute and is abreast of all important matters facing the operation of the Company.

It is anticipated that as the Company enters into profitable operation, Directors will be paid for their travelling expenses, as is provided for in our constitution, and this will enable Graham to attend more of the Company's meetings.

Board function

The Board of Directors continues to operate with the minimum allowable number of members so as to minimise the burden on shareholder funds and equity. Also, in this regard, even though an allowance of \$25,000 per Director per annum is provided for, this has not been paid and remains as an accruing contingent liability to DeVere; it will be paid when the Company can reasonably afford it (without adversely affecting operations).

Due to the size of the Board of Directors and the operating budget of DeVere, no committees have been established to delegate the various responsibilities of the operations of the Company. Instead, the Board deals with all matters of responsibility itself and seeks external advice where considered appropriate.

The decision making process of the Board has always been, and continues to be, by way of consensus. Hence, any point of dissension on an issue under consideration is considered and discussed until full agreement is obtained. This has eliminated the possibility of dominance of the Company by any single board member.

The decision-making process in the operation of DeVere is undertaken by the Board and the CEO. However, various family members of the Sadleir, Giraud and McSweeney families have specific skills, knowledge and experience related to the technologies under development and are consulted within their fields of expertise at appropriate times. Steps have been taken to ensure that the functions of the Board are not unduly influenced by any one of these families.

Each Director has access to all Company information, executives and employees to consider any and all matters of interest. External advice on matters of the operation of DeVere is sought upon discussion with and agreement of the Board.

Directors' remuneration

Disclosure relating to Directors' and Executive Officers' emoluments has been included in Note 11 of the Financial Report.

No Directors' fees have been paid to the Directors. The Constitution of the Company provides for the non executive Directors to collectively be paid remuneration for their services as a fixed sum not exceeding the maximum, from time to time determined by the Company in general meeting. Directors' remuneration is set at \$25,000 per annum for each Director, payable as and when the Directors believe there are sufficient funds to make the payments without significantly affecting the Company's operations, with these payments to be made retrospectively to the commencement date of their respective directorships. As at 30 June 2006, there is a contingent liability to Directors in the amount of \$204,315.

As per resolutions passed in the November 2005 AGM, each of the 3 Directors was issued with 300,000 share options, exercisable at 25 cents on or before 30 November 2011, and our CEO was issued with 150,000 share options.





Share Options to Directors		
	30 Jun 2006	30 Jun 2005
Robert Giraudo	300,000	-
Graham Maisey	300,000	-
Nicholas Sadleir	300,000	-
Share Options to CEO		
	30 Jun 2006	30 Jun 2005
Clinton Giraudo	150,000	-
TOTAL Options	1,050,000	

A Director may be paid fees or other amounts, as the Directors determine, when a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred on behalf of the Company.

Finally, the position of Company Secretary currently involves a payment of \$30 per hour including GST, which has not changed since 2003.

Directors' interests

No Director and no firm in which a Director is a partner as at 30 June 2006, has any other interest in the promotion of the Company or any property proposed to be acquired by the Company. There are no disclosable interests for any commissions or rewards to be received by a Director as a result of the promotion of the Company or the Ordinary Shares it has issued.

As at 30 June 2005 and 30 June 2006, the Directors had the following relevant interests, either directly or indirectly, in the issued capital of the Company.

Fully paid ordinary shares to Directors		
	30 Jun 2006	30 Jun 2005
Robert Giraudo*	3,900,003	3,900,003
Graham Maisey	3,600,000	3,600,000
Nicholas Sadleir [§]	16,828,501	19,848,501
TOTAL	24,328,504	27,348,504

* Robert Giraudo holds these shares in partnership

with Gwenda Giraudo
 § Nicholas Sadleir also controls the shares of his brother Simon Sadleir which amount to 16,828,502, and the shares of Smog Solutions Pty Ltd and the KV & MB Sadleir Family Trust, which amount to a further 1,800,000. Further, under the terms of gifting of shares to speculative services providers, speculative loan providers and other family and close associates of Kim Sadleir, the voting rights of all of the shares of the Company save for 8,300,006 are currently either directly or indirectly under the control of Nicholas Sadleir. However, by either 31 December 2007 or at the time of listing on the stock exchange (whichever occurs first), the voting rights of 28,963,000 of the shares of the Company will revert to their beneficial owners. The reduction in the number of shares held directly by Nicholas since 2005 is due to share transfers from the estate of the late Kim Sadleir to the key personnel of DeVere.

Remuneration of key personnel

On 22 June share transfers were made from Nicholas and Simon Sadleir to Clinton Giraudo, Aaron Mawby and Margot Wiburd from the estate of the late Kim Sadleir in recognition for the speculation that they have put into their employment with DeVere. These share transfers are also expected to ensure the continuance of these key personnel with DeVere as it prepares to enter into its crucial commercialisation phase of operations.

Fully paid ordinary shares to Key Personnel		
	30 Jun 2006	30 Jun 2005
Clinton Giraudo	1,800,000	-
Aaron Mawby	2,640,000	-
Margot Wiburd	1,400,000	-
TOTAL	5,840,000	-

Aaron is responsible for design and CAD drawing tasks, whilst Margot's key areas are research, report drafting and editing. The contribution of each of these personnel is pivotal to the operation and progress of the Company and all have made significant

contributions during the time of their involvement with DeVere.

Environmental Statement

In addition to adhering to environmental regulation under Commonwealth and State legislation, as an imperative matter of social conscience, DeVere Mining Technologies exercises the highest possible commitment to achieving the best and cleanest environmental performance from its technologies.

Principal Activities

The principal activities of DeVere during the financial year were focussed on the research and development of two of its three technologies: the Trench Leaching System and the CARIAT Bulk Solids Transportation System. Development of the Evap-Mat Dam Cover was postponed in order to better concentrate all resources on the other technologies, for which strong market opportunities exist at this time.

Trench Leaching System

The Company successfully acquitted its Federal Government COMET grant awarded for the development and proving of the Trench Leaching System, which is a cost-saving hybrid of inexpensive but low-yield and environmentally ambiguous heap leaching, and the more efficient high-yield, expensive tank leaching.

