Modena Resources Limited

ACN 119 749 647

Annual Report - 30 June 2011

Modena Resources Limited
Corporate directory
30 June 2011

Directors	Cameron Edwards Craig Willis Cosimo Damiano
Company secretary	Melanie Leydin
Registered office	1186 Hay Street West Perth WA 6005 Tel (08) 9226 1247 Fax (08) 9226 1257
Principal place of business	1186 Hay Street West Perth WA 6005 Tel (08) 9226 1247 Fax (08) 9226 1257
Share register	Computershare Investor Services Pty Ltd Level 2 Reserve Bank Building 45 St George Street Bank Building Perth WA 6000 Tel : (08) 9323 2000 Fax : (08) 9323 2033
Auditor	BDO Audit (WA) Pty Ltd 38 Station Street Subicao WA Tel (08) 9360 4200 Fax (08) 9481 2524
Stock exchange listing	Modena Resources Limited shares are listed on the Australian Securities Exchange (ASX code: MDA) (ASX code options: MDAOA)

Dear Shareholders,

We look forward to a coming year of repair and growth.

- New board of independent directors appointed post year end, bringing valuable experience, expertise, sound capital management, prudence and importantly track record.
- Strategic review of company operations. New management has already identified significant and material reductions in corporate and operational overhead. Cost saving measures already underway.
- New emphasis on rebuilding the company from the foundations up to bring about change and progress. This will include employing the appropriate individuals with the required skills and experience to guide the company as it monetises its key assets and transitions to a producer.
- Strengthened financial position through the securing of funds by way of a convertible note for $1.25m.

The past year has been a period of substantive change for our company. The year was characterised by structural defects from limited progress on our key assets, shortage of necessary capital, cash being spent on non-core activities, and Modena's weak balance sheet. Overriding all of this, the group was caught up in a lengthy and complicated legal process associated with the transfer of title of the Blackgate assets into the company from the bankruptcy courts.

The company was involved in certain legal disputes from its previous activities. On 15 September 2011, Modena was able to resolve its last lawsuit within the BNP Petroleum Corporation Bankruptcy (CaseNo.09-20206), in the Southern District of Texas, at mediation. Details of the settlement are confidential and the final settlement payment will be made by Modena before 13 January 2012.

The past year has been a challenging one, whereby Modena did not meet its production target of 14,900mcfpd by June 30, 2011, as previously forecast to the market. The most disappointing event for the year was the loss of the bulk of our leases, due to the Company did not fulfilling its operating commitments, for the 12 month period ending June 30, 2011. This was due to delayed progress on our key leases largely as a result of the longer than expected time to resolve the complicated legal issues surrounding the acquisition of the Blackgate assets and insufficient capital. The following table outlines the leases that were lost due to non-production and/or insufficient production.

Leases lapsed and dates			
Lease	**Date Notification Received**	**Date of Lease Expiration**	**Wells**
Dunn-McCampbell	4-May-11	04-May-11	Mid Frio Unit #1 & #2
State Tract 938	5-May-11	01-Feb-09	ST 938 #1 & #2
South Sprint State Gas Unit #1	6-May-11	01-Jun-11	South Sprint State Gas Unit #1
South Sprint State Gas Unit #2	6-May-11	01-Jun-11	South Sprint State Gas Unit #2
South Sprint State Gas Unit #3	6-May-11	01-Jun-11	South Sprint State Gas Unit #3

As a consequence the company has incurred asset impairments of AUD $25.0m for the fiscal year ending June 30 2011. This has resulted in Modena reporting a net loss of AUD $35.2m for the 12 months ending June 30, 2011. The Board acknowledges the severity of the impairment is a significant disappointment to many shareholders, however we stress this is a non-cash write off, relating to past capitalised costs and more importantly we believe this situation can be recovered over the coming year.

The Board's immediate priority is to engage with relevant authorities to recover these leases as soon as practicable. The Board believes despite the company not fulfilling its operating commitments, it's well placed to recover value. Our belief is based on our retained ownership of important infrastructure, gas gathering network and technical knowledge of the leases that combined provide Modena a significant competitive advantage either as the incumbent operator or in a joint venture.

The company we have inherited is in a slightly worse condition than anticipated, but believe its main value is still to be recognised. Our leaner corporate structure, materially lower overhead costs, coupled with a strong board and focused management team provides the foundation for a robust turnaround and growth for Modena.

The company's priority in the near term is to undertake a comprehensive review of the group's assets and to further strengthen the balance sheet to enable the value of its Padre Island leases to be unlocked thereby creating the platform for a sustained period of growth. This includes undertaking a comprehensive strategic review of our prior leases and renewing those we determine meet our requirements of near term production optimisation and low risk exploration upside.

We believe Modena's Padre Island assets provide the foundations for substantial shareholder growth, with astute commercial and technical management guidance. In order for the successful production from these leases, Modena is being rebuilt with an emphasis on strong sub surface skills in house. Once we have finalised the foundations then the focus is expected to concentrate on generating value from these assets in an orderly manner.

Much of the foundation work has already been completed and the infrastructure is available to exploit these opportunities. With focused capital we believe the Company has a basket of identified opportunities that include low hanging production optimisation growth and low risk exploration assets to underpin future growth.

We will also evaluate selective strategic acquisitions if they are clearly value enhancing and the right fit for Modena. As our assets are monetised, at an appropriate value, we will reduce our equity interest and use proceeds to pay down debt and/or further growth.

