NOVA ENERGY LIMITED

(ABN 92 111 599 154)

ANNUAL REPORT 2007

CORPORATE DIRECTORY

Nova Energy Limited
ABN 92 111 599 154

Ms Erica Smyth
Chairman

Dr Tim Sugden
Managing Director

Mr Warren Davies
Non-Executive Director

Mr Peter Lester
Non-Executive Director

Mr Jeff Sells
Non-Executive Director

Mr Greg Barrett
Company Secretary

Dr Burkhard Eisenlohr
Exploration Manager

Mr Ashley Jones
Resource Development Manager

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Share Registry
Computershare Investor Services
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ASX Code:
NEL
Issued Capital:
62,610,410 shares

Auditors
KPMG
Central Park, 152-158 St George's Terrace
Perth WA 6000
Australia

Annual General Meeting
10am, Friday, 30 November 2007
Rydges Hotel
Cnr Hay Street & King Street
Perth WA 6000
Australia

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COMPANY STRATEGY

Nova Energy Limited will generate wealth for its shareholders by becoming a significant uranium miner; supplying clean, responsibly produced and marketed energy to the world's electrical utilities.

The Company will pursue development of its Lake Way and Centipede project while lobbying for policy change in the State of Western Australia.

In parallel, the Company will focus exploration and acquisition activities in jurisdictions that are favourably disposed towards uranium mining, including South Australia, the Northern Territory and parts of Africa.

The Company's activities will be characterised by transparency, public consultation and an unwavering commitment to safety and responsible environmental management.

SIGNIFICANT EVENTS

- Pre-feasibility study commenced at Lake Way – Centipede Project
- Low-grade uranium mineralisation discovered at Meekatharra
- Prospective palaeo-channels identified north of Esperance
- Drilling of IOCG targets commenced at Coober Pedy, South Australia
- Positive negotiations with Aboriginal communities in central Australia
- Uranium prospecting licences and environmental clearances granted in Namibia and drilling commenced adjacent to Langer Heinrich
- Additional tenements in Guinea granted and fieldwork commenced
- 55% of Nova Energy now owned by successful Australian mining company Oxiana Limited (through acquisition of Agincourt Resources Limited)
- Rights issue raised $15.5 million
- Nova Energy Board recommended takeover by Toro Energy Limited to create a substantial uranium development and exploration company

CHAIRMAN'S LETTER TO SHAREHOLDERS

Ms Erica Smyth, Chairman

Dear Shareholder

It is my pleasure to introduce Nova Energy's 2007 Annual Report. The last year has been an exciting one for the Australian uranium sector and the global nuclear industry.

Climate change and energy security issues continued to drive a nuclear renaissance in many countries. New reactors were under construction in Finland, France, Japan, China and India; commitments to new reactors are expected in the world's largest nuclear fuel market – the USA; and countries as diverse as Indonesia, Turkey and Vietnam have signalled their intentions to construct nuclear power plants. Short and long-term demand for nuclear fuel, combined with underinvestment and/or delays in the development of new mines, pushed the spot price of uranium to new highs.

The abandonment of the Australian Labor Party's Three Mines Policy was a very important step in the expansion of the Australian uranium mining industry, and the Company remains confident that the incumbent Labor governments of the States of Western Australia and Queensland will soon adopt more progressive policies towards uranium mining.

Reflecting the Company's confidence that the Western Australian policy is likely to be reconsidered in the next few years, the Board of Nova Energy approved a pre-feasibility study on the Lake Way – Centipede Project, ensuring that the Project will be positioned for rapid development when policy change occurs.

The Company also maintained its strategy of diversification into jurisdictions that support uranium exploration and mining, such as South Australia, the Northern Territory, Namibia and Guinea.

In all areas of its operations the Company has sought to work closely with indigenous communities – providing clear, factual and balanced information about the benefits and risks of uranium mining and nuclear energy.

In August 2007, the Board of Nova Energy recommended to shareholders a takeover offer by Toro Energy Limited. A merger of the companies creates a stronger and more diversified entity with greater near-term potential for production in the Northern Territory and South Australia. In short, Nova Energy shareholders retain upside exposure to policy change in Western Australia, while gaining a more certain path to production in pro-uranium jurisdictions. Importantly, the merger brings together experienced and capable professionals from the Australian mining industry, with the combined capacity to take uranium projects from discovery to production.

Yours sincerely

Erica Smyth
Chairman

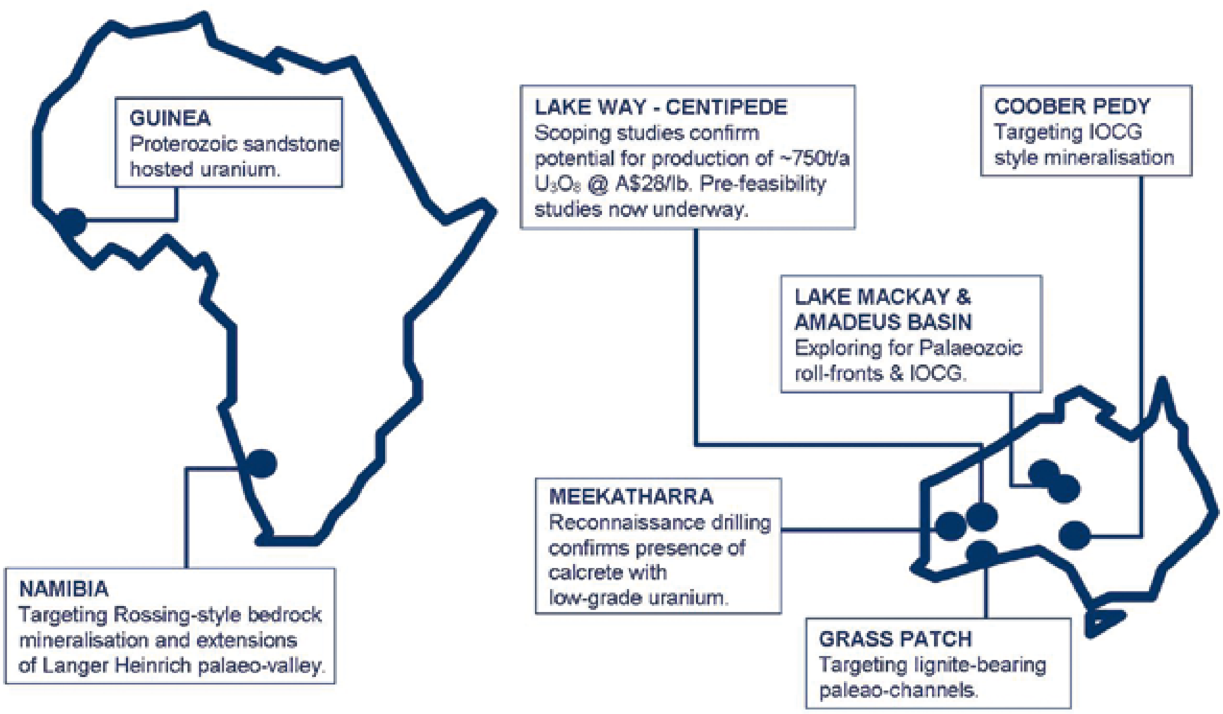
CORPORATE DEVELOPMENTS

On 6 August 2007, Toro Energy Limited ("Toro") announced a friendly takeover offer for Nova Energy of 5.5 Toro shares for each Nova Energy share. At Toro's closing price of $0.80 cents per share on 2 August 2007, the offer valued Nova Energy at $276 million, or $4.40 per share, a 19% premium to Nova's closing price on 2 August 2007, and a 37% premium to Nova Energy's 60 day VWAP. After careful consideration, in Nova Energy's Target's Statement your Directors unanimously elected to recommend the offer from Toro (in the absence of a superior proposal).

The Directors' reasons for recommending the offer are summarised as follows:

- A significant premium to Nova Energy shareholders
- The Independent Expert, Ernst & Young Transaction Advisory Services Limited, concluded that the Offer is fair and reasonable to Nova Energy shareholders
- Greater geographical and political spread
- Access to Napperby project and a more certain path to production
- Increased size of merged company
- Increased marketability of securities
- Improved access to capable and experienced personnel
- Nova's major shareholders (who together account for 68% of shares on issue) indicated they would accept the offer subject to certain conditions
- Eligibility of shareholders to scrip-for-scrip rollover relief on the satisfaction of certain conditions

PROJECT LOCATIONS

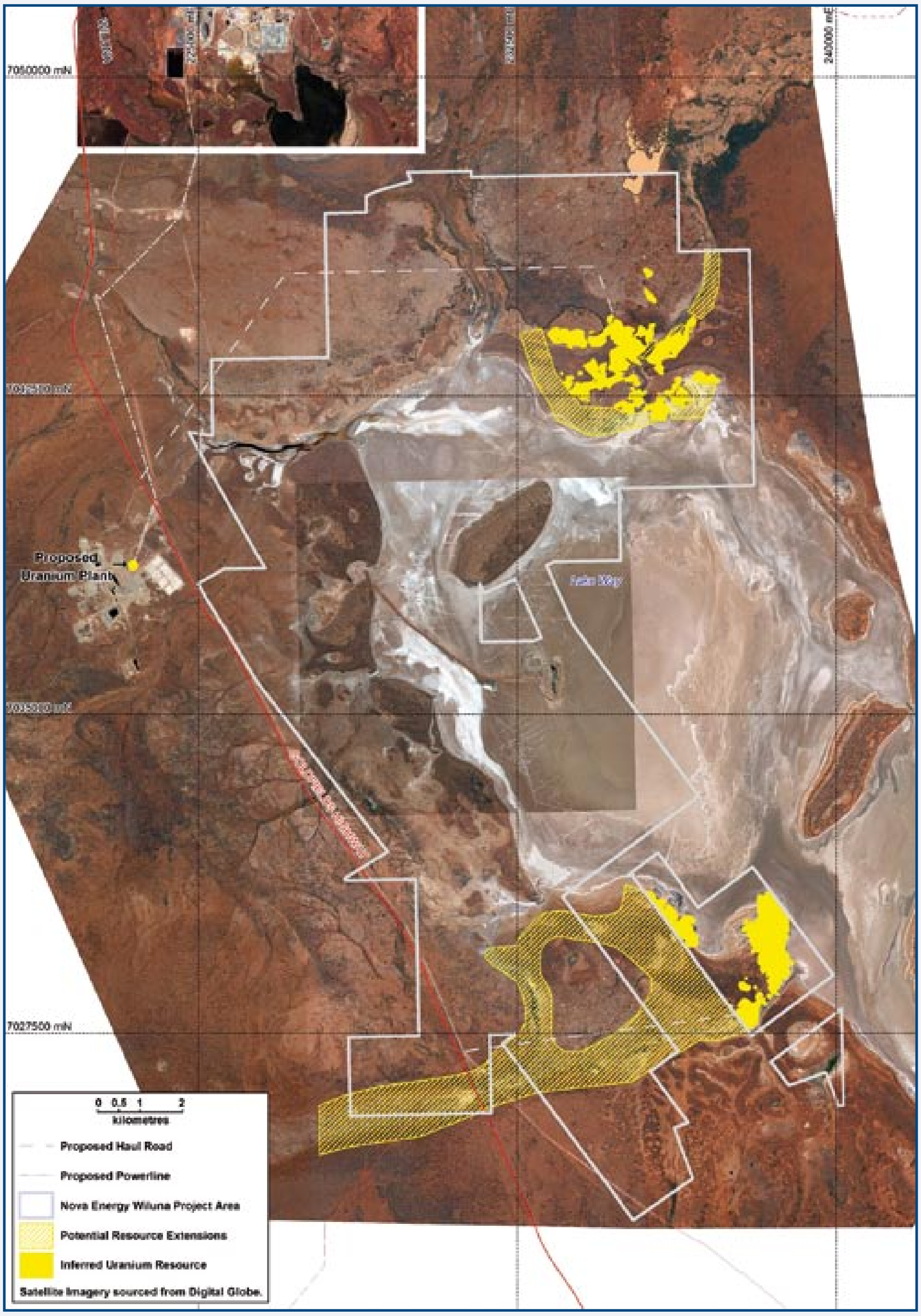


DEVELOPMENT PROJECT

LAKE WAY – CENTIPEDE

Western Australia's Most Advanced Uranium Project

Following a successful scoping study, the Company commenced a pre-feasibility study in early 2007. Metallurgical and engineering components of the study were awarded to GRD Minproc.



Lake Way – Centipede Project Area, WA

Resources

The previously reported Inferred Resource at Lake Way and Centipede is 15.5 million tonnes @ 0.58kg/t U_3O_8 (1.27 lb/t) for 19.8 million contained lbs of U_3O_8.

INFERRED MINERAL RESOURCES (@ 0.3 kg/t U_3O_8 cut-off grade)						
	Tonnes (m)	% U_3O_8	kg/t U_3O_8	lb/t U_3O_8	Contained U_3O_8 (t)	Contained U_3O_8 (lb)
Lake Way	8.51	0.054	0.54	1.19	4,600	10,120,000
Centipede	7.00	0.063	0.63	1.38	4,400	9,680,000
Total	15.51	0.058	0.58	1.27	9,000	19,800,000

The information in this report relating to mineral resources is based on information compiled by Ashley Jones BSc (Hons), MAusIMM and David Princep BSc, MAusIMM, both of whom have more than five years experience in estimation of mineral resources and ore reserves. Mr Jones is a full time employee of Nova Energy Limited. Mr Princep was a full-time employee of Hellman and Schofield Pty Ltd. Mr Princep has sufficient experience relevant to assessment of this style of mineralisation to qualify as a Competent Person as defined in the "Australian Code for Reporting of Mineral Resources and Ore Reserves". Each of the above named has consented to the inclusion of the information in the report in the form and context in which it appears.

Aircore Drilling, Lake Way, WA – February 2007

Wirtgen Continuous Mining Machine at Centipede, WA – July 2007

Further work undertaken during the year focused on extending the margins of the ore, improving the accuracy of wireframes and delineating internal dilution. In total, 360 new drill intersections were added to the Centipede uranium resource.

A modified Indicated and Inferred resource estimate, based on a broader wireframe model, new drilling data and a revised cut-off grade of 180ppm U_3O_8, is expected to be completed in late 2007. The lower cut-off grade (from 300ppm U_3O_8 in the previous resource estimate) is based on an escalated operating cost, a conservative recovery estimate of 85%, a long-term price US$80/lb U_3O_8, and an $US/$A exchange rate of 0.85.

The improved delineation of high grade zones and internal waste is likely to substantially increase the grade of recovered ore and potentially reduce the operating cost to less than the scoping study figure of A$28/lb U_3O_8.

Exploration Costeans

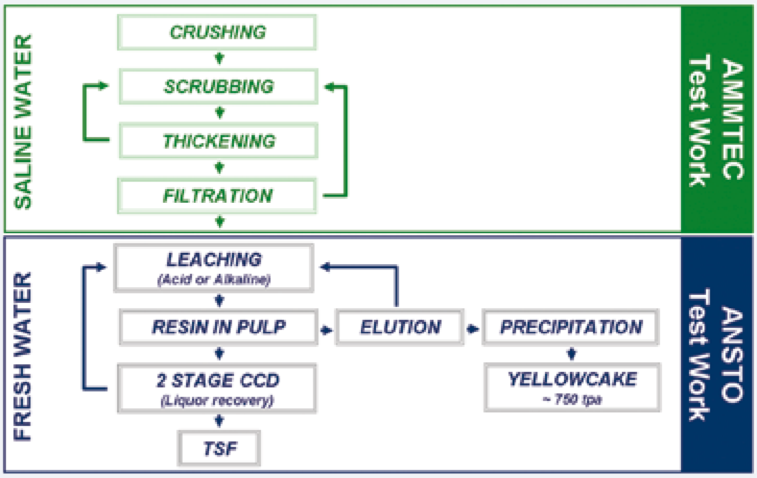
Approval was received from the Department of Industry and Resources to excavate exploration costeans 300m long to a depth of 3.5 metres using a Wirtgen 2200 continuous mining machine. A prototype continuous grade control system (constructed by Adelaide-based company, Radiation Detection Systems) was fitted to the continuous miner. The trial confirmed that waste and ore can be precisely differentiated during continuous excavation, eliminating the need for downstream radiometric sorting.