After modifications to our first prototype Leach Cell, in November 2005 a third test was conducted on ore samples, with an anticipated gold recovery yield of between 85% and 90%. This test surpassed expectations, with an actual gold recovery of between 91% and 93% - in other words, results equal to the more expensive process of tank leaching.

Analysis of the test also revealed that our technology uses between a quarter and half the

quantity of cyanide used in tank leaching, further reducing costs and further minimising potential environmental contamination, thus consolidating the dual purpose of the Trench technology.

Soon after these tests were finalized, the Company entered into a verbal agreement with an Australian gold mining company to conduct leaching tests on a large tailings deposit in the Eastern states, with a view to scaling up to a pilot plant and commencing a commercial venture. The Company has now put together a detailed First Order Costing for this project. This is a major milestone for the Trench Leaching System.

CARIAT Conveyor System

Design and fabrication of the CARIAT Conveyor System continues to progress.

A demonstrator section of the CARIAT was successfully completed in December and moved to secure premises south of Perth.

Design features of the technology have been further refined, with Aaron Mawby and Clinton Giraudo progressing the work of Kimberley Sadleir. The design of all key components of the CARIAT is almost complete.

While the Company was not successful in its application for a competitive ACARP (coal industry) grant for the CARIAT, the process regenerated interest in the technology from a well renowned organization conducting research into the transportation of bulk solids.

Concurrently, we are courting an industry partner for further support for development of the technology.

Evap-Mat Dam Cover

Apart from regular literature searching, further development of the Evap-Mat Dam Cover was put on hold during the year in order to focus our resources on our other two technologies.





Seminars and Conferences

To remain abreast of industry developments, Management attended several seminars on bulk solids transportation and mineral extraction. These bore additional fruit in establishing contacts with people who have the potential to assist in the development of our technologies and who may become future customers.

Capital Raising

DeVere focussed some of its effort during the financial year on capital raising to progress the development of the technologies and assure the continued operation of DeVere in the interim.

As a capital raising incentive, share options were introduced into the Company. The Company's offer to shareholders to convert existing loans into shares plus options resulted in a reduction of contingent liabilities. A new Loan Offer to investors generated 5 new shareholders, together with further investment by existing shareholders. Presently, there are shareholders loans in the amount of \$75,676 outstanding, with \$51,000 of loans converted into shares and options at the rate of 50,000 shares and 100,000 options per \$5,000 loaned.

Directors' and CEO loans to the value of \$44,200 were received during the year to facilitate DeVere's operation.

After detailed investigation by the Company into various capital raising options, two key financial institutions from the Eastern States – South Pacific Securities and CDI Global - were sourced to raise funds for development of the Trench Leaching and the CARIAT technologies, respectively.

ASX Listing

On advice received from several financial advisors, together with deliberation by the directors, it was made clear that it would not be in DeVere's best interests to list on the ASX at this time. Listing will be postponed until it

offers the Company and shareholders a clear benefit.

There were no other significant changes in the nature of the activities of DeVere Mining Technologies during the financial year.

Objectives

DeVere Mining's objectives over the next four years (earlier, where applicable) are to continue research and development of each of its three technologies until commercialisation of at least two of these, comprising:

- completion of research into systems, processes, alternatives and markets;
- completion of design and development of sub-systems and processes of installation and testing;
- construction of full scale demonstration and pilot systems for proving the efficacy of the technologies;
- implementation of marketing programs;
- construction and commissioning of commercial systems.

A detailed cost projection for the Trench Leaching System for the next five years has been completed, with a similar projection for the CARIAT Conveyor System underway.

In order to meet the above objectives, the following targets have been set for the 2006-2007 financial year:

- Raise equity of \$13m to fast-track development of the CARIAT Conveyor.
- Obtain a Commercial Ready Grant and/or AMIRA Grant for the CARIAT Conveyor.
- Raise equity to complete scale-up and on-site testing of the Trench Leaching System, through one or more of the following: a profit share to DeVere of yields as per agreement with an Australian gold mining company (see Principal Activities – Trench Leaching System); the development of small scale, portable Trench Leaching Systems that simultaneously produce a



profit share and act as proof of concept; capital raising through South Pacific Securities (SPS) or other financial organization; a new COMET grant for further development of the TRENCH

Leaching System.

- Substantially raise the profile of the Company and share value.



Operating and Financial Review

Overview of DeVere Mining Technologies Limited

As anticipated, the Balance Sheet shows a loss attributed to increased research and development activities for the Trench Leaching System and the CARIAT Conveyor System, to bring them up to a marketable stage. This loss was mitigated by the receipt of a Federal Government COMET grant payment to the value of \$6,700, Employment Plus Scheme reimbursements to the value of \$4,500 and a Research & Development Tax Rebate of \$45,704, together with share investments totalling \$50,000 from private investors' purchase of 500,000 ordinary shares and 1,000,000 options, and new loans by investors totalling \$126,676 (of which \$51,000 of loans have been converted into shares and options) and Directors' and CEO loans to the value of \$44,200.

Shareholder returns

	2006	2005
Net profit	(\$131,481)	(\$121,951)
Basic Earnings Per Share EPS	-	-
Dividends Paid	-	-
Dividends Per Share	-	-
Change in Share Price	\$0.10	\$0.10
Return on capital employed	0 %	0 %

As the Company continues to move through its research and development phase with no earnings from commercialisation of any of the technologies under development, no returns have been available for distribution to shareholders to date.

Investments for future performance

DeVere Mining Technologies Limited made no expenditure on acquiring plant and equipment during the year. Instead it has consolidated its position with existing resources.

In November, moderate printing costs were incurred for an Information Memorandum to accommodate the Company's new loan offer.

Fees for the generation of documentation and legal documents associated with the acquittal of the COMET grant were incurred, the results of which will provide the groundwork for future business plans and industry agreements.

Costs associated with the Patent Application for the Trench Leaching System were incurred, and these will be ongoing over the next 20 years.

