



Far Pacific Resources Limited

Annual Report

Financial Statements for the year ended 31 March 2007

Dear Shareholders

It is with pleasure that I provide this Annual Report of Far Pacific Resources Ltd (FPRes) for the year ended 31 March 2007.

In doing so I comment on events post balance date up to today - and summarise the position of the company today as this is perhaps of more interest to shareholders. In addition I foreshadow the key matters the directors will deal with for the balance of the next financial year which is now to 30/6/2008 due to a change in balance date.

Firstly I apologize for the late publication of this annual report. Initially the delay pre-Christmas was due to the timing of receipt of financial information from our major investment Greater Bendigo Gold Mines Ltd (GBM) – as the GBM balance date is 30 June, we did not receive their financial information until their last day at the end of November. Since then there have been holidays and various other matters that have intervened leading to publication now.

To ensure timely publication in future, as signaled above, we have changed balance date of FPRes to 30 June align with GBM – and are intending to contract accountants BDO to take a more active role in supervising account preparation to ensure more timely publication occurs.

FPRes Activity

Far Pacific Resources Ltd (FPRes) has as its sole investment at this stage the largest shareholding in Greater Bendigo Gold Mines Ltd (GBM).

GBM was a private company that FPRes purchased from the then Pure New Zealand Ltd (now Lombard Group Ltd) at the end of 2005.

Over the last 2 years I have worked very hard, along with huge effort from the current board and management of GBM and with the assistance of a large number of other people including my fellow FPRes directors Lisle McErlane and Jeff Tyler, to shape GBM in to what is now an ASX listed company with a strong growth path and strategy to become a profitable gold producer.

A snapshot of what has been achieved with GBM to date is as follows :

- Substantial pre-IPO money (over A\$3m) was raised and invested in securing and developing further and better tenements in and around Bendigo, Australia
- GBM listed on the ASX in March 2007 raising a further A\$4m
- Ore bodies for mining on various of the GBM tenements have been and continue to be delineated and production planning is in place
- A new processing plant is about to be commissioned at present at the major tenement of Inglewood

Other than the resultant dilution of the float on the FPRes holding in GBM, one of the main impacts on FPRes was that in order to complete the float in March 2007 FPRes required to borrow A\$1.16m to acquire shares in GBM. An alternative would have been to have a call on and an argument with the underwriter, which indicated that it would vigorously dispute the matter. This would have had significant impacts due to timing issues - and few would have won except lawyers.

The commercially pragmatic call was made and I express my thanks to our funders for providing funds at short notice.

The result is that FPRes has a modestly leveraged investment position – and debts which need to be repaid in the near term. The choices to achieve this are a placement, cash issue, sale of GBM stock or refinancing – or a mixture. All avenues are being pursued and shareholders will be advised in due course..

The GBM shareprice suffered for the 6 months post float, but with good news on the grade of gold in the underground targets at the Inglewood mine and of the progress towards production and revenue by end of 2007/early 2008, the shareprice has recovered to sit at around 21c (with options at around 10c) . This gives a price appreciation of combined shares and options to investors in the float of approximately 25% to date.

Placing GBM on to the listed capital markets in Australia was in itself only a stepping stone, but an important and significant milestone in the evolution of that company and one that provides the platform for value growth back to FPRes and all GBM shareholders.

Many significant operational milestones were achieved by GBM throughout the year as are reported in the GBM annual report (refer www.gbmg.com.au for downloading a copy). I summarise these below :

- At the top of the list is the encouraging progress towards production at the Inglewood project. A contract was entered for the construction of a new processing plant, which despite various delays is to be commissioned in April 08 - which will allow GBM to become a **gold producer** in the course of the current financial year.
- This plant will commence processing a number of tailings dumps at the Inglewood site, as well as processing some of the underground ore from the Maxwell mine which has been delineated as well as material from various surface deposits as permission is granted.
- The mining team at Inglewood pushed a new 1 level drive through to various target ore zones and grade sampled are very encouraging. (refer www.gbmg.com.au - "latest reports" section)
- Further modeling and on-site geology work has identified a range of other targets at or near Inglewood and approvals are being pursued to ensure there is a continuous volume of both underground and surface material for processing at the Inglewood plant.
- The move to gold production this financial year, and the cash-flow that will generate, will position GBM well to engage in further developments in coming years.
- Completion of transfers and/or registration of those tenements not owned in the name of GBM or its subsidiaries at the time of the float
- Ongoing preparations for establishment of an alluvial operation charged with managing gold production from the alluvial tenements and land the group owns as well as disposing of all sand & gravel produced by GBM group operations.
- Continued development of the other tenements, as commented on in detail in the GBM Managing Directors report contained in the GBM annual report.

I can also report that GBM has developed a solid management team with continuously improving systems at its head office in Bendigo. This team has proven itself well capable of looking after the administrative needs of GBM as a listed company.

Focus going forward

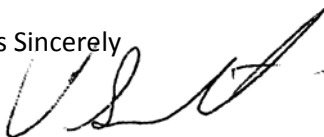
The main task for FPRes in the balance of this financial year is to repay the debts taken on to both buy GBM in the first place and to buy further shares to allow completion of the float. In addition some working capital is needed.

A second task, that will extend in to the 2009 financial year as well, is to work through a means of providing liquidity or return to FPRes shareholders – as currently there is no mechanism of shareholders in FPRes realizing value beyond them reaching a privately negotiated sale arrangement.

With GBM now a solid, professionally managed company on the cusp of going in to gold production, its financial reporting is tidy. The focus now turns back to Far Pacific Resources where we need to lift the game and organize reporting in a more timely manner. An adjustment to the FPRes balance date has been made to align it with GBM which reports 30 June. In addition with GBM now in its stable position, time and energy can now be applied to other means of growing value of FPRes.

I wish to express my considerable gratitude to my fellow directors Jeff & Lisle for their considered efforts in helping me deal with the affairs of the company to date.