DEVELOPMENT PROJECT (CONTINUED)

Metallurgical Test Work

Bulk samples were submitted to Australian Metallurgical and Mineral Testing Consultants (AMMTEC) and the Australian Nuclear Science and Technology Organisation (ANSTO) for comprehensive metallurgical testing. The preferred process route is Resin-in-Pulp (RIP) and this will be the focus of initial ANSTO test work. RIP is expected to have considerable operating and capital expense advantages over the more conventional leach and counter current decantation processing route. Further cost reductions can be expected if a scrubber, rather than mill, can be employed for ore comminution. A large proportion of the work by ANSTO and AMMTEC has now been completed and results are being incorporated into process design and plant equipment selection.

Preferred Processing Route for Lake Way – Centipede Calcrete Ore



Tailings Management

Golders Ltd have completed a first pass options study for the tailings storage facility. Once the hydrometallurgical test work from ANSTO has been completed, studies on the characteristics of the tails will commence.

Environmental Monitoring

- A weather station was installed on site in September 2007. This will meet all Australian standards required for environmental permitting.
- Base line radiation surveys have been completed across Centipede, Lake Way and the proposed site of the processing plant (Wiluna South).
- Aquatic studies and stygofauna field studies have been undertaken and will be completed after a second phase of field work later in the year.
- The field based component of the soil and landforms studies has also been completed.

Hydrology

A hydrological desktop study by Aquaterra has been completed. The Wiluna South bore field has the potential to meet the anticipated water demand of 2 gigalitres at less than 1g/L chlorides. A TEM geophysical survey conducted in August 2007 successfully delineated the margin and thickness of the aquifer.

During the excavation of the exploration costeans a study of the hydrology at the Centipede resource was conducted. Data related to flow rates, recovery rates and water quality was collected for incorporation into a mine water management plan.

EXPLORATION PROJECTS

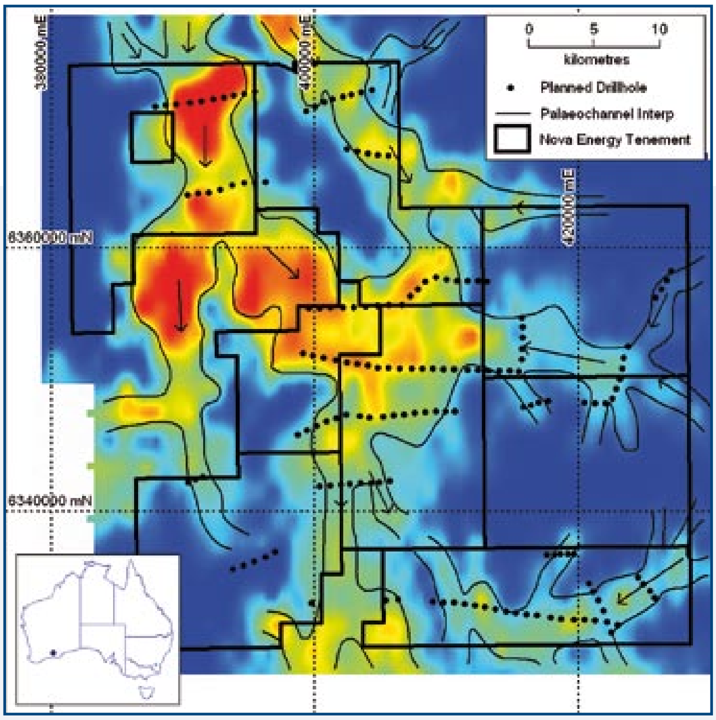
WESTERN AUSTRALIA

Grass Patch – Esperance (1,379km^2)

Es 63/1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015

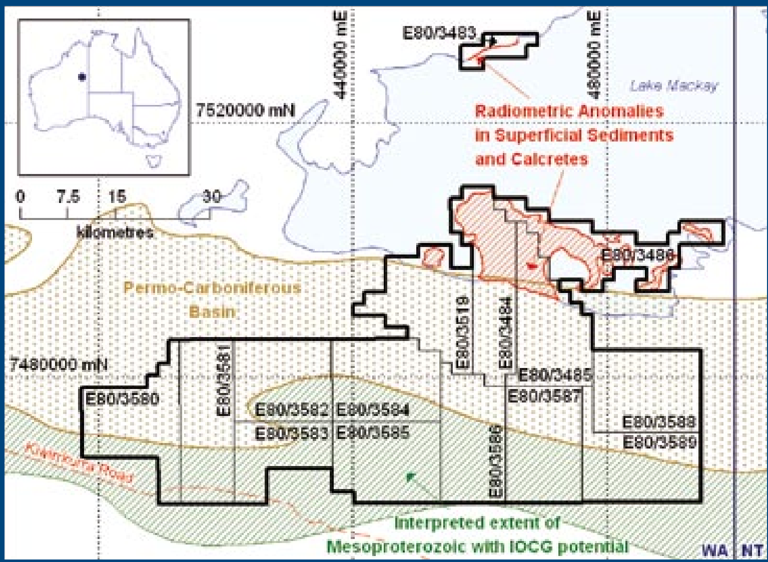
The Grass Patch group of tenements are located in the Scadden Embayment near the northern margin of the Bremer Basin. The embayment contains continental and marginal marine Tertiary and possibly Cretaceous aged sediments which on-lap and overlay Mesoproterozoic gneisses and granitic bedrock. Channel facies fluvial sediments, containing lignitic sands and silts, have been identified by previous drilling. Basement lithologies underlying and to the north, the source area of the basin sediments, contain attractive granitic uranium source rocks. The combination of these geological features makes the channels prospective for roll-front redox controlled uranium deposits similar to those in the Lake Frome area of South Australia.

The Company completed a two kilometre spaced airborne EM survey to locate the channels in February 2007. The survey successfully delineated approximately 100km of buried channels considered to be prospective channel-hosted uranium mineralisation. Data from historical coal exploration has also confirmed the presence of uranium anomalies associated with lignite seams in the area. A RAB drill program to test parts of the identified channels had been planned for March but had to be deferred due to delays in obtaining the necessary environmental approvals. Approvals were granted at the end of June and the program is scheduled for November, after the winter rains in the district and when a drill rig will become available.



Hoist EM Data for the Grass Patch Project, WA, showing interpreted palaeo-channels and planned RAB drilling

Hoist EM Survey at Grass Patch, WA – February 2007



Tenement holdings in the Lake Mackay Project Area, WA

Lake Mackay (2,332km²)

ELAs 80/3483, 3484, 3485, 3486, 3519, 3580, 3581, 3582, 3583, 3584, 3585, 3586, 3587, 3588, 3589, 3837

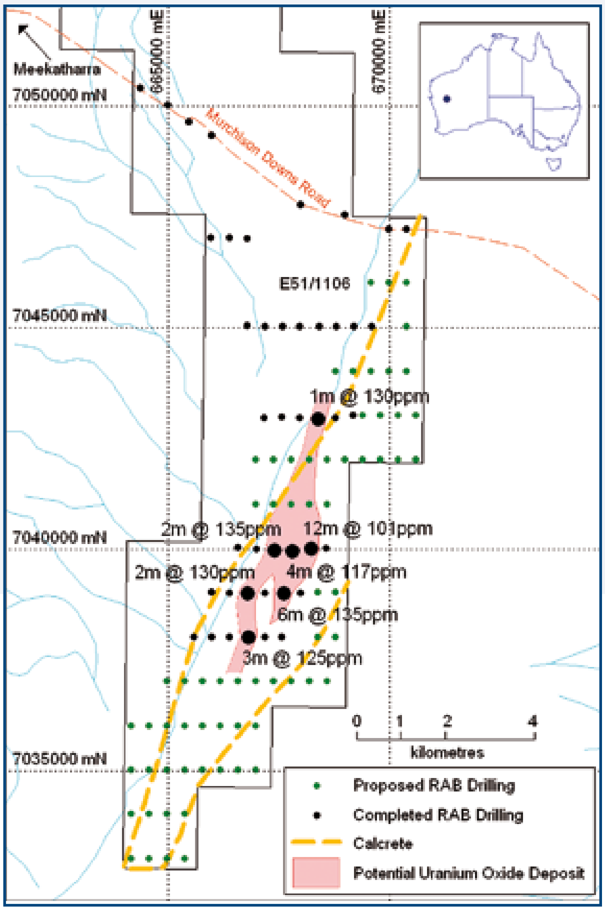
The Company exploration licence applications cover 2,332 square kilometres of unexplored ground in the Lake Mackay area in northeastern Western Australia. A uranium channel radiometric anomaly is located over part of Lake Mackay and this is one of the target areas for further exploration. Permo-Carboniferous sediments are present to the south of Lake Mackay and these lie on Mesoproterozoic basement further to the south. The Permo-Carboniferous rocks are considered prospective for roll-front type deposits such as Bigryli and Pamela and Angela in the Amadeus Basin. The Mesoproterozoic basement has also never been explored and rocks of similar age and character host the IOCG deposits, such as Olympic Dam.

Negotiations with the Traditional Landowners, the Kiwirkurra people, and their representatives, the Ngaanyatjarra Council, are continuing. A land access agreement is expected to be finalised in the second half of 2007.

Lake Moore (64.4km²)

E 59/1198

Located near Paynes Find, the granted exploration licence covers the northern shore of Lake Moore, where an extensive radiometric anomaly has been identified. Auger drilling to a depth of one metre was completed in selected areas near the lake margin to ascertain whether the radiometric anomaly was due to surface phenomena only or could be attributed to uranium below the surface. Two holes drilled in the lake near its margin intersected 80 and 130ppm uranium. The other 12 holes returned between 4 and 60ppm uranium. Results are considered sufficiently interesting to warrant further exploration.



Meekatharra (152km²)

E 51/1106

Regional radiometric and geomorphic data has defined a Yeelirrie-type valley-calcrete target. Reconnaissance ground surveys confirmed the presence of radiometrically anomalous calcretes partially covered by younger alluvium. A RAB drilling program was completed in November 2006. Forty one holes for a total of 814m were drilled. Uranium mineralised calcretes were intersected with values up to 101ppm U_3O_8 over 12m. A follow-up RAB drilling campaign is planned and the Company is waiting for clearance by the Traditional Landowners.

Uranium intersections in valley-calcrete, Meekatharra, WA

Gilba Bore (106.4km²)

E 08/1640
ELA 08/1823

The Gilba Bore licence was granted on 21 March 2007 and field reconnaissance was undertaken in April 2007. The tenement covers sections of the unconformity between the Palaeoproterozoic basement and overlying Mesoproterozoic Bangemall Basin. The mineralisation model sought is unconformity-hosted uranium mineralisation similar to Ranger and Jabiluka in the Northern Territory.

No radiometric anomalies were found in the outcrops examined however only sectors of the unconformity are exposed and the covered areas require further investigation.

EXPLORATION PROJECTS (CONTINUED)

SOUTH AUSTRALIA

Coober Pedy (911km^2)

EL 3437

This area is prospective for Iron Oxide Copper Gold (IOCG) mineralisation. The tenement lies on a significant north-northeast structural corridor that contains the Olympic Dam and Prominent Hill deposits and the more recent discoveries at Cairn Hill and Black Hills. The target is covered by about 100 to 150 metres of Palaeozoic sediments.

In March-April this year the Company successfully drilled four diamond holes to test targets defined by magnetic and density data.

CPNDD 03 was collared on a magnetic ridge in a gravity low and intersected granodiorite only. Basement was intersected at 121m depth. From 121m to 140m anomalously high values of barium (around 1,000ppm) were detected.

CPNDD 04 was collared on a gravity high coincident with a southeast-trending magnetic lineament. The dominant basement lithology intersected was granodiorite. Within the granodiorite, pegmatitic zones associated with the mineral uranothorite, a thorium and uranium bearing silicate mineral, were identified. These zones are radiometrically anomalous and the following uranium and REE assay results were obtained:

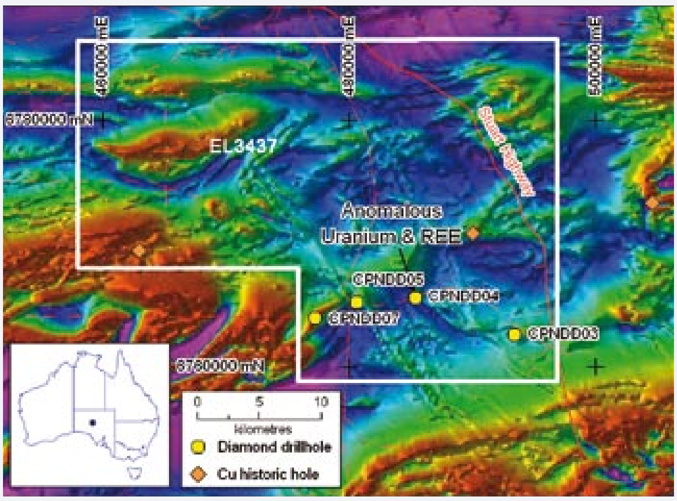
From (m)	To (m)	Interval (m)	U_3O_8 (ppm)	La (ppm)	Ce (ppm)
171.4	172.4	1.0	118	190	490
183.3	184.55	1.25	47	10	<50
192.26	192.4	0.14	118	20	<50

Significant Assays in CPNDD 04

CPNDD 05 was drilled 3.6km further to the northeast of CPNDD 07. Basement rocks comprising granodiorite were intersected and no geochemical anomalous units were found.

CPNDD 07 reached basement at 80m and intersected significant zones of magnetite alteration in granite (interpreted to be part of the Hiltaba Suite).

Drill results to date are considered highly encouraging. The Company plans to complete a more detailed gravity survey in order to refine the geophysical targeting prior to starting the next round of drilling.



Magnetic Data for Coober Pedy Project Area, SA

Field Survey on the Finke Group Tenements, NT – February 2007

NORTHERN TERRITORY

Amadeus Basin (9,325km^2)

ELs 25047, 25049, 25050, 25051, 25052
ELAs 25045, 25046, 25048

Granted ELs 25050, 25051 and 25052 cover ground in the Finke sub-basin within the Amadeus Basin which hosts the Pamela and Angela uranium deposits. A field program was undertaken earlier this year to gain an understanding of the anomalous uranium responses within the Finke Group sediments. The Company proposes to test covered areas by RAB drilling once the necessary permits are in place and a drill rig is available.

A land access agreement is being negotiated and a Mine Management Plan has been submitted to and approved by the Department of Primary Industry, Fisheries and Mines.

ELAs 25045 and 25046 have not been granted following an objection by the Central Land Council and are currently in moratorium. A submission was also made for ELA 25048 and a meeting with Traditional Landowners held. The Company was recently informed by the Central Land Council that they would also object to this application and the tenement application is currently in moratorium.

EL25047, which is located to the southwest of the Pamela and Angela deposits, has recently been granted and exploration will proceed once land access agreements are in place.