Website design training was provided internally to facilitate the creation of a multi-page DeVere Mining website, and to foster in-house control over future website development and maintenance.

Bulk transportation and mineral extraction seminars were attended by Management in order to keep abreast of industry developments, investigate opportunities and engender industry contacts.

All other expenditure was directed at the creation and modification of prototypes and independent testing of the Trench Leaching System, the creation and modification of design components of the CARIAT Conveyor System, and management and administration of these research and development processes, including accounting and audit processes.

For the coming financial year, printing of a new Information Memorandum, along with the preparation of pertinent documentation, is expected to accompany a major capital raising, taking development and proving of the technologies to a point that would see commencement of the commercialisation of the Trench Leaching System and the CARIAT Conveyor System.

Commissions payable to financial institutions and/or individuals will be budgeted for in the capital raising.

Air fares to the Eastern States for meetings with financial institutions and the Australian gold mining company verbally allied with the Trench Leaching System, costs relating to the collection and westward freight of tailings for targeted testing of the Trench system, consultants' fees and fees associated with lodgement of patents, are anticipated in the coming year.

In-house staff training of software applications will continue where necessary.

Substantial costs relating to the development of a pilot plant for the Trench Leaching System will be offset by planned staged agreements with industry players.

Substantial costs relating to the development and testing of the Trench Leaching System will be met by DeVere's planned capital raising through South Pacific Securities. Those for the

CARIAT Conveyor System are to be met by capital raising through CDI Global.

Review of financial condition

Capital structure and treasury policy

DeVere has no bank borrowings and does not intend to seek bank funding for its operations. It does, however, have speculative loan agreements with a number of shareholders totalling \$75,676 which are contingent upon the Company having a significant amount of money available for distribution, as detailed in Note 14 of the Notes to Financial Statements.

Capital raising for the operations of DeVere will continue through the issue of new share capital. In order to ameliorate the reduction in equity of existing shareholders, the Directors have been mindful of continuing to increase the value of DeVere's technologies. This has resulted in an increase in the Directors' valuation of the technologies from \$6 million to \$8 million.

It is also expected that some commercial activity in the use of the Company's technologies will produce some income in the next financial year.

Liquidity and funding

Liquidity and funding of DeVere continues to depend upon capital raising through the issue of shares, COMET grant drawdowns and R&D Tax Rebates.

There are no borrowings or interest charges affecting the operations of DeVere.

The funds raised are used in the research and development of DeVere's three technologies and protecting the Intellectual Property created in that development process.

The only continuing liability to the operation of DeVere is a lease over its premises in Bentley.



The maturity profile of the consolidated debt of DeVere at 30 June 2006 is:

	<i>Due</i>	<i>2007</i>	<i>2008</i>	<i>2009-2012</i>	<i>Total</i>
		\$	\$	\$	\$
Bank debt		-	-	-	-
Redeemable preference shares		-	-	-	-
Convertible notes		-	-	-	-
Lease liabilities		7,260	-	-	7,260
TOTAL		7,260	-	-	7,260

Cash flows from operations

Cash flow over the last year has been the result of capital raising through the issue of shares, loans from shareholders, Directors and the CEO, COMET grant drawdowns and R&D Tax Rebates.

Income streams from the use of the Trench Leaching Test Cell are expected to develop over the next financial year.

Impact of legislation and other external requirements

There were no changes in environmental or other legislative requirements during the year

that have significantly impacted on DeVere's results or operations.

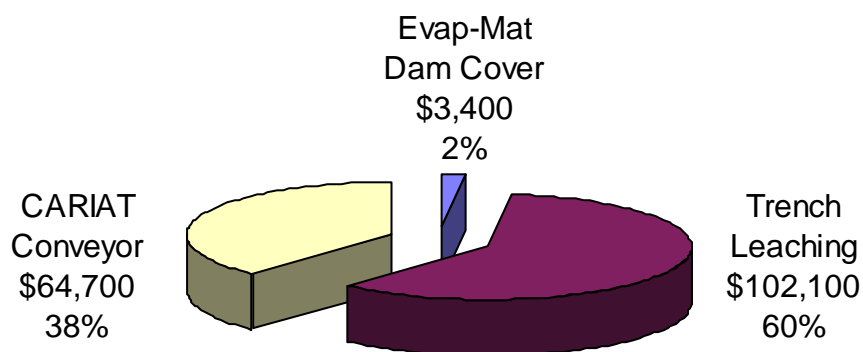
Significant changes in the state of affairs

During the last financial year, \$50,000 was raised through the issue of new share capital, which was used in the further operation of the Company.

During the year, a loss of \$131,481 before tax was incurred, which is expected to generate an R&D Tax Rebate of about \$61,000.

Review of principal businesses

Total expenditure on the research and development of the three technologies was almost \$170,200.



Review of Trench Leaching System

Product

The Trench Leaching System is a hybrid of existing heap leaching and tank leaching systems that provides yields as high as those gained from expensive tank leaching, yet costs little more than inexpensive, low-yield heap leaching, while exercising protective measures on the environment due to containment and extra flushing. The Trench Leaching System is particularly aimed at small to medium mining projects deemed unviable due to prohibitive leaching costs.

Market

The market includes all proposed mineral leaching projects seeking to extract metals from crushed ore (including gold, tungsten, nickel, copper and cadmium) or previously processed tailings, at relatively low costs, but with a high yield.

This market particularly includes mining projects currently deemed unviable due to relative prohibitive costs and/or poor yields associated with the conventional leaching processes, thus tapping a previously unserved market niche.

Operating Results

DeVere was the recipient of a competitive COMET grant in the amount of \$48,000, awarded on the potential of the Trench Leaching System.

In July 2004 the first prototype was constructed and a testing program using cyanidation on samples of oxide gold ore with relatively low mineral content (around 1 gram of gold per tonne of ore) was developed and commissioned.

