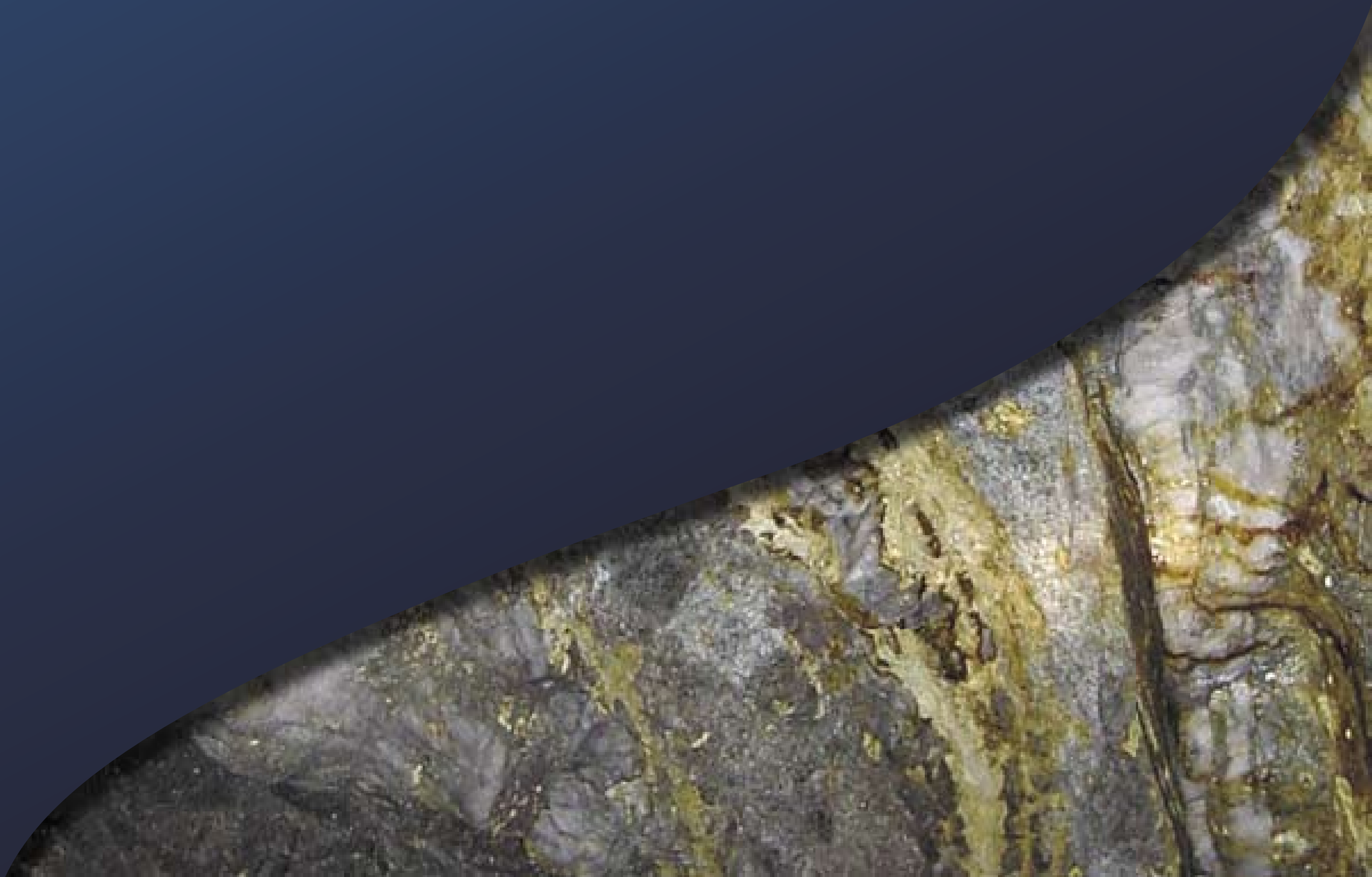
REPUBLIC GOLD LIMITED

ANNUAL REPORT 2006



Corporate Directory and Contents

DIRECTORS

Peter Alan Wicks
Non-Executive Chairman

John Peter Kelly
Managing Director

Gregory Joseph Barns
Non-Executive Director

Christopher Linden Roberts
Exploration Director

William Phillip McLucas
Corporate Development Director

COMPANY SECRETARY

Roslynn Judith Shand

REGISTERED OFFICE

C/- Bentley's MRI
Level 7, 114 William Street
Melbourne VIC 3000

Telephone: (03) 9274 0600
Facsimile: (03) 9274 0660

SOLICITORS

Phillips Fox
140 William Street
Melbourne Vic 3000

AUDITOR

Draper Dillon
4th Floor, 499 St Kilda Road
Melbourne VIC 3004

DOMICILE

The Company is limited by shares and incorporated in Australia

SHARE REGISTRY

Link Market Services Limited
Level 4, 333 Collins Street
Melbourne VIC 3000

ASX CODES

RAU - Ordinary Shares

RAUO - Options expiring 30 November 2006 issued on 1:2 ratio to cash applications

RAUODIR - Directors Options expiring 31 October 2006

PRINCIPAL PLACE OF BUSINESS

144 Cobra Road
Mareeba Qld 4880
Telephone: (07) 4092 2594
Facsimile: (07) 4092 3797

CHAIRMAN'S REPORT	1
REVIEW OF OPERATIONS & DEVELOPMENT	2
MINERAL RESOURCE STATEMENTS	15
SCHEDULE OF TENEMENTS	17
CORPORATE GOVERNANCE STATEMENT	18
DIRECTORS' REPORT	21
INDEPENDENT AUDIT DECLARATION	27
INCOME STATEMENT	28
BALANCE SHEET	29
STATEMENT OF CHANGES IN EQUITY	30
CASH FLOW	31
NOTES TO FINANCIAL STATEMENTS	32
DIRECTORS' DECLARATION	51
INDEPENDENT AUDITORS' REPORT AND DISCLAIMER	52
ASX ADDITIONAL INFORMATION	53

Chairman's Report

This year your Company made solid progress towards its goal of becoming a gold producer. In the Review of Operations and Development, the steps that have been taken over the past 12 months in developing projects in Far North Queensland and in Bolivia are outlined in more detail.

In April this year I had the opportunity to visit Bolivia, along with my fellow directors and a group of potential investors from North America, Europe and Australia. There is little doubt that the Amayapampa project owned by our strategic alliance partner, the Canadian listed Luzon Minerals Limited, is a near term development for your Company that represents an exciting opportunity for us to take advantage of the recent upward movement in the US$ and A$ gold prices.

Our team in Far North Queensland is continuing to advance development of the projects there and as I write this are preparing to commence drilling to follow up some promising geochemical results reported earlier this year.

Perhaps the most important recent event to occur has been the announcement, post 30 June 2006 that the Boards of Republic Gold and Luzon Minerals have agreed to combine the two companies. We believe that this move is in the best interests of the shareholders of both companies.

The resource base of the combined entity will be 1.74 million ounces of gold, plus 3.42 million ounces of silver and 63,000 tonnes of antimony. Based on today's combined market capitalisations of the two companies of US$12.9M, this equates to US$7 per ounce of global resource. I am confident that the move to Canada will see a re-rating of the Company to move towards the average of US$75 per ounce recently reported for junior gold companies by a major Canadian stockbroking firm.

The terms of the proposed combining of the two companies are that Republic shareholders will receive one share in Luzon plus half an option (called a warrant in Canada) for every three ordinary shares in Republic. The terms of the option will be an exercise price of 25 cents and an exercise date of 2 years after the final approvals are received for the amalgamation.

Luzon will seek a parallel listing on the Australian Stock Exchange for Republic Gold shareholders to trade their Luzon shares in Australia.

The combination proposal is expected to involve meetings of shareholders of both companies and court approvals once the documentation is prepared by the two companies. The companies will seek approval of the combination and for a change of company name.

The combined entity will be a significant junior exploration and development company with immediate production potential, advanced exploration and added production development potential and diversified country risk. Importantly, it will enable us to access the larger North American capital markets.

The Chairman of the new Company will be Willie McLucas, who is of course a Director of both Republic Gold and Luzon Minerals. John Kelly will be President and CEO and Chris Roberts will become Director of Exploration. I, along with my fellow non-executive director at Republic Gold, Greg Barns, will become directors of the new Company.

Thanking you

PETER WICKS

Review of Operations and Development

HODGKINSON BASIN

Highlights

Northcote Project

- Northcote Stage II drilling programme totalling 7,495 metres, including some metallurgical and confirmatory drilling, was concentrated on the testing of new areas to shallow open cut depths in order to build new resources. Results of this work included 19.0 metres at 4.92 g/t Au, 11.0 metres at 4.88 g/t Au, 30.0 metres at 2.07 g/t Au, 10.0 metres at 3.27 g/t Au and 12.0 metres at 3.04 g/t Au.

- An increase in the equity share resource base at Northcote to 251,000 equivalent gold ozs, including 51,000 equivalent gold ozs from 8,000 tonnes of contained antimony, with almost 80% of this total in the measured and indicated categories suitable for reserve evaluation.

- A geological block model for antimony was produced, which indicated an equity share of 8,000 tonnes of contained antimony metal.

Tregoora Project

- The discovery of the new Retina North Prospect, 4 kilometres to the north of the 122,000 ounce Sleeping Giant Prospect.

- Completion of the 3,145-metre Stage II drilling programme at Tregoora. This included downhole results of 23.0 metres at 1.85 g/t Au & 11.0 metres at 0.65 g/t Au at the Retina North Prospect, 17.0 metres at 1.61 g/t Au, 8.0 metres at 1.48 g/t Au & 8.0 metres at 3.82 g/t Au at the Honey Prospect and 11.0 metres at 3.92 g/t Au at the Pillidge Prospect.

- New drilling targets from mapping and geochemical programme over 7 km of the Retina Fault north of the previously tested resources.

Hodgkinson Basin Project Development

- Equity share resource upgrade to total 500,000 ozs gold equivalent including 56,000 ozs gold equivalent from 8,000 tonnes contained antimony.

- Positive results from six-metre, pilot scale, column GEOCOAT® testwork on Northcote samples, following highly encouraging results from the smaller columns' confirming the suitability of this process for treatment of Northcote mineralisation.

- Initial GEOCOAT® bacterial oxidation testwork successfully completed on samples from Tregoora. This testwork resulted in an oxidation level of 96.4% after only 12 days, with a subsequent 91.5% gold recovery by cyanidation. This compares with the earlier Northcote result of an average of 96% oxidation in 13-18 days and a subsequent 88% gold recovery by cyanidation.

- A successful conclusion to the first stage of antimony flotation testwork, indicating 87 - 98% of the stibnite in the sample was recovered to a rougher concentrate that assayed from 56 – 55% Sb.

- Progress with mining lease applications and project development prefeasibility studies which confirm the economic potential of the project at current gold prices, but support addition of further resources through exploration to improve profitability.

- Six encouraging tungsten anomalies developed in tenements to the east of Tregoora to complement the Company's holding in Vital Metals and its contiguous Watershed Grid Project.

EXPLORATION FIELDWORK

Northcote Project (Republic 75%)

(Northcote Plan)

Drilling

The Northcote Project covers an extensive area, with in excess of 40 strike kilometres of mineralised structures. The Stage II drilling programme was principally directed at the exploration of new areas and extended mineralisation both on the central East Leadingham – Emily Trend (ELM, EY holes) and a further 100 metres westerly to the new Telephone Hill prospect (TEH holes). The best results achieved included 19.0 metres at 4.90 g/t Au, 11.0 metres at 4.88 g/t Au, 30.0 metres at 1.96 g/t Au, 10.0 metres at 3.27 g/t Au and 3.7 metres at 7.88 g/t Au as down hole depths generally representing true widths of 50-70% of these widths.

These areas require infill drilling for resource modelling. In addition, drilling in the Emily South (EYS) area indicated a new shoot for follow-up drilling. Drilling in the Ethel South area indicated greater depths of oxidation from the surface, and from a greater elevation, which boosts the potential for oxide resources for early heap leach production. Holes drilled in some of the high risk areas, such as the East Leadingham feather zone, did not produce economic intercepts, but remain for later follow up when the geological controls at Northcote are more completely understood.

Sampling

Surface sampling and geological mapping was carried out on the newly identified Telephone Hill and Minnie Moxham Prospects. The results at Telephone Hill, between Emily and Tunnel Hill Prospects, indicated the potential for a significant new resource area with initial drilling yielding up to 6 metres @ 3.55 g/t.

A rockchip sampling programme with a total of 82 samples covering the Lone Hand, Tunnel Hill North, Each Way and Craig's Lode Prospects was carried out to follow-up areas of potential defined by a desk-top study, soil geochemistry and new structural interpretations. 41 samples were greater than 0.5 g/t Au, a level considered highly anomalous for this type of sampling. Almost all of the samples were anomalous for arsenic, which is considered critical for the development of the target gold-arsenopyrite mineralisation. The highest gold sample was 7.14 g/t Au and the highest antimony sample was 1.1% Sb.

The concentration of high grade samples in the Tunnel Hill area points to the development of a considerable system of mineralisation extending over 2.5 kilometres from the Lone Hand Prospect south to the relatively new and recently reported Telephone Hill Prospect. These areas will be targeted for further drilling.

Tregoora Project (Republic 100%)

The Tregoora Project is being considered for development in conjunction with the Northcote project and contains the +120,000 Au oz Sleeping Giant Prospect on the Retina Fault, a 50 kilometre long major regional mineralised fault, plus a number of other prospects to the east of the Retina Fault.

The Stage II, 2005 drilling programme concentrated on a number of these satellite prospects several kilometres east of the Retina Fault, with some excellent success. The drilling at the Honey, Midway and Pillidge Prospects extended known mineralisation on the Honey structure by 150 metres with the structure open to the south and gave encouraging, though lower tenor results at either end of the 400m long Midway Prospect.

This drilling programme included 2,889 metres of RC drilling and 256 metres of diamond drilling and was successful in demonstrating that there is significant potential for the development of gold resources away from the central Sleeping Giant Prospect and that the greater Tregoora area is emerging as an area of significant potential.