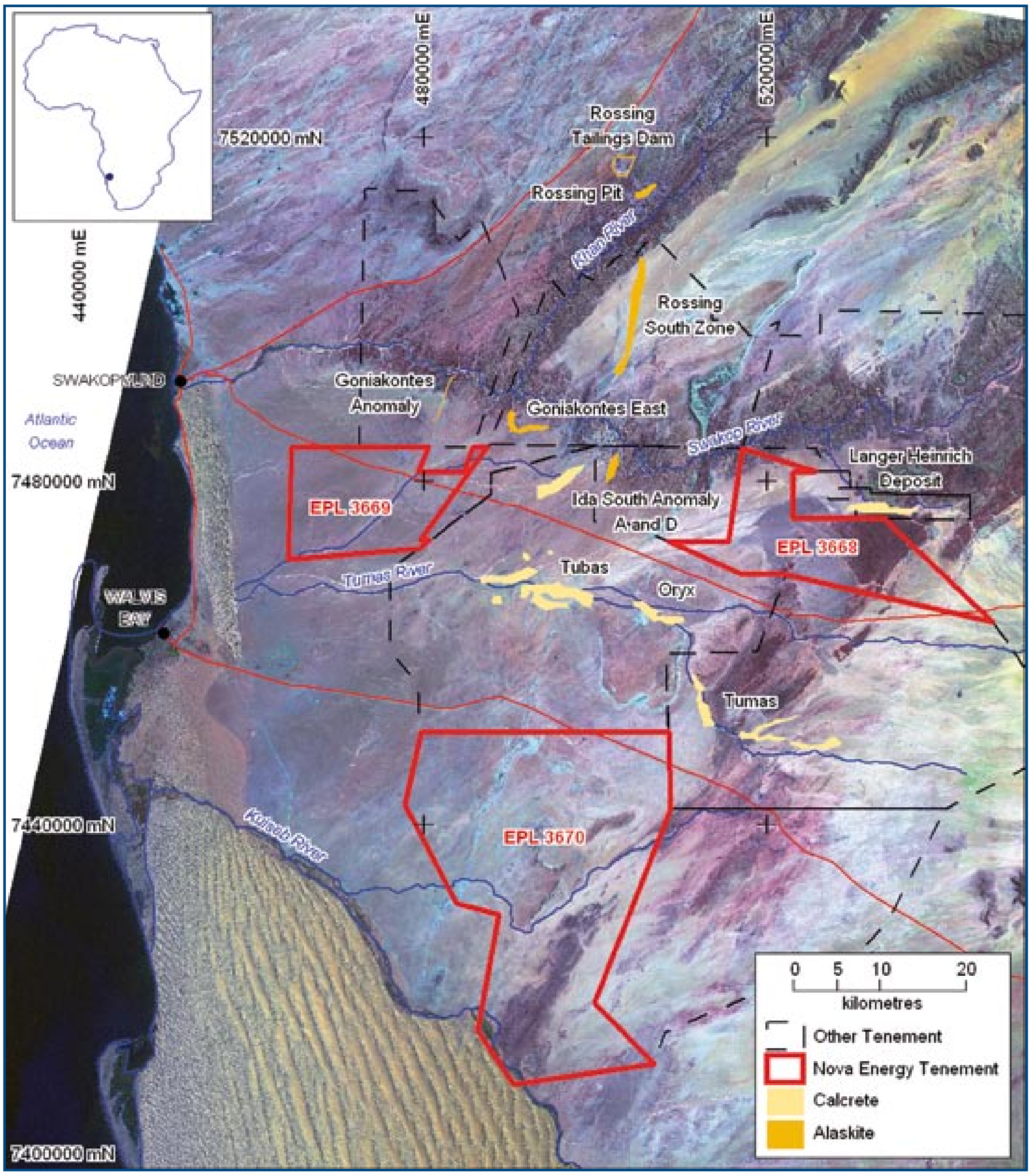
EXPLORATION PROJECTS (CONTINUED)

NAMIBIA

Nova Energy was granted three Exclusive Prospecting Licences ("EPLs" 3668, 3669, 3670) for Base metals and Nuclear Fuels. All EPLs are located in the Namib-Naukluft Park where special approval is required to undertake mineral exploration. Approval of Nova Energy's Environmental Assessment and Management Plan was received in April 2007 from the Ministry of Environment and Tourism.

A Namibian consultant group was engaged to compile historical exploration data into a GIS format in order to evaluate the effectiveness of any previous exploration in the area. The area was last explored in the early 1980's but the work appears to have been of a mostly reconnaissance nature. Magnetic and radiometric data, in addition to satellite images, were purchased and interpreted in order to delineate areas for ground follow-up and drill testing.

Satellite image of Western Namibia showing Nova Energy's granted tenements



RC Drilling at Gawib West, Namibia – June 2007

Gawib West (247.4km^2)
EPL 3668

The Gawib West EPL is located about 12km west of Paladin's Langer Heinrich deposit and covers part of the upper Tumas drainage. The Langer Heinrich channel is interpreted to have once flowed directly west into the upper reaches of the Tumas drainage system, but the younger, more deeply incised north-flowing Gawib River is believed to have "captured" the older drainage channels.

A total of 1,268m was drilled in 15 holes. The six most northern holes were drilled to a depth of 100m and did not reach basement. The remaining nine holes intersected basement at depths of about 80m in the north and 37m at the southern end of the line. Lithologies intersected comprised river gravels and sand but no calcretes or significant uranium mineralisation. The Company is planning a second RC drilling campaign to test the deeper parts of the channel and the interpreted confluence of the Gawib and Tumas drainage systems.

RC Drilling at Gawib West, Namibia – June 2007

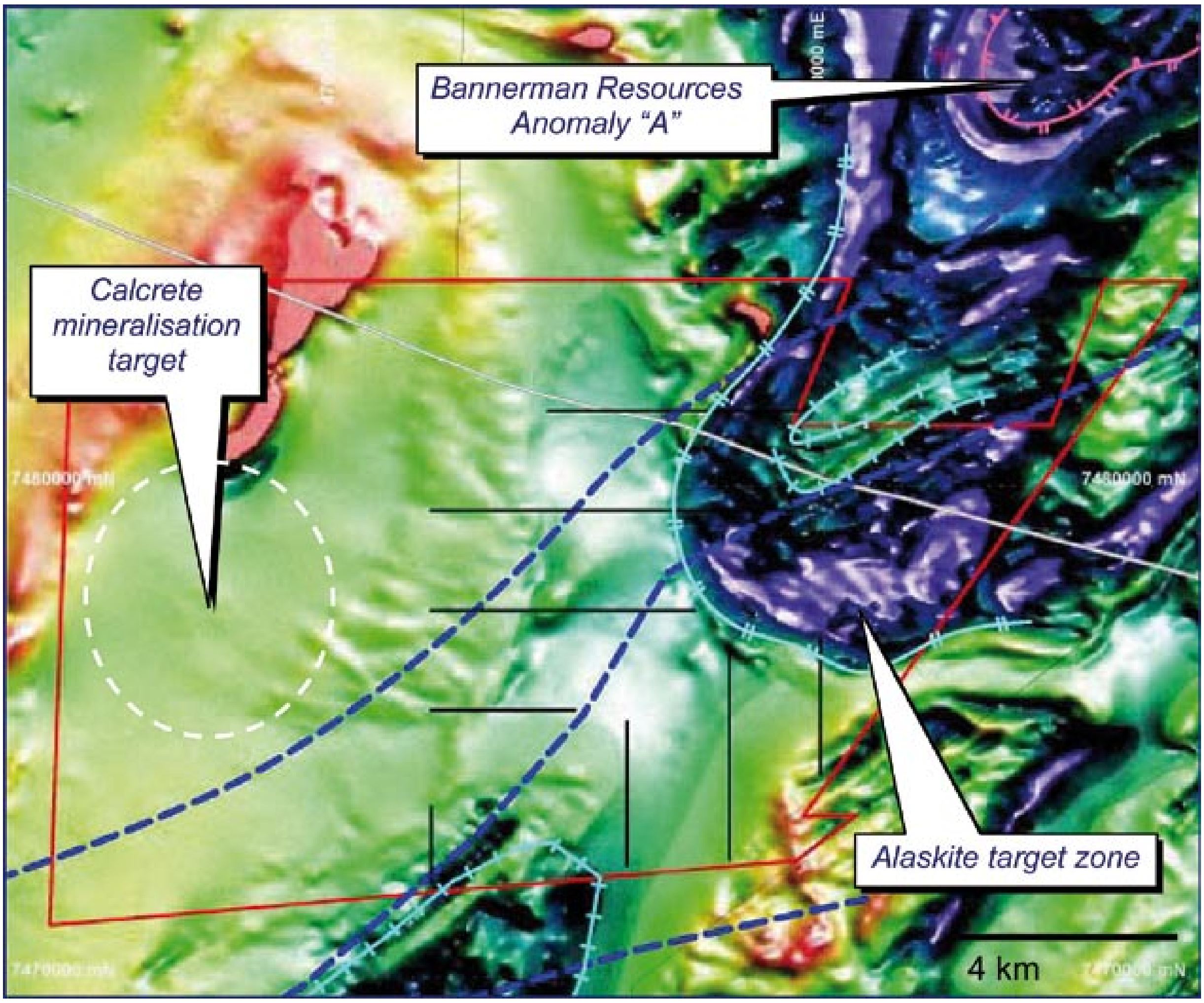
EXPLORATION PROJECTS (CONTINUED)

Tumas North (217.8km^2)
EPL 3669

The Tumas North EPL is located about 24km southwest of Swakopmund and covers part of the northern arm of the Tumas drainage system. The tenement may contain bedrock alaskites and superficial calcretes that both have the potential to host uranium mineralisation.

Publicly available records at the Namibian Geological Survey reveal that limited exploration was undertaken in the 1970's and early 1980's on the ground covered by EPL 3669. Some drilling has been undertaken in the eastern part of EPL 3669. Results of the drilling are not all available, but the information at hand suggests that calcretes, with anomalous uranium contents in places, were intersected.

The western half of the tenement has not been explored. The area is mostly covered by sand and an alpha cup survey is currently underway in an attempt to delineate areas of potential buried mineralisation. Results of the geophysical interpretation that was commissioned some months ago are also expected to be available shortly. Once this data is available, any targets identified will be drill tested.



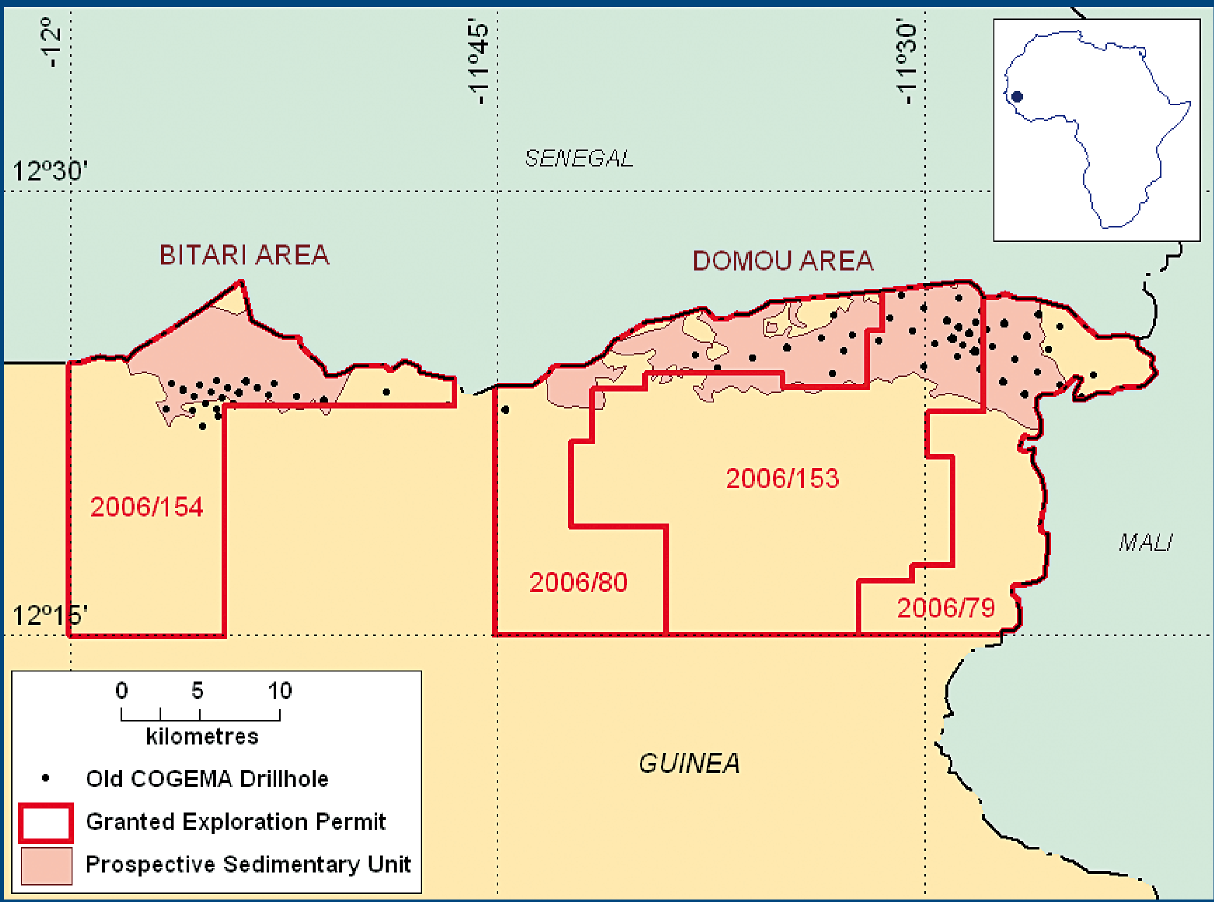
TMI image backdrop showing location of the historic drill lines (black), the interpreted course of the palaeo-Khan drainage (blue dashed line) and trends of the main basement units (light blue and red lines). Also shown is the Anomaly A project of Bannerman Resources.

Chungochoab (857.5km²)
EPL 3670

The geology in this area comprises shallow drainages and scattered basement outcrops. The drainages flow in a westerly and southerly direction toward the Kuiseb River. A review of previous exploration revealed that an area in the central west of the EPL was explored by ground scintillometer traverses in the late 1970's to follow up a radiometric anomaly identified in an airborne survey.

Three anomalies were identified: Anomaly A lies over bedrock in the north of the tenement; Anomaly B falls near the western boundary of the EPL and is relatively small; and, Anomaly C consists of several separate small anomalies and a ground radiometric and soil geochemistry survey was completed over the area. No other work appears to have been done and the results were not followed-up. Field inspections have recently been completed in order to prioritise the areas for exploration and occurrences of carnotite were found around Anomaly C. A detailed radon cup survey is underway at Anomaly C in order to better locate and define the anomaly.

Looking toward the south on EPL 3670 showing outcropping surficial calcrete



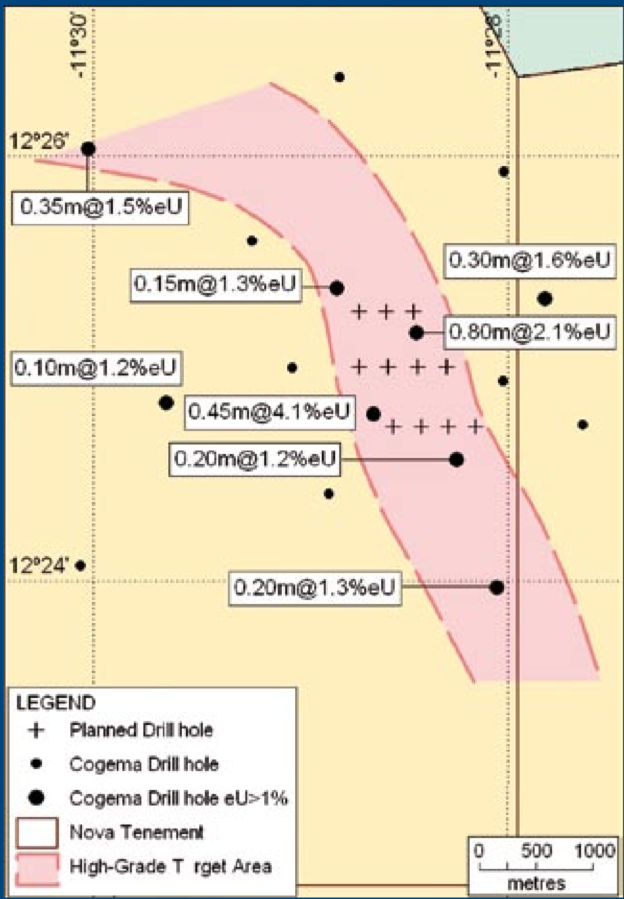
Nova Energy project area, Northern Guinea

GUINEA

PR N°A 2006/79, 2006/80, 2006/153, 2006/154

Nova Energy has four "permis de recherche minière" located in northern Guinea. The permits cover Neoproterozoic sediments that were the focus of a large uranium exploration project managed by Cogema between 1977 and 1981.

A two week field trip was completed in June 2007 in order to locate additional old drill holes, over and above those located in the November 2006 campaign. The June trip successfully located additional drill collars making correlation between the available paper records and field locations more meaningful, greatly facilitating planning of future drill holes. Work in Guinea was delayed several times due to civil unrest but the situation appears to have stabilised with the new, recently formed government.