An initial test of the leaching system was very encouraging, with results equal to current best practice for a coarsely ground gold ore sample. A particle size analysis of the processed ore, in the first test, revealed that our leaching system released around 93% of the contained gold for particles smaller than 0.5 mm. A second test,

with finer ore, indicated that some changes needed to be made to the test cell. In spite of these problems, the cell recovered 82% of the gold over 4 days, which is an extraordinary result for a heap leaching system in that period of time.

After modifications to the Leach Cell, in November 2005 a third test was conducted on ore samples, with an anticipated gold recovery yield of between 85% and 90%. This test surpassed expectations, with an actual gold recovery of between 91% and 93% - in other words, results equal to the more expensive process of tank leaching.

Analysis of the test also revealed that our technology uses between a quarter and half the quantity of cyanide used in tank leaching, further reducing costs and further minimising potential environmental contamination, thus consolidating the dual purpose of the Trench technology.

Commentary on operating results

All COMET Grant obligations for 2005 – 2006 were acquitted by the end of the financial year.

Planned negotiations with an Australian gold mining company have come to fruition, with a verbal agreement in place to trial the Trench Leaching System on gold tailings from a mine site in NSW. The testing of samples has been set in motion, and a detailed 5 year budget and cost projection illustrating the major cost saving advantages of the Trench System has been drawn up to present to both capital raisers and prospective clients of the Trench Leaching System.

Strategy and future performance

Testing of the Trench Leaching System on the above-mentioned tailings is expected to commence in the first half of financial year 2006-07, with a view to establishing an operational pilot plant before the end of that financial year. This project is planned to generate income for DeVere in the space of around six months via a profit share, and will





fast track commercialisation of the Trench Leaching System by the end of the following financial year.

Research has revealed the existence of new technology that may be complimentary to the Trench Leaching System, and this is being investigated with a view to further reducing processing time and cost.

Concurrent with the scaling up of the Trench System into a pilot plant, the Company plans to broaden its scope by licensing the development of a miniaturised, portable version of the Trench Leaching System to one of its consultants. This will simultaneously potentially create income for the Company within a relatively short space of time (through profit share) and function as proof of concept for other potential clients, in addition to making inroads into overseas markets.

The Trench System will be marketed as a breakthrough in leaching technology that is an extremely cost effective hybrid of heap and tank leaching, while being environmentally friendly. It will be custom made to order for specific leaching objectives.

It is intended that a royalty will be set per tonne of ore processed via the Trench Leaching System, with the amount of that royalty to be a share of the extra profit that the mining company receives as a result of using the Trench Leaching System over other leaching options.

Review of CARIAT Conveyor System

Product

The CARIAT Conveyor – Continuous Articulated Rail in a Tube – is an innovative bulk materials transportation system for the mining industry that provides dramatic cost savings and environmental advantages compared to existing systems (rail, road or belt conveyor).

Market

All mining and resource operations (including woodchip and grain handling) either in

development, expansion, established or abandoned due to prohibitive costs, requiring major cost savings in bulk materials transportation combined with strong environmental advantages, over distances from 0.1 km to in excess of 500 km.

Operating Results

Design and fabrication of the CARIAT is progressing. Ongoing modifications have streamlined the original CARIAT design, and research and discussions continue in the search for ways to maintain and constantly improve the simplicity and cost effectiveness of the technology, with special emphasis on cost effective ways to manufacture and transport proprietary components.

Commentary on operating results

While the CARIAT Conveyor is a multi-faceted system with many of the minutiae of its design still to be finalized (at the appropriate time), prototype components constructed to date are functioning optimally and the Company is extremely pleased with its progress.

Current and projected market tendencies, eg a world-wide shortage of large truck tyres and rubber, increased fuel prices and increased environmental lobbying, have heightened the CARIAT's competitive edge and potential importance in the mining and mineral resources marketplace. The enormous pressure to ship iron ore from inland reserves to China and the prohibitive installation and operating costs of large dedicated rail infrastructure adds to the attractiveness of the CARIAT Conveyor as a cost effective alternative.

Widely publicized, prohibitively expensive demurrage problems experienced at Australian Ports can also be creatively addressed by replacing rail with the CARIAT, creating inland stockpiles, freeing up port facilities to increase the number of ships that can load at one time.

Strategy and future performance

Development and proving of the various systems and processes of the CARIAT



Conveyor System (including a customized port infrastructure) will continue until its anticipated full commercialisation in 2009 - 2010.

Pending successful equity raising, the Company intends to apply for a Government Commercial Ready Grant of up to \$5 million, which is to be matched dollar for dollar by DeVere. Funding is critical to streamline the development of the CARIAT given its enormous current potential in the mining and mineral resources sectors. Nevertheless, maintaining the equity interests of existing shareholders, balanced against the operational funding requirements of the Company, remains a foremost objective of the Board of Directors.

Review of Evap-Mat Cover System

Product

The Evap-Mat Dam Cover is a low cost, long life floating cover for water reservoirs and dams, where water is a limited resource or where loss of water through evaporation is a costly problem with clear social, economic and environmental repercussions. Long-term applications of the technology include conservation of water in irrigation and reticulation systems and farm dams, and conservation of water in large human consumption water reservoirs.

Market

Initially, our target market will be any mining project where on-site water is a limited resource that is trucked in at large expense.

In total, there are 3 potential markets for dam covers:

- evaporation containment in mining industry dams,
- evaporation containment in agricultural/farming water dams, and
- evaporation containment and water quality control in human consumption water reservoirs.

Operating Results

Due to strong market interest in its other two technologies, DeVere has elected to postpone further development of the Evap-Mat until resources permit.

Commentary on operating results

While product development was paused, literature searches have been maintained in order to monitor market developments and the continued potential of this technology.

Strategy and future performance

Continued research, development and proving is planned until the Evap-Mat's commercialisation in 2010-2011. However, this plan will be reviewed and optimised according to market developments.

Dividends

The Directors do not recommend the payment of a dividend at this time and no amount has been paid or declared by way of dividend since the end of the previous financial year, or to the date of this report.

DeVere Mining Technologies Limited has a policy in place to pay dividends to its shareholders once the Company enters into reasonable profit in excess of its R&D needs. That is, the payment of dividends shall not be at the expense of planned R&D effort.