Importantly, the last drillhole of the programme intersected 23.0 metres at 1.85 g/t Au, including 12.0 metres at 2.88 g/t Au, at the new Retina Far North Prospect. This is on the Retina Fault approximately 4 kilometres along strike to the north of the 122,000 ounce Sleeping Giant Prospect, confirming that this fault has major mineralising potential.

Follow up mapping and geochemical sampling was completed this season along the Retina Fault for a distance of approximately 7 kilometres to the north of the northernmost of the old oxide pits mined during the 1990's. The sampling extended well beyond the new Far North Prospect, 3 kilometres north of the oxide pits.

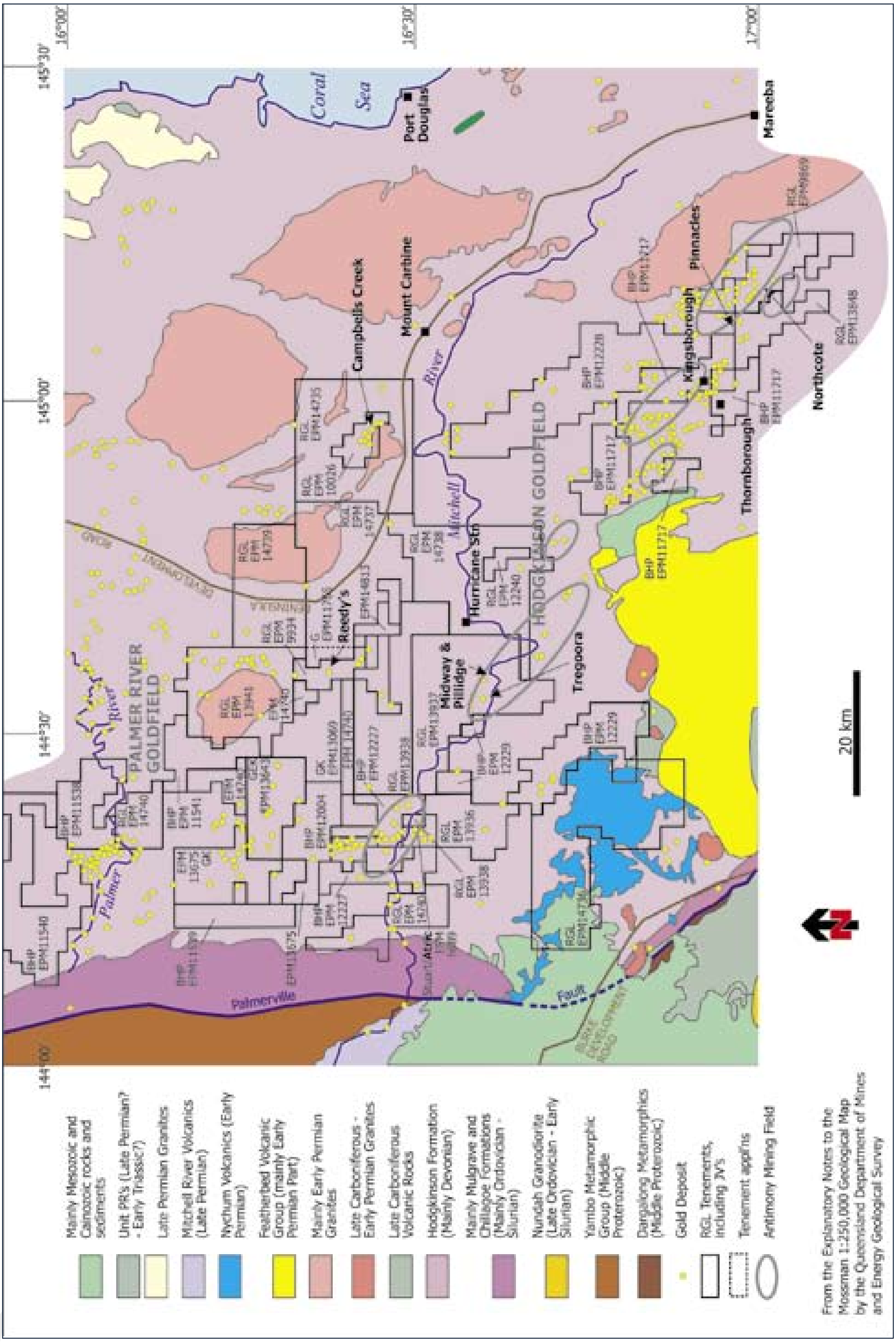
The programme was very positive, with the Retina Fault clearly showing for the entire length of the 7 kilometre long zone studied and with a number of anomalous zones to be targeted for drilling. The results clearly indicate the Far North Prospect and the southern extent also outlines the northern-most pits from the mining of oxide ore at Tregoora in the 1990's.

Based on this programme, the Company's geologists have outlined five areas for drilling, including further drilling at the Far North Prospect.

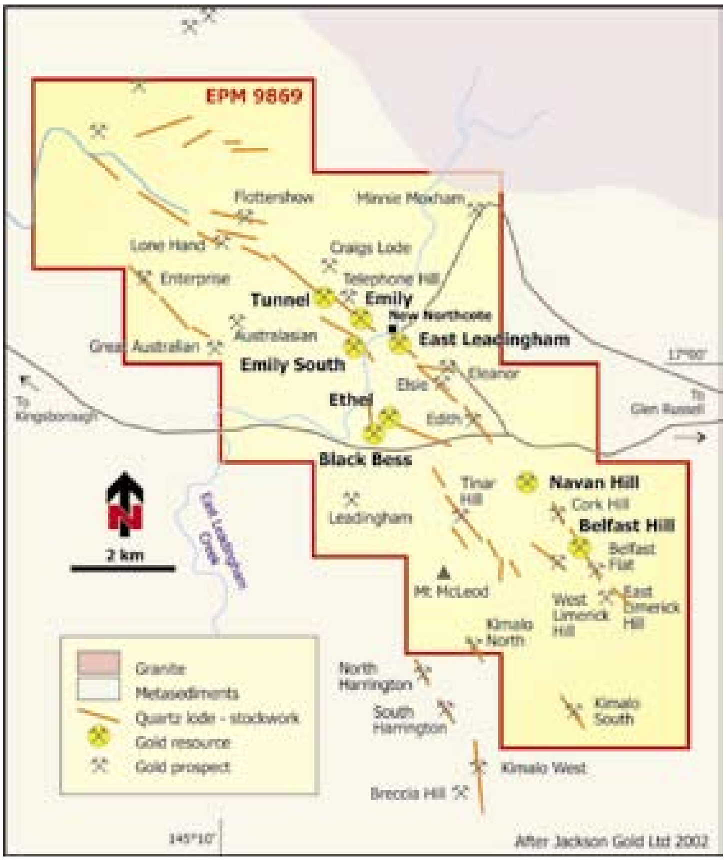
A sub-parallel zone to the west of the Retina Fault has also been indicated which had a series of very encouraging rock chip values over a 200-metre strike length with the top 6 values ranging from 1.9 to 40.5 Au g/t. This sub-parallel zone has some expression for over 1 kilometre to the south of this 200-metre zone with several further rock chip values ranging from 2.3 to 6.9 Au g/t.

The drilled +120,000 ounce resource at Sleeping Giant covers a distance of only 1.2 kilometres of the Retina Fault. The extent of the new geochemistry on the Retina Fault provides potential for significant resource increases at Tregoora.

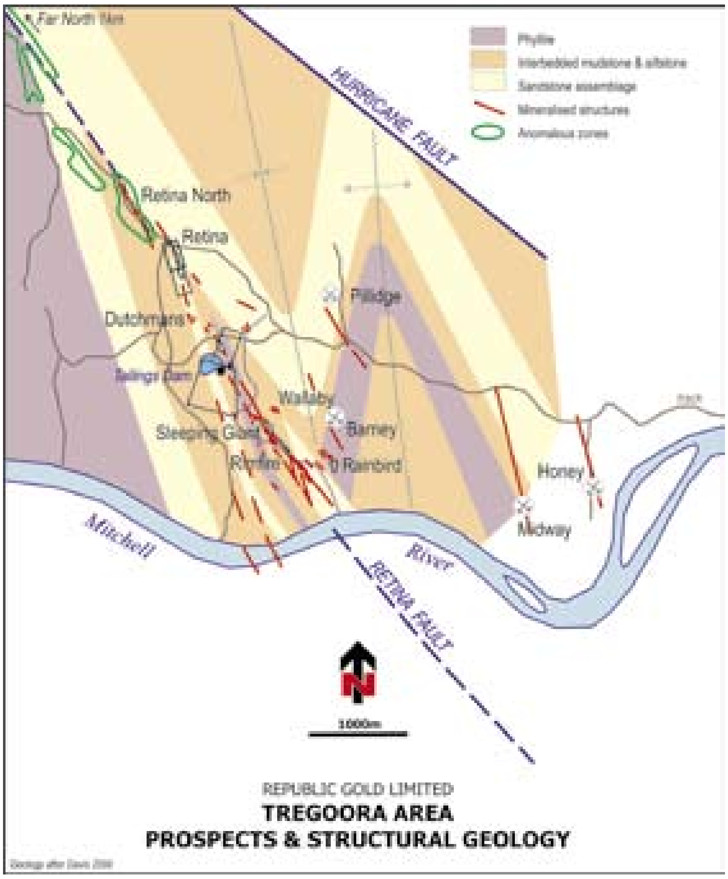
TENEMENT MAP



NORTHCOTE PLAN



TREGOORA AREA



Review of Operations and Development

Regional Hodgkinson Basin Exploration Programme

Initial fieldwork has confirmed the regional potential of the Hodgkinson Basin for a number of metals, including gold, antimony, tungsten and tin, within the Company's 5000 square kilometres of Exploration Licences.

Review of the significant geochemical and drilling database provided through the joint venture with BHP Billiton, yielded a number of areas for follow up which will require more detailed fieldwork and possibly drilling.

Vital Metals has reported an inferred resource of 13.9 million tonnes at 0.35% WO3 for its Watershed Grid deposit, which is largely enclosed within Republic's EPM 14735. Following the completion of an agreement with Vital Metals Limited for exploration on EPM 14735, Republic reviewed its tenements for tungsten and believes that six anomalies within the Company's tenements match the Watershed Grid setting closely.

The price of tungsten minerals and products has risen sharply in recent years along with the price of nearly every other metal. The price of tungsten ore concentrate has risen from approximately US$40 FOB per mtu in January 2003 to a current price of approximately US$210 FOB per mtu.

The Company intends to carry out field examinations and further sampling of these anomalies in conjunction with its ongoing gold exploration.

Metallurgical Programme

Bacterial Oxidation Processes

The Company's major prospects in the Hodgkinson Basin contain gold in refractory form largely within the sulphide minerals arsenopyrite or pyrite. Oxidation of these sulphides is required to liberate the gold so that it becomes amenable to recovery by conventional means, i.e. cyanidation. While shallow material down to depths of 10-15 metres, has been weathered to release the gold from the sulphides making it amenable to direct cyanide extraction by a heap leaching, this material forms a relatively small portion of the resource base.

Bacterial oxidation is used around the world for treatment of refractory mineralisation of this nature. In Australia it is currently used at the Beaconsfield Mine in Tasmania, the Fosterville Mine in Victoria and at the Wiluna Mine in Western Australia.

The Company is investigating two methods of bacterial oxidation by testwork; the bacterial oxidation technology owned by Goldfields Limited of South Africa, and GEOCOAT®, owned by GeoBiotics LLC of the USA.

One of the benefits of these technologies is the need to initially produce a concentrate containing most of the gold in the sulphide minerals in about 10% of the initial volume. This means that the subsequent oxidation and gold extraction is carried out on only 10% of the ore. The sulphide concentrate is either oxidised in large stainless steel tanks in the BIOX® process or on a heap leach pad in the GEOCOAT® process.

GEOCOAT® has some establishment capital cost advantages requiring a simpler plant and potential for cheaper operating costs.

Testwork

- The initial BAT (Bacterial Activity Test) testwork on Tregoora mineralisation resulted in an oxidation level of 96.4% after only 12 days, with a subsequent 91.5% gold recovery by cyanidation. This compares with the earlier Northcote result of an average of 96% oxidation in 13-18 days and a subsequent 88% gold recovery by cyanidation

- Initial GEOCOAT® support rock testwork on samples of rock from Northcote and Tregoora was positive and importantly indicated that the rock that is available is robust and is not an acid consumer, an important feature in operating the process

- GEOCOAT® bacterial oxidation column testwork, equivalent to pilot plant scale testwork suitable for feasibility studies, was completed on a sample of sulphide concentrate from Northcote. grade ranges for the concentrates were 36 to 43 g/t gold and 1.6% to 11.8% antimony

- Initial stibnite flotation non-optimised testwork on samples from Northcote showed 87 - 98% of the stibnite in the sample was recovered to a rougher concentrate that assayed from 56 – 55% Sb. Further testwork is expected to improve on this work.

Review of Operations and Development

Recent price commentary on the Chinese antimony industry, the world's biggest market, has seen the price breach the US$4,000/t barrier.

At US$3,700/t and an exchange rate of 76c, 1% antimony in the ground is worth ~AUD$49/t. At the recent gold price of ~AUD$620/oz this equates to a gold grade of 2.4 g/t Au.

Future Work Programme At Northcote and Tregoora

Exploration

Exploration is planned to:

- Drill test new targets defined by the geochemical programmes at both Northcote and in particular the substantial new Far North areas of Tregoora.
- Carry out in-fill drilling in areas at both Northcote and Tregoora where resources have been defined in order to maximise the amount of resource that can be classified as measured and indicated. The company is targeting a resource base of 750,000 ounces of gold, at which stage it is believed that there is a sufficient quantity of resource to make development of an operation attractive.
- Drill areas where deeper potential exists.
- Provide further samples for metallurgical testwork.
- Assess and advance prospects on gold, antimony and tungsten in the regional areas held.