Reserves year ended June 30, 2011		
Category	**Oil & Condensate (mbbl)**	**Natural Gas (mmcf)**
Proved Producing	-	161
Proved Nonproducing	12	1,292
Proved Undeveloped	-	-
Total Proved	**12**	**1,453**
Total Probable	**-**	**137**
Total Possible	**-**	**-**

We are cautiously optimistic about the future for Modena. I am pleased to report that the new board is working as a cohesive team focused on unlocking the value of our current asset base and positioning the company for future growth. The new board of directors bring vast experience and a proven track record which has already enhanced Modena's position. Significant cost savings have been identified, ensuring funds are available for asset value creation.

The board and management can confidently state the coming year will encompass significant structural change. The new board has provided key commercial and financial skills. Additional board and management appointments will be made as required to further strengthen Modena's exploration and production optimisation skills.

I would personally like to thank all shareholders who have remained with Modena through a challenging year. The company we have inherited is in a slightly worse condition than anticipated, but believe it can be rectified. Our leaner corporate structure, materially lower overhead cost structure, coupled with a strong board and focused management team promises to deliver an exciting year of turnaround and growth for Modena.

Yours sincerely

Cosimo Damiano
Non-Executive Chairman
Modena Resources Limited

Modena Resources Limited
Directors' report
30 June 2011

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Modena Resources Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the year ended 30 June 2011.

Directors
The following persons were directors of Modena Resources Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Anthony Hamilton – resigned 28 July 2011
Andrew Waller – appointed 3 August 2011 and resigned 19 September 2011
Craig Willis - resigned 21 April 2011 and re-appointed 3 August 2011
James Row – resigned 28 July 2011
Tony Izelaar – resigned 19 September 2011
Douglas Jendry - appointed 21 April 2011 and resigned 1 August 2011
Cameron Edwards – appointed 19 September 2011
Cosimo Damiano – appointed 19 September 2011

Principal activities
During the financial year the principal continuing activities of the consolidated entity consisted of:
- management of onshore and off shore oil and gas production assets in the USA.

Dividends
There were no dividends paid or declared during the current or previous financial year.

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $35,201,847 (30 June 2010: $8,346,561).

Refer to the Review of Operations preceding this Director's report.

Significant changes in the state of affairs
During the year the Company issued 142,363,043 shares through placements raising $3,274,350 before costs.

The Company also issued 114,416,866 shares on the conversion of convertible notes.

The Company also extinguished borrowings totalling $1,000,000 through the issue of 58,987,097 shares.

The Company also settled fees for services rendered totalling $55,000 through the issue of 7,971,013 shares.

The Company also settled a borrowing facility fee of $1,250,000 through the issue of 99,206,349 shares.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

In July 2011, TPE Operating, LLC, resigned as the contract operating group for all of Modena's U.S. subsidiaries. On 29 July 2011 TPE Operating, LLC sent a letter to Modena claiming US$794,323.89 for breach of contract. This issue is currently outstanding.

Following the general meeting of shareholders held on 30 May 2011, the Company consolidated its issued capital, options and convertible notes on a five to one basis.

On 15 September 2011, Modena was able to resolve its last lawsuit within the BNP Petroleum Corporation Bankruptcy (Case No. 09-20206), in the Southern District of Texas, at a mediation. Details of the settlement are confidential however the final settlement payment must be made by Modena before 13 January 2012.

On 19 September 2011 the Company executed a mandate to raise $1,250,000 by way of a convertible loan to provide additional working capital subject to Shareholder approval.

Subject to shareholder approval, on 19 September 2011 the Company issued 15,000,000 on 4 cent options expiring on December 2014 to Directors and key management personnel.

On 19 September 2011 the Company announced the appointments of Mr Cameron Edwards as an Executive Director and Mr Cosimo Damiano as a Non-executive Director. These appointments will provide the industry expertise to allow Modena to transition from its current status to producer with a planned program focusing on work over programs at its South Texas Operations. Modena has a focus on the development of its Proved Behind Pipe reserves through an aggressive work over program focused on re-establishinng production.

The Company also announced the resignation of Mr Andrew Waller and Mr Tony Izelaar from the Board and thanks them for their constributions.

No other matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

There have been no recorded incidents of non-compliance with any applicable international, national or local declarations, treaties, conventions or regulations associated with environmental issues during the reporting period. There have not been any known significant breaches of any environmental regulations during the year under review and up until the date of this report.

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. For the first measurement period 1 July 2008 to 30 June 2009 the directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

Information on directors

Name:	Craig Willis
Title:	Executive Director (resigned 21 April 2011 and re-appointed 3 August 2011)
Experience and expertise:	Mr Willis is currently a Director of Acclaim Exploration Limited and previously with listed company Syntech Group Limited. He has significant experience in dealing with government instrumentalities pertaining to contract negotiations between private and public entities. He has previously project managed a number of successful operational developments within Australia Post. He has considerable project management and technology development experience, holding a number of public and private company directorships.
Other current directorships:	Acclaim Exploration NL (30 June 2003 – present)
Former directorships (in the last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	Nil
Interests in options:	Nil

Name:	Cameron Edwards
Title:	Executive Director (appointed 19 September 2011)
Qualifications:	BBus, ACA
Experience and expertise:	Cameron Edwards has broad experience in the international energy, infrastructure and finance industries. Most recently he was a Managing Director within the Mercuria Energy Group in Europe focusing on mid stream oil and gas assets. Previously he was a transactor within the infrastructure division of Babcock & Brown Limited in Australia and Germany, a Director with UBS Private Equity in Zurich and originally started his career with KPMG in Sydney and Zurich. He is a member of the Institute for Chartered Accountants (Australia) and a member of the Institute for Turnaround (London). Cameron will be based in Perth Australia.
Other current directorships:	Nil
Former directorships (in the last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	443,626 fully paid ordinary shares
Interests in options:	5,000,000 4 cent options expiring on 31 December 2014