Yours Sincerely



Ian Smith, Chairman

Directory

Nature of Business	Investment in Equities
Parent Company Registered Office	Level 3, Change House 150 Featherston Street Wellington New Zealand
Directors	Ian W. Smith Lisle A. McErlane Jeffrey Tyler
Auditors	BDO Spicers Wellington Wellington New Zealand
Bank accounts with	ANZ Bank Wellington
Solicitors	Minter Ellison Rudd Watts Wellington New Zealand
Principal Business Location	Level 3, Change House 150 Featherston Street Wellington New Zealand
Business contact details	Email: admin@far.co.nz Telephone: +64 4 473 3838 Fax: +64 4 473 3836

Income Statement

for the year ended 31 March 2007

	Note	Parent		Group	
		2007 \$	2006 \$	2007 \$	2006 \$
Revenue					
Sales		-	-	338	3,096
Less: Cost of Goods Sold		-	-	-	-
Gross Profit		-	-	338	3,096
Expenses					
Operating	16	41,053	-	1,927,968	633,435
Other Expenses (Income)	17	339,908	-	(1,640)	(5,618,727)
Operating Profit before Financing Costs		(380,961)	-	(1,925,990)	4,988,388
Financial Expenses	16	2,290	-	32,290	-
Operating Profit before Tax		(383,251)	-	(1,958,280)	4,988,388
Share of profit of equity accounted investments	9	-	-	678,693	-
Profit before income tax		(383,251)	-	(1,279,587)	4,988,388
Income tax expense	7	-	-	-	-
Profit/(Loss) for the period		(383,251)	-	(1,279,587)	4,988,388
Attributable to:					
Equity holders of the company		(383,251)	-	(856,609)	4,961,362
Minority interest		-	-	(422,978)	27,026
Profit/(Loss) for the period		(383,251)	-	(1,279,587)	4,988,388

Statement of Changes in Equity

for the year ended 31 March 2007

	Note	Parent		Group	
		2007 \$	2006 \$	2007 \$	2006 \$
Equity at Beginning of Year		32,791	-	5,026,049	-
Profit for the Period		(383,251)	-	(856,609)	4,961,362
Minority Interests		-	-	(422,978)	27,026
Total Recognised Revenues and Expenses for the Year		(383,251)	-	(1,279,587)	4,988,388
Distributions to Owners					
Release of Minority Interest	15	-	-	1,107,675	-
		-	-	1,107,675	-
Contributions by Owners					
Increases in Share Capital	15	-	32,791	-	32,791
Acquisition by Minority Interest	15	-	-	554,993	-
Minority Interest on acquisition of subsidiary	15	-	-	-	4,870
		-	32,791	554,993	37,661
Equity at End of Year		(350,460)	32,791	3,193,780	5,026,049

The accompanying notes on pages 9 to 22 form part of and are to be read in conjunction with these financial statements



Balance Sheet

as at 31 March 2007

	Note	Parent		Group	
		2007 \$	2006 \$	2007 \$	2006 \$
Current Assets					
Cash and Cash Equivalents	2	-	-	-	15,559
Trade and Other Receivables	6	11,253	32,791	11,253	101,525
Short Term Loan	5	500,000	500,000	-	44,004
		<u>511,253</u>	<u>532,791</u>	<u>11,253</u>	<u>161,088</u>
Non Current Assets					
Investment in Subsidiaries	8	100	100	-	-
Investment in Associates	9	920,588	-	4,964,828	-
Investments in Joint Ventures	10	-	-	-	401,448
Property, Plant & Equipment & Development	12	-	-	-	2,717,276
Exploration and Evaluation	11	-	-	-	4,985,931
Other Intangibles	13	-	-	-	78,603
		<u>920,688</u>	<u>100</u>	<u>4,964,828</u>	<u>8,183,258</u>
Total Assets		<u>1,431,941</u>	<u>532,891</u>	<u>4,976,081</u>	<u>8,344,346</u>
Current Liabilities					
Short Term Loans	3	1,762,785	500,000	1,762,785	3,093,042
Trade and Other Payables	14	19,516	-	19,516	225,255
Intercompany Payable	4	100	100	-	-
Income Tax Payable / (Refundable)	7	-	-	-	-
		<u>1,782,401</u>	<u>500,100</u>	<u>1,782,301</u>	<u>3,318,297</u>
Total Liabilities		<u>1,782,401</u>	<u>500,100</u>	<u>1,782,301</u>	<u>3,318,297</u>
Shareholders' Equity					
Issued Capital	15	32,791	32,791	32,791	32,791
Reserves	15	(345,422)	-	(61,754)	-
Retained Earnings	15	(37,829)	-	3,222,743	4,961,362
Equity attributable to equity holders in the Company		<u>(350,460)</u>	<u>32,791</u>	<u>3,193,780</u>	<u>4,994,153</u>
Minority Interest	15	-	-	-	31,896
Total Equity		<u>(350,460)</u>	<u>32,791</u>	<u>3,193,780</u>	<u>5,026,049</u>
Total Equity and Liabilities		<u>1,431,941</u>	<u>532,891</u>	<u>4,976,081</u>	<u>8,344,346</u>

For and on behalf of the Board:



Director



Director

15/4/08

Date

15/4/08

Date

The accompanying notes on pages 9 to 22 form part of and are to be read in conjunction with these financial statements