Domou Uranium Prospect, Northern Guinea

Proterozoic sandstones exposed at the Domou Prospect, Northern Guinea

Historical data indicates that narrow, high-grade uranium mineralisation was intersected in about eight of the holes drilled. In addition, lower grade mineralisation was obtained in 17 holes over intervals between 30 and 100cm. Chemical assay information is not available and the uranium concentrations are eU (uranium equivalent) from historical radiometric measurements only undertaken by Cogema. The high grade values range from 1.1 to 4.1% eU and the low grade values range from 0.34 to 1.2% eU.

Nova Energy plans to drill test the area at the end of the current rainy season later this year when a rig becomes available. Follow-up drilling will focus on a high-grade north-northwest trending shoot, approximately 2km wide and 7km long.

OTHER AFRICA

In accordance with Nova Energy's strategy of diversification into jurisdictions that are favourably disposed towards uranium exploration and production, the Company continued to assess exploration opportunities in Africa.

SAFETY, ENVIRONMENT & COMMUNITY

In accordance with the Company's Health & Safety Policy, Safety Management Plans were developed and used for field operations in Australia and Africa. In addition, Radiation Management Plans were employed where development or exploration activities may increase human radiation exposure to more than 1mSv above background.

The Company continued to manage its field operations in accordance with its Environmental Policy. The Policy requires exploration procedures that minimise environmental impact and promote timely rehabilitation of disturbed ground.

During the year, the Company's Environmental Management Plan was approved by the Namibian Ministry of Environment and Tourism. All drill sites in the Namib-Naukluft Park are being rehabilitated in compliance with the Plan.

The Company continued to advocate for an expansion of the Australian uranium mining industry. In conjunction with the Australian Uranium Association and the Association of Mining and Exploration Companies, Nova Energy sought to provide factual information about the benefits of uranium mining and nuclear electricity.

The Company was active in Perth-based community forums, and consulted closely with Aboriginal communities in Western Australia and the Northern Territory.

TENEMENT SCHEDULE

Lease	Locality	Lease Status	Area Type	Current Area	Grant Date	Project
E08/1640	WA	Granted	Blocks	38	21/03/2007	Gilba Bore
E08/1823	WA	Application	Blocks	11		Gilba Bore
E51/1106	WA	Granted	Blocks	32	12/04/2006	Meekatharra
E59/1198	WA	Granted	Blocks	23	22/08/2006	Lake Moore
E63/1008	WA	Granted	Blocks	69	20/09/2006	Grass Patch
E63/1009	WA	Granted	Blocks	70	20/09/2006	Grass Patch
E63/1010	WA	Granted	Blocks	33	15/08/2006	Grass Patch
E63/1011	WA	Granted	Blocks	70	02/02/2007	Grass Patch
E63/1012	WA	Granted	Blocks	66	15/08/2006	Grass Patch
E63/1013	WA	Granted	Blocks	70	20/07/2006	Grass Patch
E63/1014	WA	Granted	Blocks	70	20/07/2006	Grass Patch
E63/1015	WA	Granted	Blocks	61	15/08/2006	Grass Patch
E80/3483	WA	Application	Blocks	13		Lake Mackay
E80/3484	WA	Application	Blocks	69		Lake Mackay
E80/3485	WA	Application	Blocks	69		Lake Mackay
E80/3486	WA	Application	Blocks	69		Lake Mackay
E80/3519	WA	Application	Blocks	70		Lake Mackay
E80/3580	WA	Application	Blocks	69		Lake Mackay
E80/3581	WA	Application	Blocks	70		Lake Mackay
E80/3582	WA	Application	Blocks	63		Lake Mackay
E80/3583	WA	Application	Blocks	45		Lake Mackay
E80/3584	WA	Application	Blocks	68		Lake Mackay
E80/3585	WA	Application	Blocks	68		Lake Mackay
E80/3586	WA	Application	Blocks	65		Lake Mackay
E80/3587	WA	Application	Blocks	70		Lake Mackay
E80/3588	WA	Application	Blocks	70		Lake Mackay
E80/3589	WA	Application	Blocks	70		Lake Mackay
E80/3837	WA	Application	Blocks	84		Lake Mackay
EL25045	NT	Application	Blocks	475		Amadeus
EL25046	NT	Application	Blocks	246		Amadeus
EL25047	NT	Granted	Blocks	238	13/08/2007	Amadeus
EL25048	NT	Application	Blocks	476		Amadeus
EL25049	NT	Granted	Blocks	30	12/09/2006	Amadeus
EL25050	NT	Granted	Blocks	499	12/09/2006	Amadeus
EL25051	NT	Granted	Blocks	494	12/09/2006	Amadeus
EL25052	NT	Granted	Blocks	438	12/09/2006	Amadeus
EL25757	NT	Application	Blocks	21		Amadeus
EL3437	SA	Granted	km^2	911	20/10/2005	Coober Pedy
EL3475	SA	Granted	km^2	451	05/12/2005	Lake Eyre West

NAMIBIA

Lease	Locality	Lease Status	Area Type	Current Area	Grant Date	Project
EPL 3668	Namibia	Live	Hectares	24,747	21/11/2006	Gawib West
EPL 3669	Namibia	Live	Hectares	21,781	21/11/2006	Tumas North
EPL 3670	Namibia	Live	Hectares	85,750	21/11/2006	Chungochoab

TENEMENT SCHEDULE (CONTINUED)

GUINEA						
Lease	**Locality**	**Lease Status**	**Area Type**	**Current Area**	**Grant Date**	**Project**
PR N°A2006/79	Guinea	Live	km^2	119	10/05/2006	
PR N°A2006/80	Guinea	Live	km^2	179	10/05/2006	
PR N°A2006/153	Guinea	Live	km^2	354	06/09/2006	
PR N°A2006/154	Guinea	Live	km^2	206	06/09/2006	

LAKE WAY – CENTIPEDE PROJECT						
Lease	**Locality**	**Lease Status**	**Area Type**	**Current Area**	**Grant Date**	**Specific Location**
E53/1132	WA	Granted	Blocks	15	12/07/2005	Wiluna
E53/1168	WA	Granted	Blocks	9	12/04/2006	Wiluna
E53/609	WA	Granted*	Blocks	9	01/12/1995	Camel Soak
E53/735	WA	Granted*	Blocks	3	28/07/1997	Lake Uramurdah West
E53/912	WA	Granted*	Blocks	6	28/09/2001	Monavale
M53/113	WA	Granted*	Hectares	480.00	26/01/1989	Lake Way South
M53/121	WA	Granted*	Hectares	658.50	03/03/1989	Lake Way West
M53/122	WA	Granted*	Hectares	913.25	03/03/1989	Lake Way West (Red Lady)
M53/123	WA	Granted*	Hectares	931.55	03/03/1989	Lake Way
M53/147	WA	Granted*	Hectares	720.00	05/10/1989	Lake Way South
M53/224	WA	Granted*	Hectares	840.00	09/06/1992	Lake Way
M53/253	WA	Granted*	Hectares	970.40	14/10/1992	Lake Way
M53/45	WA	Granted*	Hectares	659.20	09/03/1987	Lake Way West
M53/49	WA	Granted*	Hectares	539.95	09/03/1987	Lake Way West
M53/796	WA	Granted*	Hectares	955.45	21/11/2001	Lake Way
M53/797	WA	Granted*	Hectares	950.85	21/11/2001	Lake Way
M53/798	WA	Granted*	Hectares	569.45	21/11/2001	Lake Way
M53/910	WA	Granted*	Hectares	211.55	23/05/2002	Lake Way
P53/1023	WA	Granted*	Hectares	182.00	26/10/2005	Monavale
P53/833	WA	Granted*	Hectares	177.70	11/08/1993	Lakes
P53/834	WA	Granted*	Hectares	174.86	11/08/1993	Lakes
P53/835	WA	Granted*	Hectares	191.68	11/08/1993	Lakes
P53/836	WA	Granted*	Hectares	191.44	11/08/1993	Lakes
P53/837	WA	Granted*	Hectares	144.00	11/08/1993	Lakes
P53/838	WA	Granted*	Hectares	191.68	11/08/1993	Lakes
P53/839	WA	Granted*	Hectares	185.52	11/08/1993	Lakes
P53/840	WA	Granted*	Hectares	183.94	11/08/1993	Lakes
M53/628	WA	Application*	Hectares	732.00		Lakes
M53/629	WA	Application*	Hectares	697.00		Lakes
M53/795	WA	Application*	Hectares	483.00		Lakes
M53/832	WA	Application*	Hectares	713.00		Lake Way
M53/912	WA	Application*	Hectares	923.00		Lake Uramurdah West
M53/997	WA	Application*	Hectares	642.82		Camel Soak
M53/998	WA	Application*	Hectares	540.85		Camel Soak

* Tenements available to Nova Energy under the Rights and Usage Agreement with Agincourt Resources Limited.

FINANCIALS

DIRECTORS' REPORT

The Directors of Nova Energy Limited ("Nova" or "the Company") present their report together with the consolidated financial report for the financial year ended 30 June 2007 and the auditor's report thereon.

1. DIRECTORS

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

Ms Erica Smyth BSc (Hons), MSc (Appl), FAICD

Non-Executive Chairman

Appointed 20 April 2006

Ms Smyth has over thirty years experience in the mineral and petroleum industries. She was a Principal Geologist and Project Manager for BHP Minerals Ltd; Manager of Gas Market Development WA for BHP Petroleum; and more recently General Manager – Corporate Affairs for Woodside Petroleum Limited. Ms Smyth is a Fellow of the Australian Institute of Company Directors. She is also the Chairman of ScreenWest and is a Director of the Cooperative Research Centre for Sustainable Resource Processing, the Swan Care Group, Scitech, Leadership WA and the Diabetes Research Foundation.

Dr Timothy Sugden BSc (Hons), PhD

Managing Director

Appointed 12 August 2005

Chairman from 12 August 2005 to 20 April 2006

Managing Director from 24 January 2006 to present

Dr Sugden has over twenty years experience in mine geology, mineral exploration, metallurgy, research and development, operations management and company management. He has previously worked at BHP Billiton's Olympic Dam Project, one of the world's largest uranium mines, and held senior management positions with Wiluna Mines Limited, Great Central Mines Limited, Normandy Mining Limited, Newmont Australia Limited and Agincourt Resources Limited. Dr Sugden was a director of Agincourt Resources Limited from 4 December 2003 to 2 April 2007.

Mr Warren Davies BComm (Economics)

Non-Executive Director

Appointed 1 November 2006

Mr Davies was previously General Manager – Marketing for Energy Resources of Australia (ERA), a role in which he was responsible for worldwide sales of uranium concentrates from the Ranger uranium mine and secured uranium sales contracts with electricity utilities in Japan, Korea, Taiwan, Spain, France, Germany, Sweden, the United Kingdom and the United States. He has also worked with CRA Ltd, focused on the development of the Blair Athol steam coal mine and the negotiation of sales contracts; and with Mitsui & Co Ltd in Tokyo and Sydney where he was responsible for coal and iron ore shipping.

Mr Peter Lester BEng (Mining - Hons)

Non-Executive Director

Appointed 3 April 2007

Mr Lester is a mining engineer with extensive experience in senior operating, development and corporate roles with Newcrest, North, CRA and MIM. His activities have covered Australia, South East Asia and the Americas and include a period in broking on both the research and corporate desks. Mr Lester, Oxiana Limited's Executive General Manager Corporate Development, is responsible for generating new business and development opportunities for Oxiana, early stage studies and overall external relations activities. Mr Lester is also a Non-Executive Director of Royalco Resources Limited, from 24 April 2006 to present.

Mr Jeff Sells BBus (Accounting), CA, CFTP

Non-Executive Director

Appointed 17 May 2007

Mr Sells has over twenty years financial management experience, including ten years at Ashton Mining Ltd in senior financial positions and two years as Group Treasurer at pharmaceuticals company, Sigma Company Limited. He has extensive experience with mining operations in Australia, Africa and South East Asia, and a background in general management, accounting, tax, treasury and corporate finance. He is a Chartered Accountant and member of the Finance and Treasury Association. Mr Sells, Chief Financial Officer for Oxiana Limited, has supported the growth of Oxiana in the last three years through the financing of development projects, including the arrangement of project finance facilities for the Sepon project in Laos and other corporate debt facilities for Australian operations.

2. DIRECTOR RESIGNATIONS

Mr Peter Bowler

Non-Executive Director - Appointed 12 August 2005, Resigned 17 May 2007

Mr Richard Pearce

Non-Executive Director - Appointed 20 April 2005, Resigned 31 October 2006

3. COMPANY SECRETARY

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

Mr Gregory Barrett CA, FFin, BComm

Appointed 12 August 2005

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

4. DIRECTORS' MEETINGS

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

4.1. Board Meetings

The number of meetings of the Company's Directors held and attended during the year ended 30 June 2007 were:

	Number of Meetings	
Name	**Held +**	**Attended**
Ms Erica Smyth	10	10
Dr Timothy Sugden	10	10
Mr Warren Davies	7	7
Mr Peter Lester	4	4
Mr Jeff Sells	3	3
Mr Peter Bowler	7	5
Mr Richard Pearce	3	3

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

4. DIRECTORS' MEETINGS (CONTINUED)

4.2. Audit Committee Meetings

The number of meetings of the Company's Audit Committee held and attended during the year ended 30 June 2007 were:

	Number of Meetings	
Name	**Held +**	**Attended**
Mr Warren Davies (appointed to Audit Committee – 12 March 2007)	1	1
Mr Peter Lester (appointed to Audit Committee – 20 June 2007)	-	-
Mr Peter Bowler	3	3
Mr Richard Pearce	2	2

4.3. Remuneration and Nomination Committee Meetings

The number of meetings of the Company's Remuneration and Nomination Committee held and attended during the year ended 30 June 2007 were:

	Number of Meetings	
Name	**Held +**	**Attended**
Ms Erica Smyth	3	3
Mr Jeff Sells (appointed to Remuneration and Nomination Committee – 20 June 2007)	1	1
Mr Peter Bowler	2	2

+ *Number of meetings held during the year whilst the Director held office*

5. CORPORATE GOVERNANCE STATEMENT

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

5.1. Board of Directors

5.1.1. Role of the Board and Management

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

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

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

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

5.1.2. Composition of the Board and New Appointments

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

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

The size of the Company's Board will be reviewed periodically and the optimum number of directors required for the Board to properly perform its responsibilities and functions will be appointed.

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

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

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

5.1.3. Committees of the Board

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

- Audit Committee
- Remuneration and Nomination Committee

5.1.4. Conflict of Interest

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

5.1.5. Independent Professional Advice

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

5.2. Ethical Standards

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

5.2.1. Code of Conduct for Directors

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

5. CORPORATE GOVERNANCE STATEMENT (CONTINUED)

5.2. Ethical Standards (Continued)

5.2.1. Code of Conduct for Directors (Continued)

The principles of the code are:

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

The principles are supported by guidelines as set out by the Australian Institute of Company Directors for their interpretation. Directors are also obliged to comply with the Company's Code of Ethics and Conduct, as outlined below.

5.2.2. Code of Ethics and Conduct

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

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

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

5.2.3. Dealings in Company Securities

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

"Inside information" is information that:

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

If an employee or contractor possesses inside information, the person must not:

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

This prohibition applies regardless of how the employee, contractor or Director learns the information (e.g. even if the employee, contractor or Director overhears it or is told in a social setting).

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

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

5.2.4. Interests of Other Stakeholders

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

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

5.3. Disclosure of Information

5.3.1. Continuous Disclosure to ASX

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

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

Information is not material and need not be disclosed if:

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

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

5. CORPORATE GOVERNANCE STATEMENT (CONTINUED)

5.3. Disclosure of Information (Continued)

5.3.2. Communication with Shareholders

The Company places considerable importance on effective communications with shareholders.

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

Mechanisms employed include:

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

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

5.4. Risk Management

5.4.1. Identification of Risk

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

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

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

5.4.2. Integrity of Financial Reporting

The Company's Managing Director and Company Secretary report in writing to the Board that:

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

5.4.3. Role of Auditor

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

5.5. Performance Review

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

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

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

5.6. Compliance with ASX Corporate Governance Recommendations

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

6. AUDIT COMMITTEE

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

The members of the Audit Committee during the year were:

- Mr Warren Davies, BComm (Economics) – Non-Executive Director (appointed to Audit Committee 12 March 2007)
- Mr Peter Lester, BEng (Mining – Hons) – Non-Executive Director (appointed to Audit Committee 20 June 2007)
- Mr Peter Bowler, Dip Farm Management (Hons) – Non-Executive Director (resigned from Audit Committee 17 May 2007)
- Mr Richard Pearce, BSc (Hons), MBA – Non-Executive Director (resigned from Audit Committee 31 October 2006)

The external auditors, and the Company Secretary, are invited to Audit Committee meetings at the discretion of the Committee. The Committee met three times during the year and Committee members' attendance record is disclosed in the table of Directors' Meetings on page 24.