Name:	Cosimo Damiano
Title:	Non executive Chairman (appointed 19 September 2011)
Experience and expertise:	Cosimo Damiano has approximately 18 years' experience in the international energy and finance industries which has spanned the entire energy value chain, from Upstream (Exploration & Production, Power Generation, Renewable), Mid-stream (Transmission & Distribution, Processing, Refining) to Downstream (Oil & Gas Marketing, Energy Retailing). His most recent role was Director of Upstream Investments for Mercuria Energy Group a global energy trading company based in Geneva, Switzerland. In his previous and current roles Cosimo has periodically undertaken advisory roles for several oil and gas companies most notably relating to debt and equity structuring, strategic planning and marketing.
Other current directorships:	Nil
Former directorships (in the last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	Nil
Interests in options:	5,000,000 4 cent options expiring on 31 December 2014

Name:	Anthony Hamilton
Title:	Executive Chairman (resigned 19 September 2011)
Experience and expertise:	Mr Hamilton is a fellow of the Institute of Directors in London and previously CEO of an International Mining company based in London. He has extensive public company and corporate governance experience with both Australian and International resource expertise in gold, diamonds, oil & gas and base metals, having established operations in Africa, North America and Australia.
Other current directorships:	Nil
Former directorships (in the last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	Nil
Interests in options:	Nil

Name:	Andrew Waller
Title:	Non executive Director (resigned 19 September 2011)
Experience and expertise:	Andrew Waller has extensive public Group experience, particularly in capital raising and business development. With a background in technology development/ manufacturing, property development and resources.
Other current directorships:	Arturus Capital Ltd Pantheon Resources PLC.
Former directorships (in the last 3 years):	Pacific Niugini Ltd (resigned 1 April 2011)
Special responsibilities:	Nil
Interests in shares:	Nil
Interests in options:	Nil

Name:	James Row
Title:	Non-executive Director (resigned 28 July 2011)
Experience and expertise:	Mr. Row is currently CEO of a successful oil and gas operator based in Houston, Texas. He has significant industry expertise, including operations, project origination and producer finance.
Other current directorships:	Nil
Former directorships (in the last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	Nil
Interests in options:	Nil

Name:	Tony Izelaar
Title:	Non-executive Director (resigned 19 September 2011)
Experience and expertise:	Tony Izelaar was born in the Netherlands and is a Chartered Accountant. Initial he began his career with KPMG in the Netherlands before moving in 1990 to the Netherland Antilles. Mr Izelaar has been employed as a controller and involved in finance and re-insurance divisions of quoted companies in the UK and Holland. He has also founded an audit and advisory firm within the BDO network. Recently Mr Izelaar moved to Monaco where he is engaged in financial planning and consulting activities for global clients, both individuals and corporations.
Other current directorships:	Eldore Mining Coporation Limited
Former directorships (in the last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	Nil
Interests in options:	Nil

Name:	Douglas Jendry
Title:	Non-executive Director (appointed 21 April 2011 and resigned 19 September 2011)
Experience and expertise:	Mr Jendry has more than 35 years experience in the petroleum industry and has been an Executive Director of a number of successful publicly listed oil and gas companies including First Australian Resources, Omega Oil, Impress Energy, Carpathian Resources and Amerisur Resources. During his tenure with these companies he has gained experience in Australia, USA, New Zealand, Colombia, Indonesia, Thailand, Syria, Papua New Guinea and Paraguay. Mr Jendry is a Member of the Australasian Institute of Mining and Metallurgy.
Other current directorships:	Nil
Former directorships (in the last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	Nil
Interests in options:	Nil

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company secretary
Jay Stephenson - MBA, FCPA, CMA, FCIS, MAICD (Appointed 5 July 2010 and resigned on 5 October 2011)

Mr Stephenson has over 20 years professional experience in business development including approximately 16 years as Director, Chief Financial Officer and Company Secretary on various listed and unlisted entities.

Melanie Leydin - B.Bus, CA (appointed 9 October 2011)

Melanie is a Chartered Accountant and is a Registered Company Auditor. In the course of her practice she audits listed and unlisted public companies involved in the resources and biotechnology industry. Her practice also involves outsourced company secretarial and accounting services to public companies in the resources sector. This involves preparation of statutory financial statements, annual reports, half year reports, stock exchange announcements and quarterly ASX reporting and other statutory requirements.

Melanie has 19 years experience in the accounting profession and is a director and company secretary for a number of oil and gas, junior resources and exploration entities on the Australian Stock Exchange.

Meetings of directors
The number of meetings of the company's Board of Directors held during the year ended 30 June 2011, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Anthony Hamilton	16	16
Craig Willis	14	14
James Row	16	16
Tony Izelaar	16	16
Douglas Jendry	2	2

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)
For the purposes of this report the term “Executive” includes those key management personnel who are not Directors of the parent company.

The remuneration report is set out under the following main headings:
A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation

Remuneration Committee

The full Board carries out the role and responsibilities of the Remuneration Committee and is responsible for determining and reviewing the compensation arrangements for the Directors themselves, the Managing Director and any Executives.

Executive remuneration is reviewed annually having regard to individual and business performance, relevant comparative remuneration and internal and independent external advice.

A Principles used to determine the nature and amount of remuneration

The board policy is to remunerate Directors at market rates for time, commitment and responsibilities. The board determines payments to the 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 Directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. Fees for Non-Executive Directors are not linked to the performance of the consolidated entity. However, to align Directors' interests with shareholders interests, the Directors are encouraged to hold shares in the company.