Statement of Cash Flows

for the year ended 31 March 2007

	Parent		Group	
	2007	2006	2007	2006
	\$	\$	\$	\$
Operating Activities				
<i>Cash was provided from:</i>				
Receipts from customers	-	-	-	-
Other Income Received	5,514	-	5,514	936
	<u>5,514</u>	-	<u>5,514</u>	<u>936</u>
<i>Cash was disbursed to:</i>				
Payments to suppliers	21,537	-	21,537	408,180
Interest paid	2,290	-	32,290	-
	<u>23,827</u>	-	<u>53,827</u>	<u>408,180</u>
Net cash inflow (outflow) in operating activities	<u>(18,313)</u>	-	<u>(48,313)</u>	<u>(407,244)</u>
Investing Activities				
<i>Cash was applied to:</i>				
Loan to subsidiary	-	500,000	-	-
Purchase of property, plant & equipment	-	-	-	2,500,152
Purchase of investments	1,266,010	100	1,266,010	170,087
	<u>1,266,010</u>	<u>500,100</u>	<u>1,266,010</u>	<u>2,670,239</u>
Net cash inflow (outflow) in investing activities	<u>(1,266,010)</u>	<u>(500,100)</u>	<u>(1,266,010)</u>	<u>(2,670,239)</u>
Financing Activities				
<i>Cash was provided from:</i>				
Loans received	1,284,323	467,309	1,298,764	3,060,251
Capital contribution from shareholder	-	32,791	-	32,791
	<u>1,284,323</u>	<u>500,100</u>	<u>1,298,764</u>	<u>3,093,042</u>
Net cash inflow (outflow) from financing activities	<u>1,284,323</u>	<u>500,100</u>	<u>1,298,764</u>	<u>3,093,042</u>
Net increase/(decrease) in cash held	-	-	(15,559)	15,559
Opening cash brought forward	-	-	15,559	-
Ending cash carried forward	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,559</u>
Made up as follows:				
Bank Deposits	-	-	-	15,559
	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,559</u>

The accompanying notes on pages 9 to 22 form part of and are to be read in conjunction with these financial statements



Statement of Cash Flows

for the year ended 31 March 2007

	Parent		Group	
	2007	2006	2007	2006
	\$	\$	\$	\$
Reconciliation of Profit with Cash Flow from Operating Activities				
Profit for the period after taxation	(383,251)	-	(1,279,587)	4,988,388
<i>Add non-cash items</i>				
Depreciation	-	-	-	-
<i>Movement in Working Capital</i>				
(Increase)/decrease in accounts receivable	-	-	3,096	(3,096)
Increase/(decrease) in accounts payable	19,516	-	(205,739)	225,255
<i>Add (Deduct) Items classified as Investment Activities</i>				
Change to Equity Accounting	-	-	1,372,163	-
Bargain Purchase	-	-	-	(5,617,791)
Loss (Gain) on disposal of Investments	345,422	-	61,754	-
Net Cash Flow from Operating Activities	(18,313)	-	(48,313)	(407,244)

The accompanying notes on pages 9 to 22 form part of and are to be read in conjunction with these financial statements



Notes to the Financial Statements

for the year ended 31 March 2007

1 Summary of Significant Accounting Policies

Reporting Entity

Far Pacific Resources Limited ("the Company") is a company incorporated in New Zealand and registered under the Companies Act 1993.

The Company and its subsidiaries comprise the Far Pacific Resources Group. In these financial statements the consolidated entity is referred to as "the Group".

The Company is a reporting entity for the purposes of the Financial Reporting Act 1993. The financial statements of the Company and the Group have been prepared in accordance with the Financial Reporting Act 1993.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis are followed by the Company except that investments in associates are stated at fair value. The methods used to measure fair value are discussed in note 9.

These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and therefore also comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The company has designated itself as profit-oriented.

As 2006 was the first year of operation and all financial statements have been prepared in compliance with NZ IFRS, there are no transition differences from previous GAAP to report as required by NZ IFRS 1.

The financial statements comprise the consolidated financial statements of the group and the separate financial statements of the parent company.

The information is presented in New Zealand dollars.

Specific Accounting Policies

The following specific accounting policies which materially effect the measurement of financial performance and financial position have been applied:

a) Trade and Other Receivable

Trade and Other Receivable are stated at their estimated net realisable value; being cost less impairment losses.

b) Goods and Services Tax

The parent company and some of its subsidiaries and associates are not registered for GST purposes. Where appropriate, items of income and expenditure are stated exclusive of Goods and Services Tax.

c) Property, Plant & Equipment and Development

Items of property, plant & equipment are stated at cost less accumulated depreciation and impairment losses. Freehold land and buildings are shown at cost.

Costs include expenditure directly attributable to the acquisition of the asset. The cost of self constructed or developed assets includes the cost of materials, direct labour, costs directly attributable to bringing the asset to a working condition and costs of restoring the site on which they are located.

The costs of mine development are capitalised to the extent that these costs are expected to be recouped through commercially viable extraction of resources. Costs arising from mine development are depreciated according to the depreciation rate appropriate for the category of asset.

The cost of replacing part of an item of property, plant & equipment & development is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of ongoing servicing and maintenance of items are recognised in the Income Statement as they are incurred.



Notes to the Financial Statements

for the year ended 31 March 2007

c) Property, Plant & Equipment and Development (continued)

Depreciation rates within categories vary for sub-classes and are outlined below:

	Straight Line Method
Buildings	2.0%
Leasehold Improvements	4.0 - 5.0%
Plant and Equipment	5.0 - 33.0%
Leased Plant and Equipment	15.0%

Depreciation is provided for at depreciation rates calculated to allocate the assets' cost or valuation less estimated residual value, over their estimated useful lives.

When an item of property, plant and equipment is disposed of, any gain or loss is recognised in the Income Statement and is calculated as the difference between the sale price and the carrying value of the item.

d) Income Tax

The income tax expense charged to the Income Statement includes both the current year's provision and the income tax effect of:

- * Taxable temporary differences, except those arising from initial recognition of goodwill and other assets that are not depreciated; and
- * Deductible temporary differences to the extent that it is probable that they will be utilised.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities and their 'tax base'.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Temporary differences arising from transactions, other than business combinations, affecting neither accounting profit nor taxable profit are ignored

Deferred tax is not recognised on temporary differences associated with investments in subsidiaries because:

- * The parent company is able to control the timing of the reversal of the differences; and
- * They are not expected to reverse in the foreseeable future

e) Operating Leases

Operating lease payments are included in the Income Statement in equal instalments over the period of the lease.

f) Foreign Currency

Foreign currency transactions are recorded at the exchange rates in effect at the date of the transaction. Foreign exchange differences arising on translation are recognised in the Income Statement.