Mine Development Scenarios

The Company remains focussed on the earliest possible development of an operation to produce gold and a positive cash flow with a Pre Feasibility Study in progress. The Company is also re-evaluating the potential of commencing production in the Hodgkinson Basin from oxide ore, with encouraging results obtained from the Northcote resource upgrade and the good results obtained at the Tregoora Project regional prospects.

The development plan remains based on the construction of a complete plant, i.e. crushing, grinding, flotation (of both a gold and stibnite concentrate), bacterial oxidation (whether BIOX® or GEOCOAT®) and gold leaching and recovery, at one site. The second location would have only the crushing, grinding and flotation plant built, with the gold-sulphide concentrate being trucked to the full plant for oxidation. Both plants would produce a stibnite concentrate for sale, assuming viable antimony resources can be demonstrated.

The location of the full plant will be dictated by the operating economics which relate primarily to the resources able to be established at either site, sources of limestone needed for neutralisation of the bacterial oxidation product, available fresh water and other infrastructure and labour costs. Progress with each of these aspects during the year suggest that Northcote would be the primary site, though further resource development as foreshadowed under exploration above could swing the weight of resources toward Tregoora.

Both the Atric and Reedy's resources are sufficiently close to Tregoora that satellite operations at both locations may be able to truck run-of-mine ore to Tregoora.

Mine Permitting

Following submission of an Initial Advice Statement to the EPA on the projects, the EPA have notified that the operation permitting can be carried out through the lower level EMOS route rather than an EIS. Additional studies will be required on flora, waste rock characterisation, groundwater and tailings dam construction.

Mining lease applications at Northcote and Tregoora have been lodged in conjunction with the Initial Advice Statement. These applications will require Native Title negotiations. Currently there are no Native Title claims over the proposed mining lease areas.

Mining Pre Feasibility Studies

Further prefeasibility assessment of metallurgy, increased resources, gold prices and capital costs suggest that the project is currently economic, but that the benefits of a further increase in the resource base to some 750,000 ozs are substantial. With the opportunity to achieve early cash flow through the development of the more advanced Bolivian project the Company plans to explore to boost mineable resources in the Hodgkinson project over the next year, while granting of the mining lease applications is achieved and metallurgical testwork and further resource drilling are completed.

Review of Operations and Development

LUZON MINERALS - BOLIVIA

Corporate

The Company was introduced to a corporate opportunity early in the year to invest in Luzon Minerals of Canada and run its exploration and development programme in Bolivia. After a visit to Luzon's two projects in Bolivia the Board decided that the technical merits of the projects far outweighed the then-political risk. With this decision made, the Company and Luzon formed a strategic alliance, with the Company investing in Luzon, initially by acquiring an option over stock in Luzon and then by providing funds to repay outstanding creditors of Luzon and converting these initial payments into equity in Luzon.

The decision to become involved with Luzon in Bolivia was a technical one. The geology of the Altiplano (the western half of Bolivia) is identical to that of the Hodgkinson Basin and to Central Victoria where the Company's technical team has significant experience. There was the added bonus of the Amayapampa Project in Bolivia being significantly further advanced than the Company's Hodgkinson Basin Projects.

The Company and its team of consultants expended considerable effort in advancing Luzon's projects throughout the year and charged Luzon at commercial rates for this work. At the end of the year Luzon owed the Company in excess of $800,000 for work and payments made to Luzon creditors, which had not been converted to equity in Luzon.

Republic acquired its initial interest in Luzon by buying 2,000,000 shares from Luzon's major shareholder group for a total of $1.00. The same shareholder group also optioned a further 4,000,000 shares to the Company at an option exercise price of CAN$0.155. With the Company converting its initial cash advances into equity, its ownership position grew to 3,269,840 ordinary shares and 634,920 warrants (following a debt-for-equity swap), plus the option over a further 4,000,000 shares.

Adverse reactions in the Australian market to the structure of the Republic-Luzon arrangement lead the Board to put a merger proposal to Luzon after year's end. The Board of Luzon agreed to this proposal resulting in the two companies announcing the merger in early September 2006.

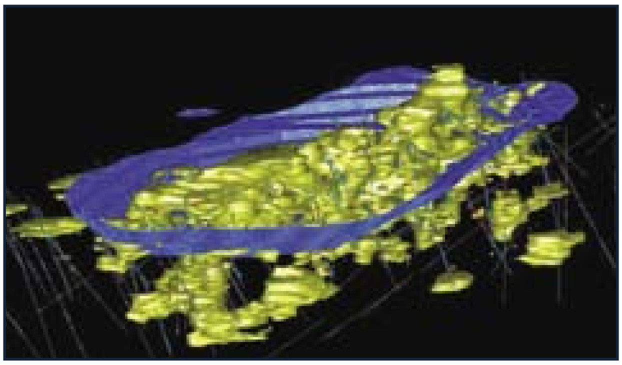
This proposal sees Republic shareholders being offered one Luzon share and half an option for every three shares owned in the Company. The terms of the option are an exercise price of CAN$0.25 and a term of two years from the

completion of the merger. This offer will see the enlarged company having an excellent balance of project potential and political risk. Republic is contributing what is currently a modest asset in a first world country and an excellent technical team, and Luzon is contributing a very advanced near-term production asset in Amayapampa with a world-class exploration project at Lipichi in a developing world economy.

The Amayapampa Project

The Amayapampa Project lies some seven hours south by road from Bolivia's capital La Paz. It is currently owned by Vista Gold Limited of the USA with Luzon having an option to purchase the project from Vista. A number of option payments have been made to-date, with one remaining payment required of US$1,000,000 towards the end of 2006.

Geologically, Amayapampa is analogous to Bendigo in Central Victoria, but without the difficult nuggetty gold problem that the Bendigo Goldfield suffers from. Without this problem it has been possible to categorise the great majority of the Amayapampa resource in the two highest categories under the JORC Code of measured and indicated.



Amayapampa gold model and 1 kilometre long proposed pit with deeper potential

Significant funds were spent by Vista on the project during the 1990's, believed to be US$12M, before the gold price fell to levels that made the project unviable. Vista produced at least two feasibility studies that were technically robust. Luzon has been able to use all of this prior work in updating the feasibility studies. A target for completion of this work has been set as the end of November 2006, following which a highly reputably Canadian mining consultant, Roscoe Postle and Associates, will write a sign-off report to comply with the Canadian NI43-101 regulatory regime. Prior to Republic becoming involved Luzon produced an updated Scoping Study, the results of which were reported during the year and are shown in the following table.

Amayapampa Project Statistics				
Mineral Resource (0.4 Au g/t cut-off)	Measured Indicated Inferred Total	5,150,000 tonnes 9,030,000 tonnes 1,960,000 tonnes 16,140,000 tonnes	1.6 g/t Au 1.4 g/t Au 0.9 g/t Au 1.5 g/t Au	265,000 ozs 396,000 ozs 59,000 ozs 720,000 ozs
Mining Method	Open Pit			
Process Method	Gravity/Carbon-in-Leach			
Process Recovery	83.8%			

Details of Mine Plan				
Pit Delineated Resourses (at US$375/oz and 0.43 g/t Au cut-off)	Measured Indicated Total	3,618,000 tonnes 5,310,000 tonnes 8,928,000 tonnes	1.6 g/t Au 1.4 g/t Au 1.5 g/t Au	184,000 ozs 239,000 ozs 423,000 ozs
Waste Material to be Mined	16,650,000 tonnes			
Life of Mine Plan Strip Ratio	1.9:1			
Production Rate (Nominal)	Per Year Per Day	850,000 tonnes 2,330 tonnes		
Average Annual Gold Production	35,500 ounces			
Initial Capital Cost	$US28,963,000			
Sustaining Capital	$US4,075,000			
Total Capital	$US33,038,000			
Cash Cost per Ounce	$US176/oz			
Capital Cost per Ounce	$US93/oz			
After-Tax Internal Rate of Return	$US375/oz $US425/oz	29% 40%		

Review of Operations and Development

Capital costs in the Scoping Study are quoted as having an order of accuracy of -10%/+15%. The Company is in the process of updating capital and operating costs to current, bankable level. As is indicated in the table, the gold price regime used for this study is significantly less than the current +US$600/ounce gold price regime.

The Company has produced its own geological block model for the project, which is currently being reviewed by Roscoe Postle. This model shows considerable upside for the project. The current plan is to commence production at the rate of 45,000 to 50,000 ounces per annum. Recent internal studies show that there is significant potential to increase this production rate and extend the mine life. The Company is very pleased with recent expressions of interest from Canada to financially support the enlarged group and to finance Amayapampa.

The Lipichi Project

Lipichi is located four hours north of La Paz by road. Luzon is earning into the project via a joint venture agreement with a local Bolivian.

The Company believes that Lipichi has world-class potential. The mineralised zone is up to 70 to 100 metres wide and based on geological interpretations has the potential for a strike length of at least two kilometres.

A number of diamond drilling programmes have been carried out and recent channel sampling has been carried out on underground development being undertaken by Luzon. Structurally and lithologically Lipichi is analogous with the Hodgkinson Basin and Central Victoria, but the mineralisation suite is considerably different. Lipichi is termed by the locals as a "Bolivian vein deposit," a deposit type that is peculiar to the Bolivian Altiplano. It contains gold and antimony that would be expected in an Australia setting, but it also has significant values for silver, copper, lead, zinc and tungsten.

The Company produced the first mineral resource estimate for Lipichi in the second half of the year. This represents sampling over 300 metres of strike length. Assays for gold, silver and antimony only have been used for the resource estimate, with the sampling of the other metals being too sparse at that stage to be included in grade estimates. The global resource was estimated at 495,000 ounces of gold, 54,500 tonnes of antimony and 3,420,000 ounces of silver. The reporting of this estimate accords with the Australian JORC Code and all the mineralisation is classified in the inferred class. At a cut-off grade of 1.0 g/t gold, gold, antimony and silver mineralisation are generally coincident and hence all the antimony and silver are contained within the 1.0 g/t Au resource. Details of the resource estimates for the individual metals are shown in Tables 1, 2 and 3 below.

INFERRED RESOURCES			
Cut-Off Grade (g/t Au)	Tonnes ('000's)	Grade (g/t Au)	Contained Gold (Ounces)
1.0	8,500	1.8	495,000
1.5	4,200	2.4	325,000
2.0	2,000	3.1	205,000
2.5	1,200	3.8	145,000

Table 1 – Lipichi Gold Resources

INFERRED RESOURCES			
Cut-Off Grade (% Sb)	Tonnes ('000's)	Grade (% Sb)	Contained Antimony (Tonnes)
0.0	7,285	0.8	54,500
0.5	4,000	1.2	47,000
1.0	1,700	1.8	31,000
1.5	1,100	2.2	24,000
2.0	860	2.3	19,500

Table 2 – Lipichi Antimony Resources
(contained within the 1.0 g/t gold resource)

INFERRED RESOURCES			
Cut-Off Grade (g/t Ag)	Tonnes ('000's)	Grade (g/t Ag)	Contained Silver (Ounces)
0	7,300	15	3,420,000
5	6,000	17	3,280,000
10	2,900	27	2,500,000
15	1,700	37	2,070,000
20	1,400	42	1,880,000
25	1,200	44	1,770,000
30	950	50	1,510,000

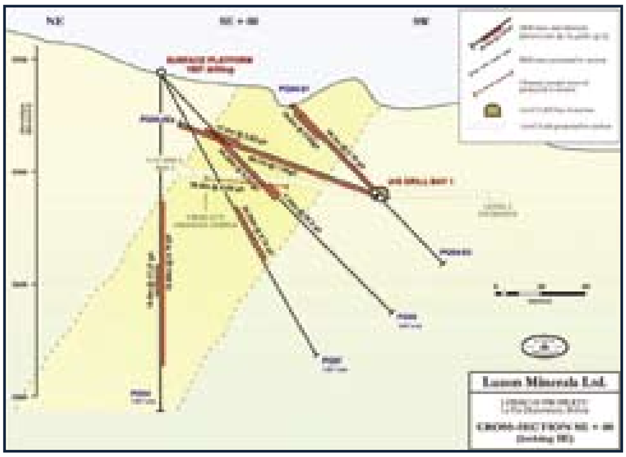
Table 3 – Lipichi Silver Resources
(contained within the 1.0 g/t gold resource)

Review of Operations and Development

As shown in Table 1, at a gold cut-off grade of 1.0 g/t Au there are 495,000 ounces of gold. At the same gold cut-off grade, there are also 54,500 tonnes of antimony (at a grade of 0.8% Sb) and 3,420,000 ounces of silver (at a grade of 15 g/t Ag). All of the antimony and silver resources are contained within the 1.0 g/t Au resource and these could be expected to be processed as by-products if the gold resource is treated.

Further to the south-east is the Chunchu Apacheta Prospect where Luzon now has ground coverage. This prospect was drilled by Battle Mountain in the 1990's after extensive reconnaissance work by Luzon's Senior Geologist, Senor Herbert Chavez, when he worked for Battle Mountain. This prospect has been examined by the Company and contains extensive gossans and visible sulphides, consistent with the high sulphur content of the Lipichi Prospect.

This prospect lies at an elevation approximately 800 metres higher than Lipichi. Whilst the grades in these initial drillholes are sub-economic, the existence of gold values here indicates that the Lipichi Trend is regionally significant.



Liphichi cross section

La Forteleza Project

La Forteleza lies approximately 20 kilometres to the east of Lipichi. Both Luzon and the Company have a 45% interest each in the joint venture, with South Boulder Mines holding the remaining 10%. The joint venture is with a Bolivian mining co-operative. Geologically, the project is analogous to Bendigo or Ballarat in Central Victoria.

The Company believes that the La Fortaleza Gold Project has substantial open pittable potential and an overall potential to host a resource in excess of one million ounces of gold.

La Fortaleza has been worked over a period of approximately 400 years, since the times of the Spanish conquest in Bolivia. Hand working and sluicing of the weathered, near surface material has produced a series of pits approximately 1.5 kilometres long, up to 250 metres wide and 30-40 metres deep where the co-operative is currently working, with shallow underground workings accessing the mineralisation from the base of the pits. The old workings then continue for at least one kilometre to the north of the area currently being worked by the co-operative within the concessions owned by the Co-operative.