The Company's aim is to remunerate at a level that will attract and retain high-calibre Directors and employees. Company officers and Directors are remunerated to a level consistent with the size of the Company.

The Executive Directors and full time Executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to Directors and Executives is valued at the cost to the Company and expensed.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

The Company did not pay any performance-based component of remuneration during the year.

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

Non-executive directors remuneration
Objective

The Board seeks to set aggregate compensation at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate compensation of Non-Executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination approved by shareholders was an aggregate compensation of $150,000 per year.

The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process. Non-Executive Directors' remuneration may include an incentive portion consisting of options, as considered appropriate by the Board, which may be subject to Shareholder approval in accordance with ASX listing rules.

Separate from their duties as Directors, the Non-Executive Directors undertake work for the Company directly related to the evaluation and implementation of various business opportunities, including oil and gas exploration/evaluation and new business ventures, for which they receive a daily rate. These payments are made pursuant to individual agreement with the non-executive Directors and are not taken into account when determining their aggregate remuneration levels.

Executive remuneration
Objective

The Board seeks to set aggregate compensation at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

- reward executives for Company and individual performance against targets set by appropriate benchmarks;
- align the interests of Executives with those of shareholders;
- link rewards with the strategic goals and performance of the Company; and
- ensure total compensation is competitive by market standards.

The Board seeks to set aggregate compensation at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

In determining the level and make-up of Executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate. Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable Executive roles.

Remuneration consists of a fixed remuneration and a long term incentive portion as considered appropriate.
Compensation may consist of the following key elements:

- Fixed compensation;
- Variable compensation;
- Short term incentive (STI); and
- Long term incentive (LTI)

Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board having regard to the Company and individual performance, relevant comparable remuneration in the mining exploration sector and external advice.

The fixed remuneration is a base salary or monthly consulting fee.

Variable Pay — Long Term Incentives

The objective of long term incentives is to reward Directors/Executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. The incentive portion is payable based upon attainment of objectives related to the Director's/Executive's job responsibilities. The objectives vary, but all are targeted to relate directly to the Company's business and financial performance and thus to shareholder value.

Long term incentives (LTI's) granted to Directors/ Executives are delivered in the form of options.

LTI grants to Executives are delivered in the form of employee share options. These options are issued at an exercise price determined by the Board at the time of issue. The employee share options generally vest over a selected period.

The objective of the granting options is to reward Executives in a manner which aligns the element of remuneration with the creation of shareholder wealth. As such LTI's are made to Executives who are able to influence the generation of shareholder wealth and thus have an impact on the Company's performance.

The level of LTI granted is, in turn, dependent on the Company's recent share price performance, the seniority of the Executive, and the responsibilities the Executive assumes in the Company.

Typically, the grant of LTIs occurs at the commencement of employment or in the event that the individual receives a promotion and, as such, is not subsequently affected by the individual's performance over time.

No options have been issued in the current year.

There were no short-term incentives paid or provided to Directors during the financial year.

B Details of remuneration

Amounts of remuneration
Details of the remuneration of the directors, other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity) and specified executives of Modena Resources Limited are set out in the following tables.

30 June 2011	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
Name	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
J Row	60,000	-	-	-	-	-	60,000
D Jendry	15,000	-	-	-	-	-	15,000
Executive Directors:							
A Hamilton	354,620	-	-	-	-	-	354,620
C Willis *	300,833	-	-	18,750	-	-	319,583
Other Key Management Personnel:							
A Waller	293,028	-	-	-	-	-	293,028
	1,023,481	-	-	18,750	-	-	1,042,231

* This amount includes $62,500 of accrued termination payments and $30,000 of consulting fees paid to Giarc Investments Pty Ltd.

Other than noted above key management personnel did not receive remuneration during the current financial year.

There was no proportion of remuneration that was performance related during the financial years.

30 June 2010	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
Name	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
D Sutherland	58,234	-	-	-	-	-	58,234
D Jendry	2,700	-	-	-	-	-	2,700
W Bellman	16,667	-	-	1,500	-	-	18,167
J Row	15,000	-	-	-	-	-	15,000
L Scott	15,000	-	-	-	-	-	15,000
Executive Directors:							
A Hamilton	202,585	-	-	-	-	-	202,585
C Willis	250,000	-	-	22,500	-	-	272,500
	560,186	-	-	24,000	-	-	584,186

Other than noted above key management personnel did not receive remuneration during the prior financial year.

C Service agreements

The employment arrangements of the Directors and key management personnel are not formalised in contracts of employment.

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Craig Willis
Title:	Executive Director
Agreement commenced:	1 July 2008
Details:	Either party may terminate the employment with the Company by giving three (3) months written notice. The Company may terminate this agreement immediately without notice if the Executive Director is guilty of misconduct in the performance of his duties, commits an act of bankruptcy or becomes of unsound mind. In such cases the employee will be paid up to the time of dismissal only. Mr Willis resigned on 21 April 2011 and a new contract has yet to be finalised.
Name:	Andrew Waller
Title:	Non-executive Director
Agreement commenced:	1 July 2009
Details:	Either party may terminate the employment with the Company by giving one (1) months written notice. The Company may terminate this agreement immediately without notice if the Executive Director is guilty of misconduct in the performance of his duties, commits an act of bankruptcy or becomes of unsound mind. In such cases the employee will be paid up to the time of dismissal only.
Name:	Cameron Edwards
Title:	Executive Director
Agreement commenced:	19 September 2011
Details:	Either party may terminate the employment with the Company by giving three (3) months written notice. The Company may terminate this agreement immediately without notice if the Executive Director is guilty of misconduct in the performance of his duties, commits an act of bankruptcy or becomes of unsound mind. In such cases the employee will be paid up to the time of dismissal only.