Foreign currency monetary assets and liabilities are translated into New Zealand Dollars at the foreign exchange rate ruling at the balance date, and exchange variations arising are recognised in the Income Statement.

The assets and liabilities of foreign operations whose functional currency is not the New Zealand dollar, are translated at the closing exchange rate, and any differences arising on translation are recognised in Reserves until the foreign operation is disposed of, when accumulated differences are transferred from Reserves to the Income Statement.

The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated into New Zealand dollars at exchange rates at the date of the transaction.

g) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group becomes party to a financial contract. They include cash balances, bank overdrafts, receivables, payables, investments in and loans to others, and term borrowings.

Non-derivative financial instruments are initially recognised at fair value. Financial assets are derecognised if the Group's contractual rights to the cash flows expire or if the Group transfers the financial asset to another party without retaining control. Financial liabilities are derecognised if the Group's obligations under the contract expire or are discharged or cancelled.



Notes to the Financial Statements

for the year ended 31 March 2007

g) Financial Instruments (continued)

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

The Group does not hedge its investments in foreign operations.

h) Exploration and Evaluation Expenditure

In accordance with NZ IFRS 6 *Exploration for and Evaluation of Mineral Resources*, exploration and evaluation expenditure undertaken by the former subsidiary of the Group are capitalised as an asset for each area of interest where the conditions of NZ IFRS 6 are satisfied. The costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area, or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the period in which the decision is to abandon the area is made.

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

At balance date, the directors of the former subsidiary examine the conditions for continuing to carry forward the capitalised value of each area of interest, including allowance for impairment in the value.

Once an area of interest has reached the development stage, the future costs are accounted for in accordance with NZ IAS 16 *Property, Plant & Equipment* and NZ IAS 38 *Intangible Assets*. These costs are amortised over an appropriate period and the carrying value is assessed annually for impairment. There has been no amortisation of capitalised assets in the 2007 financial year.

i) Associates and Joint Ventures (equity accounted investees)

Associates are entities in which the Group has significant interest, but not control, over the financial and operating policies. Joint ventures are those entities over which the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and Joint ventures are accounted for using the equity method. The financial statements include the Group's share of the income and expenses of equity accounted investees from the date that significant influence or joint control commences until the date when significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

The parent has revalued its investments in associates to reflect the fair value (last bid price as quoted on an active exchange, where appropriate) of equivalent equities to its escrowed and non-escrowed investments traded.

j) Basis of Consolidation

Subsidiaries are entities where the Company has the power to govern the financial and operating policies of the entity so as to gain benefits from its activities.

On consolidation, intragroup balances and unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated.

In the parent Company's separate financial statements, investments in subsidiaries are stated at cost less any impairment losses.

k) Intangible Assets

Intangible assets that are acquired by the group, which have finite lives, are measured at cost less accumulated amortisation and impairment losses.

l) Employee Entitlements

Annual leave entitlements due to employees are accounted for on the basis of contractual requirements.



Notes to the Financial Statements

for the year ended 31 March 2007

m) Sales

Revenue from the sale of goods is recognised in the Income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, or where there is continuing management involvement with the goods.

n) Onerous Contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting obligations under the contract. Any provision required is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

o) Impairment

The carrying amounts of the Company's assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the Income Statement.

Estimated recoverable amount of investments and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at their original effective interest rate. Receivables with a short duration are not discounted.

Estimated recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

p) Judgements, Estimates and Assumptions

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates, judgements and assumptions are based on historical and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

Judgements made by management in the application of NZ IFRS that have significant effect on the financial statements.

- Business combinations
- Provisions and contingencies
- Utilisation of tax losses
- Impairment of assets
- Existence of and extent of economically recoverable mining reserves
- Assessment of the carrying values of investments in equity accounted investees

Changes in Accounting Policies

There have been no changes in accounting policies.



Notes to the Financial Statements

for the year ended 31 March 2007

	Note	Parent		Group	
		2007	2006	2007	2006
		\$	\$	\$	\$
2 Bank Accounts					
Cash					
Cash at bank and in hand		-	-	-	15,559
3 Loan Facilities					
Lombard Group (interest rate 0.00%, 2006 0.00%)		500,000	500,000	500,000	500,000
Far Pacific Capital Limited (interest rate 0.00%)		130,807	-	130,807	-
Short Term Loan Facility (interest rate 37.50%)		1,131,978	-	1,131,978	-
Loans from Controlled Entities (interest rate 0.00%, 2006 : 8.32%)		-	-	-	2,593,042
		<u>1,762,785</u>	<u>500,000</u>	<u>1,762,785</u>	<u>3,093,042</u>

The Lombard Group Loan is unsecured and repayable on 20 December 2007. Interest is only payable if the loan remains unpaid after 20 December 2007, at applicable bank rates. The loan was repaid in full on 14 December 2007.

The Far Pacific Capital Limited loan represents \$116,000 Australian dollar, is unsecured, and repayable upon demand.

The Short Term Loan Facility was granted for 11 days and was repaid on the 5th of April 2007 by drawing down an eleven month Hurricane House loan facility of \$1,000,000 Australian, at 18.5%.

The Hurricane House loan facility is secured by personal and beneficially owned assets of Ian Smith as well as the investments of the group. The loan was due to be repaid on 5 September but has been extended to 30 April 2008.

4 Intercompany Payable

The Intercompany Payable by the Parent in 2006 and 2007 is a liability to TSP No.1 Limited (a 100% subsidiary). No interest is payable on the advance.