Social and Political Issues

The politics of Bolivia have been historically unstable. The recent politics have been very encouraging, with the election in late 2005 of the Government of President Evo Morales. President Morales won an absolute majority, unheard of over recent decades in Bolivia. He followed that victory up when his party, MAS, won a similar vote at recent constitutional elections. President Morales' platform has been the economic empowerment of the native Indian population. The rural areas of the country, particularly the Altiplano, are poverty stricken. Mining projects are one way, recognised by the government, to alleviate poverty in these regions.

The Government has made it clear that it welcomes socially responsible Western investment in the mining industry. All the efforts of the Company and Luzon are aimed at demonstrating a high degree of social responsibility for the areas surrounding the projects. At Amayapampa the Company has offered to increase the number of jobs for locals from 150 to 280 and to provide a training programme for the workers. Luzon provides the salaries for six teachers and the local nurse at Amayapampa. At Lipichi, Luzon is a well respected member of the local community and contributes more that just employment to the community.

Review of Operations and Development

Lipichi rich sulphide veins

Amayapampa extensive surface workings

Hand mined pits
La Fortaleza

La Fortaleza gold

Lipichi miner

Review of Operations and Development

VITAL METALS AGREEMENT
EPM 14735, FNQ

Vital Metals Limited completed the terms of its option agreement following its listing in 2005, which allows Vital to explore for tungsten and related metals on Republic's EPM 14735, located in the Hodgkinson Basin in Far North Queensland. The Company granted Vital Metals access to EPM 14735 to explore for tungsten in exchange for $20,000 and 500,000 shares in Vital Metals. The Vital share price has doubled in recent months as drilling on the Vital Watershed Grid project has been underway.

EPM 14735 encloses Mineral Development Licence 127 over Watershed Grid, a significant tungsten deposit to be acquired by Vital from BHP-Billiton. Vital requires access to Republic's surrounding EPM 14735 to cover potential extensions of mineralisation.

The Vital shareholding provides Republic with exposure to the current strong tungsten market without expenditure by Republic.

LUCKY DRAW
EPM 6463, NSW

Considerable effort was put into developing a spin-off listed company for the Lucky Draw tenement into a specifically NSW-focused Copper-Gold company as the most effective way to create value for shareholders. A number of other projects were reviewed to select complementary tenements to the Burraga-Lucky Draw project for this purpose.

Detailed collation of past work over a number of well defined targets for copper-gold mineralisation was carried out to create new block models for updated resource analysis at the current gold price and for exploration targeting.

An issue arose late in the year with regard to tenure over one of the resources in the tenement, covering tailings. This has been taken up with the NSW Department of Minerals.

COMMUNITY, HUMAN RELATIONS & SAFETY

Republic Gold remains strongly committed to its responsibility to the community in which it operates and to the principles of sustainability. During the past 12 months, Republic Gold has continued to support community and environmental projects in the Mareeba district.

Republic continues to look at economic and community based initiatives to assist the Indigenous communities of the Mareeba Shire. The Company employs a number of people from the local indigenous community, training them in field and office exploration skills. The Company has also concluded access agreements with native title representative groups and believes that its success in large part is due to the very positive relationships built-up quite quickly with the Northern Queensland Land Council and the Western Yalanji Peoples, the local Indigenous group in a large part of the country the Company is exploring in.

Republic Gold was again a major sponsor of the Mareeba to Chillagoe Great Wheelbarrow Race traversing 149 km's of road to Chillagoe and is also a member of the Mareeba Shire Chamber of Commerce.

There were no lost time injuries at the Company's exploration sites during the year and the Company continued to train staff on workplace safety and safe working practices and encourage active participation in this.

RESOURCES

The Company's equity share of resources, including those in NSW, now total 577,000 ounces of gold and gold equivalent as summarised in the tables below. The equity shares of the Hodgkinson Basin project resources now total 441,000 ounces with an additional 56,000 ounces of gold equivalent from contained antimony. Importantly, the updated resource estimates for the total North Queensland project now contain 70% of the resources in the Measured and Indicated categories, allowing these to be considered for mining ore reserve estimation.

Northcote

The overall gold resource at Northcote was raised from 212,000 ounces to 260,000 ounces with Republic's 75% share being 195,000 ounces of this. For the first time at Northcote, antimony grades were also estimated, which have been accounted for as a by-product of the gold. When added as equivalent ounces of gold, the project total of 75,000 equivalent ounces raises the total resource to 335,000 ounces of gold and gold equivalent. This provides a 58% increase in the Northcote resource base.

This modelling work has been assisted by adding improved geological interpretations of the deposits to the various models and a significant database

Review of Operations and Development

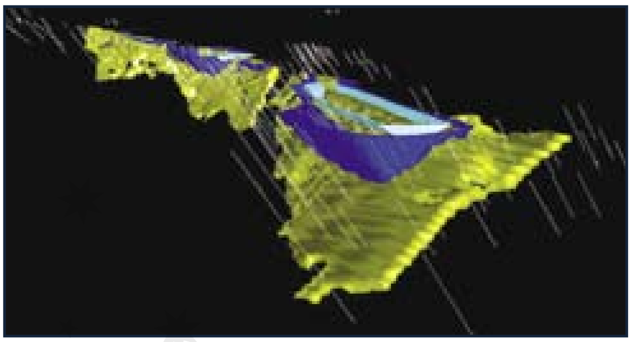
QA/QC programme. This crucial addition now has the resources at levels suitable for ore reserve estimation. Nearly 50% of the resource is now in the top category of measured mineralisation. Previously none of the resource was categorised as measured.

Antimony resources contained within the gold resources reach average grades of up to 0.45% in the Black Bess deposit and add the equivalent of 75,000 ounces to the overall gold resource, using a gold-equivalent grade indicated by the parameters shown below. In terms of antimony metal, there are 11,000 tonnes contained within the project resource.

The modelling work has also provided a better classification between oxide, transitional and sulphide mineralisation. There is a significant proportion of oxide and transitional mineralisation emerging from this work, totalling 54,000 gold ounces for the project.

This indicates that there is good potential to commence a project at Northcote using a conventional oxide heap leach plant before a sulphide plant would be necessary. If such a plant were constructed, where the antimony occurs in this oxide and transition material, then any high grade antimony material could be stockpiled for later treatment through the sulphide plant.

Drilling at the several kilometre long Telephone Hill Prospect gave some encouragement, but no resource was estimated because drilling is still too sparse to allow resource evaluation. The success of oxide drilling at the Northcote Project and the good results in the 2005 drilling programme at Tregoora, will enable the Company to investigate the oxide gold production potential of both projects over coming months.



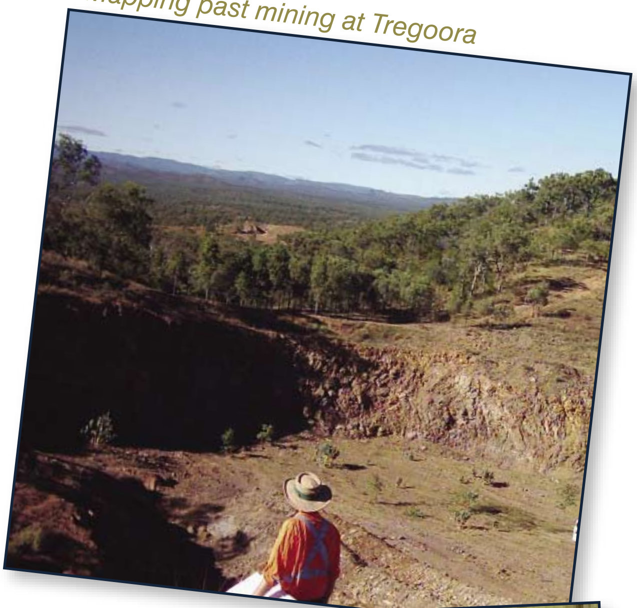
Northcote Leadingham Gold Model with Deeper Potential Below Proposed Pit

Tregoora

Following completion of drilling late in 2005 at Tregoora, initial resource estimates were completed for a number of deposits from generally shallow drilling, in conjunction with an update for the main Sleeping Giant deposit on the Retina Fault.

The overall increase for the Tregoora project area was a 44% increase of approximately 50,000 ounces, to approximately 155,000 ounces.

Mapping past mining at Tregoora



Geochemical sampling Far North prospect

Mineral Resource Statement

MINERAL RESOURCES AT 30 JUNE 2006 – RESOURCES – EQUITY SHARES
GOLD RESOURCES

	MEASURED		INDICATED		INFERRED		TOTAL		
	TONNES (‘000)	GRADE (Au g/t)	TONNES (‘000)	GRADE (Au g/t)	TONNES (‘000)	GRADE (Au g/t)	TONNES (‘000)	GRADE (Au g/t)	GOLD (Ounces)
TOTAL NORTHCOTE[1]	1,295	2.3	1,056	1.8	635	1.8	2,985	2.0	195,000
TOTAL TREGOORA	-----	-----	1,605	1.8	1,242	1.6	2,847	1.7	156,000
ATRIC[1]	-----	-----	890	1.9	46	1.7	936	1.9	57,000
REEDY HURRICANE	-----	-----	-----	-----	797	1.3	797	1.3	33,000
TOTAL HODGKINSON BASIN QLD	1,295	2.3	3,550	1.8	2,721	1.5	7,566	1.8	441,000
TOTAL LUCKY DRAW NSW[2]	-----	-----	1,257	0.9	490	2.9	1,747	1.4	80,000
TOTAL MINERAL RESOURCES	1,295	2.3	4,807	1.6	3,211	1.7	9,313	1.7	521,000

ANTIMONY RESOURCES

	MEASURED		INDICATED		INFERRED		TOTAL		
	TONNES (‘000)	GRADE (Au g/t)	TONNES (‘000)	GRADE (Au g/t)	TONNES (‘000)	GRADE (Au g/t)	TONNES (‘000)	GRADE (Au g/t)	TONNES (Sb)
NORTHCOTE CONTAINED ANTIMONY	1,295	0.3	1,056	0.2	635	0.3	2,985	0.3	8,000*

* this tonnage equates to some 56,000 ozs of gold at an AUD gold price of $630 and Sb price of $5,000/t Stibnite

Notes:

1 Figures are Republic’s equity share of these projects, being 75% of the Northcote and Lucky Draw projects and 90% of the Atric and Reedy projects.

2 Resources for Lucky Draw have been estimated by a competent person in accordance with the JORC Code and have been adopted for this report. The Company is in the process of making its own estimates by block modelling, but has no reason to doubt the existing resources at this stage. The grade of 23,000 ozs of indicated tailings resource is from the metallurgical balance calculated from mine records.

The previous tenement holder carried out a programme of 17 drillholes on the tailings and calculated a lesser grade than that shown above of 0.53 g/t Au. At this grade the equity share of the tailings resource is 18,500 ounces. An issue arose during the year over title to a significant portion of the tailings but the Company believes that this will be satisfactorily resolved.

For the Northcote resources, allowances have been made for depletion by the recorded mining amounts for the 1990’s Nittoc campaign. Resources may not sum to equal totals due to rounding.

Mineral Resource Statement

RESOURCE ESTIMATION PARAMETERS

Location	Comments	Grade Interpolation Method	Section Spacing (m)	COG g/t OX	COG g/t SUL	Oxide Density	Sulphide Density
NORTHCOTE[1]	-----	Block Model ID2	25	0.5	1.0	2.0	2.7
TREGOORA	-----	Block Model ID2	25	0.5	1.0	2.0	2.7
ATRIC	-----	Block Model ID2	25	-----	0.5	2.5	2.5
LUCKY DRAW	-----						
Lucky Draw Tailings	-----	Met. Balance	-----	0.5	1.0	2.5	2.5
Lucky Draw West	-----	Contoured WAA	-----	-----	0.5	2.5	2.5
Hackney's Creek Upper Pod	-----	Sectional WAA	25	-----	0.5	2.5	2.5
Hackney's Creek Lower Pod	-----	Sectional WAA	25	-----	1.0	2.5	2.5

[1] Top cuts of 30g/t for East Leadingham and 15 g/t for Emily and Emily South were applied to composite grades for grade estimation with all other deposits at Northcote using 10g/t top cuts.

Notes Accompanying The Mineral Resources Statement

Information in this report that relates to mineral resources for Republic Gold Limited and for the Lipichi Project is based on information compiled by Chris Roberts, a member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists and on information estimated by Kerrin Allwood a member of the Australasian Institute of Mining and Metallurgy, both of whom have a minimum of five years experience in the estimation, assessment and evaluation of mineral resources and ore reserves. Chris Roberts and Kerrin Allwood have significant experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Chris Roberts and Kerrin Allwood consent to the inclusion in this report of these matters based on the information in the form and context in which it appears. Resources for Luzon's Amayapampa project have been published in a Canadian NI 43-101 report which meets the standards for reporting of resources under the JORC Code. Detailed information on these resource estimates has been provided in earlier ASX releases by the Company.