The employment arrangements of the US key personnel are formalised in the TPE Operating, LLC contract.

D Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2011.

Options
There were no options issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2011.

There were no options granted to or exercised by directors and other key management personnel as part of compensation during the year ended 30 June 2011.

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of Modena Resources Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
Various (listed)	31 December 2013	$0.300	74,011,250
13 December 2010 * (unlisted)	31 December 2013	$0.040	7,500,000
19 September 2011 **	31 December 2014	$0.040	15,000,000
			96,511,250

* The total options reserve amounts to AUD 864,910 as at 30 June 2011. These options were consolidated on a five to one basis after the reporting date.

** 15,000,000 options granted on 19 September 2011 are for the Directors and key management personnel. These options are still subject to shareholder approval.

Shares issued on the exercise of options
There were no shares of Modena Resources Limited issued on the exercise of options during the year ended 30 June 2011.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 24 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 24 to the financial statements do not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former audit partners of BDO Audit (WA) Pty Ltd
There are no officers of the company who are former audit partners of BDO Audit (WA) Pty Ltd.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Auditor
BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

C Damiano
Non Executive Chairman

9 October 2011
Perth

Tel: +8 6382 4600
Fax: +8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

9 October 2011

The Directors
Modena Resources Limited
1186 Hay Street
West Perth WA 6005

Dear Sirs

DECLARATION OF INDEPENDENCE BY PETER TOLL TO THE DIRECTORS OF MODENA RESOURCES LIMITED

As lead auditor of Modena Resources Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Modena Resources Limited and the entities it controlled during the period.

PETER TOLL
Director

BDO

BDO Audit (WA) Pty Ltd

Perth, Western Australia

The Board of Directors of Modena Resources Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Modena Resources Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. This statement reports on Modena Resources Limited's key governance principles and practices.

1. COMPLIANCE WITH BEST PRACTICE RECOMMENDATIONS

The Company, as a listed entity, must comply with the Corporations Act 2001 and the Australian Securities Exchange Limited (ASX) Listing Rules. The ASX Listing Rules require the Company to report on the extent to which it has followed the Corporate Governance Recommendations published by the ASX Corporate Governance Council (ASXCGC). Where a recommendation has not been followed, that fact is disclosed, together with the reasons for the departure.

The table below summaries the Company's compliance with the Corporate Governance Council's Recommendations:

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
Principle 1	**Lay solid foundations for management and oversight**		
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	2(a)	Yes
1.2	Disclose the process for evaluating the performance of senior executives.	2(h), 3(b), Remuneration Report	Yes
1.3	Provide the information indicated in the Guide to reporting on principle 1.	2(a), 2(h), 3(b), Remuneration Report	Yes
Principle 2	**Structure the board to add value**		
2.1	A majority of the board should be independent directors.	2(e)	Yes
2.2	The chair should be an independent director.	2(c), 2(e)	Yes
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	2(b), 2(c)	Yes
2.4	The Board should establish a nomination committee.	2(d)	No
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors.	2(h)	Yes
2.6	Provide the information indicated in the Guide to reporting on principle 2.	2(b), 2(c), 2(d), 2(e), 2(h)	Yes
Principle 3	**Promote ethical and responsible decision-making**		
3.1	Establish a code of conduct and disclose the code or a summary as to:	4(a)	Yes
	• the practices necessary to maintain confidence in the company's integrity;		
	• the practices necessary to take into account the company's legal obligations and the reasonable expectations of its stakeholders; and		
	• the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.		
3.2	Establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary.	4(b)	Yes

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	4(c)	No
3.3	Provide the information indicated in the Guide to reporting on principle 3.	4(a), 4(b)	Yes
Principle 4	**Safeguard integrity in financial reporting**		
4.1	The Board should establish an audit committee.	3(a)	No
4.2	The audit committee should be structured so that it:	3(a)	No
	• consists only of non-executive directors;		
	• consists of a majority of independent directors;		
	• is chaired by an independent chair, who is not chair of the Board; and		
	• has at least three members.		
4.3	The audit committee should have a formal charter	3(a)	Yes
4.4	Provide the information indicated in the Guide to reporting on principle 4.	3(a)	Yes
Principle 5	**Make timely and balanced disclosure**		
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	5(a), 5(b)	Yes
5.2	Provide the information indicated in the Guide to reporting on principle 5.	5(a), 5(b)	Yes
Principle 6	**Respect the rights of shareholders**		
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy.	5(a), 5(b)	Yes
6.2	Provide the information indicated in the Guide to reporting on principle 6.	5(a), 5(b)	Yes
Principle 7	**Recognise and manage risk**		
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	6(a)	Yes
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	6(a), 6(b), 6(d)	Yes

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
7.3	The Board should disclose whether it had received assurance from the chief executive officer and the chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	6(c)	Yes
7.4	Provide the information indicated in the Guide to reporting on principle 7.	6(a), 6(b), 6(c), 6(d)	Yes
Principle 8	**Remunerate fairly and responsibly**		
8.1	The Board should establish a remuneration committee.	3(b)	No
8.2	Clearly distinguish the structure on non-executive directors' remuneration from that of executive directors and senior executives.	3(b), Remuneration Report	Yes
8.3	Provide the information indicated in the Guide to reporting on principle 8.	3(b),	Yes

2. THE BOARD OF DIRECTORS

2(a) Roles and Responsibilities of the Board

The Board is accountable to the shareholders and investors for the overall performance of the Company and takes responsibility for monitoring the Company's business and affairs and setting its strategic direction, establishing and overseeing the Company's financial position.

