

BONDI MINING LIMITED

ACN 120 723 426

FINANCIAL REPORT
For the Half Year Ended
31 December 2006

BONDI MINING LIMITED

ACN 120 723 426

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BONDI MINING LIMITED

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DIRECTORS REPORT

The directors of Bondi Mining Limited submit their report for the half- year ended 31 December 2006.

The names of the company's directors in office during the half- year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr Simon O'Loughlin
Mr Creagh O'Connor
Simon Taylor

Review of Operations

Bondi Mining Limited was incorporated on 13 July 2006.

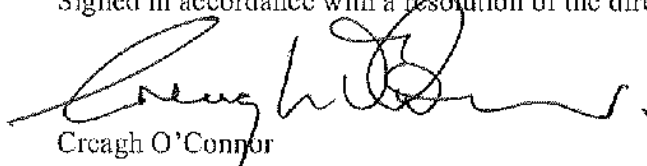
The main activities for the half- year ended 31 December 2006 involved the process of establishing Bondi Mining Limited's Initial Public Offering (IPO). The company officially listed on the Australian Stock Exchange (ASX) on 28 December 2006.

Bondi Mining Limited is endeavouring to increase shareholder wealth through the exploration and development of its existing portfolio of projects and/ or through investment in other resource and energy related opportunities.

Auditor's independence declaration

The auditor's independence declaration is set out on the following page and forms part of the directors' report for the half year ended 31 December 2006.

Signed in accordance with a resolution of the directors.



Creagh O'Connor
Director

AUDITOR'S INDEPENDENCE DECLARATION

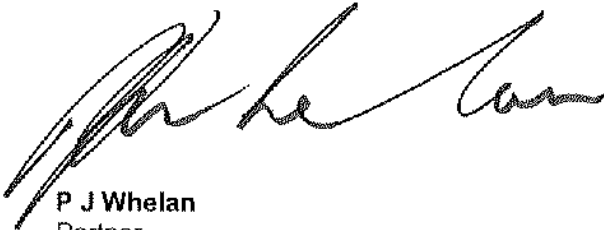
**To : The Directors
Bondi Mining Limited**

As lead engagement partner for the review of Bondi Mining Limited for the half year 31 December 2006, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.



PKF
Chartered Accountants



P J Whelan
Partner

Signed in Adelaide this 16th day of March 2007

BONDI MINING LIMITED

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INCOME STATEMENT

For the half year ended 31 December 2006

	Note	2006
Revenue	2	22,319
Other Expenses		(62,775)
Profit / (Loss) before income tax expense	3	<u>(40,456)</u>
Income tax expense		-
Profit / (Loss) for the year		<u>(40,456)</u>
Basic earnings / (loss) per share (cents)	4	(0.48)
Diluted earnings / (loss) per share (cents)	4	(0.48)

The accompanying notes form part of these financial statements

BONDI MINING LIMITED

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BALANCE SHEET

For the half year ended 31 December 2006

	Note	2006
CURRENT ASSETS		
Cash and cash equivalents	5	6,064,047
TOTAL CURRENT ASSETS		<u>6,064,047</u>
NON- CURRENT ASSETS		
Exploration, Evaluation & Development Expenditure	6	<u>23,845</u>
TOTAL NON- CURRENT ASSETS		<u>23,845</u>
TOTAL ASSETS		<u>6,087,892</u>
CURRENT LIABILITIES		
Trade & other payables	7	336,358
TOTAL LIABILITIES		<u>336,358</u>
NET ASSETS		<u>5,751,534</u>
EQUITY		
Issued capital		5,792,425
Share Option Reserve		132,768
Retained earnings		(173,659)
TOTAL EQUITY		<u>5,751,534</u>

The accompanying notes form part of these financial statements

BONDI MINING LIMITED

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STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2006

	Note	Ordinary Shares \$	Share Option Reserve \$	Retained Earnings \$
Balance 1 July 2006		-	-	-
Ordinary Shares issued during the period		6,236,000	-	-
Cost of capital raising		(444,010)	-	-
Issue costs tax benefit not recognised		133,203	-	(133,203)
Issue of Share Options		(132,768)	132,768	-
Loss to 31 December 2006		-	-	(40,456)
		<hr/>	<hr/>	<hr/>
Balance at 31 December 2006		5,792,425	132,768	(173,659)