The Managing Director and Company Secretary declared in writing to the Board that the financial records of the Company for the financial year have been properly maintained and the Company's financial reports for the financial year ended 30 June 2007 comply with accounting standards and present a true and fair view of the Company's financial condition and operational results. This statement is required annually.

7. RISK MANAGEMENT

7.1. Financial Reporting

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

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

7.2. Environmental Regulation

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

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

8. PRINCIPAL ACTIVITIES

The principal activities of the Company during the course of the financial year were to explore for and develop uranium deposits in Australia and Africa.

8.1. Objectives

The Company's Principal Objective is to become a significant and profitable uranium producer. This will be achieved by:

- mining uranium resources in Western Australia, requiring:
  - completing a Bankable Feasibility Study at Lake Way and Centipede,
  - gaining State and Federal Government approval for mining uranium,
  - promoting uranium as an environmentally-friendly energy source;
- conducting exploration activities in jurisdictions that are favourably disposed towards uranium in Australia and Africa; and
- acquiring additional uranium resources and/or exploration properties.

In order to achieve these objectives, the following targets have been set for the 2008 and later financial years:

- Completing negotiations to acquire additional resources in the Wiluna area.
- Re-optimising ore resources.
- Gaining community acceptance for uranium mining in the Wiluna district.
- Commencing long-lead components of pre-feasibility study (including metallurgical testing, tailings management, environmental baseline monitoring and groundwater studies).
- Follow-up drilling of exploration targets at Meekatharra, Western Australia and Coober Pedy, South Australia.
- Undertaking various geophysical programs and ground surveys in Western Australia, South Australia and the Northern Territory.
- Commencing a drill program at the Esperance Project, Western Australia, to test channels identified by EM surveys ("electro-magnetic surveys").
- Undertaking various radiometric surveys and drilling programs on the Company's granted EPLs ("exclusive prospecting licences") in Namibia.
- Commencing a diamond drill program at the Domou prospect in Guinea, West Africa.
- Reviewing new exploration opportunities throughout Australia and Africa.
- Assessing corporate opportunities that provide value-additive business synergies.

9. OPERATING AND FINANCIAL REVIEW

9.1. Overview of the Company

The Income Statement shows a loss before tax of $1,611,000 (2006: $670,000).

9.2. Milestones

In the 2007 financial year, the Company achieved the following significant milestones:

- Commenced a pre-feasibility study on the Wiluna Uranium Project, inclusive of metallurgical test work, trial mining and environmental monitoring.
- EM surveys identified buried Tertiary channels in the Esperance exploration area.
- Uranium anomalies discovered in bedrock at Coober Pedy, South Australia.
- Exploration licences granted in Namibia and drilling commenced downstream of Langer Heinrich.
- Raised $15.5 million, via a rights issue.

9.3. Review of Financial Condition

9.3.1. Capital Structure and Treasury Policy

The Company has no bank debt. Funds surplus to operating requirements are invested in high yielding A credit rated commercial bills and term deposits.

9.3.2. Liquidity and Funding

As at 30 June 2007 the Company had a cash position of $15,580,000.

9.3.3. Cash Flows from Operations

Operations incurred a cash outflow for the year, before capital and exploration, of $859,000.

9.4. Review of Principal Businesses

9.4.1. Wiluna Uranium Project

The Company engaged GRD Minproc as principal consultant to manage a pre-feasibility study of the Wiluna Uranium Project. Other consultants were engaged to manage aspects of mining, hydrology, tailings management, radiation management and environmental baseline monitoring.

Key developments include:

9.4.1.1. Resource Estimation

A modified Indicated and Inferred resource estimate, based on a broader wireframe model, new drilling data and a revised cut-off grade of 180ppm U_3O_8, was nearing completion at the end of the financial year. The lower cut-off grade (from 300ppm U_3O_8 in the previous resource estimate) is based on an escalated operating cost, a conservative recovery estimate of 85%, a uranium price of US$80/lb U_3O_8, and an $US/$A exchange rate of 0.85.

9.4.1.2. Exploration Costeans

Approval was received from the DoIR to excavate exploration costeans 300m long to a depth of 3.5 metres using a Wirtgen continuous mining machine. The trial was very successful and confirmed that the required mining production rates, waste-ore differentiation and targeted costs can be achieved with continuous mining technology.

9.4.1.3. Metallurgical Test Work

Bulk samples were submitted to AMMTEC ("Australian Metallurgical and Mineral Testing Consultants") and ANSTO ("Australian Nuclear Science and Technology Organisation") for comprehensive metallurgical testing. The preferred process route is Resin-in-Pulp (RIP) and this is the focus of initial ANSTO test work. RIP is expected to have considerable operating and capital expense advantages over the more conventional leach and counter current decantation processing route. Further cost reductions can be expected if a scrubber, rather than mill, can be employed for ore comminution.

9.4.2. Regional Exploration

9.4.2.1. Australia

On-ground activities on some of the Company's Australian exploration tenements were delayed by land access issues. However, considerable progress was made at Meekatharra (RAB ("Rotary Air Blast") drilling of calcretes), Esperance (helicopter EM-survey) and Coober Pedy (diamond drilling to bedrock). Land access negotiations in the Lake Mackay area in central Australia are expected to continue until late 2007.

9.4.2.2. Africa

Rapid progress was made in Namibia following grant of three EPLs in December 2006; the channel downstream of Langer Heinrich was drill tested and radiometric and bedrock targets have been identified in other areas. Further historical information was acquired for the Domou and Bitari projects in Guinea, allowing high-grade target zones to be refined – drilling is now expected to commence in late 2007.

The Company is actively seeking additional staff to expedite exploration in Australia and Africa.

10. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 30 June 2007, the Company issued 4,060,409 million fully paid ordinary shares at $3.80 each to raise a total of $15,430,000, before the costs of capital raising.

11. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to 30 June 2007 the Boards of Toro Energy Limited (Toro) and Nova Energy Limited (Nova) announced a recommended merger on the 6 August 2007 by way of a scrip takeover offer by Toro for Nova. The offer terms are 5.5 Toro shares for each Nova share.

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

12. LIKELY DEVELOPMENTS

Likely developments are the continued exploration and evaluation of uranium projects on the tenements owned or controlled by the Company; significant resource increases as a result of drilling, remodelling and ground or uranium rights acquisitions; and, new exploration projects in Australia and Africa. Disclosure of any further information has not been included in this Directors' Report because, in the opinion of the Directors, to do so would result in unreasonable prejudice to the Company.

13. DIRECTORS' INTERESTS

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

Director	Ordinary Shares	Options over Ordinary Shares
Ms Erica Smyth	9,643	-
Dr Tim Sugden	325,180	150,000
Mr Warren Davies	16,072	-
Mr Peter Lester	-	-
Mr Jeff Sells	-	-

14. SHARE OPTIONS

14.1. Options Granted to Directors and Officers of the Company

During or since the end of the financial year, the Company granted options for no consideration over unissued ordinary shares in Nova Energy Limited to the following Directors and to the five most highly remunerated officers of the Consolidated Entity as part of their remuneration.

	Number of Options Granted	Exercise Price	Expiry Date
Directors			
Dr Tim Sugden	150,000	$1.00	30 June 2010
Officers			
Dr Burkhard Eisenlohr	70,000	$2.50	30 June 2010
Dr Burkhard Eisenlohr	70,000	$3.00	30 June 2010
Dr Burkhard Eisenlohr	70,000	$3.50	30 June 2010
Mr Ashley Jones	45,000	$2.50	30 June 2010
Mr Ashley Jones	45,000	$3.00	30 June 2010
Mr Ashley Jones	45,000	$3.50	30 June 2010

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

14.2. Unissued Shares Under Option

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

Expiry Date	Vesting Period	Exercise Price	Number of Shares
30 June 2010	30 June 2007	$1.00	75,000
30 June 2010	30 June 2008	$1.00	75,000
30 June 2010	30 June 2007	$2.50	70,000
30 June 2010	30 June 2008	$3.00	70,000
30 June 2010	30 June 2009	$3.50	70,000
30 June 2010	30 June 2007	$2.50	45,000
30 June 2010	30 June 2008	$3.00	45,000
30 June 2010	30 June 2009	$3.50	45,000
			495,000

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

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

14.3. Shares Issued on Exercise of Options

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

15. DIRECTORS' AND OFFICERS' INDEMNIFICATION AND INSURANCE

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

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

The Company has not provided any insurance or indemnity for the auditor of the Company.

16. NON-AUDIT SERVICES

During the year KPMG, the Company's auditor, has not performed other services in addition to their statutory duties (see note 26 for disclosure of actual payments).

17. REMUNERATION REPORT

17.1. Principles of Remuneration - Audited

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Consolidated Entity, including Directors of the Company and other Executives. Key management personnel comprise the Directors of the Company and Executives for the Company and the Consolidated Entity.

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

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

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

17.1.1. Fixed Remuneration - Audited

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

17.1.2. Performance Linked Remuneration - Audited

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

17.1.3. Short-Term Incentive Bonus - Audited

The short-term incentive is an "at risk" bonus in the form of cash which is calculated based on an assessment of key performance indicators, including share price performance, business growth, exploration success and safety, environment and community issues.

17.1.4. Long-Term Incentive - Audited

The long-term incentive is in the form of options. An Employee Option Scheme was approved at the Annual General Meeting on 14 November 2006.

17.1.5. Service Agreements - Audited

17.1.5.1. Executive Directors - Audited

It is the Company's policy that the contract for the Managing Director, Dr Tim Sugden, is for an initial term of three years and extendable by mutual consent for additional periods. If the Company does not intend to extend the contract, at least one month written notice will be provided. He has a Service Agreement dated 24 January 2006.

Dr Sugden receives a base salary and a performance bonus is determined at the end of each financial year. The maximum value of the bonus shall be fifty per cent of base salary. Dr Sugden may elect to receive the bonus in cash or as Nova Energy options, or a combination of both.

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

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

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

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

17.1.5.2. Executive Officers - Audited

It is the Company's policy not to enter into Service Agreements with Executive Officers. Dr Burkhard Eisenlohr and Mr Ashley Jones have a common law contract of employment with the Company. The standard employment contract is for a twelve month term and may be terminated with four weeks written notice.

17.1.5.3. Non-Executive Directors - Audited

Total remuneration for all Non-Executive Directors is not to exceed $200,000 per annum and is set with reference to fees paid to other Non-Executive Directors of comparable companies. Directors' base fees are presently up to $80,000 per annum.

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

17.2. Directors' and Executive Officers' Remuneration - Audited

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

17. REMUNERATION REPORT (CONTINUED)

Nature and amount of remuneration for the year ended 30 June 2007

		Short – term		Post-employment	Share based payments	Other			
		Salary & Directors' Fees $	Bonus [1] $	Super $	Fair Value of Options [2] $	Insurance Premiums $	Total $	Proportion of Remuneration Performance Related [3] %	Value of Options as Proportion of Remuneration [3] %
Non-Executive Directors									
Ms E Smyth - Chairman (a)	2007	55,000	-	4,950	-	2,488	62,438	-	-
	2006	8,887	-	800	-	284	9,971	-	-
Mr Warren Davies (b)	2007	25,000	-	1,969	-	1,643	28,612	-	-
	2006	-	-	-	-	-	-	-	-
Mr Peter Lester (c)	2007	-	-	-	-	600	600	-	-
	2006	-	-	-	-	-	-	-	-
Mr Jeff Sells (d)	2007	-	-	-	-	300	300	-	-
	2006	-	-	-	-	-	-	-	-
Mr P Bowler (e)	2007	7,984	-	719	-	2,188	10,891	-	-
	2006	22,917	-	2,063	-	1,242	26,222	-	-
Mr R Pearce (f)	2007	10,000	-	-	-	839	10,839	-	-
	2006	58,708	-	-	-	1,242	59,950	-	-
Dr V Guthrie (g)	2007	-	-	-	-	-	-	-	-
	2006	17,968	-	1,617	-	1,174	20,759	-	-
Mr K Hunter (h)	2007	-	-	-	-	-	-	-	-
	2006	-	-	-	-	-	-	-	-
Mr E Rigg (i)	2007	-	-	-	-	-	-	-	-
	2006	-	-	-	-	-	-	-	-
Executive Directors									
Dr T Sugden - Managing Director (j)	2007	200,000	120,000	26,100	206,209	2,488	554,797	21.6	37.2
	2006	104,010	30,000	9,361	-	1,242	144,613	20.7	-

Nature and amount of remuneration for the year ended 30 June 2007 (Continued)

		Short – term		Post-employment	Share based payments	Other			
		Salary & Directors' Fees $	Bonus (1) $	Super $	Fair Value of Options (2) $	Insurance Premiums $	Total $	Proportion of Remuneration Performance Related (3) %	Value of Options as Proportion of Remuneration (3) %
Executives									
Dr B Eisenlohr – Exploration Manager (k)	2007	175,015	36,000	18,991	213,280	2,488	445,774	8.1	47.8
	2006	70,833	-	6,375	-	1,218	78,426	-	-
Mr G Barrett – Company Secretary (e)	2007	17,325	-	-	-	2,488	19,813	-	-
	2006	21,000	-	-	-	1,242	22,242	-	-
Mr A Jones – Resource Development Manager (l)	2007	62,199	25,000	7,875	137,108	1,220	233,402	10.7	58.7
	2006	-	-	-	-	-	-	-	-
Total Compensation: Key Management Personnel (Consolidated and Parent)	2007	552,523	181,000	60,604	556,597	16,742	1,367,466	13.2	40.7
	2006	304,323	30,000	20,216	-	7,644	362,183	8.3	-

Notes in relation to the table of Directors' and Executive Officers' Remuneration - Audited

(1) The short-term incentive bonus is for performance during the 30 June 2007 financial year using the criteria set out in the Remuneration Report. The amount was determined on 20 June 2007 after performance reviews were completed and approved by the Remuneration and Nomination Committee.

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

17. REMUNERATION REPORT (CONTINUED)

17.2. Directors' and Executive Officers' Remuneration - Audited (Continued)

Notes in relation to the table of Directors' and Executive Officers' Remuneration - Audited (Continued)

The following factors and assumptions were used in determining the fair value of options on grant date:

Grant Date	Option Life	Fair Value per Option	Exercise Price	Price of shares on grant date	Expected Volatility	Risk free interest rate
14 November 2006	3.6 years	$1.99	$1.00	$2.49	89%	6.25%
10 January 2007	3.5 years	$2.07	$2.50	$3.02	92%	6.25%
10 January 2007	3.5 years	$1.95	$3.00	$3.02	92%	6.25%
10 January 2007	3.5 years	$1.88	$3.50	$3.02	92%	6.25%

(3) Details of the Company's policy in relation to the proportion of remuneration that is performance related is discussed on page 36.

(a) Ms Erica Smyth was appointed on 20 April 2006.

(b) Mr Warren Davies was appointed on 1 November 2006.

(c) Mr Peter Lester was appointed on 3 April 2007.

(d) Mr Jeff Sells was appointed on 17 May 2007.

(e) Mr Peter Bowler and Mr Gregory Barrett were appointed on 12 August 2005 and Mr Bowler resigned on the 17 May 2007.

(f) Mr Richard Pearce was appointed as a Non-Executive Director on 20 April 2005 to 23 August 2005, he was appointed as the Managing Director from 23 August 2005 to 20 October 2005, and continued as a Non-Executive Director from 20 October 2005. He resigned on 31 October 2006. Remuneration for all positions held by Mr Richard Pearce is included under Non-Executive Directors above.

(g) Dr Vanessa Guthrie was appointed on 20 April 2005 and resigned on 20 April 2006.

(h) Mr Kent Hunter was appointed on 29 October 2004 and resigned on 12 August 2005.

(i) Mr Edward Rigg was appointed on 29 October 2004 and resigned on 1 July 2005.