The Board is responsible for:

- Appointing, evaluating, rewarding and if necessary the removal of the Chief Executive Officer ("CEO") and senior management;
- Development of corporate objectives and strategy with management and approving plans, new investments, major capital and operating expenditures and major funding activities proposed by management;
- Monitoring actual performance against defined performance expectations and reviewing operating information to understand at all times the state of the health of the Company;
- Overseeing the management of business risks, safety and occupational health, environmental issues and community development;
- Satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;
- Satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, risk management and internal control process are in place and functioning appropriately.
- Approving and monitoring financial and other reporting;
- Assuring itself that appropriate audit arrangements are in place;
- Ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted a Code of Conduct and that the Company practice is consistent with that Code; and other policies; and
- Reporting to and advising shareholders.

Other than as specifically reserved to the Board, responsibility for the day-to-day management of the Company's business activities is delegated to the Chief Executive Officer and Executive Management.

2(b) Board Composition

The Directors determine the composition of the Board employing the following principles:

- the Board, in accordance with the Company's constitution must comprise a minimum of three Directors;
- the roles of the Chairman of the Board and of the Chief Executive Officer are exercised by different individuals;
- the majority of the Board should comprise Directors who are non-executive;
- the Board should represent a broad range of qualifications, experience and expertise considered of benefit to the Company; and
- the Board must be structured in such a way that it has a proper understanding of, and competency in, the current and emerging issues facing the Company, and can effectively review management's decisions.

The Board currently does not and has not throughout the year comprised a majority of independent directors. The Board is currently comprised of one non-executive Directors and two executive -directors. Given the size and scale of the Company's operations during the year, the Board.is considering appointing another non-executive Director to the Board.

The skills, experience, expertise, qualifications and terms of office of each director in office at the date of the annual report is included in the Directors' Report.

The Chair is independent and the role of Chair and chief executive officer are exercised by two different people.

The Company's constitution requires one-third of the Directors (or the next lowest whole number) to retire by rotation at each Annual General Meeting (AGM). The Directors to retire at each AGM are those who have been longest in office since their last election. Where Directors have served for equal periods, they may agree amongst themselves or determine by lot who will retire. A Director must retire in any event at the third AGM since he or she was last elected or re-elected. Retiring Directors may offer themselves for re-election.

A Director appointed as an additional or casual Director by the Board will hold office until the next AGM when they may be re-elected.

The Chief Executive Officer is not subject to retirement by rotation and, along with any Director appointed as an additional or casual Director, is not to be taken into account in determining the number of Directors required to retire by rotation.

2(c) Chairman and Chief Executive Officer

The Chairman is responsible for:

- leadership of the Board;
- the efficient organisation and conduct of the Board's functions;
- the promotion of constructive and respectful relations between Board members and between the Board and management;
- contributing to the briefing of Directors in relation to issues arising at Board meetings;
- facilitating the effective contribution of all Board members; and
- committing the time necessary to effectively discharge the role of the Chairman.

The current Chair is independent. The role of Chair and chief executive officer are exercised by two different people. Given the size and scale of the Company's operations during the year, the Board did not consider it essential to appoint an independent Chair simply in order to comply with the Corporate Governance Council's Recommendations. The Board had considered this matter and decided that the non-compliance did not affect the operation of the Company.

The Chief Executive Officer is responsible for:

- implementing the Company's strategies and policies; and
- the day-to-day management of the Company's business activities

The Board specifies that the roles of the Chairman and the Chief Executive Officer are separate roles to be undertaken by separate people.

2(d) Nomination Committee

The Company does not comply with ASX Recommendation 2.4. The Company is not of a relevant size to consider formation of a nomination committee to deal with the selection and appointment of new Directors and as such a nomination committee has not been formed.

Nominations of new Directors are considered by the full Board in accordance with the Company's "Selection of New Directors Policy".

2(e) Independent Directors

The Company recognises that independent Directors are important in assuring shareholders that the Board is properly fulfilling its role and is diligent in holding senior management accountable for its performance. The Board assesses each of the directors against specific criteria to decide whether they are in a position to exercise independent judgment.

Directors of Modena Resources Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

In making this assessment, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when assessing independence are whether a Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or another Company member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another Company member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or other Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or another Company member other than as a Director.

The Board is currently comprises one independent non-executive Director and two executive Directors.

In accordance with the definition of independence above, and the materiality thresholds set, the following Director of Modena Resources Limited is considered to be independent:

Name	Position
Cosimo Damiano	Non-Executive Director

The following persons were directors of Modena Resources Limited during the financial year:

Anthony Hamilton	Director (Executive) – resigned 28 July 2011
Craig Willis	Director (Executive)
James Row	Director (Non-Executive) – resigned 28 July 2011
Tony Izelaar	Director (Non-Executive) – resigned 20 September 2011
Douglas Jendry	Director (Non-Executive) – appointed 21 April 2011; resigned 1 August 2011

In recognition of the importance of independent views and the Board's role in supervising the activities of management the Chairman must be a Non-Executive Director.

2(f) Avoidance of conflicts of interest by a Director

In order to ensure that any interests of a Director in a particular matter to be considered by the Board are known by each Director, each Director is required by the Company to disclose any relationships, duties or interests held that may give rise to a potential conflict. Directors are required to adhere strictly to constraints on their participation and voting in relation to any matters in which they may have an interest.