5 Short Term Loan

The company has advanced \$500,000 to TSP No. 1 Limited.

This loan has been granted as interest free and is repayable demand.

6 Trade and Other Receivables

Receivable	-	-	-	36,702
Receivable from Related Entities	11,253	32,791	11,253	32,791
Bond	-	-	-	1,835
GST Receivable	-	-	-	30,197
	<u>11,253</u>	<u>32,791</u>	<u>11,253</u>	<u>101,525</u>



Notes to the Financial Statements

for the year ended 31 March 2007

	Parent		Group	
	2007	2006	2007	2006
	\$	\$	\$	\$
7 Taxation				
Recognised in the Income Statement				
Profit Before Tax	(383,251)	-	(1,958,280)	4,988,388
Prima Facie Taxation at 33%	(126,473)	-	(646,232)	1,646,168
Deferred Tax Asset not recognised	3,762	-	3,762	-
Add Tax Effect of Permanent Differences	122,711	-	642,470	(1,801,976)
Tax on Operating Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>(155,808)</u>
Income Tax Expense is represented by:				
Current Tax	-	-	-	-
Deferred Tax Asset	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current Income Tax Payable/(Receivable)				
Opening Balance	-	-	-	-
Current Taxation	-	-	-	-
Under Provision in Prior Year	-	-	-	-
Current Year Tax Paid	-	-	-	-
Resident Withholding Tax Paid	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Tax Asset				
Opening Balance	-	-	-	-
Under Provision in Prior Year	-	-	-	-
Current Year Temporary Differences	-	-	-	-
Closing Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
No deferred tax asset has been recognised due to the uncertainty of timing in relation to when taxable profits will be derived. The parent company has losses to carry forward of \$11,401 (2006: \$0) and the NZ based Group has losses to carry forward of \$11,401 (2006: \$0).				
Imputation Credit Account				
Balance, Beginning of Year	-	-	-	-
Add:				
Income Tax Paid	-	-	-	-
Resident Withholding Tax	-	-	-	-
Dividends Paid	-	-	-	-
Balance, End of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



Notes to the Financial Statements

for the year ended 31 March 2007

	Parent		Group	
	2007	2006	2007	2006
	\$	\$	\$	\$
8 Investment in Subsidiaries				
TSP No. 1 Limited	100	100	-	-
	<u>100</u>	<u>100</u>	<u>-</u>	<u>-</u>

TSP No. 1 Limited (a company incorporated in New Zealand) is a wholly owned subsidiary of Far Pacific Resources Limited (a company incorporated in New Zealand). Both companies have the same balance date.

Greater Bendigo Gold Mines Limited was a subsidiary of TSP No. 1 Limited until 28 February 2007. The Consolidated Income Statement includes the income and expenses of Greater Bendigo Gold Mines Limited to the date when it ceased to be a subsidiary. See further Note 9 below.

9 Investment in Associates and Reverse Acquisition

Greater Bendigo Gold Mines Limited

Number of Shares	5,580,000	-	40,080,000	-
Number of Options	2,232,000	-	16,032,000	-

GBGM Wilson Hill Limited (formerly known as Greater Bendigo Gold Mines Limited) was 99.4 percent owned by TSP No. 1 Limited at 31 March 2006. Because of this, it is consolidated into the Group Financial Statements at 31 March 2006.

On 30 June 2006 the shares of GBGM Wilson Hill Limited, were transferred to Greater Bendigo Gold Mines Limited for consideration of \$2,202,104 which was satisfied by way of a share issue to TSP No. 1 Limited of 36,000,000 shares in Greater Bendigo Gold Mines Limited. TSP No. 1 Limited was also issued with 14,400,000 options.

On 30 June 2006, Greater Bendigo Gold Mines Limited issued further shares to other parties, thereby diluting the holding of TSP No. 1 Ltd in GBGM to 76.87 %.

In the 2007 year, TSP No. 1 Limited transferred 1,500,000 shares and 600,000 options to a third party as consideration for delivering the float of Greater Bendigo Mines Limited. The shares and options that were transferred as consideration for the float were valued at \$30,000.

As a result of the transactions noted above, and following a reverse acquisition which resulted in GBGM Wilson Hill Limited and other mining entities becoming wholly owned subsidiaries of Greater Bendigo Gold Mines Limited, the Group holding in Greater Bendigo Gold Mines Limited reduced to 47.84% of the total issued shares, as detailed below.

Total shares held by the Group	<u>40,080,000</u>
Total Greater Bendigo Gold Mining Limited shares issued	<u>83,781,000</u>
Percentage of total held by the Group	47.84%

Because of this, the investment in Greater Bendigo Gold Mining Limited is now disclosed as an Associate and Equity accounted in the financial statements for 2007.

Of the group's investment in Greater Bendigo Gold Mines Limited 34,500,000 shares and 13,800,000 options have been placed in Escrow for a period of 24 months from the date of official listing, being 5 March 2007.

The shares are also pledged as security for loan facilities granted to the group.

As at 31 March 2007 the market value of the investment in Greater Bendigo Gold Mines shares (per the ASX Market last buy rate) was \$5,887,752 (Australian \$0.13, NZ \$0.1469, per share) and the options were valued at \$724,646 (Australian \$0.04, NZ \$0.0452, per share).

Both Greater Bendigo Gold Mines Limited and GBGM Wilson Hill Limited have balance dates of 30 June.