(j) Dr Tim Sugden was appointed as Chairman from 12 August 2005 to 20 April 2006. He then became the Managing Director of Nova Energy Limited. Remuneration for all positions held by Dr Tim Sugden is included under Executive Directors above.

(k) Dr Burkhard Eisenlohr was appointed on 1 February 2006.

(l) Mr Ashley Jones was appointed on 2 January 2007.

17.3. Equity Instruments - Audited

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

17.3.1. Options and Rights Over Equity Instruments Granted as Compensation - Audited

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

	Number of options granted during 2007	Grant date	Fair value per option at grant date ($)	Exercise price per option ($)	Vesting date	Expiry date	Number of options vested during 2007
Directors							
Dr T Sugden	75,000	14 Nov 2006	1.99	1.00	30 Jun 2007	30 Jun 2010	75,000
Dr T Sugden	75,000	14 Nov 2006	1.99	1.00	30 Jun 2008	30 Jun 2010	-
Executives							
Dr B Eisenlohr	70,000	10 Jan 2007	2.07	2.50	30 Jun 2007	30 Jun 2010	70,000
Dr B Eisenlohr	70,000	10 Jan 2007	1.95	3.00	30 Jun 2008	30 Jun 2010	-
Dr B Eisenlohr	70,000	10 Jan 2007	1.88	3.50	30 Jun 2009	30 Jun 2010	-
Mr A Jones	45,000	10 Jan 2007	2.07	2.50	30 Jun 2007	30 Jun 2010	45,000
Mr A Jones	45,000	10 Jan 2007	1.95	3.00	30 Jun 2008	30 Jun 2010	-
Mr A Jones	45,000	10 Jan 2007	1.88	3.50	30 Jun 2009	30 Jun 2010	-

No options were granted during the period 1 July 2005 to 30 June 2006.

No options have been granted or exercised since the end of the financial year. The options were provided at no cost to the recipients.

17.3.2. Modification of Terms of Equity-Settled Share Based Payment Transactions - Audited

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

17.3.3. Exercise of Options Granted as Compensation - Audited

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

17.4. Principles of Remuneration - Unaudited

17.4.1 Consequences of Performance on Shareholder Wealth - Unaudited

In considering the Company's performance and benefits for shareholder wealth, the Remuneration and Nomination Committee take into account profitability, and share price movements of the Company, when setting the total amount of bonuses.

17.5. Equity Instruments - Unaudited

17.5.1. Analysis of Movements in Options - Unaudited

The movement during the reporting period, by value, of options over ordinary shares in the Company held by each Company Director and other key management personnel is detailed over.

17. REMUNERATION REPORT (CONTINUED)

17.5. Equity Instruments - Unaudited (Continued)

17.5.1. Analysis of Movements in Options - Unaudited (Continued)

	Granted in year (a) $	Exercised in year (b) $	Lapsed in year (c) $	Total option value in year $
Directors				
Dr T Sugden	149,012	-	-	149,012
Dr T Sugden	149,012	-	-	149,012
Executives				
Dr B Eisenlohr	144,590	-	-	144,590
Dr B Eisenlohr	137,531	-	-	137,531
Dr B Eisenlohr	131,319	-	-	131,319
Mr A Jones	92,951	-	-	92,951
Mr A Jones	88,412	-	-	88,412
Mr A Jones	84,419	-	-	84,419

a) *The value of options granted in the year is the fair value of the options calculated at grant date using the Black Scholes option pricing model. The total value of the options granted is included in the table above. The amount is allocated to remuneration over the vesting period.*

b) *There were no options exercised during the year.*

c) *No options lapsed during the year.*

18. ROUNDING OFF

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

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

The lead auditor's independence declaration is set out on page 70 and forms part of the Directors' Report for the financial year ended 30 June 2007.

Signed in accordance with a resolution of the Directors.

Dated at Perth this 28 September 2007

Dr Tim Sugden
Managing Director

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

		Consolidated		Parent	
	Note	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Interest received		131	205	131	205
Employee expenses	5	(1,073)	(312)	(1,073)	(312)
Consultants and professional fees		(183)	(158)	(183)	(158)
Compliance expenses		(68)	(74)	(68)	(74)
Public relations		(45)	(92)	(45)	(92)
Exploration written off	9	(61)	(47)	(61)	(47)
Depreciation and amortisation expense	8	(27)	(9)	(27)	(9)
Management fees		(161)	(106)	(161)	(106)
Finance costs		(5)	-	-	-
Other expenses		(119)	(77)	(118)	(77)
Loss before tax		**(1,611)**	**(670)**	**(1,605)**	**(670)**
Income tax (expense) benefit	7	-	-	-	-
Loss for the period		**(1,611)**	**(670)**	**(1,605)**	**(670)**
Loss per share attributable to ordinary equity holders					
Basic and diluted loss per share – cents	14	(2.82)	(1.32)		

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

STATEMENTS OF RECOGNISED INCOME AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2007

		Consolidated		Parent	
		2007	2006	2007	2006
	Note	$'000	$'000	$'000	$'000
Net income recognised directly in equity		-	-	-	-
Loss for the period		(1,611)	(670)	(1,605)	(670)
Total recognised income and expense for the period	*13*	**(1,611)**	**(670)**	**(1,605)**	**(670)**
Attributable to:					
Equity holders of the parent		(1,611)	(670)	(1,605)	(670)
Total recognised income and expense for the period	*13*	**(1,611)**	**(670)**	**(1,605)**	**(670)**

Other movements in equity arising from transactions with owners as owners are set out in note 13.

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

BALANCE SHEETS

AS AT 30 JUNE 2007

	Note	Consolidated		Parent	
		2007 $'000	2006 $'000	2007 $'000	2006 $'000
Current Assets					
Cash and cash equivalents	*12a*	15,580	3,282	15,535	3,282
Other receivables	*11*	137	51	136	51
Total Current Assets		**15,717**	**3,333**	**15,671**	**3,333**
Non-Current Assets					
Receivables	*11*	-	-	88	-
Property, plant and equipment	*8*	60	54	60	54
Exploration and evaluation	*9*	17,627	15,918	17,591	15,918
Total Non-Current Assets		**17,687**	**15,972**	**17,739**	**15,972**
Total Assets		33,404	19,305	33,410	19,305
Current Liabilities					
Trade and other payables	*18*	232	128	232	128
Employee benefits	*15*	204	55	204	55
Provisions	*17*	-	52		52
Total Current Liabilities		436	235	436	235
Total Liabilities		436	235	436	235
Net Assets		32,968	19,070	32,974	19,070
Equity					
Issued capital	*13*	34,752	19,800	34,752	19,800
Accumulated losses	*13*	(1,784)	(730)	(1,778)	(730)
Total Equity	*13*	32,968	19,070	32,974	19,070

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2007

	Note	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Cash flows from operating activities					
Cash paid to suppliers and employees		(990)	(719)	(988)	(719)
Interest received		131	166	131	166
Net cash outflow from operating activities	*12b*	**(859)**	**(553)**	**(857)**	**(553)**
Cash flows from investing activities					
Acquisition of property, plant and equipment		(33)	(63)	(33)	(63)
Payment for exploration and evaluation		(1,935)	(1,652)	(1,899)	(1,652)
Net cash outflow from investing activities		**(1,968)**	**(1,715)**	**(1,932)**	**(1,715)**
Cash flows from financing activities					
Proceeds from the issue of share capital	*13*	15,430	6,250	15,430	6,250
Payment for share issue costs		(300)	(697)	(300)	(697)
Proceeds received and held awaiting the issue of ordinary shares or to be refunded		-	(7)	-	(7)
Funds advanced to controlled entities		-	-	(88)	-
Net cash inflow from financing activities		**15,130**	**5,546**	**15,042**	**5,546**
Net increase in cash and cash equivalents		12,303	3,278	12,253	3,278
Cash and cash equivalents at beginning of period		3,282	4	3,282	4
Effect of exchange rate fluctuations on cash held		(5)	-	-	-
Cash and cash equivalents at 30 June	*12a*	**15,580**	**3,282**	**15,535**	**3,282**

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

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Nova Energy Limited ("Nova" or "the Company" or "Parent") is a Company domiciled in Australia.

The consolidated financial statements of the Company as at and for the year ended 30 June 2007 comprise the Company and its subsidiaries (together referred to as the "Consolidated Entity").

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs") (including Australian Interpretations adopted by the Australian Accounting Standards Board ("AASB")) and the Corporations Act 2001. The consolidated financial report of the Consolidated Entity also complies with the IFRSs and interpretations adopted by the International Accounting Standards Board. The Company's financial report does not comply with IFRSs as the Company has elected to apply the relief provided to parent entities by AASB 132 *Financial Instruments: Presentation and Disclosure* in respect of certain disclosure requirements.

The financial statements were approved by the Board of Directors on 28 September 2007.

(b) Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis.

(c) Functional and Presentation Currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the majority of the Consolidated Entity.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(d) Use of Estimates and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 16 – Measurement of Share-Based Payments
- Note 17 – Provisions

Management discussed with the Audit Committee the development, selection and disclosure of the Company's critical accounting policies and estimates and the application of these policies and estimates. Management believe there are no estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Consolidated Entity.

(a) Basis of Consolidation

(i) Subsidiaries

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

The prior year accounts were not presented on a consolidated basis as the subsidiaries were acquired during this financial year (see note 24).

(ii) Transactions Eliminated on Consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign Currency

(i) Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currencies of the consolidated entities at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

(ii) Financial Statements of Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Australian dollars at exchange rates at the dates of the transactions.

The income and expenses of foreign operations in hyperinflationary economies are translated to Australian dollars at the exchange rate at the reporting date. Prior to translating the financial statements of foreign operations in hyperinflationary economies, its financial statements for the current period are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the reporting date.

Foreign currency differences are recognised directly in equity. Since 1 July 2004, the Consolidated Entity's date of transition to AASBs, such differences have been recognised in the Foreign Currency Translation Reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss.

(c) Financial Instruments

(i) Non-Derivative Financial Instruments

Non-derivative financial instruments comprise other receivables, cash and cash equivalents, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value, through profit or loss, any directly attributable transaction costs, except as described over. Subsequent to initial recognition non-derivative financial instruments are measured as described over.

A financial instrument is recognised if the consolidated entity becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the consolidated entity's contractual rights to the cash flows from the financial assets expire or if the consolidated entity transfers the financial asset to another party without retaining control or substantially all risks and rewards of the assets. Financial liabilities are derecognised if the consolidated entity's obligations specified in the contract expire or are discharged or cancelled.

(i) Receivables - Other Debtors

Other debtors are stated at amortised cost. Receivables are usually settled within no more than 30 days.

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

(ii) Receivables - Sale of Non-Current Assets

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

(iii) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

(iv) Trade and Other Payables

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

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) Derivative Financial Instruments

The Consolidated Entity does not hold or issue derivative financial instruments for trading purposes.

(iii) Share Capital

Ordinary Shares – Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit.

(d) Property Plant and Equipment

(i) Owned Assets

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses (see accounting policy f). Cost includes expenditures that are directly attributable to the acquisition of the asset.

(ii) Subsequent Costs

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

(iii) Depreciation

Assets are depreciated over their estimated useful lives using the straight line method.

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

- Plant and Equipment – 1 to 3 years

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property Plant and Equipment (Continued)

(iii) Depreciation (Continued)

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

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

(e) Exploration and Evaluation

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

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

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

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

Exploration and evaluation assets are assessed for impairment if:

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

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

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

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

(f) Impairment

The carrying amounts of the Company's assets, other than exploration and evaluation (see accounting policy e) and deferred tax assets (see accounting policy k (i)) are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists the asset's recoverable amount is estimated (see accounting policy f (i)).

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

(i) Calculation of Recoverable Amount

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

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

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time, value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of Impairment

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

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

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

(iii) De-recognition of Financial Assets and Liabilities

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

- the rights to receive cash flows from the asset have expired;
- the 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; or
- the Company has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

(g) Employee Benefits

(i) Wages, Salaries, Annual Leave and Sick Leave

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

(ii) Share-Based Payments

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Provisions

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

(i) Revenue Recognition

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

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

(i) Interest

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

(j) Expenses

(i) Net Financing Costs

Net financing costs comprise interest receivable on funds invested.

(k) Tax

(i) Income Taxes

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

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

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary difference is not provided for; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

(ii) Tax Consolidation

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

(iii) Goods and Services Tax

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

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

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

(l) Segment Reporting

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

(m) New Standards and Interpretations Not Yet Adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2007, but have not been applied in preparing this financial report:

- AASB 7 *Financial Instruments: Disclosures* (August 2005) replaces the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007, and will require extensive additional disclosures with respect to the Consolidated Entity's financial instruments and share capital.

- AASB 2005-10 Amendments to Australian Accounting Standards (September 2005) makes consequential amendments to AASB 132 *Financial Instruments: Disclosure and Presentation*, AASB 101 *Presentation of Financial Statements*, AASB 114 *Segment Reporting*, AASB 133 *Earnings Per Share*, AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007 and is expected to only impact disclosures contained within the consolidated financial report.

- AASB 8 *Operating Segments* replaces the presentation requirements of segment reporting in AASB 114 *Segment Reporting*. AASB 8 is applicable for annual reporting periods beginning on or after 1 January 2009 and is not expected to have an impact on the financial results of the Company and the Consolidated Entity as the standard is only concerned with disclosures.

- AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 makes amendments to AASB 6 *Exploration for and Evaluation of Mineral Resources*, AASB 107 *Cash Flow Statements*, AASB 119 *Employee Benefits*, AASB 127 *Consolidated and Separate Financial Statements*, AASB 134 *Interim Financial Reporting*, AASB 136 *Impairment Assets*. AASB 2007-3 is applicable for annual reporting periods beginning on or after 1 January 2009 and must be adopted in conjunction with AASB 8 *Operating Segments*. This standard is only expected to impact disclosures contained within the financial report.

- Interpretation 10 *Interim Financial Reporting and Impairment* prohibits the reversal of an impairment loss recognised in a previous interim period in respect of financial assets carried at cost. Interpretation 10 will become mandatory for the Consolidated Entity's 2008 financial statements, and will apply to financial assets carried at cost prospectively from the date that the Consolidated Entity first applied the measurement criteria of AASB 136 and AASB 139 respectively (i.e., 1 July 2004 and 1 July 2005, respectively.) This standard is not expected to have an impact on the financial results of the Company.

- Interpretation 11 AASB 2 *Share-based Payment – Group and Treasury Share Transactions* addresses the classification of a share-based payment transaction (as equity or cash settled), in which equity instruments of the parent or another group entity are transferred, in the financial statements of the entity receiving the services. Interpretation 11 will become mandatory for the Company's 2008 financial report. Interpretation 11 is not expected to have any impact on the financial report. The potential effect of the Interpretation on the Consolidated Entity's financial report has not yet been determined.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) New Standards and Interpretations Not Yet Adopted (Continued)

- AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 11 amends AASB 2 *Share-based Payments* to insert the transitional provisions of IFRS 2, previously contained in AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. AASB 2007-1 is applicable for annual reporting periods beginning on or after 1 March 2007 and is not expected to have any impact on the consolidated financial report. The potential impact on the Company has not yet been determined.

4. SEGMENT REPORTING

The Company operates predominantly in one industry, uranium and other minerals exploration, and in two geographical locations, Australia and Africa.