Schedule of Tenements as at 29 September 2006

Tenement Holder	Tenement No.	Project Name	Area Sq Kms	Republic Gold Interest	Status
Queensland					
N.F Stuart*	EPM 8689	Atric	23	Earning to 90%	Granted
Republic Gold Limited	EPM 9869	Northcote	82	75%	Granted
	EPM 9934	Reedy Extended	43	90%	Granted
	EPM 10026	Campbell Creek	43	90%	Granted
	EPM 12227	Pinnacles	128	100%	Granted
	EPM 12229	Big Watson	178	100%	Granted
	EPM 12240	Hurricane South	20	90%	Granted
	EPM 13848	Northcote Extended	138	75%	Granted
	EPM 13936	Bellevue	125	100%	Granted
	EPM 13937	Ringer	306	100%	Granted
	EPM 13938	St George	230	100%	Granted
	EPM 14735	Mount Elephant	329	100%	Granted
	EPM 14737	Spring Creek	309	100%	Granted
	EPM 14738	Hodgkinson River	329	100%	Granted
	EPM 14739	Maitland Downs	211	100%	Granted
	EPM 14813	Spring Ck West	20	100%	Granted
	EPM 14740	Pinnacles Fill-In	260	100%	Granted
BHP Billiton Minerals Pty Limited*	EPM 11538	Palmer	109	Earning to 90%	Granted
	EPM 11539	White Horse Creek	66	Earning to 90%	Granted
	EPM 11540	Maytown	253	Earning to 90%	Granted
	EPM 11541	Granite Creek	89	Earning to 90%	Granted
	EPM 11717	Mt Mulligan	240	Earning to 90%	Granted
	EPM 12004	Groganville	26	Earning to 90%	Granted
	EPM 12228	Monarch	329	Earning to 90%	Granted
GW Kelly	EPM 13069	Reedy West	109	100% of hard rock gold	Granted
G.E Kelly	EPM 13643	Sandy Creek	122	100% of hard rock gold	Granted
GW Kelly	EPM 13675	Fine Gold Creek	237	100% of hard rock gold	Granted
Zeus Pty Ltd	EPM 13941	Reedy West	250	100%	Granted
Gateway Mining	EPMA 11765	Tempest	16	90%	Granted
Gateway Mining	MDLA 254	Hurricane	250	90%	Application
Total			**4869**		
New South Wales					
Republic Gold Limited	EL 6463	Lucky Draw	45	75%	Granted
South Australia					
Republic Gold Limited & Redstone Mining Pty Ltd	ELA 274/06	Callabona Sth Area	131	50%	Application
	ELA 275/06	Callabona Area	777	50%	Application
	ELA 276/06	Coonnee Creek	908	50%	Application
	ELA 277/069	Quinyambie Area	528	50%	Application
Total			**2344**		

* The Company is earning an interest through a joint-venture agreement with the licence holder.

Corporate Governance Statement

CORPORATE GOVERNANCE

The Australian Stock Exchange Ltd (ASX) has published 10 essential corporate governance principles and best practice recommendations. Under ASX listing rules, listed companies are required to provide a statement in their annual reports disclosing the extent to which they have followed these best practice guidelines. In the following, the ASX principles and guidelines are listed together with the company's response.

ASX Principle 1: Lay Solid Foundations for management and oversight

1.1 Formalise and disclose the functions reserved to the Board and those delegated to management.

The Board is comprised of an Independent Non-Executive Chairman, three Executive Directors and one Non-Executive Director. The full board meets on a regular basis for both management and board meetings. The company operates with three executive directors and one full-time senior employee.

ASX Principle 2: Structure the Board to add value

2.1 A majority of Board members should be independent directors.

2.2 The chairperson should be an independent director.

The Chairman is independent. The other 4 directors cannot be classified as independent. The size and scope of the Company's activities does not justify the cost of appointing 4 additional directors.

2.3 The roles of chairperson and chief executive officer should not be exercised by the same individual.

The company operates with a Non – Executive Chairman and a Managing Director. The Managing Director fulfils the role of chief executive officer.

2.4 The Board should establish a nomination committee.

The role of the nomination committee has been assumed by the full Board. The size and scope of the Company's activities does not justify the establishment of such a committee.

ASX Principle 3: Promote ethical and responsible decision-making

3.1 Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:

3.1.1 the practices necessary to maintain confidence in the company's integrity.
3.1.2 the responsibility and accountability of individuals for reporting or investigation reports of unethical practices.

In view of the size of the Company and the nature of its activities, the Board considers that an informal code of conduct is appropriate to guide directors, executives and employees in carrying out their duties and responsibilities.

3.2 Disclose the policy concerning trading in company securities by directors, officers and employees.

The Company has a formal policy which sets out time restrictions on share dealings. The Company policy is that of the Corporations Law and ASX Listing Rules which state that dealings are not permitted at any time whilst in the possession of price sensitive information not already available to the market. Prior to any director trading in the Company's securities that director must inform the other directors of his decision to trade.

ASX Principle 4: Safeguard integrity in financial reporting

4.1 Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the Board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.

Due to the size and scope of the Company's activities and the size and structure of the Board, the financial reports are dealt with at Board meetings where the Managing Director reports first hand to the Board. The Board also to a certain extent relies on the auditors to ensure compliance with relevant accounting standards and gives full and complete co-operation to its auditors without absolving itself of its responsibility. The full Board takes responsibility for the accounts.

4.2 The Board should establish an audit committee.

In view of the size of the Company and the nature of its activities, the Board considers that establishing a formally constituted audit committee would contribute little to the effective management of the Company. Accordingly audit matters are reviewed by the Board as a whole and approved by resolution of the Board (with abstentions from relevant Directors where there is a conflict of interest). The Company uses the services of an independent audit firm that has only a small number of partners.

ASX Principle 5: Make timely and balanced disclosure

5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.

Due to its size and structure the Board is able to meet on a regular basis for both management and Board meetings to ensure compliance with ASX Listing Rule disclosure requirements.

ASX Principle 6: Respect the rights of Shareholders

6.1 Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.

Information is communicated to shareholders through:

- *the distribution of the annual report to all shareholders*
- *the half yearly report released to the ASX*
- *the annual general meeting*
- *ASX releases in accordance with continuous disclosure obligations*
- *Information available on the Company's website*

6.2 Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the audit and the preparation and content of the auditor's report.

It is company policy that the auditor attends the AGM and part of the agenda is the tabling of the accounts and inviting shareholders to ask the directors or the auditor any questions about the report including the audit report.

ASX Principle 7: Recognise and manage risk

7.1 The Board or appropriate Board committee should establish policies on risk oversight and management.

In view of the size of the Company and the nature of its activities, the Board considers that establishing such a formally constituted committee would contribute little to the effective management of the Company. Accordingly risk oversight and management issues and policies are reviewed by the Board as a whole and approved by resolution of the Board (with abstentions from relevant Directors where there is a conflict of interest).

7.2 The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the Board in writing that:

7.2.1 the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

Due to the size and scope of the Company's activities and the size and structure of the Board risk management arrangements are dealt with by the Board as a whole and the Managing Director reports first hand to the Board. No formal policies on risk oversight and management of risk have been implemented.

7.2.2 the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

See above

ASX Principle 8: Encourage Enhanced Performance

8.1 Disclose the process for performance evaluation of the Board, its committees and individual directors, and key executives.

Due to the size and structure of the Board a formal evaluation process is not conducted. The Company operates with three executive directors and one full-time senior employee.

ASX Principle 9: Remunerate fairly and responsibly

9.1 Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of these policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.

The company does not have a remuneration policy other than to ensure that directors, staff and consultants are paid market rates in accordance with their qualifications, experience and contribution to the company. Directors' remuneration for both executive and non executive directors is compared to other "junior explorers" as a guide to industry rates. There are no performance remuneration schemes.

9.2 The Board should establish a remuneration committee.

The role of the Remuneration Committee has been assumed by the full Board. The size and scope of the Company's activities does not justify the establishment of such a committee. No director participated in any deliberation regarding his own remuneration or related issues..

9.3 Clearly designate the structure of non executive directors' remuneration from that of executives.

The Managing Director's remuneration is governed by a formal contract. Directors' fees are paid separately to all other directors. The different types of remuneration including superannuation, consulting fees, GST and directors' fees are all clearly outlined in the Annual Report.

9.4 Ensure that the payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.

The issue, or any proposed issue, of options to directors will only occur after being submitted to shareholders for approval, with a formal notice of meeting and explanatory memorandum disclosing all relevant details being provided.

ASX Principle 10: Recognise the legitimate interests of Stakeholders

10.1 Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders

In view of the size of the Company and the nature of its activities, the Board has considered that an informal code of conduct is appropriate to guide executives, management and employees in carrying out their duties and responsibilities.

Your directors present their report on the company for the financial year ended 30 June 2006

DIRECTORS

The names and details of directors in office at any time during or since the end of the financial year are:

Non-Executive Chairman – Peter Wicks FCA

Peter Wicks was appointed as Chairman of the Company on 2 November 2005. Mr Wicks is a Chartered Accountant and a Fellow of the Australian Institute of Chartered Accountants. Mr Wicks has had extensive experience in the natural resources sector and more recently as a property developer. Mr Wicks was a long-term finance director for a large company operating in the oil and gas sector. He was also a director of a number of oil and gas companies listed on the Toronto Stock exchange. Mr Wicks has been both an executive and non-executive director of a number of mineral companies, including Perseverance Corporation Pty Ltd where he was a non-executive director from 1994 to 1998.

Managing Director - John Kelly BE (Mining) MAusIMM MAICD

John is a mining engineer and was part of the executive team for Perseverance from 1991 to 2001. Prior to joining Perseverance, John worked as a Mine Superintendent at two open cut operations in Western Australia for three years and for seven years in the underground operations of Zinc Corporation Limited in Broken Hill. John has Mine Manager Certificates for NSW, WA and Victoria. In his time with Perseverance, John filled the roles of Mine Superintendent, Mine Manager, Executive Director and then Managing Director. In this time, Perseverance demonstrated itself as one of the pre-eminent exponents in Australia of heap leach gold production from smaller low grade gold deposits. John headed the team that took the Fosterville Gold Project from the hands of the receiver in 1992 and then produced approximately 230,000 ounces of gold. John's extensive experience with Fosterville oxide and sulphide mineralisation is directly relevant to the Company's Hodgkinson Basin projects. Perseverance's share price experienced significant capital growth through the mid 1990's and that company also paid dividends. John has been President of the Victorian Minerals and Energy Council, an Executive Councillor of the Minerals Council of Australia and a founding director of the Australian Gold Council. John was also a non-executive director and non-executive chairman of Monto Minerals NL, a Queensland based heavy minerals explorer.

Exploration Director - Chris Roberts FRMIT MAusIMM MAIG

Chris is a geologist with over 30 years of experience, much of it in gold. Chris is now a non-executive director of Perseverance, where he was the Exploration and Development Director. Prior to this he was the Chief Geologist for Perseverance, a role that dates back to 1990. Chris was directly responsible for the exploration success of the Fosterville Mine until ceasing an executive role. During his involvement, the oxide and sulphide resource base at Fosterville has increased from approximately 220,000 ounces in 1992 to in excess of 2,500,000 ounces today, including past production by Perseverance. Chris has also been a non-executive director of Sedimentary Holdings Limited, a Melbourne-based explorer currently enjoying considerable success with its Cracow Gold Project in Central Queensland. In late 2005, Chris was appointed to JORC (Joint Ore Reserves Committee).

Non-Executive Director - Greg Barns BA LLB

Greg has been a high profile participant in the Australian gold sector, particularly over the 3 year period between 1999 and 2003 in his role as CEO of the Robert Champion de Crespigny-inspired Australian Gold Council ("AGC"). Prior to joining the AGC, Greg had no experience in the resources sector but a wealth of experience in both state and federal government. Greg is qualified as a lawyer and has worked as Chief-of-Staff for the former Tasmanian Premier Ray Groom and the Chief-of-Staff for the former Federal Finance Minister John Fahey. In his three years with the AGC, Greg was able to provide the directors of the AGC with advice on political and community issues affecting the Australian gold mining sector. Greg also formed lasting relationships with the Australian financial press and most importantly for the Company with the financial sector, both in Australia and overseas. Mr Barns has been the Non-Executive Chairman of Strata Mining Corporation Limited, is a former director of Excalibur Mining Corporation Limited and is a past Chairman of the Australian Republican Movement.

Directors' Report

Corporate Development Director – William McLucas

Willie McLucas is a mining financier with over twenty-five years experience in all aspects of mining, from exploration through to development and production, on a global basis.

He was a stockbroker in London covering South Africa and latterly Australia from 1978 to 1984. From 1984 until 1997 he was Investment Director of the Australasian Gold Fund, which helped to finance the renaissance of the Australian gold industry through the mid 1980's. During the 1990s, as CEO of Waverley Mining Finance plc, he rescued Perseverance Corporation in Australia as well as financing several other projects. In 1998 he set up Thistle Mining Inc, which acquired gold projects in Kazakhstan, the Philippines and South Africa.

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Roslynn Shand was appointed company secretary on 2 November 2005. Mrs Shand has a combined degree in Arts/Law from the University of Queensland, is a fellow of the Chartered Secretaries Australia and has considerable experience in the company secretarial area. Mrs Shand was company secretary of Citigold Corporation for the period 2000 to 2006 and as such is well versed in the requirements of a growing junior resource company.

Operating Results

The loss of the company for the financial year amounted to $3,258,283 (2005 period loss of $2,882,010).

Review of Operations

The Company continued with a very active exploration programme in the Hodgkinson Basin in Far North Queensland. The programme increased the Company's equity share gold resource base to 521,000 ounces, with 341,000 ounces of this in the measured and indicated categories, suitable for estimation of reserves and feasibility studies. In addition, the Company's holdings were estimated to include 56,000 equivalent gold ounces from 8,000 tonnes of contained antimony in the Hodgkinson Basin.

As part of the exploration programme mentioned above, the Company continued with an extensive programme of metallurgical testwork. Pilot plant testwork using the GEOCOAT® process commenced in the second half of the year.

The Company applied for mining leases at the Northcote and Tregoora Projects.

The Company was able to announce that there are a number of significant tungsten anomalies within the Company's tenement in the Hodgkinson Basin following an examination of the database it inherited from BHP-Billiton Limited via the joint venture the Company has with BHP-Billiton.

The Board appointed Mr Peter Wicks as Non-Executive Chairman and Mrs Roslynn Shand as Company Secretary on 2 November 2005.

In August 2005 the Company announced that it had entered into a strategic alliance with Luzon Minerals Limited of Canada. This involved the Company taking a strategic shareholding in Luzon and providing technical management for its exploration properties in Bolivia. At the end of the year the Company owned 3,269,840 ordinary shares in Luzon, 634,920 warrants exercisable at CAN$0.15 and options over a further 4,000,000 ordinary shares exercisable at CAN$0.155.

At the commencement of the Company's involvement with Luzon, it had interests in the Amayapampa and Lipichi Projects. The Amayapampa Project has a resource base of 720,000 ounces in the measured, indicated and inferred categories. This is a very advanced project with a number of feasibility studies being completed on it in the 1990's. The Company significantly advanced the project during the year with a Bankable Feasibility Study expected to be completed by the end of the calendar year 2006.