Notes to the Financial Statements

for the year ended 31 March 2007

	Parent		Group	
	2007	2006	2007	2006
	\$	\$	\$	\$
9 Investment in Associates and Reverse Acquisition (continued)				
The accounting for the above transactions is summarised as:				
Capital Profit on disposal shares in GBGM Wilson Hill Limited	-	-	1,702,104	-
Increase in Minority Interest on dilution of Group Holding to 76.87%	-	-	554,993	-
Capital gain (loss) on disposal of shares as float consideration	-	-	(61,754)	-
Minority share of Profit to 28/2/2007	-	-	(422,978)	-
Share of profit of equity accounted investments	-	-	678,693	-
10 Investments in Joint Ventures				
In the 2006 year, Greater Bendigo Gold Mines Limited was a holder of a 25% interest in a Joint Venture exploration project with Castlemaine Goldfields Limited. Under the Joint Venture agreement, Castlemaine Goldfields Limited undertake to manage the project, with the Greater Bendigo Gold Mines Limited contributing to 25% of the cost of the Joint Venture activity. Greater Bendigo Gold Mines Limited's interest in the Joint Venture is restricted to the tenement and output, and there is no Joint Venture balance sheet.				
11 Exploration and Evaluation				
The Exploration and Evaluation asset included in the 2006 comparatives for the Group include a balance of \$3,670 for the option to purchase Laura Mine.				
12 Property, Plant & Equipment				
Plant and Equipment				
Cost:				
Opening Balance	-	-	2,533,767	-
Additions	-	-	-	2,533,767
Disposals	-	-	(2,533,767)	-
Closing Balance	-	-	-	2,533,767
Accumulated Depreciation	-	-	-	-
Book Value	-	-	-	2,533,767
Depreciation for the Year	-	-	-	-
Land and Buildings				
Cost:				
Opening Balance	-	-	183,509	-
Additions	-	-	-	183,509
Disposals	-	-	(183,509)	-
Closing Balance	-	-	-	183,509
Accumulated Depreciation	-	-	-	-
Book Value	-	-	-	183,509
Depreciation for the Year	-	-	-	-
Total Property, Plant & Equipment	-	-	-	2,717,276



Notes to the Financial Statements

for the year ended 31 March 2007

	Parent		Group	
	2007	2006	2007	2006
	\$	\$	\$	\$
13 Other Intangibles				
Opening Balance	-	-	78,603	-
Acquired	-	-	-	78,603
Disposed of	-	-	(78,603)	-
Less Impairment	-	-	-	-
Closing Balance	-	-	-	78,603

14 Trade and Other Payables

Accounts Payable	19,516	-	19,516	173,099
Other Payables and Accruals	-	-	-	52,156
	<u>19,516</u>	-	<u>19,516</u>	<u>225,255</u>

15 Equity

a) Share Capital

3,279,069 ordinary shares issued in Far Pacific Resources Limited (2006: 3,279,069 shares)	32,791	32,791	32,791	32,791
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There were no shares unpaid as at 31 March 2007.

b) Components of Total Equity

	Share Capital	Reserves	Retained Earnings	Minority Interest	Total Equity
Parent					
31/03/2006					
Opening Balance	-	-	-	-	-
Shares Issued	32,791	-	-	-	32,791
Closing Balance	<u>32,791</u>	-	-	-	<u>32,791</u>
31/03/2007					
Profit	-	-	(383,251)	-	(383,251)
Loss on revaluation of Investment	-	-	-	-	-
- transfer to Reserve	-	(345,422)	345,422	-	-
Closing Balance	<u>32,791</u>	<u>(345,422)</u>	<u>(37,829)</u>	-	<u>(350,460)</u>
Group					
31/03/2006					
Opening Balance	-	-	-	-	-
Shares Issued	32,791	-	-	-	32,791
Minority share pre-acquisition losses	-	-	-	4,870	4,870
Profit	-	-	4,961,362	27,026	4,988,388
Closing Balance	<u>32,791</u>	-	<u>4,961,362</u>	<u>31,896</u>	<u>5,026,049</u>
31/03/2007					
Profit	-	-	(856,609)	(422,978)	(1,279,587)
Loss on disposal of Investment	-	-	-	-	-
- transfer to Reserve	-	(61,754)	61,754	-	-
Minority share of Share Capital Issued to Minority	-	-	-	554,993	554,993
Increase in Minority share of Retained Earnings	-	-	(943,764)	943,764	-
Elimination on Minority Interest upon ceasing to be a subsidiary	-	-	-	(1,107,675)	(1,107,675)
Closing Balance	<u>32,791</u>	<u>(61,754)</u>	<u>3,222,743</u>	-	<u>3,193,780</u>



Notes to the Financial Statements

for the year ended 31 March 2007

	Parent		Group	
	2007	2006	2007	2006
	\$	\$	\$	\$
16 Schedule of Expenses				
Accountancy fees	9,000	-	9,000	-
Audit fees	5,625	-	5,625	-
Administration Expenses	-	-	1,886,915	157,503
Legal expenses	26,428	-	26,428	-
Other Expenses	-	-	-	475,932
	<u>41,053</u>	<u>-</u>	<u>1,927,968</u>	<u>633,435</u>
Financial Expenses				
Other Financial Expenses	-	-	30,000	-
Interest	2,290	-	2,290	-
	<u>2,290</u>	<u>-</u>	<u>32,290</u>	<u>-</u>
17 Other Expenses (Income)				
Foreign exchange (gains) / losses	(5,514)	-	(5,514)	-
Capital loss (gain) on disposal of shares	-	-	61,754	-
Revaluation of investments to fair value	345,422	-	-	-
Bargain Purchase	-	-	-	(5,617,791)
Other Income	-	-	(57,880)	(936)
	<u>339,908</u>	<u>-</u>	<u>(1,640)</u>	<u>(5,618,727)</u>

18 Financial Instruments

Exposure to credit risk, foreign currency, equity price and liquidity risks arises in the normal course of business for the Group.

Credit Risk

Exposure to credit risk is mainly influenced by the customer base and the default risk of the Group's industry. The Maximum exposure to credit risk at balance date is the carrying amount of the respective assets.

There are no other concentrations of credit risk. Exposure to credit risk is monitored on an ongoing basis.

Liquidity Risk

Liquidity risk represents the ability of the Group to meet its contractual obligations. Management evaluates liquidity requirements for the Group on an ongoing basis.