BONDI MINING LIMITED
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CASH FLOW STATEMENT

For the half year ended 31 December 2006

	2006
CASH FLOWS FROM OPERATING ACTIVITIES	
Interest received	22,319
Payments to suppliers and employees	<u>(62,775)</u>
Net cash provided by (used in) operating activities	<u>(40,456)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Exploration costs	<u>(23,846)</u>
Net cash provided by (used in) financing activities	<u>23,846</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of shares	6,236,000
Transaction costs of issue of shares	<u>(107,651)</u>
Net cash provided by (used in) financing activities	<u>6,128,349</u>
Cash at the beginning of the financial year	-
Cash at end of financial year	5 <u><u>6,064,047</u></u>

The accompanying notes form part of these financial statements

BONDI MINING LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2006

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the economic entity of Bondi Mining Limited. Bondi Mining Limited is a listed public company, incorporated and domiciled in Australia.

The financial report of Bondi Mining Limited complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Reporting Basis and Conventions

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2006

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Income Tax

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

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

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

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

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

b) Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditure represents the cost of obtaining interests in mining leases and tenements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2006

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Financial Instruments

Recognition

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

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

d) Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2006

f) Revenue

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

g) Goods and Services Tax (GST)

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2006

NOTE 2. REVENUE

	2006
Interest Income	<u>22,319</u>

NOTE 3. EXPENSES

Administration	22,705
Bank Fees	63
Insurance	17,439
Share Registry	12,193
Other	10,375
	<u>62,775</u>

BONDI MINING LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2006

NOTE 4. EARNINGS PER SHARE

	2006
Earnings used to calculate basic & dilutive EPS	(508,311)
Weighted average number of ordinary shares outstanding during the period used to calculate basic EPS	8,514,130
Weighted average number of options outstanding during period used to calculate dilutive EPS	-
Weighted average number of ordinary shares outstanding during the period used to dilutive EPS	<u>8,514,130</u>

NOTE 5. CASH & CASH EQUIVALENTS

NAB Float Account	6,011,398
NAB Business Management Account	52,649
	<u>6,064,047</u>
Reconciliation of cash	
Cash & cash equivalents	<u>6,064,047</u>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR
ENDED 31 DECEMBER 2006**

**NOTE 6. EXPLORATION, EVALUATION AND
DEVELOPMENT EXPENDITURE**

Tenement Expenditure	<u>23,846</u>
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NOTE 7. TRADE AND OTHER PAYABLES

	2006
Trade Creditors	363,158
Net GST	(26,800)
	<u>336,358</u>

BONDI MINING LIMITED

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DIRECTORS DECLARATION

In accordance with a resolution of the directors of Bondi Mining Limited, I state that:

In the opinion of the directors:

- a) the financial statements and notes and additional disclosures included in the Directors' Report as audited of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, and;
 - 1. give a true and fair view of the Company's and consolidated entity's financial position as at 31 December 2006 and of their performance for the year ended on that date; and
 - 2. comply with Accounting Standards and Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The directors have been given the declaration by the Company Secretary required by section 303(5) of the Corporations Act 2001.

On behalf of the Board



Creagh O'Connor
Director

Adelaide, South Australia
16 March 2007



Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

TO MEMBERS OF BONDI MINING LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Bondi Mining Limited, which comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, notes to the financial statements and directors' declaration for the half-year ended 31 December 2006.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Innovance Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

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

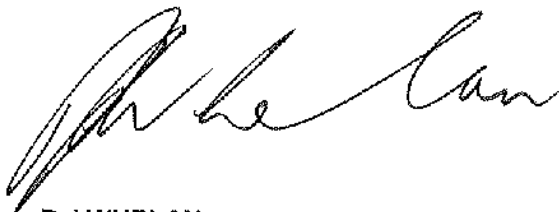
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Bondi Mining Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



PKF
Chartered Accountants



P J WHELAN
Partner

Signed at Adelaide this 16th day of March 2007.