DeVere has been operating in deficit since its inception and anticipates entering into profitable operation once its technologies mature to the stage where one or more of them can be moved into a spin-off company where R&D can be completed and commercialisation commenced. DeVere would then receive various payments from the spin off company, including royalties and dividends.

This cash flow is expected to be considerable and surplus funds will, in part, be distributed to shareholders as dividends.



Events Subsequent to Reporting Date

Funding

Early filing of its Tax Return has seen DeVere receive an increased Research & Development Tax Rebate of \$61,217, which will be used to help further fund its operations.

CARIAT Conveyor

In September, a major capital-raising firm (CDI Global) presented the CARIAT Conveyor concept on our behalf at a meeting in Amsterdam of their international partners. They have received early expressions of interest from a number of overseas parties, and have requested detailed information and documentation from DeVere as soon as possible to maintain client interest. This documentation is being generated.

Aaron Mawby and Clinton Girauda have refined and almost completed the design of the critical drive component of the CARIAT system. Once finalised, this will be a major milestone for the CARIAT.

A detailed proposal has been drawn up to fast-track development and trials of the CARIAT Conveyor System with a West Australian mining company. Once this proposal is accepted, further construction of the CARIAT components could commence, prior to a major fundraising applied to the CARIAT.

Trench Leaching System

Further to our agreement with an Australian gold mining company to test process their tailings using the Trench system, representatives of DeVere travelled interstate in August to obtain samples of gold tailings from that Company's mine. These have now been shipped back to Perth, ready for processing in our Test Leaching Cell. A further one tonne of tailings was dug up, ready for the next stage of this initial venture for the Trench Leaching System.

A meeting with South Pacific Securities confirmed the continuing interest by this capital raising group to raise funds related to the Trench Leaching System. Their advice to us is to progress our plans to develop the Trench system as far as we can. Meanwhile, SPS will be available for capital raising at any necessary juncture.

Likely developments

Successful leaching by the Trench cell of the gold tailings sampled should culminate in a written agreement with the Australian gold mining company concerned and the construction of the first Trench Leaching pilot plant. This will provide an income derived from a percentage of profits, in addition to proving the scale-up of the Trench System.

A licensing agreement regarding the construction of miniaturised, portable versions of the Trench Leaching system will be put in place, leading to independent funding and commercialisation of this offshoot of the full-sized system.

A detailed proposal will be put to an Australian mining concern to fast track development of the CARIAT Conveyor System whilst awaiting more substantial development funding. This proposal will potentially generate income through a share of the profits after the first six months.

CDI Global will introduce potential investors in the CARIAT Conveyor System to DeVere, with a view to raising significant funds for the technology's development.

It is intended to make application for a Commercial Ready Grant for the CARIAT Conveyor.

When DeVere is in a position to meet additional management and personnel requirements, we will relocate the office and contract additional personnel.



Share Options

Share Options were introduced into the Company in November 2005.

Indemnification and insurance of officers and auditors

It is planned to seek insurance of officers once significant funding that warrants such action is in place.

The Company does not indemnify its Auditors.

Audit and non-audit services

The Auditors have reported audit costs of \$1,500 in accordance with a resolution of the AGM held in March 2005. They also report costs of \$1,750 for other non-audit services.

Rounding of amounts

The amounts in the Financial Report and the Directors' Report have been rounded to the nearest dollar. Also, amounts supporting graphs have been rounded to the nearest \$100.

Directors' Authorisation

This Report is made in accordance with a resolution of the Board of Directors and is signed by authority for and on behalf of the Directors by:



Graham Maisey
Chairman

Dated this 30th day of November 2006





FINANCIAL STATEMENTS



***Year Ended
30 June 2006***

DeVere Mining Technologies Limited
A.C.N. 106 279 654
(formerly known as Evap-Mat Limited)

Income Statement

For the year ended 30 June 2006



	Notes	1 July 2005 to 30 June 2006	1 July 2004 to 30 June 2005
		\$	\$
REVENUE	2a	17,396	15,157
Cost of sales			
Gross Profit		<u>17,396</u>	<u>15,157</u>
Other income	2b	45,704	19,879
Administrative expense	2c	(58,576)	(61,593)
Other expenses	2d	(136,006)	(95,359)
Profit before financing costs		<u>(131,481)</u>	<u>(121,916)</u>
Financial income		0	28
Financial expense		0	(64)
Net financing income		<u>0</u>	<u>(35)</u>
Net Profit / (Loss)		<u>(131,481)</u>	<u>(121,951)</u>

The accompanying notes form part of these financial statements.

Balance Sheet

For the year ended 30 June 2006



	Notes	1 July 2005 to 30 June 2006 \$	1 July 2004 to 30 June 2005 \$
ASSETS			
Cash and cash equivalents		10,993	9,778
Trade and other receivables		2,299	2,299
Total Current Assets		<u>13,291</u>	<u>12,077</u>
Property, Plant & Equipment		295	0
Intangible Assets	6	8,000,801	6,000,801
Total non-current assets		<u>8,001,096</u>	<u>6,000,801</u>
Total Assets		<u>8,014,388</u>	<u>6,012,878</u>
LIABILITIES			
Bank overdraft		1,530	0
Provisions		(1,779)	(1,918)
Employee benefits		3,730	1,647
Total Current Liabilities		<u>3,480</u>	<u>(271)</u>
Interest-bearing loans and borrowings		75,676	57,436
Total Long Term Liabilities		<u>75,676</u>	<u>57,436</u>
Total Liabilities		<u>79,156</u>	<u>57,165</u>
NET ASSETS		<u>7,935,232</u>	<u>5,955,713</u>
EQUITY			
Issued capital	8	186,003	126,003
Reserves		8,000,001	6,000,001
Retained Earnings	9	(301,772)	(170,291)
Total Equity		<u>7,935,232</u>	<u>5,955,713</u>

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2006



Notes	1 July 2005 to 30 June 2006	1 July 2004 to 30 June 2005
	\$	\$
Surplus (loss) for the period	<u>(131,481)</u>	<u>(121,951)</u>
Income (loss) net of expenses for the period	<u>(131,481)</u>	<u>(121,951)</u>
Equity at the beginning of the reporting period	<u>8,066,713</u>	<u>6,077,664</u>
Equity at the end of the reporting period	<u>7,935,232</u>	<u>5,955,713</u>

The accompanying notes form part of these financial statements.