The Group has credit lines in place to cover potential shortfalls.

Market Risk

The Board of Directors have approved a policy for managing this risk. The policy determines the financial risk policies and objectives and guidelines. The policy also establishes procedures for control and valuation, risk analysis, counterparty credit approval, and ongoing monitoring and reporting.

Foreign Currency Risk

The Group has an exposure to foreign exchange risk as a result of transactions denominated in foreign currencies arising from normal trading activities. These transactions are limited to Australian Dollars and United States Dollars.

Interest Rate Risk

The Group has exposure to interest rate risk to the extent that it borrows at interest rates indicated in note 3.

Fair Value

The fair value of each class of financial assets and liabilities is assessed to be the same as the respective carrying value shown in the financial statements.



Notes to the Financial Statements

for the year ended 31 March 2007

18 Financial Instruments (continued)

Qualitative Disclosures

Sensitivity Analysis

The interest rate and currency risks are managed with a view to reducing the impact of short-term fluctuations on the Group's earnings. Over the longer-term, permanent changes in foreign exchange and interest rates will have an impact on profit.

At 31 March 2007 it is estimated that a general increase of 1% in interest rates would decrease the Group's profit before Income Tax by approximately \$18,000 (2006 - \$31,000).

It is estimated that a general increase of 1% in the value of the NZ dollar against foreign currencies would have increased the Group's profit before Income Tax by approximately \$40,000 for the current year (2006 - decreased by \$31,000).

Credit Risk

The Group's maximum exposure to credit risk for trade and other receivables by geographic regions is as follows:

	Carrying amount	
	2007	2006
New Zealand	11,253	32,791
Australia	-	68,734
Total Trade & Other Receivables	<u>11,253</u>	<u>101,525</u>

No part of Trade & Other Receivables is considered to be impaired.

Liquidity Risk

The following table sets out the contractual cash flows for all financial liabilities and derivatives that are settled on a gross cash flow basis.

GROUP

	2007						
	Balance Sheet	Contractual Cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Short Term Loans	1,762,785	1,762,785	-	1,762,785	-	-	-
Trade & Other Payables	19,516	19,516	19,516	-	-	-	-
Total Non-derivative Liabilities	<u>1,782,301</u>	<u>1,782,301</u>	<u>19,516</u>	<u>1,762,785</u>	<u>-</u>	<u>-</u>	<u>-</u>

	2006						
	Balance Sheet	Contractual Cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Short Term Loans	3,093,042	3,093,042	-	2,593,042	500,000	-	-
Trade & Other Payables	225,255	225,255	225,255	-	-	-	-
Total Non-derivative Liabilities	<u>3,318,297</u>	<u>3,318,297</u>	<u>225,255</u>	<u>2,593,042</u>	<u>500,000</u>	<u>-</u>	<u>-</u>

COMPANY

	2007						
	Balance Sheet	Contractual Cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Short Term Loans	1,762,785	1,762,785	-	1,762,785	-	-	-
Trade & Other Payables	19,516	19,516	19,516	-	-	-	-
Total Non-derivative Liabilities	<u>1,782,301</u>	<u>1,782,301</u>	<u>19,516</u>	<u>1,762,785</u>	<u>-</u>	<u>-</u>	<u>-</u>

	2006						
	Balance Sheet	Contractual Cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Short Term Loans	500,000	500,000	-	-	500,000	-	-
Trade & Other Payables	-	-	-	-	-	-	-
Total Non-derivative Liabilities	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>-</u>



Notes to the Financial Statements

for the year ended 31 March 2007

18 Financial Instruments (continued)

Foreign Currency Risk

The Group's exposure to foreign currency risk may be summarised as follows:

<u>Australian Dollars</u>	2007 NZ	2006 NZ
Trade Receivables	-	68,734
Bank Accounts	-	15,559
Trade Payables	-	(205,739)
Net Short Term Loans	1,262,785	(2,549,038)
Net Balance Sheet exposure before hedging	<u>1,262,785</u>	<u>(2,670,484)</u>

Interest Rate Risk - Repricing Analysis

Group	2007					
	Average Rate	Total	6 months or less	6-12 months	6-12 months	2-5 years
Fixed rate instruments						
Short Term Loans (Other)	26.01%	1,631,978	-	1,631,978	-	-
Intercompany Facility	0%	130,807	-	130,807	-	-
		<u>1,762,785</u>	-	<u>1,762,785</u>	-	-
Variable rate instruments		-	-	-	-	-
Company	Average Rate	Total	6 months or less	6-12 months	6-12 months	2-5 years
Fixed rate instruments						
Short Term Loans (Other)	26.01%	1,631,978	-	1,631,978	-	-
Intercompany Facility	0%	130,807	-	130,807	-	-
		<u>1,762,785</u>	-	<u>1,762,785</u>	-	-
Variable rate instruments		-	-	-	-	-



Notes to the Financial Statements

for the year ended 31 March 2007

19 Segmental Reporting

Industry Segments

In 2007 the Group operates in one industry segment, equity investments. In 2006 the Group operated in two industry segments, mining of gold and equity investments.