	Australia		Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Segment Result	(1,605)	(670)	(6)	-	(1,611)	(670)
Segment Assets	33,410	19,305	(6)	-	33,404	19,305
Capital Expenditure	1,767	15,966	36	-	1,803	15,966

5. EMPLOYEE EXPENSES

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Wages and salaries	350	203	350	203
Other associated personnel expenses	145	95	145	95
Increase in liability for annual leave	21	14	21	14
Equity – settled share-based payment transactions	557	-	557	-
Total Employee Expenses	1,073	312	1,073	312

6. FINANCE INCOME AND EXPENSE

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Financial Income				
Interest income on bank deposits	131	205	131	205
Total Finance Income	131	205	131	205
Financial Expense				
Net foreign exchange loss	(5)	-	-	-
Total Finance Income	(5)	-	-	-
Net Finance Income and Expense	126	205	131	205

7. CURRENT AND NON-CURRENT INCOME TAX EXPENSE

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Numerical reconciliation between tax expense and pre-tax net (loss) profit				
Loss before tax	(1,611)	(670)	(1,605)	(670)
Income tax using the domestic corporation tax rate of 30% (2006: 30%)	(483)	(201)	(481)	(201)
Increase in income tax expense due to :				
Non-deductible expenses	39	26	39	26
Decrease in income tax expense due to :				
Costs treated as capital for tax	(71)	(42)	(71)	(42)
Tax losses not bought to account	515	217	513	217
Total income tax expense (benefit) on pre-tax net profit	-	-	-	-

8. PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Cost				
Balance at 1 July	63	-	63	-
Acquisitions	33	63	33	63
Disposals	-	-	-	-
Balance at 30 June	96	63	96	63
Depreciation and Impairment Losses				
Balance at 1 July	9	-	9	-
Depreciation charge for the year	27	9	27	9
Disposals	-	-	-	-
Balance at 30 June	36	9	36	9
Carrying Amounts				
At 1 July	54	-	54	-
At 30 June	60	54	60	54

9. EXPLORATION AND EVALUATION

		Consolidated		Parent	
	Note	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Cost					
Balance at 1 July		15,918	62	15,918	62
Acquisitions	*(i)*	-	14,450	-	14,450
Additions		1,770	1,453	1,734	1,453
Expenditure written off		(61)	(47)	(61)	(47)
Balance at 30 June		17,627	15,918	17,591	15,918
Amortisation and Impairment Losses					
Balance at 1 July		-	-	-	-
Balance at 30 June		-	-	-	-
Carrying Amounts					
At 1 July		15,918	62	15,918	62
At 30 June		17,627	15,918	17,591	15,918

(a) Exploration and Evaluation

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

(i) During the previous financial year ended 30 June 2006, the Company acquired significant exploration and evaluation assets totalling $14,450,000 as follows:

	Note	No of Shares Issued	Fair Value of Shares Issued	2007 $'000	2006 $'000
Allarrow Pty Ltd	*(1)*	N/A	N/A	-	250
Allarrow Pty Ltd	*(1)*	3,000,000	$0.40	-	1,200
Agincourt Resources Limited	*(2)*	32,500,000	$0.40	-	13,000
Total				-	14,450

(1) Allarrow Pty Ltd (30 June 2006)

The purchase consideration for the ELA ("Exploration Licence Application") was an initial payment of $150,000 and the issue of 1,500,000 shares in Nova. Further consideration following the conversion from an ELA to an exploration licence was also paid, being $100,000 and the issue of a further 1,500,000 shares in Nova. The final consideration of 1,500,000 shares in Nova was issued on 6 August 2007.

(2) Agincourt Resources Limited (30 June 2006)

Pursuant to an Agreement for Rights and Usage ("Rights and Usage Agreement") of April 2005, the Company acquired the exclusive right to explore, mine and treat uranium on various mining tenements and exclusive ownership of all uranium mined, stockpiled or otherwise taken from various mining tenements owned or controlled by Agincourt Resources Limited ("Agincourt"). In addition, the Company has certain usage rights that give Nova a right to negotiate for the use of infrastructure assets and utilise other site assets. The consideration paid by Nova was 32,500,000 ordinary fully paid shares in Nova.

10. DEFERRED TAX ASSETS AND LIABILITIES

(a) Recognised Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		**Liabilities**		**Net**	
	2007 $'000	**2006 $'000**	**2007 $'000**	**2006 $'000**	**2007 $'000**	**2006 $'000**
Consolidated						
Exploration and evaluation	-	-	(5,291)	(4,791)	(5,291)	(4,791)
Current trade and other payables	-	-	-	-	-	-
Other items	9	-	-	(1)	9	(1)
Tax value of loss carry-forwards recognised	5,282	4,792	-	-	5,282	4,792
Net tax assets / (liabilities)	5,291	4,792	(5,291)	(4,792)	-	-
Parent						
Exploration and evaluation	-	-	(5,291)	(4,791)	(5,291)	(4,791)
Current trade and other payables	-	-	-	-	-	-
Other items	9	-	-	(1)	9	(1)
Tax value of loss carry-forwards recognised	5,282	4,792	-	-	5,282	4,792
Net tax assets / (liabilities)	5,291	4,792	(5,291)	(4,792)	-	-

(b) Unrecognised Deferred Tax Assets and Liabilities

	Consolidated		**Parent**	
	2007 $'000	**2006 $'000**	**2007 $'000**	**2006 $'000**
Net deferred tax assets have not been recognised in respect of the following				
Tax losses	748	233	748	233
Total tax assets / (liabilities) not recognised	748	233	748	233

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

(c) Movement in Temporary Differences During the Year

	Balance 1 July 05 $'000	Recognised in income $'000	Recognised in equity $'000	Balance 30 June 06 $'000
Consolidated				
Exploration and evaluation	(18)	(4,773)	-	(4,791)
Current trade and other payables	2	(2)	-	-
Other items	-	(1)	-	(1)
Tax value of loss carry-forwards recognised	16	4,776	-	4,792
	-	-	-	-

	Balance 1 July 06 $'000	Recognised in income $'000	Recognised in equity $'000	Balance 30 June 07 $'000
Consolidated				
Exploration and evaluation	(4,791)	(500)	-	(5,291)
Current trade and other payables	-	-	-	-
Other items	(1)	10	-	9
Tax value of loss carry-forwards recognised	4,792	490	-	5,282
	-	-	-	-

	Balance 1 July 05 $'000	Recognised in income $'000	Recognised in equity $'000	Balance 30 June 06 $'000
Parent				
Exploration and evaluation	(18)	(4,773)	-	(4,791)
Current trade and other payables	2	(2)	-	-
Other items	-	(1)	-	(1)
Tax value of loss carry-forwards recognised	16	4,776	-	4,792
	-	-	-	-

	Balance 1 July 06 $'000	Recognised in income $'000	Recognised in equity $'000	Balance 30 June 07 $'000
Parent				
Exploration and evaluation	(4,791)	(500)	-	(5,291)
Current trade and other payables	-	-	-	-
Other items	(1)	10	-	9
Tax value of loss carry-forwards recognised	4,792	490	-	5,282
	-	-	-	-

11. OTHER RECEIVABLES

	Note	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Current					
Other Receivables		113	51	112	51
Prepayments		24	-	24	-
Total Current Other Receivables		137	51	136	51
Non-Current					
Loans to controlled entities	*(i)*	-	-	88	-
Total Non-Current Receivables		-	-	88	-

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

12A. CASH AND CASH EQUIVALENTS

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Bank Balances	15,580	3,282	15,535	3,282
Total Cash and Cash Equivalents in the statement of cash flows	15,580	3,282	15,535	3,282

12B. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	Consolidated 2007 $'000	Consolidated 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Cash flows from operating activities				
Loss for the period	(1,611)	(670)	(1,605)	(670)
Adjustments for non cash items:				
Depreciation	27	9	27	9
Exploration expenditure written off	61	47	61	47
Foreign exchange gain	5	-	-	-
Equity-settled share-based payment transactions	557	-	557	-
Operating profit before changes in working capital and provisions	(961)	(614)	(960)	(614)
(Increase) / decrease in trade and other receivables	(25)	(21)	(24)	(21)
(Increase) / decrease in prepayments	(21)	-	(21)	-
(Decrease) / increase in trade and other payables	148	(25)	148	(25)
(Decrease) / Increase in provisions and employee benefits	-	107	-	107
Net cash from operating activities	**(859)**	**(553)**	**(857)**	**(553)**

13. CAPITAL

(a) Reconciliation of Movement in Capital

	Share Capital $'000	Accumulated Losses $'000	Total Equity $'000
Consolidated			
Balance as at 1 July 2005	53	(60)	**(7)**
Total recognised income and expense	-	(670)	**(670)**
Shares issued (1,250,000 @ $0.20)	250	-	**250**
Shares issued (32,500,000 @ $0.40)	13,000	-	**13,000**
Shares issued (3,000,000 @ $0.40)	1,200	-	**1,200**
Shares issued (15,000,000 @ $0.40)	6,000	-	**6,000**
Transaction costs of shares issued	(703)	-	**(703)**
Balance at 30 June 2006	**19,800**	**(730)**	**19,070**
Balance as at 1 July 2006	19,800	(730)	**19,070**
Total recognised income and expense	-	(1,611)	**(1,611)**
Equity settled transactions	-	557	**557**
Shares issued (4,060,409 @ $3.80)	15,430	-	**15,430**
Transaction costs of shares issued	(478)	-	**(478)**
Balance at 30 June 2007	**34,752**	**(1,784)**	**32,968**

	Share Capital $'000	Accumulated Losses $'000	Total Equity $'000
Parent			
Balance as at 1 July 2005	53	(60)	**(7)**
Total recognised income and expense	-	(670)	**(670)**
Shares issued (1,250,000 @ $0.20)	250	-	**250**
Shares issued (32,500,000 @ $0.40)	13,000	-	**13,000**
Shares issued (3,000,000 @ $0.40)	1,200	-	**1,200**
Shares issued (15,000,000 @ $0.40)	6,000	-	**6,000**
Transaction costs of shares issued	(703)	-	**(703)**
Balance at 30 June 2006	**19,800**	**(730)**	**19,070**
Balance as at 1 July 2006	19,800	(730)	**19,070**
Total recognised income and expense	-	(1,605)	**(1,605)**
Equity settled transactions	-	557	**557**
Shares issued (4,060,409 @ $3.80)	15,430	-	**15,430**
Transaction costs of shares issued	(478)	-	**(478)**
Balance at 30 June 2007	**34,752**	**(1,778)**	**32,974**

(b) Issued Capital

The Company recorded the following amounts within shareholders' equity as a result of the issuance of ordinary shares.

		Ordinary Shares			
	Note	**2007 Number**	**2006 Number**	**2007 $'000**	**2006 $'000**
Parent					
On issue at 1 July		57,050,001	5,300,001	19,800	53
Share placement at $0.20 per share for cash		-	1,250,000	-	250
Share placement at $0.40 per share (Agincourt Resources Ltd)	*9(2)*	-	32,500,000	-	13,000
Share placement at $0.40 per share (Allarrow Pty Ltd)	*9(1)*	-	3,000,000	-	1,200
Share placement at $0.40 per share for cash		-	15,000,000	-	6,000
Share placement at $3.80 per share for cash		4,060,409	-	15,430	-
Transaction costs of share issue		-	-	(478)	(703)
On Issue at 30 June		61,110,410	57,050,001	34,752	19,800

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

The Consolidated Entity has also issued share options (see note 16).

14. LOSS PER SHARE

(a) Basic Loss per Share

The calculation of basic earnings (loss) per share (EPS) at 30 June 2007 was based on the loss attributable to ordinary shareholders of $1,611,000 (2006: $670,000) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2007 of 57,072,250 (2006: 50,752,056), calculated as follows:

	Note	**2007 $'000**	**2006 $'000**
Loss Attributable to Ordinary Shareholders			
Loss attributable to ordinary shareholders		(1,611)	(670)

		No.	**No.**
Weighted Average Number of Ordinary Shares			
Issued ordinary shares at 1 July	*13*	57,050,001	5,300,001
Effect of shares issued on 4 July 2005		-	1,239,726
Effect of shares issued on 12 August 2005		-	28,760,274
Effect of shares issued on 15 August 2005		-	2,630,137
Effect of shares issued on 23 August 2005		-	12,821,918
Effect of shares issued on 29 June 2007		22,249	-
Weighted average number of ordinary shares at 30 June		57,072,250	50,752,056

(b) Diluted Loss per Share

The calculation of diluted earnings (loss) per share at 30 June 2007 is the same as basic earnings per share.

	2007	**2006**
Loss per Share		
Basic loss per share – cents	(2.82)	(1.32)
Diluted loss per share – cents	(2.82)	(1.32)

15. EMPLOYEE BENEFITS

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Current				
Liability for annual leave	34	14	34	14
Other current liability	170	41	170	41
Total current employee benefits	204	55	204	55

16. SHARE-BASED PAYMENTS

On 14 November 2006, the Consolidated Entity established a share option plan that entitles key management personnel and senior employees to purchase shares in the entity. In accordance with these programs, options are exercisable at the market price of the shares at the date of grant.

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

The following options were granted during the year:

Employees Entitled	Grant Date	Number of Options	Vesting Date	Expiry Date
Option grant to key management	14/11/2006	75,000	30/06/2007	30/06/2010
Option grant to key management	14/11/2006	75,000	30/06/2008	30/06/2010
Option grant to key management	10/01/2007	70,000	30/06/2007	30/06/2010
Option grant to key management	10/01/2007	70,000	30/06/2008	30/06/2010
Option grant to key management	10/01/2007	70,000	30/06/2009	30/06/2010
Option grant to key management	10/01/2007	45,000	30/06/2007	30/06/2010
Option grant to key management	10/01/2007	45,000	30/06/2008	30/06/2010
Option grant to key management	10/01/2007	45,000	30/06/2009	30/06/2010
Total Share Options		495,000		

There were no options granted to key management during the period 1 July 2005 to 30 June 2006.

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

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

	Weighted Average Exercise Price 2007	Number of Options 2007
Outstanding at 1 July	-	-
Granted during the period	$2.39	495,000
Outstanding at 30 June	$2.39	495,000
Exercisable at 30 June	$1.91	190,000

The options outstanding at 30 June 2007 have an exercise price in the range of $1.00 to $3.50 and a weighted average contractual life of 3.51 years.

There were no options forfeited or exercised during the period 1 July 2006 to 30 June 2007 and no options granted, forfeited or exercised during the period 1 July 2005 to 30 June 2006.

(a) Fair Value of Share Options and Assumptions

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

	Key Management Personnel	
	2007	2006
Fair value at grant date	$1.88 - $2.07	-
Share Price at date of grant	$2.49 - $3.02	-
Exercise Price	$1.00 - $3.50	-
Expected volatility (expressed as weighted average volatility used in the modelling under the Black Scholes option pricing model)	89% - 92%	-
Option life (expressed as weighted average life used in the modelling under the Black Scholes option pricing model)	3.4 - 3.6 years	-
Risk Free Interest Rate (based on 90 day bank bills)	6.25%	-

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

(b) Employee Expenses

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Share options granted in 2006 – equity settled	-	-	-	-
Share options granted in 2007 – equity settled	557	-	557	-
Total expense recognised as employee costs	557	-	557	-

17. PROVISIONS

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Stamp Duty				
Current				
Balance at 1 July	52	-	52	-
Provisions made during the year	-	748	-	748
Provisions used during the year	-	(696)	-	(696)
Provisions reversed during the year	(52)	-	(52)	-
Balance at 30 June	-	52	-	52

(a) Stamp Duty

The provision for stamp duty relates to the purchase of uranium and usage rights and exploration licences.

18. TRADE AND OTHER PAYABLES

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Current				
Trade payables	232	128	232	128
Other trade payables and accrued expenses	-	-	-	-
Total current trade and other payables	232	128	232	128

19. FINANCIAL INSTRUMENTS

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

(a) Credit Risk

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

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

(b) Fair Values

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

(c) Effective Interest Rates and Repricing Analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their average effective interest rates at the reporting date and the periods in which they mature or, if earlier, reprice.