Cash Flow Statement

For the year ended 30 June 2006

	1 July 2005 to 30 June 2006	1 July 2004 to 30 June 2005
Notes	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers	0	0
Cash generated from operations	(134,398)	(124,748)
Cash Paid to suppliers and employees	0	0
Income taxes paid	138	(3,435)
Net Cash Flows from Operating Activities	(134,260)	(128,182)
CASH FLOW FROM INVESTING ACTIVITIES		
Increased Value from Revaluations	2,000,000	5,982,883
Decreased Value from Revaluations	(1,869,526)	(5,881,883)
Net Cash Flows from Investing Activities	130,474	101,000
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from asset revaluation	0	0
Proceeds from venture capital reserve	0	17,118
Net Cash Flows from Financing Activities	0	17,118
Net Increase/Decrease for the period	(3,786)	(10,064)
Cash and cash equivalents at 1 July	8,898	18,962
Cash and cash equivalents at 30 June 2006	5,113	8,898

4

The accompanying notes form part of these financial statements.



Notes to Financial Statements

For the year ended 30 June 2006



1. Summary of Significant Accounting Policies

This Financial Report is a special purpose financial report prepared in order to satisfy the financial report preparation requirements of the Corporations Act 2001. The directors have determined that the company is not a reporting entity.

DeVere Mining Technologies Limited is an unlisted public Company, incorporated and domiciled in Australia.

Basis of Preparation

The report has been prepared in accordance with the requirements of the Corporations Act 2001 and the following applicable Accounting Standards and Urgent Issues Group Interpretations :

AASB 101:	Presentation of Financial Statements
AASB 107:	Cash Flow Statements
AASB 108:	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 110:	Events after the Balance Sheet Date
AASB 117:	Leases
AASB 1031:	Materiality
AASB 1048:	Interpretation and Application Standards

No other Australian Accounting Standards, Urgent Issues Group Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

Reporting Basis and Conventions

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

The following is a summary of the material accounting policies adopted by the company in the presentation of the Financial Report. The accounting policies have been consistently applied, unless otherwise stated. Refer to Note: 'changes in accounting policies' for comparison to the previous financial year:

First Time Adoption of Australian Equivalents to International Financial Reporting Standards

In accordance with the requirements of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the accounts resulting from the introduction of AIFRS have been applied retrospectively to 2005 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These consolidated accounts are the first financial statements of DeVere to be prepared in accordance with Australian equivalents to IFRS.

The Directors have reviewed the AIFRS standards and requirements and are of the opinion that no reconciliations of the transition from previous Australian GAAP to AIFRS are required at this time.



Accounting Policies

(a) Income Tax

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

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

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

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

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

(b) Property, Plant and Equipment

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

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic valuations, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and Equipment

Plant and equipment are measured on the cost basis.

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

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

Depreciation

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

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

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

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

(c) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entity, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives of the lease term.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses. Overheads are applied on the basis of normal operating capacity. Costs are assigned on a first-in first-out basis.

(e) Investments

Non-current investments are measured on the cost basis. The carrying amount of investments is reviewed annually to ensure it is not in excess of recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for shares in listed companies or the underlying net assets for other non-listed corporations.

(f) Financial Assets

Recognition

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

Available-for-sale financial assets

All investments are classified as available-for-sale financial assets. Available-for-sale financial assets are reflected at fair value unless the fair value can not be readily measured. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(g) Intangibles

Goodwill

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

Intellectual Property

Intellectual Property is recorded at a value assessed by the Directors. This value is reviewed at regular intervals for increases in performance and development and adjustments recorded as appropriate.

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at the date of acquisition.

(h) Employee Benefits

Provision is made for the liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year have been measured at the amount expected to be paid when the liability is settled, plus related on-costs. Employee entitlements payable later than one year have been measured at the present value of the estimated future cash out flows to be made for those entitlements.

(i) Provisions

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

(j) Cash and Cash Equivalents

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

(k) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

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

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

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

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

(l) Borrowing Costs

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

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

(m) Goods and Service Tax (GST)

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

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

(n) Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

Critical accounting estimates and judgments

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

Key estimates - Valuation of goodwill

No impairment loss has been recognised in respect of goodwill for the year as the company believes that the goodwill is supported by forecasts indicating profitability in the next financial year. However should the projected turnover figures be outside 90% of budgeted figures incorporated in the forecast calculations, an impairment loss will be recognised up to the maximum carrying value of goodwill at 30 June 2006.



2. (a) Revenue

	1 July 2005 to 30 June 2006	1 July 2004 to 30 June 2005
	\$	\$
Operating revenue	17,396	15,157
	<u>17,396</u>	<u>15,157</u>

(b) Other Income

Proceeds of the R&D Tax Rebate (administered at 125%), as adjudged by AusIndustry resulted in \$45,704 of other income to DeVere.