The Company constructed an initial geological block model for the Lipichi Project during the year, enabling Luzon to announce an initial resource at Lipichi of 925,000 ounces of equivalent gold (including 430,000 equivalent ounces of gold for antimony credits represented by 54,500 tonnes of antimony and 3,420,000 ounces of silver). This resource is all in the inferred category.

The Company and Luzon entered into a joint venture on the La Forteleza Project located 20 kilometres from Lipichi.

Both companies have a 45% interest in this joint venture with South Boulder Mines Limited holding 10%.

The Company carried out fund raising during the year, raising $869,000 through a Shareholder Share Purchase Plan and $2,022,000 through two placements.

Financial Position

The net assets of Republic Gold Ltd have decreased by $531,084 from 30 June 2005 to $9,148,725 in 2006.

The directors believe the group is in a stable financial position to expand and grow its current operations.

Significant Changes in State of Affairs

The Company issued 31,226,815 shares during the period 1 July 2005 to 30 June 2006 to provide additional working capital.

In the opinion of the Directors, there were no significant changes in the state of affairs of the entity that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Principal Activity

The principal activity of the entity during the course of the financial year was gold exploration. There was no significant change in the nature of the entity's activities during the period.

After Balance Date Events

Apart from that mentioned below, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

- On 14 September 2006 the Company announced to the Australian Stock Exchange the placement of 15,600,000 shares to raise approximately $780,000. The placement was to exempt investors and the funds raised will be used to progress the combination of the Company and Luzon Minerals and for working capital.

- On 5 September 2006, the Company announced to the Australian Stock Exchange that the Boards of Republic Gold and Luzon Minerals have agreed to combine the two companies. The terms of the merger are that shareholders in the Company will receive one ordinary share in Luzon for every three shares owned in the Company. In addition, shareholders in the Company will receive half an option for every three shares owned in the Company. The terms of the options are an exercise price of CAN$0.25 and an exercise date 2 years after completion of the merger.

- On 7 August 2006 the Company announced to the Australian Stock Exchange that the Queensland EPA had decided that the Company did not need to carry out an Environmental Impact Statement for the Northcote and Tregoora Projects.

- The Chairman of the Company, Mr Peter Wicks, was granted 1,500,000 options under the Company's Executive Option Plan. The issue of these options were approved at a general meeting of the Company on 25 July 2006. The 1,500,000 options have an exercise price of 18 cents and an expiry date of 4 August 2011.

Future Developments, Prospects and Business Strategies

The entity will focus on the exploration and development of its and Luzon Minerals' portfolio of exploration tenements and the acquisition of new projects and/or tenements.

Other than as referred to in this report, further information on the likely developments in the operations of the entity and the expected results of those operations would, in the opinion of the Directors, be speculative and would be likely to result in unreasonable prejudice to the entity.

Adoption of Australian Equivalents of IFRS

As a result of the introduction of Australian equivalents of International Financial reporting Standards (AIFRS), the Company's financial report has been preapred in accordance with those Standards. A reconciliation of adjustments arising on the transition to AIFRS has been included in Note 2 to this report.

Directors' Report

Environmental Issues

The operations of the Company in Australia are subject to environmental regulation under the laws of the Commonwealth and the States in which those operations are conducted. The directors are not aware of any environmental breaches by the Company during the period covered by this report.

Dividends Paid or Recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Options

At the AGM on 29 November 2005, shareholders approved the issue of 5 million options to Mr William McLucas.

The total number of unlisted options issued to Mr William McLucas is 5,000,000 as follows:

- 1,000,000 options exercisable at 25 cents, expiring on 1 November 2006;
- 2,000,000 options exercisable at 15.6 cents expiring on 20 April 2010;
- 2,000,000 options exercisable at 15.6 cents expiring on 20 April 2010.

The 2010 series of options have a vesting period of 18 months. The initial tranche of 15.6 cents options only vest if the market capitalisation of the Company increases by 150 per cent as a result of a transaction being introduced by Mr McLucas to the Company.

The second tranche of 15.6 cents options only vest if the market capitalisation of the Company increases by 300 per cent as a result of a transaction being introduced by Mr McLucas to the Company.

Following the end of the financial year, the Chairman of the Company, Mr Peter Wicks, was granted 1,500,000 options under the company's Executive Option Plan. The issue of these options were approved at a general meeting of the Company on 25 July 2006. The 1,500,000 options have an exercise price of 18 cents and an expiry date of 4 August 2011.

Indemnification of Officer or Auditor

The Company has agreed to indemnify and keep indemnified the following officers, Mr P A Wicks, Mr J P Kelly, Mr C L Roberts, Mr G J Barns and Mr W P McLucas against all liabilities incurred by the directors as a director of the Company and all legal expenses incurred by the directors as a director of the Company.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company or any related body corporate against a liability incurred by the auditor.

Proceedings on Behalf of the Company

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

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of Republic Gold Limited. As Republic Gold Limited is a small company, the remuneration arrangements are as simple as possible.

Remuneration Policy

The remuneration policy of Republic Gold Limited has been designed to align director objectives with shareholder and business objectives by providing a fixed remuneration component and allowing specific long-term incentives based on key performance areas affecting the company's financial results. The Board of Republic Gold Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the company, as well as to create goal congruence between directors and shareholders. To-date no long-term incentives have been offered to any Director except for executive options.

The Board's policy for determining the nature and amount of remuneration for Board members of Republic Gold Limited is as follows:-

The remuneration policy, setting the terms and conditions for the directors was developed by the Board after Board members reviewed the remuneration of like positions in other small-cap gold exploration companies. All Directors receive either a base salary or a consulting fee (which is based on experience), superannuation and options.

An employee share and option scheme was approved at the 2005 Annual General Meeting.

The Board reviews executive packages annually by reference to the Company's performance, directors' performance and comparable information from industry sectors and other listed companies in the small-cap gold exploration sector.

The performance of directors' is measured against criteria agreed with each director and is based predominantly on any increase in shareholders' value. Any bonuses and incentives must be linked to predetermined performance criteria. The Board will approve all incentives, bonuses and options. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

At the AGM on 29 November 2005, shareholders approved the issue of 5 million options to Mr William McLucas. The benefit of the options allotted to Mr McLucas was considered reasonable in his specific role with the Company of business development and reflected both Mr McLucas' wide experience and the role he was expected to perform for the Company. Mr McLucas has an extensive network of contacts throughout the mining industry on a global basis and is expected to utilise this network base and his wide experience in mining finance to assist the other Directors to substantially increase the size of the Company.

Directors are also entitled to participate in the employee share and option arrangements, subject to shareholder approval as mentioned above.

The Managing Director receives a superannuation guarantee contribution required by the government, which is currently 9%, and does not receive any other retirement benefits. Individuals can choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to Directors is valued at the cost to the Company and expensed. Shares given to Directors and executives will be valued as the difference between the market price of those shares and the amount paid by the Director or executive. Options will be valued using the Black Scholes methodology.

The Board policy is to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities and determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive Directors are not linked to the performance of the company. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and are able to participate in the employee option plan.

Performance Based Remuneration

Currently, no executive Directors' remuneration package has a performance-based component.

Remuneration

The remuneration for each Director of Republic Gold Limited during the year was as set in the table following. The Board considers that no employee, other than Directors, fall into the category of executives of the Company for the purposes of this report.

	P A Wicks	J P Kelly	C L Roberts	G L Barns	W P McLucas
Base Salary ($)	-----	161,400	-----	-----	-----
Director Fee ($)	24,000	-----	-----	25,000	100,000
Consultant Fee ($)	10,182	-----	169,600	36,400	-----
GST ($)	3,418	-----	16,960	-----	-----
Super-annuation ($)	-----	14,526	-----	4,500	-----
Equity	-----	-----	-----	-----	-----
Total ($)	37,600	175,926	186,560	65,900	100,000

Directors' Report

Performance Income as a Proportion of Total Remuneration

There were no performance based bonuses paid to executives during 2006.

Options Issued as Part of Remuneration for the Year Ended 30 June 2006

Shareholders approved the performance-based options package for Mr McLucas at the 2005 Annual General Meeting. There were no other options allocated as part of remuneration to directors or executives during 2006.

Employment Contracts of Directors

The employment conditions of the Managing Director, Mr Kelly and part-time executive Director Mr McLucas are formalised in contracts of employment. Messrs Kelly and McLucas are employees of Republic Gold Limited. Mr Roberts contracts his services to the Company on an "as needs basis." Messrs Wicks and Barns are paid an hourly fee for work done outside the normal range of non-executive Directors' duties.

Mr Kelly is employed under a fixed three-year contract, which commenced on 1 October 2003 and expires on 30 September 2006 at an annual salary of $180,000 per year, including superannuation. This contract includes a three-month notice period by either party and an annual review. Mr Kelly provides his own and another field vehicle and is reimbursed for usage on Company business on a kilometres used basis.

Mr McLucas receives an annual salary of $100,000 with a one-month notice period by either party. Mr McLucas has other business ventures that he was involved in prior to his joining the Board of Republic Gold Limited. If any other of these ventures successfully realise value for Mr McLucas he will transfer 2.5% of this value to Republic Gold Limited. In agreeing to become a Director of Republic Gold Limited, Mr McLucas has agreed to work exclusively for the Company, except for his pre-existing arrangements.

Mr Roberts charges the Company at the rate of $800 per day, plus GST. Mr Roberts does not draw Director's fees.

Mr Barns charges the Company at the rate of $100 per hour for work outside the normal role of a non-executive Director.

All Directors are reimbursed expenses incurred in their roles with the Company after the approval of these expenses by all other Directors.

Directors' Meetings

During the financial year the Company held 14 meetings of directors. The attendance of the directors at meetings of the Board was:

	Board Meetings
No. of meetings held	14
No. of meetings attended by:	
PA Wicks *(appointed 2 November 2005)*	8
JP Kelly	14
CL Roberts	14
GJ Barns	13
WP McLucas	11

Non-audit Services

There are no non-audit services provided to the company by the audit firm

In the directors' view of the size of the Company and the nature of its activities, the Board has considered that establishing a formally constituted audit committee would contribute little to the effective management of the Company. Accordingly audit matters are reviewed by the Board as a whole and approved by resolution of the Board (with abstentions from relevant directors if there is any conflict of interest).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2006 has been received and can be found on the following page.

Directors' Shareholdings

For details on directors' shareholdings please refer to note 6 of the Financial Statements.

Signed in accordance with a resolution of the Board of Directors:

Director
Chris Roberts

Director
John Kelly

Dated this 29th day of September 2006

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF REPUBLIC GOLD LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2006 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.

Draper Dillon

4th Floor,
499 St Kilda Road
Melbourne Vic 3000

Income Statement

REPUBLIC GOLD LIMITED
ABN 86 106 399 311

FOR THE YEAR ENDED 30 JUNE 2006

	Notes	30 June 2006 ($)	30 June 2005 ($)
Revenue	3	80,629	166,034
Amortisation expenses		(268)	-----
Capital expenditure write off		-----	137,615
Consultant expenses		(394,979)	(600,803)
Cost of exploration		(1,140,309)	(1,318,748)
Depreciation expenses	4	(34,986)	(31,846)
Employee benefits expense		(908,975)	(663,135)
Marketing expenses		(32,872)	(76,832)
Occupancy expenses		(98,258)	(56,688)
Share registry expense		(111,093)	(57,658)
Travel expenses		(440,544)	(237,274)
Other expenses from ordinary activities		(176,628)	(142,675)
		(3,338,912)	(3,048,044)
Loss before income tax expense		(3,258,283)	(2,882,010)
Income tax expense	5	-----	-----
Loss after income tax expense		(3,258,283)	(2,882,010)
Basic loss per share (cents per share)	9	(0.0313)	(0.039)
Diluted loss per share (cents per share)	9	(0.0313)	(0.039)

Balance Sheet

REPUBLIC GOLD LIMITED
ABN 86 106 399 311

AS AT 30 JUNE 2006

	Notes	30 June 2006 ($)	30 June 2005 ($)
CURRENT ASSETS			
Cash and cash equivalents	10	187,656	1,329,297
Trade and other receivables	11	917,271	171,180
TOTAL CURRENT ASSETS		1,104,927	1,500,477
NON CURRENT ASSETS			
Property, plant and equipment	12	145,374	164,334
Intangible asset	13	7,972,143	8,072,411
Financial assets	14	292,229	-----
TOTAL NON CURRENT ASSETS		8,409,746	8,236,745
TOTAL ASSETS		9,514,673	9,737,222
CURRENT LIABILITIES			
Trade and other payables	15	309,028	57,413
Short term provisions	16	56,920	-----
TOTAL CURRENT LIABILITIES		365,948	57,413
TOTAL LIABILITIES		365,948	57,413
NET ASSETS		9,148,725	9,679,809
EQUITY			
Issued capital	17	16,089,338	13,362,139
Accumulated losses		(6,940,613)	(3,682,330)
TOTAL EQUITY		9,148,725	9,679,809

Statement of Changes in Equity

REPUBLIC GOLD LIMITED
ABN 86 106 399 311

FOR THE YEAR ENDED 30 JUNE 2006

	Issued Capital Ordinary Shares ($)	Accumulated Losses ($)	Total ($)
Balance at 1 July 2004	**13,601,555**	**(800,320)**	**12,801,235**
Shares issued during the year	450,000	-----	450,000
Transactions costs	(689,416)	-----	(689,416)
Net Loss	-----	(2,882,010)	(2,882,010)
Balance at 30 June 2005	**13,362,139**	**(3,682,330)**	**9,679,809**
Shares issued during the year	2,890,279	-----	2,890,279
Transactions costs	(163,080)	-----	(163,080)
Net Loss	-----	(3,258,283)	(3,258,283)
Balance at 30 June 2006	**16,089,338**	**(6,940,613)**	**9,148,725**

Cash Flow Statement

REPUBLIC GOLD LIMITED
ABN 86 106 399 311

FOR THE YEAR ENDED 30 JUNE 2006

	Notes	30 June 2006 ($)	30 June 2005 ($)
CASH FLOW FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(3,700,277)	(3,152,062)
Interest received		19,692	166,034
Other income		20,000	-----
Net cash used in operating activities	18 (b)	(3,660,585)	(2,986,028)
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(16,026)	(107,340)
Payment for investments		(192,229)	-----
Net cash used in investing activities		(208,255)	(107,340)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issue		2,727,199	-----
Net cash provided by financing activities		2,727,199	-----
Net decrease in cash held		(1,141,641)	(3,093,368)
Cash at beginning of financial year		1,329,297	4,422,665
Cash at end of financial year	18 (a)	187,656	1,329,297

REPUBLIC GOLD LIMITED
ABN 86 106 399 311

FOR THE YEAR ENDED 30 JUNE 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 is for Republic Gold Limited as an individual entity. Republic Gold Limited is a company limited by shares, incorporated and domiciled in Australia.