			Consolidated			
	Note	Effective Interest Rate	Total $'000	Floating Rate $'000	1 year or less $'000	1-2 years $'000
2007						
Cash and cash equivalents	*12a*	5.5%	15,580	15,580	-	-
			15,580	15,580	-	-
2006						
Cash and cash equivalents	*12a*	5.0%	3,282	3,282	-	-
			3,282	3,282	-	-

			Parent			
	Note	Effective Interest Rate	Total $'000	Floating Rate $'000	1 year or less $'000	1-2 years $'000
2007						
Cash and cash equivalents	*12a*	5.5%	15,580	15,535	-	-
			15,580	15,535	-	-
2006						
Cash and cash equivalents	*12a*	5.0%	3,282	3,282	-	-
			3,282	3,282	-	-

20. CAPITAL AND OTHER COMMITMENTS

(a) Exploration Expenditure Commitments

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

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Within one year	299	232	299	232
	299	232	299	232

(b) Employee Compensation Commitments

Commitments under non-cancellable employment contracts not provided for in the financial statements and payable:

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Within one year	360	218	360	218
	360	218	360	218

21. CONTINGENCIES

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

(a) Native Title

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

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

22. KEY MANAGEMENT PERSONNEL DISCLOSURES

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

Name	Position Held	Appointment Detail
Non-Executive Directors		
Ms E Smyth	Chairman	
Mr W Davies		Appointed 01 November 2006
Mr P Lester		Appointed 03 April 2007
Mr J Sells		Appointed 17 May 2007
Mr P Bowler		Appointed 12 August 2005, resigned 17 May 2007
Mr R Pearce	Non-Executive Director	Appointed from 20 April 2005 to 23 August 2005
	Managing Director	Appointed from 23 August 2005 to 20 October 2005
	Non-Executive Director	Appointed from 20 October 2005, resigned 31 October 2006
Executive Directors		
Dr T Sugden	Chairman	Appointed from 12 August 2005 to 20 April 2006
	Managing Director	Appointed from 24 January 2006 to present
Executives		
Dr B Eisenlohr	Exploration Manager	Appointed 01 February 2006
Mr G Barrett	Company Secretary	Appointed 12 August 2005
Mr A Jones	Resource Development Manager	Appointed 02 January 2007

There have been no changes in key management personnel between 1 July 2007 and the date of this report.

The key management personnel compensation included in "Employee Expenses" (see note 5) and "Exploration and Evaluation" (see note 9) are as follows:

	Consolidated		Parent	
	2007 $	2006 $	2007 $	2006 $
Short-term employee benefits	750,265	341,967	750,265	341,967
Post-employment benefits	60,604	20,216	60,604	20,216
Share-based payments	556,597	-	556,597	-
	1,367,466	362,183	1,367,466	362,183

(a) Individual Directors' and Executives' Compensation Disclosures

Information regarding individual Directors' and Executives' compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 and 2M.6.04 are provided in the Remuneration Report section of the Directors' Report on pages 34 to 40.

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

(b) Other Key Management Personnel Transactions

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

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

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

			Consolidated		Parent	
			2007	2006	2007	2006
Key Management Persons	**Transactions**	*Note*	$	$	$	$
Mr W Davies	Consulting	*(i)*	9,000	-	9,000	-
Mr A Jones	Consulting	*(ii)*	34,130	-	34,130	-
Mr R Pearce	Consulting	*(iii)*	-	-	-	-
Mr K Hunter	Consulting	*(iv)*	-	50,961	-	50,961
Mr E Rigg	Consulting	*(v)*		350,000		350,000
Dr T Sugden & Mr P Bowler	Management Fee paid to AGC	*(vi)*	161,000	106,000	161,000	106,000

(i) WAD Consultants Limited has been engaged to provide consulting services on commercial terms. Mr W Davies holds an interest in WAD Consultants Limited.

(ii) Kamili Geology Pty Ltd has been engaged to provide consulting services on commercial terms. Mr A Jones holds an interest in Kamili Geology Pty Ltd.

(iii) Oyster Consulting Pty Ltd has been engaged to provide advisory services on commercial terms. Mr R Pearce holds a 25% interest in Oyster Consulting Pty Ltd.

(iv) Mining Corporate Advisory Services Pty Ltd, a company controlled by Mr K Hunter, is an advisor of Nova and a provider of corporate secretarial services.

(v) Argonaut Capital Limited, a company in which Mr E Rigg, Mr P Carter and Mr C Fear have an interest, acted as a corporate advisor to the Company.

(vi) Agincourt Resources Limited charged management fees on commercial terms. Dr T Sugden and Mr P Bowler resigned as Directors of Agincourt Resources Limited during the financial year.

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

	Consolidated		Parent	
	2007	2006	2007	2006
	$	$	$	$
Expenses arising from the above transactions				
Consultants and professional fees	9,000	50,961	9,000	50,961
Management fees	161,000	106,000	161,000	106,000
Assets and liabilities arising from the above transactions				
Other related parties				
Non-Current Assets				
Exploration and evaluation	34,130	-	34,130	-
Current Payables				
Trade creditors		(13,250)		(13,250)
Equity				
Issued capital		350,000		350,000

22. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(c) Options and Rights Over Equity Instruments

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

2007	Held at 1 July 2006	Granted as Compen-sation	Held at 30 June 2007	Vested during the year	Vested and exercisable at 30 June 2007
Directors					
Dr T Sugden	-	150,000	150,000	75,000	75,000
Executives					
Dr B Eisenlohr	-	210,000	210,000	70,000	70,000
Mr A Jones	-	135,000	135,000	45,000	45,000

No options were exercised during the reporting period 1 July 2006 to 30 June 2007.

No options were granted as compensation, exercised or held by key management personnel during the reporting period 1 July 2005 to 30 June 2006.

No options held by key management personnel are vested but not exercisable at 30 June 2006 or 30 June 2007.

No options were held by key management personnel's related parties.

(d) Movements in Shares

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

2007	*Note*	Held at 1 July 2006	Purchases	Sales	Held at 30 June 2007	Held at Resignation Date
Directors						
Ms E Smyth		-	9,643	-	9,643	N/A
Dr T Sugden	*(i)*	32,750,000	2,398,609	(34,821,429)	327,180	N/A
Mr W Davies	*(v)*	-	16,072	-	16,072	N/A
Mr P Lester	*(vii)*	-	34,821,429	-	34,821,429	N/A
Mr J Sells	*(vii)*	-	34,821,429	-	34,821,429	N/A
Mr P Bowler	*(i)*	33,000,000	2,321,429	(34,821,429)	N/A	500,000
Mr R Pearce	*(ii)*	400,000	-	-	N/A	400,000
Executives						
Dr B Eisenlohr		2,000	1,750	-	3,750	N/A
Mr G Barrett	*(iii)*	290,000	31,430	-	321,430	N/A
Mr A Jones	*(vi)*	-	53,043	-	53,043	N/A

2006	*Note*	Held at 1 July 2005	Purchases	Sales	Held at 30 June 2006	Held at Resignation Date
Directors						
Ms E Smyth		-	-	-	-	N/A
Dr T Sugden	*(i)*	-	32,750,000	-	32,750,000	N/A
Mr P Bowler	*(i)*	-	33,000,000	-	33,000,000	N/A
Mr R Pearce	*(ii)*	400,000	-	-	400,000	N/A
Dr V Guthrie		100,000	-	-	N/A	100,000
Mr K Hunter		250,000	-	-	N/A	250,000
Mr E Rigg	*(iv)*	3,600,001	-	-	N/A	3,600,001
Executives						
Dr B Eisenlohr		-	2,000	-	2,000	N/A
Mr G Barrett	*(iii)*	100,000	190,000	-	290,000	N/A

No shares were granted to key management personnel during the reporting period as compensation in 2006 or 2007. Shares that were held by related parties of key management personnel are disclosed below.

(i) 32,500,000 were held indirectly by Agincourt Resources Limited at 30 June 2006. Agincourt Resources Limited was issued with 2,321,429 as part of the rights issue. Dr Sugden resigned as a Director of Agincourt Resources Limited on 2 April 2007. Mr Bowler resigned as a Director of Agincourt Resources Limited on 20 April 2007.

(ii) Held indirectly by Richard J Pearce as Trustee for the Pearce Family Trust. Mr Pearce is a beneficiary of the Pearce Family Trust.

(iii) 294,644 (2006: 265,000) are held indirectly by Hookipa Pty Ltd as Trustee for the Barrett Family Trust, the remaining are held by Mbili Nominees Pty Ltd. Mr Barrett is a Director of Mbili Nominees Pty Ltd.

(iv) Mr Rigg resigned as a Director on 1 July 2005. 2,600,001 are held indirectly by Argonaut Capital Limited and 1,000,000 by Argonaut Investments Pty Ltd. Mr Rigg is a Director of Argonaut Capital Limited and Argonaut Investments Pty Ltd.

(v) Mr Davies held 15,000 shares directly prior to commencing on Nova Energy Limited's Board on 1 November 2006.

(vi) Held indirectly by Ms Harries, a related party of Mr Jones. Ms Harries held 40,000 shares directly prior to Mr Jones commencing as a key management personnel of Nova Energy Limited.

(vii) 34,821,429 are held indirectly by Agincourt Resources Limited. Mr Lester and Mr Sells are employed by Oxiana Limited, which is the parent company of Agincourt Resources Limited.

(e) Rights and Usage Agreement - Agincourt Resources Ltd

On 27 April 2005, Nova entered into a Rights and Usage Agreement with Agincourt Resources Limited ("Agincourt") and its wholly owned subsidiary, Wiluna Operations Ltd ("Wiluna"), under which Agincourt and Wiluna granted Nova certain rights in respect to specific Wiluna Tenements ("Wiluna Tenements"). Dr Tim Sugden and Mr Peter Bowler were directors of Agincourt. Agincourt has been acquired by Oxiana Limited which is represented by Mr Peter Lester and Mr Jeff Sells who are employees of Oxiana Limited.

The agreement contains the following material terms and conditions:

(i) Infrastructure Assets Usage

Agincourt has agreed to grant Nova access to various infrastructure assets owned by Agincourt and/or Wiluna for the purpose of Nova Energy undertaking its exploration, mining and treating activities on the Wiluna Tenements.

22. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(e) Rights and Usage Agreement - Agincourt Resources Ltd (Continued)

(ii) Uranium Rights

- Exclusive right to explore mine and treat any uranium on the Wiluna Tenements.
- Exclusive ownership of all uranium mined, stockpiled or otherwise taken from the Wiluna Tenements.
- Exclusive right to all relevant mining information owned by Wiluna with respect to the Wiluna Tenements.

See note 9(2) for disclosure of consideration in regards to the Rights and Usage Agreement.

23. NON-KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Identity of Related Parties

The Consolidated Entity has a related party relationship with its subsidiaries (see note 24), and with its key management personnel (see note 22).

(b) Subsidiaries

Loans are made by the Company to wholly owned subsidiaries. Loans outstanding between the Company and its subsidiaries have no fixed date of repayment but are repayable at call, and are non-interest bearing. During the financial year ended 30 June 2007, such loans to subsidiaries totalled $88,000 (2006: Nil).

24. CONSOLIDATED ENTITIES

		Ownership Interest	
	Country of Incorporation	2007	2006
Parent Entity			
Nova Energy Limited			
Significant Subsidiaries			
Nova Energy (Africa) Pty Ltd	Australia	100%	-
Nova Energy (Namibia) Pty Ltd	Namibia	100%	-

25. SUBSEQUENT EVENTS

Subsequent to 30 June 2007 the Boards of Toro Energy Limited (Toro) and Nova Energy Limited (Nova) announced a recommended merger on the 6 August 2007 by way of a scrip takeover offer by Toro for Nova. The offer terms are 5.5 Toro shares for each Nova share.

On 1 August 2007 Oxiana Limited sold the majority of the Wiluna Operations Limited (Wiluna) assets to Apex Gold Pty Ltd. The obligations under the Rights and Usage Agreement (refer note 22) granting Nova access rights to certain Wiluna Tenements ("Wiluna Tenements") have been subject to the transfer.

26. AUDITORS' REMUNERATION

	Consolidated		Parent	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Audit Services				
Auditors of the Company				
KPMG Australia				
Audit and review of financial reports	22,000	19,000	22,000	19,000
Total Audit Services	22,000	19,000	22,000	19,000
Other Services				
Auditors of the Company				
KPMG Australia				
Taxation services	-	3,500	-	3,500
Total Other Services	-	3,500	-	3,500

DIRECTORS' DECLARATION

1 In the opinion of the Directors of Nova Energy Limited ("the Company"):

a) the financial statements and notes (including the remuneration disclosures that are contained in sections 17.1, 17.2 and 17.3 of the Remuneration Report in the Directors' Report), set out on pages 34 to 39, are in accordance with the Corporations Act 2001, including:

i) giving a true and fair view of the financial position of the Company and the Consolidated Entity as at 30 June 2007 and of their performance, as represented by the results of its operations and its cash flows for the financial 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 2(a);

c) the remuneration disclosures that are contained in sections 17.1, 17.2, and 17.3 of the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures;* and

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

2 The Directors have been given the declarations required by Section 295A of the Corporations Act 2001, by the Managing Director and Company Secretary for the financial year ended 30 June 2007.

Signed in accordance with a resolution of the Directors:

Dr Tim Sugden
Managing Director

Perth, 28 September 2007

AUDITOR'S INDEPENDENCE DECLARATION

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

To: the directors of Nova Energy Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2007 there have been:

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

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

KPMG

B C FULLARTON
Partner

Perth
28 September 2007

Independent auditor's report to the members of Nova Energy Limited

Report on the financial report and AASB 124 remuneration disclosures contained in the directors' report

We have audited the accompanying financial report of Nova Energy Limited (the Company), which comprises the balance sheets as at 30 June 2007, and the income statements, statements of recognised income and expense and cash flow statements for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 26 and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

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

Directors' responsibility for the financial report and the AASB 124 remuneration disclosures contained in the directors' report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report of the Group, comprising the financial statements and notes, complies with International Financial Reporting Standards.

The directors of the Company are also responsible for the remuneration disclosures contained in the directors' report.

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. Our responsibility is also to express an opinion on the remuneration disclosures contained in the directors' report based on our audit.

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

INDEPENDENT AUDIT REPORT (CONTINUED)

KPMG

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance and whether the remuneration disclosures are in accordance with Australian Accounting Standard AASB 124.

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

Auditor's opinion on the financial report

In our opinion:

(a) the financial report of Nova Energy Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Auditor's opinion on AASB 124 remuneration disclosures contained in the directors' report

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

KPMG

KPMG

B C FULLARTON

Partner

Perth

28 September 2007

ADDITIONAL SHAREHOLDER INFORMATION

a) Substantial Shareholders Lodged with the Company as at 30 September 2007

Name of Ordinary Shareholder	Number of Shares	% of Shares Held
Agincourt Resources Limited	34,821,429	55.62
Argonaut Ltd	3,700,001	5.92
Allarrow Pty Ltd	3,315,368	5.30

b) Listing of 20 Largest Shareholders as at 30 September 2007

Rank	Name	Number of Shares Held	% of Issued Capital
1	Agincourt Resources Limited	34,821,429	55.62
2	ANZ Nominees Limited <Cash Income A/C>	3,194,594	5.10
3	Citicorp Nominees Pty Limited	3,048,016	4.87
4	Argonaut Capital Limited	2,571,430	4.11
5	Allarrow Pty Ltd	3,315,368	5.30
6	HSBC Custody Nominees (Australia) Limited – GSI ECSA	1,256,847	2.01
7	TE & CG McMahon Nominee Pty Ltd <McMahon S/F No 2 A/C>	1,169,890	1.87
8	Argonaut Investments Pty Ltd	1,000,000	1.60
9	HSBC Custody Nominees (Australia) Limited	996,912	1.59
10	Braidwood Investments WA Pty Ltd	535,715	0.86
11	Richard J Pearce <Pearce Family A/C>	400,000	0.64
12	Mr Jason Charles Lawrence	350,000	0.56
13	Arredo Pty Ltd	328,617	0.52
14	Kumbhalgarh Pty Ltd	267,858	0.43
15	HSBC Custody Nominees (Australia) Limited - A/C 2	249,428	0.40
16	National Nominees Limited	236,246	0.38
17	Mining Corporate Advisory Services Pty Ltd	230,358	0.37
18	Mr Robert J Chapman <Chapman Family A/C>	200,000	0.32
19	Dean B Felton <Felton Family A/C>	200,000	0.32
20	Mr Paul Shields <Shields Family A/C>	200,000	0.32
		54,572,708	**87.19**

c) Distribution of Shareholders as at 30 September 2007

Range	Total Holders	Units	% Issued Capital
1 - 1,000	328	190,156	0.30
1,001 - 5,000	502	1,393,939	2.23
5,001 - 10,000	157	1,164,774	1.86
10,001 - 100,000	143	4,137,136	6.61
100,001 - over	30	55,724,405	89.00
Total	**1,160**	**62,610,410**	**100.00**

d) Number of Shareholders Holding Less than a Marketable Parcel as at 30 September 2007

Twenty one

e) Voting Rights

i) Ordinary Shares

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

f) Stock Exchange Listing

Nova Energy Limited is listed on the Australian Stock Exchange. The Company's ASX code is NEL.

NOVA ENERGY LIMITED

(ABN 92 111 599 154)

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