(c) Administrative Expenses

Accounting & Audit Fees	25,173	4,420
Admin & Secretarial Expenses	-	1,469
Advertising	-	84
Bank Charges	505	534
Capital Raising Fees	-	2,160
Cleaning	77	-
Computer expenses Under \$300	1,851	-
Dues and Subscriptions	344	111
Freight/ Cartage & Couriers	330	55
Furniture & Fittings (<\$1,000)	-	318
Intellectual Property Fees	394	-
Interest Expense	500	-
Legal & Statutory Fees	7,238	1,635
Motor Vehicle Running & Travel	3,791	1,110
Office Supplies	1,325	2,072
Plant & Equipment (<\$1,000)	-	1,138
Postage	132	145
Prototypes / Demonstrators	14,198	42,578
Repairs & Maintenance	231	429
Research	78	190
State Debit Tax	-	103
Telephone & Internet	2,410	3,041
Total Administrative Expenses	<u>58,576</u>	<u>61,593</u>



(d) Other Expenses

	1 July 2005 to 30 June 2006	1 July 2004 to 30 June 2005
	\$	\$
Accommodation	787	100
Brochures & Presentations	1,010	6,820
Electricity	1,187	1,020
Engineering Consultants	54,529	29,987
Equipment Hire	808	150
Financial Consultants	528	-
Gas Supplies	178	267
Marketing Consultants	1,488	3,984
Meals	48	-
Other Employer Expenses	-	240
Printing & Stationery	414	-
Rates	32	-
Rent	10,400	6,441
Staff Amenities	603	752
Superannuation	4,366	1,294
Training & Seminars	7,088	-
Travel & Airfares	2,259	834
Wages & Salaries	49,530	42,995
Water	26	-
Workers' Compensation	725	465
Total Other Expenses	<u>136,006</u>	<u>95,349</u>

3. Income Tax

DeVere is in a loss making phase and does not incur an income tax liability.

4. Cash Assets

Bond		880
Petty Cash	650	
Challenge Bank	4,372	8,734
Imprest Account	91	164
	<u>5,113</u>	<u>8,898</u>



5. Receivables

	1 July 2005 to 30 June 2006	1 July 2004 to 30 June 2005
	\$	\$
Sundry debtors	<u>2,298</u>	<u>3,179</u>

6. Intangible Assets

CARIAT Bulk Solids Transportation System at Directors Valuation	6,000,000	#	5,000,000
Evap-Mat Dam cover at Directors Valuation	1		1
Formation Expenses	800		800
Trench Leaching System at Directors Valuation	<u>2,000,000</u>		<u>1,000,000</u>
	<u>8,000,801</u>		<u>6,000,801</u>

7. Payables

(a) Current

GST Collected	618	#	1,530
GST Paid	(2,398)		(5,406)
PAYG Withholding Tax	2,463		3,605
Sundry Creditors	-		-
	<u>683</u>		<u>(271)</u>

(b) Non current

Shareholder loans	<u>75,676</u>	#	<u>57,436</u>
-------------------	---------------	---	---------------

8. Contributed Equity

Share Capital

600,000 ordinary shares fully paid	<u>111,000</u>	<u>126,003</u>
	<u>111,000</u>	<u>126,003</u>
(a) Ordinary shares		
Balance at beginning of year	126,003	3
Shares issued		
1,110,000 for cash	111,000	126,000
Balance at end of year	<u>237,003</u>	<u>126,003</u>

The total issued share capital is 62,620,009 fully paid ordinary shares and 3,570,000 options exercisable at 25 cents at any time up to 30 November 2011, being a total issued capital of 66,190,009 fully paid ordinary shares.

9. Accumulated Losses



	1 July 2005 to 30 June 2006	1 July 2004 to 30 June 2005
	\$	\$
Accumulated losses - opening balance	(170,291)	(48,340)
Net loss for the year	(131,481)	(121,951)
	<u>(301,772)</u>	<u>(170,291)</u>

10. Segment Information

The Company operates in one industry, the mining technology industry. The Company operates in one geographical location being Australia.

11. Directors' and Executives' Remuneration

a. Names and positions held by officers

The following people held office in DeVere in the period from incorporation to 30 June 2006.

Directors

Rob Giraud
Graham Maisey
Nicholas Sadleir

Chief Executive Officer & Company Secretary

Clinton Giraud

b. Directors' Remuneration

Year Ended 30 June 2005	Salary ⁽¹⁾ \$	Superannuation \$	Equity \$	Other \$	Total \$
Rob Giraud	-	-	-	-	-
Graham Maisey	-	-	-	-	-
Nicholas Sadleir ⁽⁴⁾	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Year Ended 30 June 2004	Salary ⁽¹⁾ \$	Superannuation \$	Equity \$	Other \$	Total \$
Rob Giraud	-	-	-	-	-
Graham Maisey	-	-	-	-	-
Nicholas Sadleir ⁽³⁾	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

- (1) There were no Directors' salaries paid. However, Directors are entitled to \$25,000 per annum and, pursuant to a resolution of the first AGM, salaries shall be payable as and when the Directors believe there are sufficient funds to make the payments without significantly affecting the Company's operations, and that these payments be made retrospectively to the commencement date of their



respective directorships. As at 30 June 2006 there is a contingent liability to Directors of \$204,315.

c. Shareholdings

Directors	Balance 30 June 2006	Net Purchases/ (Sales)	Balance 30 June 2005	Net Purchases / (Sales)
Nicholas Sadleir ⁽¹⁾	16,828,501	-	19,648,501	-
Rob Giraudo ⁽²⁾	3,900,003	-	3,900,003	-
Graham Maisey	3,600,000	-	3,600,000	-
	<u>24,328,504</u>	<u>-</u>	<u>27,148,504</u>	<u>-</u>

(1) Nicholas and Simon Sadleir each gifted 2,820,000 of their shares to the key personnel of DeVere.

(2) Rob Giraudo holds these shares in partnership with Gwenda Giraudo.

d. Options

An amount of 300,000 options has been issued to each of the three Directors and 150,000 options to the Chief Executive Officer as per a resolution passed at the November 2005 AGM.

e. Executives' Remuneration

For the functions of Chief Executive Officer and Company Secretary Clinton Giraudo is paid \$30 per hour based on a nominal 40 hour week. This rate has not changed since 2003.

12. Related Party Disclosures

a. Transactions with Directors and Director Related Entities

Nil.

b. Share Transactions of Directors

Nil.