2(g) Board access to information and independent advice

Directors are able to access members of the management team at any time to request relevant information.

There are procedures in place, agreed by the Board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the company's expense.

2(h) Review of Board performance

The performance of the Board is reviewed regularly by the Chairman. The Chairman conducts performance evaluations which involve an assessment of each Board member's performance against specific and measurable qualitative and quantitative performance criteria. The performance criteria against which directors and executives are assessed is aligned with the financial and non-financial objectives of Modena Resources Limited. Directors whose performance is consistently unsatisfactory may be asked to retire.

3. BOARD COMMITTEES

3(a) Audit Committee

Given the size and scale of the Company's operations the full Board undertakes the role of the Audit Committee. The Audit Committee does not comply with ASX Recommendation 4.2 as the Chair of the Board is Chair of the Audit Committee and the Audit Committee does not comprise only Non-Executive Directors. The role and responsibilities of the Audit Committee are summarised below.

The Audit Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors. The Board sets aside time to deal with issues and responsibilities usually delegated to the Audit Committee to ensure the integrity of the financial statements of the Company and the independence of the auditor.

The Board reviews the audited annual and half-year financial statements and any reports which accompany published financial statements and recommends their approval to the members. The Board also reviews annually the appointment of the external auditor, their independence and their fees.

The Board is also responsible for establishing policies on risk oversight and management. The Company has not formed a separate Risk Management Committee due to the size and scale of its operations.

External Auditors

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. It is BDO Kendalls Audit and Assurance (WA) Pty Ltd's policy to rotate engagement Directors on listed companies at least every five years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the notes to the financial statements in the Annual Report.

There is no indemnity provided by the company to the auditor in respect of any potential liability to third parties.

The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and preparation and content of the audit report.

Details of non-audit services provided by the auditors during the year are disclosed in note 4.

3(b) Remuneration Committee

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

The Board has not established a separate Remuneration Committee due to the size and scale of its operations. This does not comply with Recommendation 8.1 however the Board as a whole takes responsibility for such issues.

The responsibilities include setting policies for senior officers remuneration, setting the terms and conditions for the CEO, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both executive and non-executive directors and undertaking reviews of the CEO's performance.

The Company has structured the remuneration of its senior executive, where applicable, such that it comprises a fixed salary, statutory superannuation and participation in the Company's employee share option plan. The Company believes that by remunerating senior executives in this manner it rewards them for performance and aligns their interests with those of shareholders and increases the Company's performance.

Non-executive directors are paid their fees out of the maximum aggregate amount approved by shareholders for non-executive director remuneration. The Company does not adhere to Recommendation 8.2 Box 8.2 'Non-executive directors should not receive options or bonus payments'. The Company may, in the future, granted options to non-executive directors. The Board is of the view that options (for both executive and non-executive directors) are a cost effective benefit for small companies such as Modena Resources Limited that seek to conserve cash reserves. They also provide an incentive that ultimately benefits both shareholders and the optionholders, as optionholders will only benefit if the market value of the underlying shares exceeds the option strike price. Ultimately, shareholders will make that determination.

The remuneration received by directors and executives in the current period is contained in the "Remuneration Report" within the Directors' Report of the Annual Report.

4. ETHICAL AND RESPONSIBLE DECISION MAKING

4(a) Code of Ethics and Conduct

The Board endeavours to ensure that the Directors, officers and employees of the Company act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities. The "Code of Conduct" sets out the principles, practices, and standards of personal behaviour the Company expects people to adopt in their daily business activities.

All Directors, officers and employees are required to comply with the Code of Conduct. Senior managers are expected to ensure that employees, contractors, consultants, agents and partners under their supervision are aware of the Company's expectations as set out in the Code of Conduct.

All Directors, officers and employees are expected to:

- comply with the law;
- act in the best interests of the Company;
- be responsible and accountable for their actions; and
- observe the ethical principles of fairness, honesty and truthfulness, including prompt disclosure of potential conflicts.

4(b) Policy concerning trading in Company securities

The Company's "Dealings in Company Shares and Options Policy" applies to all Directors, officers and employees. This policy sets out the restrictions on dealing in securities by people who work for, or are associated with the Company and is intended to assist in maintaining market confidence in the integrity of dealings in the Company's securities. The policy stipulates that the only appropriate time for a Director, officer or employee to deal in the Company's securities is when they are not in possession of price sensitive information that is not generally available to the market.

As a matter of practice, Company shares may only be dealt with by Directors and officers of the Company under the following guidelines:

- No trading is permitted in the period of 14 days preceding release of each quarterly report, half-yearly report and annual financial report of the Company or for a period of 2 trading days after the release of such report;
- Guidelines are to be considered complementary to and not replace the various sections of the Corporations Act 2001 dealing with insider trading; and
- Prior approval of the Chairman, or in his absence, the approval of two directors is required prior to any trading being undertaken.

4(c) The Board has not reported the measurable objectives for achieving gender diversity set by the Board as there has not yet been an adoption of a Diversity Policy by the Board. The Board has committed the Company to review and prepare a Diversity Policy in accordance with the corporate governance guidelines.

TIMELY AND BALANCED DISCLOSURE

5(a) Shareholder communication

The Company believes that all shareholders should have equal and timely access to material information about the Company including its financial situation, performance, ownership and governance. The Company's "ASX Disclosure Policy" encourages effective communication with its shareholders by requiring that Company announcements:

- be factual and subject to internal vetting and authorisation before issue;
- be made in a timely manner;
- not omit material information;
- be expressed in a clear and objective manner to allow investors to assess the impact of the information when making investment decisions;
- be in compliance with ASX Listing Rules continuous disclosure requirements; and
- be placed on the Company's website promptly following release.