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

Basis of Preparation

First-time Adoption of Australian Equivalents to International Financial Reporting Standards

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

The accounting policies set out below have been consistently applied to all years presented.

Reconciliations of the transition from previous Australian GAAP to AIFRS have been included in Note 2 to this report.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs. It does not take into account changing money values or, except where stated, current valuations of non current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Accounting Policies

a. Functional and Presentation Currency

The functional currency of the company is measured using the currency of the primary economic environment in which the company operates. The financial statements are presented in Australian dollars which is the company's functional and presentation currency.

b. Income Tax

The charge for current 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 sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.
Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

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

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income 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.

c. 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.

Financial assets at fair value through profit and loss
A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments
These investments have fixed maturities, and it is the Company's intention to hold these investments to maturity. Any held-to-maturity investments held by the Company are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets
Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities
Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative instruments
Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges. Republic Gold Limited designates certain derivatives as either;

i. hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
ii. hedges of highly probably forecast transactions (cash flow hedges).

At the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions is documented.
Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items, are also documented.

(i) Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedge asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred to a hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in the hedge reserve in equity are transferred to the income statement in the periods when the hedged item will affect profit or loss.

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

Impairment
At each reporting date, the Company assess 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 an impairment has arisen. Impairment losses are recognised in the income statement.

d. Plant and Equipment
Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Plant and equipment
Plant and equipment is measured on the cost basis.

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

Depreciation
The depreciable amount of all fixed assets is depreciated over their useful lives to the company commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Buildings	15%
Plant and equipment	15%
Office furniture and equipment	7.5 - 50%
Motor Vehicle	15 – 18.75%

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount.

These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

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 two months or less, and bank overdrafts.

f. 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 asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

g. Intangibles

Goodwill

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

Tenements, Permits & Mining Assets

Tenements, Permits & Mining Assets are initially recorded at the purchase price at the date of acquisition. The balances are reviewed annually and any balance representing future benefits the realisation of which is considered to be no longer probable are written off.

h. Revenue

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

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

i. 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position 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.

j. Provisions

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

k. Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is not accumulated in respect of each identifiable area of interest.

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

When production commences, the costs of acquisition for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

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

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis. Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

l. Critical Accounting Estimates and Judgements

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

Key Estimates — Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of goodwill for the year ended 30 June 2006. Should the projected turnover figures be outside the budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of goodwill at 30 June 2006 amounting to $123,000.

m.Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

n. Employee Benefits

Provision is made for the Company’s liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to settle within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

REPUBLIC GOLD LIMITED
ABN 86 106 399 311

NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

	Note	Previous GAAP at 1 July 2004 ($000)	Effect of Transition to AIFRS ($000)	AIFRS at 1 July 2004 ($000)
Reconciliation of Equity at 1 July 2004				
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents		4,422,665		4,422,665
Trade and other receivables		177,018		177,018
TOTAL CURRENT ASSETS		4,599,683		4,599,683
NON-CURRENT ASSETS				
Property, plant and equipment		640,374		640,374
Intangible assets	2a	7,618,075	4,604	7,622,679
TOTAL NON-CURRENT ASSETS		8,258,449	4,604	8,263,053
TOTAL ASSETS		12,858,132	4,604	12,862,736
CURRENT LIABILITIES				
Trade and other payables		61,501		61,501
TOTAL CURRENT LIABILITIES		61,501		61,501
TOTAL LIABILITIES		61,501		61,501
NET ASSETS		12,796,631	4,604	12,801,235
EQUITY				
Issued capital		13,601,555		13,601,555
Retained earnings	2b	(804,924)	4,604	(800,320)
TOTAL EQUITY		12,796,631	4,604	12,801,235

Notes to the Financial Statements

REPUBLIC GOLD LIMITED
ABN 86 106 399 311

	Note	Previous GAAP at 30 June 2005 ($000)	Effect of Transition to AIFRS ($000)	AIFRS at 30 June 2005 ($000)
Reconciliation of Equity at 30 June 2005				
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents		1,329,297		1,329,297
Trade and other receivables		171,180		171,180
TOTAL CURRENT ASSETS		1,500,477		1,500,477
NON-CURRENT ASSETS				
Property, plant and equipment		164,334		164,334
Intangible assets	2a	8,061,657	10,754	8,072,411
TOTAL NON-CURRENT ASSETS		8,225,991	10,754	8,236,745
TOTAL ASSETS		9,726,468	10,754	9,737,222
CURRENT LIABILITIES				
Trade and other payables		57,413		57,413
TOTAL CURRENT LIABILITIES		57,413		57,413
TOTAL LIABILITIES		57,413		57,413
NET ASSETS		9,669,055	10,754	9,679,809
EQUITY				
Issued capital		13,362,139		13,362,139
Retained earnings	2b	(3,693,084)	10,754	(3,682,330)
TOTAL EQUITY		9,669,055	10,754	9,679,809

REPUBLIC GOLD LIMITED
ABN 86 106 399 311

	Note	Previous GAAP 2005 ($000)	Effect of Transition to AIFRS 2005 ($000)	AIFRS 2005 ($000)
Reconciliation of Profit or Loss for 2005				
Revenue		166,034	-----	166,034
		166,034	-----	166,034
Amortisation expenses	2a	(6,150)	6,150	-----
Capital expenditure write-off		137,615		137,615
Consultant expenses		(600,803)		(600,803)
Cost of exploration		(1,318,748)		(1,318,748)
Depreciation expense		(31,846)		(31,846)
Employee benefits expense		(663,135)		(663,135)
Marketing expense		(76,832)		(76,832)
Occupancy expenses		(56,688)		(56,688)
Share registry expense		(57,658)		(57,658)
Travel expenses		(237,274)		(237,274)
Other expenses		(142,675)		(142,675)
Loss before income tax expense		(2,888,160)	6,150	(2,882,010)
Income tax expense		-----	-----	-----
Loss after income tax expense		(2,888,160)		(2,882,010)

2a. All goodwill amortised under previous GAAP has been reversed. Goodwill amounting to $4,604 has been reversed to retained earnings at 1 July 2004. Goodwill amounting to $6,150 previously amortised in the 2005 financial year has been reversed in the income statement for 30 June 2005.

2b.	Note	30 June 2005 $000	1 July 2004 $000
Adjustments to retained earnings comprise:			
Reversal of goodwill previously amortised		6,150	4,604
		6,150	4,604

Notes to the Financial Statements

REPUBLIC GOLD LIMITED
ABN 86 106 399 311

	Note	2006 ($)	2005 ($)
NOTE 3: REVENUE			
Operating activities			
- Interest	3(a)	60,629	166,034
- Permits, rights of use		20,000	-----
		80,629	166,034
Other income			
(a) Interest from: - other persons		60,629	166,034
NOTE 4: PROFIT FROM ORDINARY ACTIVITIES			
Profit from ordinary activities has been determined after the following expenses:			
Depreciation of non current assets			
- Office Equipment		14,779	16,683
- Motor Vehicles		7,889	10,206
- Buildings		2,350	410
- Plant & Equipment		9,827	4,547
- Furniture & Fittings		141	-----
		34,986	31,846
Exploration Expenditure		1,140,309	1,318,748
NOTE 5: INCOME TAX EXPENSE			
(a) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Prima facie income tax expense/(benefit) on loss from ordinary activities before income tax at 30% (2005 year 30%)		(977,485)	(864,603)
Add:			
Tax effect of:			
- other non allowable items		15,867	4,299
- capital expenditure write off		(51,150)	(82,730)
Total tax losses not brought to account		1,012,768	943,034

REPUBLIC GOLD LIMITED
ABN 86 106 399 311

NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Names and positions held of economic entity key management personnel in office at any time during the financial year are:

Key Management Person	Position
Mr J P Kelly	Managing Director - Executive
Mr C L Roberts	Exploration Director
Mr G J Barns	Non-Executive Director
Mr W P McLucas	Corporate Development Director
Mr P A Wicks	Chairman – Non-executive

(b) Key Management Personnel Compensations

2006 Year							
Key Management Person	Base Salary $	Director Fee $	Consultancy Fee $	GST $	Super $	Equity $	Total $
Mr J P Kelly	161,400	-----	-----	-----	14,526	-----	175,926
Mr C L Roberts	-----	-----	169,600	16,960	-----	-----	186,500
Mr G J Barns	-----	25,000	36,400	-----	4,500	-----	65,900
Mr W P McLucas	-----	100,000	-----	-----	-----	-----	100,000
Mr P A Wicks	-----	24,000	10,182	3,418	-----	-----	37,600

2005 Year					
Key Management Person	Base Salary $	Fee $	Superannuation $	Equity $	Total $
T Linardos	-----	27,000	-----	-----	27,000
J P Kelly	161,400	-----	14,526	-----	175,926
C L Roberts	-----	151,533	-----	-----	151,533
G J Barns	-----	55,060	-----	-----	55,060
W P McLucas	24,811	-----	-----	-----	24,811

Notes to the Financial Statements

REPUBLIC GOLD LIMITED
ABN 86 106 399 311

(b) Compensation Options

Key Management Person	Granted No.	Grant Date	Value per option at Grant Date ($)	Exercise Price ($)	Exercise Date
WP McLucas	1,000,000	10.12.2005	0.00	0.25	01.11.2006
	2,000,000	10.12.2005	0.0208	0.156	20.04.2010
	2,000,000	10.12.2005	0.0208	0.156	20.04.2010
Total	5,000,000				

The one million (1,000,000) options have no vesting period, the exercise price and exercise date are essentially the same terms and conditions as the existing directors' options.

The balance of options (4,000,000) vest 18 months after Mr McLucas's appointment on 19 April 2005. There are two tranches of options issued.

The first tranche of two million (2,000,000) options will vest if Mr McLucas successfully introduces a transaction to the Company that increases the company's market capitalisation by more than 150%.

The second tranche of two million (2,000,000) options would vest if the resultant transaction increase the Company's market capitalisation by more than 300%

The grant of options to Mr McLucas is designed to acknowledge the contribution to be made by him to the Company.

(c) Directors' Shareholdings

At the date of this report, the interests of the directors in the shares of the Company are:

	Ordinary Shares		31 October 2006 Options	
	Direct	Indirect	Direct	Indirect
PA Wicks	-----	475,000	-----	1,500,000
JP Kelly	1	24,750,000	700,000	-----
CL Roberts	80,001	24,185,000	700,000	-----
GJ Barns	30,001	24,085,000	700,000	-----
WP McLucas	-----	-----	5,000,000	-----

(c) Directors' Interests and Benefits

Since the end of the previous financial period no director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements), by reason of a contract made by the Company or a related body corporate with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for:-

i. Payment for geological services in the ordinary course of business to Mr CL Roberts,
ii. Payment for provision of public and governmental relations in the ordinary course of business to Mr GJ Barns, and
iii. Payment for provision of advisory services in the ordinary course of business to Mr PA Wicks.

REPUBLIC GOLD LIMITED
ABN 86 106 399 311

(d) Remuneration Practices

The Board reviews the remuneration packages and policies applicable to the Executive Directors, and Non Executive Directors on an annual basis. The Board does not have any formal remuneration policy, but any decision on remuneration increases or bonuses is made having due regard to the Company's performance and other relevant factors. Remuneration levels are competitively set to attract the most qualified and experienced Directors and senior executives. Where necessary the Board obtains independent advice on the appropriateness of remuneration packages. The elements of emoluments have been determined on the basis of the cost to the Company.

Executives are those directly accountable and responsible for the operational management and strategic direction of the Company.

NOTE 7: DIVIDEND
No dividends were paid or declared since the start of the financial period. No recommendation for payment of dividends has been made.