13. Reconciliation of Cash

Cash at the end of the financial period as shown in the statement of cash flows is reconciled as follows:

	1 July 2005 to 30 June 2006 \$	1 July 2004 to 30 June 2005 \$
Operating (loss) from ordinary activities after income tax	(131,481)	(121,951)
Changes in assets and liabilities	(45,268)	
Increase (decrease) in payables	3,751	(12,072)
Increase in receivables	-	(3,179)
(Increase) in prepayments & accruals	-	-
Increase in loans & borrowings	72,991	-
Share Issue	<u>111,000</u>	<u>126,000</u>
Cash flow from operating activities	<u>10,993</u>	<u>(11,202)</u>



14. Loan Agreements



There are two different loan agreements presently in force with shareholders who have loaned funds to DeVere around April 2004 and April 2006. The material clauses of both loan agreements are substantially the same, as shown below. The only material difference between the two loan agreements is an allotment of options (Clauses 2 and 3) and repayment terms (Clause 4). The repayment terms have been made more clear in the newer loans. Nevertheless it is the policy of the Board to treat both sets of loans in the same way in terms of repayment. Therefore, in effect the operation of both sets of loan agreements will be identical.

Earlier Loan Agreements (from April 2004):

"2. The Offer

The Lender offers the Company the sum of \$5,000 to be repaid under the terms and conditions set out below.

In consideration of the funds being lent to the Company by the Lender, the principal shareholder will transfer to the Lender 50,000 ordinary shares under the terms and conditions set out below."

"3. Consideration

In consideration of the Lender advancing these monies, the principal shareholder will transfer 50,000 of his ordinary shares to the Lender on the condition that these shares are treated as promoter shares and which may be held in escrow in the event of the Company listing on a stock exchange.

The voting rights associated with the said shares will be held by the principal shareholder until 31 December 2007."

"4. Repayment

The Company will repay the Lender on the following basis:

- (a) 10% of gross income and 10% of cash generated from new issued shares will be allocated to the repayment of all loans and speculative services on a pro rata basis.
- (b) The Company will make repayments to the Lenders when a reasonable amount of money is available for distribution."

Later Loan Agreements (April 2006):

"2. The Offer

The Lender offers the Company the Loan to be repaid under the Terms and Conditions set out below.

In consideration of the funds being lent to the Company by the Lender the Company will issue to the Lender 50,000 Ordinary Shares and 100,000 Options per \$5,000 loaned under the terms and conditions set out below."

"3. Consideration

In Consideration of the Lender advancing these monies the Company will transfer 50,000 Ordinary Shares and 100,000 Options to the Lender per \$5,000 loaned on the condition that these Shares are treated as Promoter Shares and which may be held in escrow in the event of the Company listing on a stock exchange. The options are redeemable at 25 cents at any time up to the close of business on 30th November, 2011."



"4. Repayment

The Company will repay the Lender on the following basis:

- (a) An allocation of 10% of gross income will be made to repay this Loan and all other loans on a pro rata basis.
- (b) An allocation of 10% less fundraisers' commission of any seed capital raising will also be made to repay this Loan and all other loans on a pro rata basis.
- (c) In the event of listing the Company on a stock exchange, the Loan or the balance thereof will be paid in full.
- (d) In the event that any one of the Company's technologies is transferred to a new company or otherwise sold a reasonable proportion of the funds raised thereby will be used to repay this Loan and all other loans.
- (e) The Company will make repayments to the Lender when a reasonable amount of money, as determined in sub-clauses (a) and (b), is available for distribution."

15. Subsequent Events After Balance Date

The following significant events have occurred after balance date:

- Sale of new share capital has raised \$10,000.
- DeVere has received loans from Directors and the CEO amounting to \$25,000.
- A Tax Return having an R&D Tax Rebate of \$61,217 has been received.

16. Registered Office

66 Chapman Road
Bentley WA 6102

17. Effect of Changes in Accounting Policy

The entity has adopted the following Accounting Standards for application on or after 01 January 2005:

- AASB 132: Financial Instruments: Disclosure and Presentation
- AASB 139: Financial Instruments: Recognition and Measurement

The changes resulting from the adoption of AASB 132 relate primarily to increased disclosures required under the standard and do not affect the value of amounts reported in the financial statements.

The adoption of AASB 139 has resulted in material differences in recognition and measurement of financial instruments. The entity has elected not to adjust comparative information under AASB 139. The Directors are of the opinion that there would be no adjustments had AASB 139 been applied to comparative information.

Also, the Directors are of the opinion that there is no aggregate effect on the annual financial statements for the year ended 30 June 2006 due to the change in accounting policy.



Directors' Declarations

In accordance with a resolution of the Directors of DeVere Mining Technologies Limited ("the Company"), I state that:

The Directors of the Company declare that:

1. the financial statements and the notes and the additional disclosures included in the Directors' Report, designated as audited are, in their opinion, in accordance with the Corporations Act 2001, including:
 - a. giving a true and fair view of the Company's position as at 30 June 2006 and of performance for the period ended on that date; and
 - b. complying with Accounting Standards and Corporations Regulations 2001;
2. the Chief Executive Officer has declared that, in his opinion:
 - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - b. the financial statements and notes for the financial year comply with the Australian Equivalent to International Reporting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view; and
3. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



On behalf of the Board

Graham Maisey
Chairman

Perth, this 30th day of November 2006.



Auditor's Report

CARLTON & PARTNERS

CERTIFIED PRACTISING ACCOUNTANTS

ABN 28 521 922 867

295A LORD STREET PERTH WA 6000



Independent Audit Report to the Members of DeVere Mining Technologies Limited

Scope

We have audited the financial report of DeVere Mining Technologies Limited for the year ended 30 June 2006 as set out on pages 19 to 34.

The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis of evidence supporting the amounts and other disclosures in the financial report and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the company's financial position and the performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Qualification

The intellectual property has been included in the accounts at Directors Valuation. We have been unable to substantiate these valuations by independent means.

Audit Opinion

Subject to the above qualification, in our opinion, the financial report of DeVere Mining Technologies Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2006 and of its performance for the year ended on that date; and
 - (ii) other mandatory professional reporting requirements in Australia.

Carlton & Partners

Graeme V Wovodich

G V Wovodich CPA
Registered Company Auditor
Dated 31st October 2005

TELEPHONE : (08) 9228 0722
FAX: (08) 9228 1066

POSTAL ADDRESS:
295A LORD STREET
PERTH WA 6000