Geographic Segments

	New Zealand		Australia	
	2007	2006	2007	2006
	\$	\$	\$	\$
Revenue from outside the Group	-	-	338	3,096
Inter-segment revenue	-	-	-	-
Total Revenue	-	-	338	3,096
Segment profit after tax	1,905,792	800,437	(1,828,697)	4,187,951
Unallocated expenses	-	-	-	-
Total profit for the period	1,905,792	800,437	(1,828,697)	4,187,951
Segment assets	4,976,081	32,791	-	8,311,555
Unallocated assets	-	-	-	-
Total assets	4,976,081	32,791	-	8,311,555
Segment liabilities	1,782,301	500,000	-	2,818,297
Unallocated liabilities	-	-	-	-
Total liabilities	1,782,301	500,000	-	2,818,297
	Eliminations		Consolidated	
	2007	2006	2007	2006
	\$	\$	\$	\$
<i>Geographic Segments (cont'd)</i>				
Revenue from outside the Group	-	-	338	3,096
Inter-segment revenue	-	-	-	-
Total Revenue	-	-	338	3,096
Segment profit after tax	(1,356,682)	-	(1,279,587)	4,988,387
Unallocated expenses	-	-	-	-
Total profit for the period	(1,356,682)	-	(1,279,587)	4,988,387
Segment assets	-	-	4,976,081	8,344,346
Unallocated assets	-	-	-	-
Total assets	-	-	4,976,081	8,344,346
Segment liabilities	-	-	1,782,301	3,318,297
Unallocated liabilities	-	-	-	-
Total liabilities	-	-	1,782,301	3,318,297



Notes to the Financial Statements

for the year ended 31 March 2007

20 Related Parties

Parent and ultimate controlling party

The majority shareholder of the company is Far Pacific Capital Limited, a company incorporated in New Zealand, which is owned by the Ian Wilson Smith Family Trust.

Transactions with key management personnel

Ian Smith (Director) is a Director of TSP No. 1 Limited, Director of Far Pacific Capital Limited and Chairman of Greater Bendigo Gold Mines Limited. Ian has received Director's Fees from Greater Bendigo Gold Mines Limited.

The company transferred 1,500,000 shares and 600,000 options in Greater Bendigo Gold Mines Limited to Far Financial Services Limited as consideration for delivering the float of Greater Bendigo Gold Mines Limited. Ian Smith is a Director of the company, which is ultimately owned by the Ian Wilson Smith Family Trust.

Other related party transactions

There are no related party transactions other than those listed in note 9.

21 Remuneration of Employees

In accordance with section 211(1)(g) of the Companies Act 1993, no employees or former employees of the Company received remuneration and other benefits in their capacity as employees that totalled \$100,000 or more, during the year.

22 Statutory Information

Directors' remuneration

Remuneration and other benefits required to be disclosed pursuant to section 211(1)(f) of the Companies Act 1993, for the year ended 31 March 2007 were as follows:

No fees were paid to the Directors.

23 Contingent Liabilities

Far Pacific Resources Limited had guaranteed that Hurricane House will achieve a minimum level of return from its direct investment in Greater Bendigo Gold Mines Limited. It is likely that this will result in a cash cost to Far Pacific Resources Limited which management are currently unable to accurately calculate. The cash cost is expected to be added to the loan with Hurricane House which is expected to be repaid on 30 April 2008.

Other than the above, there are no known material contingent liabilities as at 31 March 2007 (2006: nil).

As some of the Group associate companies are involved in development and mining activities, a liability will arise for the restoration of tenement sites. These liabilities will be recorded in the subsidiaries accounts when they can be reliably measured, however this will only be reflected in the Group accounts as a reduction in the investment in an associate

24 Capital Commitments

There are no known capital commitments as at 31 March 2007 (2006: nil).

25 Subsequent Events

On the 11th of January 2008, Greater Bendigo Gold Mines Limited released a statement on the ASX advising that there were significant sampling results at Maxwells Mine. For more information please visit www.gb gm.com.au.

As a result of the above subsequent event, the share and option price of Greater Bendigo Gold Mines Limited as at 2 April 2008 were Australian \$0.20 and \$0.096 respectively. At these prices the value of the investments of the group (currently recorded as share of equity) increases by \$6,161,245 to \$11,126,073.





AUDIT REPORT

To the Shareholders of Far Pacific Resources Limited.

We have audited the financial report on pages 5 to 22. The financial report provides information about the past financial performance and financial position of Far Pacific Resources Limited and group as at 31 March 2007. This information is stated in accordance with the accounting policies set out on pages 9 to 12.

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation of a financial report which gives a true and fair view of the financial position of Far Pacific Resources Limited and group as at 31 March 2007, and the results of operations and cash flows for the year ended on that date.

AUDITORS' RESPONSIBILITIES

It is our responsibility to express an independent opinion on the financial report presented by the Directors and report our opinion to you.

BASIS OF OPINION

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial report. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the financial report, and
- whether the accounting policies are appropriate to Far Pacific Resources Limited's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial report is free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial report.

Wellington

Member Firms in Bay of Islands ■ Auckland ■ Hamilton ■ Rotorua ■ Tauranga ■ Napier
Gisborne ■ New Plymouth ■ Palmerston North ■ Christchurch ■ Invercargill
Member of BDO International

Partners

R M Barlow	P G Hodson
M A Bewley	E F Playle
A S Davy	M K Rania
R H Farrant	A G Scott
D P Haines	R I Shackelford

Our associated firm carries out other assignments for Far Pacific Resources Limited in the area of taxation advice and year end accounting assistance. The firm has no other interests in Far Pacific Resources Limited.

Fundamental Uncertainty – Going Concern

In forming our unqualified opinion, we have considered validity of the going concern assumption adopted in the preparation of this financial report.

The validity of the going concern assumption on which the financial report is prepared depends on Far Pacific Resources Limited and group being able to refinance their loans to an acceptable level. If they are unable to refinance their loans, adjustments may have to be made to reflect the situation that assets may need to be realised for amounts other than what is currently recorded in the Statement of Financial Position. In addition, the entity may have to provide for further liabilities that might arise, and to reclassify investments as current assets.

UNQUALIFIED OPINION

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by Far Pacific Resources Limited as far as appears from our examination of those records; and
- the attached financial report on pages 5 to 22:
 - complies with generally accepted accounting practice in New Zealand;
 - gives a true and fair view of the financial position of Far Pacific Resources Limited and group as at 31 March 2007, and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 15 April 2008 and our unqualified opinion is expressed as at that date.



BDO SPICERS WELLINGTON
Chartered Accountants
WELLINGTON