	Note	2006 ($)	2005 ($)
NOTE 8: AUDITORS' REMUNERATION			
Remuneration of the auditor for the Company for:			
- auditing or reviewing the financial report		21,850	13,722
NOTE 9: EARNINGS PER SHARE			
Basic loss per Share		0.0313 cents	0.0395 cents
Diluted loss per Share		0.0313 cents	0.0395 cents
Number of shares used in calculations of basic earnings per share		104,004,725	72,777,910
NOTE 10: CASH AND CASH EQUIVALENTS			
Cash on hand		4	4
Cash at bank		127,607	1,317,248
Security deposits		60,045	12,045
		187,656	1,329,297
NOTE 11: TRADE AND OTHER RECEIVABLES			
CURRENT			
Amounts paid in advance		-----	65,219
Other receivables		61,123	105,961
Amount receivable Secured loan - Luzon Minerals Limited The recovery of the amount in dependent on the ability of this debtor to raise additional capital or other finance as required		856,148	-----
		917,271	171,180

REPUBLIC GOLD LIMITED
ABN 86 106 399 311

	Note	2006 ($)	2005 ($)
NOTE 12: PROPERTY, PLANT AND EQUIPMENT			
PLANT AND EQUIPMENT			
(a) Motor vehicles			
At cost		54,615	64,512
Less accumulated depreciation		(18,849)	(10,960)
		35,766	53,552
(b) Office equipment			
At cost		72,929	72,287
Less accumulated depreciation		(34,812)	(20,033)
		38,117	52,254
(c) Buildings			
At cost		16,080	16,080
Less accumulated depreciation		(2,760)	(410)
		13,320	15,670
(d) Plant & Equipment			
At cost		70,277	47,405
Less accumulated depreciation		(14,374)	(4,547)
		55,903	42,858
(e) Furniture and fittings			
At cost		2,409	-----
Less accumulated depreciation		(141)	-----
		2,268	-----
Total Plant & Equipment		145,374	164,334

REPUBLIC GOLD LIMITED
ABN 86 106 399 311

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Motor Vehicles ($)	Office Equipment ($)	Buildings ($)	Plant & Equipment ($)	Furniture & Fittings ($)	Total ($)
2006						
Balance at the beginning of the year	53,552	52,254	15,670	42,858	-----	164,334
Additions	-----	642	-----	22,872	2,409	25,923
Reclassified class of asset	(9,897)	-----	-----	-----	-----	(9,897)
Depreciation	(7,889)	(14,779)	(2,350)	(9,827)	(141)	(34,986)
Carrying amount at end of year	**35,766**	38,117	13,320	55,903	2,268	145,374

	Note	2006 ($)	2005 ($)
NOTE 13: INTANGIBLE ASSETS			
Tenements, Permits & Mining Assets		**7,848,546**	7,948,546
Goodwill - at cost		**123,000**	123,000
Formation costs		**1,340**	1,340
Less accumulated amortisation		**(743)**	(475)
		597	865
Total Intangible Assets		**7,972,143**	8,072,411

Notes to the Financial Statements

REPUBLIC GOLD LIMITED
ABN 86 106 399 311

	Note	2006 ($)	2005 ($)
NOTE 14: OTHER FINANCIAL ASSETS			
Available-for-sale financial assets		142,229	-----
Financial assets not available for sale		150,000	
Current portion		292,229	-----
Available-for-sale financial assets comprise			
- shares in listed corporations		142,229	-----
Total available-for-sale financial assets		142,229	-----
Financial assets not available-for-sale comprise			
- shares in listed corporations		100,000	-----
- shares in unlisted corporations		50,000	-----
		150,000	-----
Market value of shares in listed corporations at the date of this report			
Available for sale		304,762	-----
Not available for sale		197,500	-----
		502,262	-----
NOTE 15: TRADE AND OTHER PAYABLES			
CURRENT			
Trade payables		216,291	-----
Sundry payables and accrued expenses		92,737	57,413
		309,028	57,413
NOTE 16: PROVISIONS			
Employee Entitlements			
- Opening Balance at 1 July 2005		-----	-----
- Additional provision		56,920	-----
- Balance at 30 June 2006		56,920	-----
Analysis of total provision			
Current		56,920	-----
		56,920	-----

Provision for Employee Entitlements

A provision has been recognised for employee entitlements relating to annual leave. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

REPUBLIC GOLD LIMITED
ABN 86 106 399 311

	Note	2006 ($)	2005 ($)
NOTE 17: CONTRIBUTED EQUITY			
104,004,725 fully paid ordinary shares (2005 year: 72,777,910 shares)		16,941,834	14,051,555
Capital raising costs		(852,496)	(689,416)
		16,089,338	13,362,139

(a) Shares issued during the period

Date	Details	Number of Shares	Issued Price $	$
1 Jul 2005	Beginning of reporting period	72,777,910	-----	13,362,139
1 Jul 2005 to 30 Jun 2006	Capital raising costs during reporting period	-----	-----	(163,080)
11 Oct 2005	Share Placement	10,000,000	0.10	1,000,000
16 Nov 2005	Shareholder Share Purchase Plan	8,690,000	0.10	869,000
24 Nov 2005	Share Placement	916,690	0.10	91,669
8 May 2006	Share Placement	11,620,125	0.08	929,610
30 Jun 2006	End of reporting period	104,004,725	-----	16,089,338

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands

	Note	2006 ($)	2005 ($)
NOTE 18: CASH FLOW INFORMATION			
(a) Reconciliation of cash			
Cash at the end of the financial year as shown in the statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:			
Cash on hand		4	4
Cash at bank		127,607	1,317,248
Security Deposits		60,045	12,045
		187,656	1,329,297

Notes to the Financial Statements

REPUBLIC GOLD LIMITED
ABN 86 106 399 311

	Note	2006 ($)	2005 ($)
NOTE 18: CASH FLOW INFORMATION			
(b) Reconciliation of net cash provided by operating activities			
Loss from ordinary activities after income tax		(3,258,283)	(2,882,010)
Non cash flows in profit from ordinary activities			
Amortisation		268	-----
Depreciation		34,986	31,846
Write-off of capitalised expenditure		-----	(137,615)
Changes in assets and liabilities			
Decrease in receivables		(746,091)	5,838
Increase in payables		251,615	(4,087)
Increase in provisions		56,920	-----
Net Cash provided by operating activities		(3,660,585)	(2,986,028)

(c) The Company has no credit stand-by or financing facilities in place.

(d) There were no non-cash financing or investing activities during the year.

NOTE 19: CAPITAL AND LEASING COMMITMENTS

The company has no capital and leasing commitments.

NOTE 20: CONTINGENT ASSETS AND LIABILITIES

The company has no contingent assets or liabilities.

NOTE 21: RELATED PARTY TRANSACTIONS

There were no related party transactions during the year reported on.

NOTE 22: COMPANY DETAILS

The registered office of the company is:
Republic Gold Limited
114 William Street
MELBOURNE VIC 3000

NOTE 23: SEGMENT REPORTING

The company operates in one business and geographical segment being gold exploration.

REPUBLIC GOLD LIMITED
ABN 86 106 399 311

NOTE 24: FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, short-term investments, and accounts receivable and payable.

The company does not speculate in the trading of derivative instruments.

i. Treasury Risk Management
A finance committee consisting of senior executives of the company meet on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

ii. Financial Risks
The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk
There is no policy to manage interest rate risk as the company has no debt. For further details on interest rate risk relating to financial assets, refer to Note 23 (b) (i).

Liquidity risk
The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit risk
The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

NOTE 24: FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial Instruments

i. Interest rate risk
The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities is as follows:

REPUBLIC GOLD LIMITED
ABN 86 106 399 311

	Weighted Average Effective Interest Rate (%)	Floating Interest Rate ($)	Fixed Interest Rate Maturities 1 year or less ($)	1 to 5 years ($)	Over 5 years ($)	Non Interest Bearing ($)	Total ($)
30 June 2006							
Financial Assets:							
Cash assets	2.16%	127,607	-----	-----	-----	60,049	187,656
Receivables	-----	-----	-----	-----	-----	917,271	917,271
		127,607	-----	-----	-----	977,320	1,104,927
Financial Liabilities:							
Payables	-----	-----	-----	-----	-----	(309,028)	(309,028)
Net financial assets/ (liabilities)	-----	127,607	-----	-----	-----	668,292	795,899

	Weighted Average Effective Interest Rate (%)	Floating Interest Rate ($)	Fixed Interest Rate Maturities 1 year or less ($)	1 to 5 years ($)	Over 5 years ($)	Non Interest Bearing ($)	Total ($)
30 June 2005							
Financial Assets:							
Cash assets	4.49%	1,208,257	-----	-----	-----	121,040	1,329,297
Receivables	-----	-----	-----	-----	-----	171,180	171,180
		1,208,257	-----	-----	-----	292,220	1,500,477
Financial Liabilities:							
Payables	-----	-----	-----	-----	-----	(57,413)	(57,413)
Total Financial Liabilities						(57,413)	(57,413)
Net financial assets/ (liabilities)	-----	1,208,257	-----	-----	-----	234,807	1,443,064

(c) Net Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1.

NOTE 25: CHANGE IN ACCOUNTING POLICY

a. The company has adopted the following Accounting Standard for application on or after 1 January 2005:
- AASB 132: Financial Instruments: Disclosure and Presentation.

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

NOTE 26: CHANGE IN ACCOUNTING POLICY (CONTINUED)

Goodwill

The transition from GAPP to AIFRS has resulted in the reversal of prior year's goodwill amortisation. For further details of the impact on the financial statements of AIFRS and ASB 138, refer to Note 2.

NOTE 27: ECONOMIC DEPENDENCY

The company has no economic dependency on any other entity.

NOTE 28: GOING CONCERN

The directors declared that the Company had recently completed the placement of 15,600,000 shares at 5 cents per share to raise $780,000. The funds raised will be used to progress the recently announced proposed combination of the Company with its strategic alliance partner, Luzon Minerals Limited of Canada and for working capital. Directors are confident that further funds for the continued operations of the Company will be raised through proposed issues and/or other finance required as part of normal business operations and upon standard industry terms.

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 28 to 51 are in accordance with the Corporations Act 2001:

    (a) comply with Accounting Standards and the Corporations Regulations 2001; and
    (b) give a true and fair view of the financial position as at 30 June 2006 and of the performance for the financial year ended on that date of the company.

2. The Chief Executive Officer / Chief Finance Officer has determined that:

    (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
    (b) the financial statements and notes for the financial year comply with the Accounting Standards; and,
    (c) the financial statements and notes for the financial year give a true and fair view.

3. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director
Chris Roberts

Director
John Kelly

29 September 2006

Independent Audit Report

TO THE MEMBERS OF REPUBLIC GOLD LIMITED

Scope

We have audited the financial report of Republic Gold Limited for the financial year ended 30 June 2006 comprising the Directors' Declaration, Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and notes to the financial statements.

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

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

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

Audit Opinion

In our opinion, the financial report of Republic Gold Limited is in accordance with:

(a) the Corporations Act 2001, including:
- (i) giving a true and fair view of the company's financial position as at 30 June 2006 and of its performance for the financial year ended on that date; and
- (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the audit opinion expressed above, attention is drawn to the following matter:

The ability of the company to continue as a going concern is dependent upon the successful outcome of matters described in Note 28. In the event that the company cannot raise further equity and is unable to collect the secured loan as reported in Note 11, there is uncertainty that the company will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

DISCLAIMER

The additional stock exchange information presented on page 53 is in accordance with the books and records of the company which have been subjected to the auditing procedures applied in our statutory audit of the company for the financial year ended 30 June 2006. It will be appreciated that our statutory audit did not cover all details of the additional stock exchange information. Accordingly, we do not express an opinion on such stock exchange information and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Republic Gold Limited) in respect of such data, including any errors of omissions therein however caused.

DRAPER DILLON
Chartered Accountants
Melbourne

Norman Draper
Partner
29 September 2006

ASX Additional Information

ASX ADDITIONAL INFORMATION

Additional information required by Australian Stock Exchange Limited and not shown elsewhere in this Annual Report is set out below. The information is made up to 28 September 2006.

Distribution of Shareholders and Option holders			
Distribution Range	Fully Paid Shares	Options 30/11/2006	Options 31/10/2006
1 - 1,000 shares	1,167	---	---
1,001 - 5,000 shares	287	169	---
5,001 - 10,000 shares	287	90	---
10,001 - 100,000 shares	535	135	---
100,001 and over	123	30	4

Holders of Non-Marketable Parcels

There are 1,499 fully paid ordinary shareholders who hold less than a marketable parcel.

Rank	Twenty Largest Shareholders	Shares	Percentage
1	Zeus Pty Limited <Republic Gold Unit Trust>	24,085,000	23.16%
2	Yarraandoo Pty Limited <Yarraandoo Super Fund A/C>	5,625,000	5.41%
3	Romadak Pty Limited <Romadak Super Fund A/C>	2,625,000	2.52%
4	Forbar Custodians Ltd	2,597,479	2.50%
5	Citicorp Nominees Pty Ltd	2,577,063	2.48%
6	Romadak Pty Limited <Romadak Super Fund A/C>	2,550,000	2.45%
7	Geraldton Agricultural Services Pty Ltd	2,301,099	2.21%
8	Malaysia Smelting Corporation Berhad	1,854,087	1.78%
9	Palazzo Nominees Pty Ltd	1,500,000	1.44%
10	R J & E E Mitchell Pty Ltd	1,500,000	1.44%
11	Clodene Pty Ltd	1,457,625	1.40%
12	Fortis Clearing Nominees Pty Ltd	1,444,565	1.39%
13	Gateway Mining NL	1,350,000	1.30%
14	Hooper Bailie Industries Pty Ltd	1,250,000	1.20%
15	International Goldfields Limited	1,000,000	0.96%
16	Mr Elco Boorsma	661,906	0.64%
17	Mr Frank Brewer	637,721	0.61%
18	Kelfield Investments Pty Ltd	629,188	0.60%
19	Kailis Consolidated Pty Ltd	625,000	0.60%
20	Level 1 Pty Ltd	625,000	0.60%
	Total	56,895,733	54.70%

Rank	Twenty Largest Optionholders – 31/11/2006	Options	Percentage
1	Mr Andrew Merryfull	1,535,500	10.52%
2	Romadak Pty Limited <Romadak Super Fund A/C>	1,250,000	8.56%
3	Yarraandoo Pty Limited <Yarraandoo Super Fund A/C>	1,250,000	8.56%
4	Hooper Bailie Industries Pty Limited	625,000	4.28%
5	Mr Elco Boorsma	330,953	2.27%
6	Glennfield Pty Limited	312,500	2.14%
7	Kelfield Investments Pty Limited	312,500	2.14%
8	Mr Theo van Kerkhoven	310,000	2.12%
9	Mr Frits Dix	300,000	2.06%
10	Mr Robert Lukes	297,500	2.04%
11	Mr Frank Brewer	250,000	1.71%
12	Capital Car Rental Pty Limited <Car Rental A/C>	250,000	1.71%
13	Jannarn Pty Ltd	250,000	1.71%
14	Mr Simon Jones	250,000	1.71%
15	Kuarka Pty Limited	250,000	1.71%
16	Mr David William Neate	250,000	1.71%
17	Mr Michael Falduto	200,000	1.37%
18	Mr Lewis Staples	177,500	1.22%
19	Techbase Australasia Pty Ltd <Desilou Super Fund A/C>	140,000	0.96%
20	Aqua Montage Pty Ltd	136,250	0.93%
	Total	8,677,703	59.45%

RGL