Shareholders are encouraged to participate in general meetings. Copies of addresses by the Chairman or Chief Executive Officer are disclosed to the market and posted on the Company's website. The Company's external auditor attends the Company's annual general meeting to answer shareholder questions about the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

5(b) Continuous disclosure policy

The Company is committed to ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by the Company. The Company's "ASX Disclosure Policy" described in 5(a) reinforces the Company's commitment to continuous disclosure and outline management's accountabilities and the processes to be followed for ensuring compliance.

The policy also contains guidelines on information that may be price sensitive. The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements with the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX.

6. RECOGNISING AND MANAGING RISK

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives. A written policy in relation to risk oversight and management has been established ("Risk Management and Internal Control Policy"). Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn responsibilities.

6(a) Board oversight of the risk management system

The Board is responsible for approving and overseeing the risk management system. The Board reviews, at least annually, the effectiveness of the implementation of the risk management controls and procedures.

The principle aim of the system of internal control is the management of business risks, with a view to enhancing the value of shareholders' investments and safeguarding assets. Although no system of internal control can provide absolute assurance that the business risks will be fully mitigated, the internal control systems have been designed to meet the Company's specific needs and the risks to which it is exposed.

Annually, the Board is responsible for identifying the risks facing the Company, assessing the risks and ensuring that there are controls for these risks, which are to be designed to ensure that any identified risk is reduced to an acceptable level.

The Board is also responsible for identifying and monitoring areas of significant business risk. Internal control measures currently adopted by the Board include:

a. at least quarterly reporting to the Board in respect of operations and the Company's financial position, with a comparison of actual results against budget; and
b. regular reports to the Board by appropriate members of the management team and/or independent advisers, outlining the nature of particular risks and highlighting measures which are either in place or can be adopted to manage or mitigate those risks.

6(b) Risk management roles and responsibilities

The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Executive management is responsible for implementing the Board approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of the Company's activities.

The Board is responsible for satisfying itself that management has developed and implemented a sound system of risk management and internal control.

6(c) Chief Executive Officer and Chief Financial Officer Certification

The Chief Executive Officer and Chief Financial Officer, or equivalent, provide to the Board written certification that in all material respects:

c. The Company's financial statements present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards;

d. The statement given to the Board on the integrity of the Company's financial statements is founded on a sound system of risk management and internal compliance and controls which implements the policies adopted by the Board; and

e. The Company's risk management an internal compliance and control system is operating efficiently and effectively in all material respects.

6(d) Internal review and risk evaluation

Assurance is provided to the Board by executive management on the adequacy and effectiveness of management controls for risk on a regular basis.

Contents

General information

The financial report covers Modena Resources Limited as a consolidated entity consisting of Modena Resources Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Modena Resources Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Modena Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

1186 Hay Street
West Perth WA 6005
Tel (08) 9226 1247
Fax (08) 9226 1257

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 9 October 2011. The directors have the power to amend and reissue the financial report.

Modena Resources Limited
Statement of comprehensive income
For the year ended 30 June 2011

	Note	Consolidated 30 June 2011 $	30 June 2010 $
Revenue	4	614,151	373,788
Other income	5	-	174,584
Expenses			
Cost of sales		(1,197,856)	(268,026)
Administration, consulting and other expenses		(3,285,687)	(1,507,904)
Exploration and evaluation expenditure		(1,161,657)	(1,392,972)
Employee benefits expense		(1,234,697)	(54,342)
Impairment of exploration and evaluation expenditure		(25,043,142)	-
Depreciation and amortisation expense	6	(37,871)	(5,459)
Directors fees and benefits expenses		(495,143)	(545,186)
Loss on sale of oil and gas production properties		-	(4,439,894)
Provision for legal claims		(1,319,019)	-
Impairment of receivables		(142,005)	-
Fair value loss on financial assets designated as fair value through the profit or loss		(42,500)	-
Finance costs	6	(1,856,421)	(681,150)
Loss before income tax expense		(35,201,847)	(8,346,561)
Income tax expense	7	-	-
Loss after income tax expense for the year attributable to the owners of Modena Resources Limited		(35,201,847)	(8,346,561)
Other comprehensive income			
Foreign currency translation		(5,026,508)	-
Other comprehensive income for the year, net of tax		(5,026,508)	-
Total comprehensive income for the year attributable to the owners of Modena Resources Limited		(40,228,355)	(8,346,561)
		Cents	**Cents**
Basic earnings per share	34	(3.50)	(3.97)
Diluted earnings per share	34	(3.50)	(3.97)

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Modena Resources Limited
Statement of financial position
As at 30 June 2011

	Note	Consolidated 30 June 2011 $	30 June 2010 $
Assets			
Current assets			
Cash and cash equivalents	8	174,760	621,512
Trade and other receivables	9	1,367,725	1,743,313
Financial assets at fair value through profit or loss	10	27,500	70,000
Total current assets		1,569,985	2,434,825
Non-current assets			
Receivables	11	28,089	-
Property, plant and equipment	12	152,166	246,707
Exploration and evaluation	13	4,472,634	28,060,488
Total non-current assets		4,652,889	28,307,195
Total assets		6,222,874	30,742,020
Liabilities			
Current liabilities			
Trade and other payables	14	6,011,471	1,063,868
Borrowings	15	6,696,583	5,547,105
Employee benefits	16	40,261	35,752
Provisions	17	1,226,745	-
Total current liabilities		13,975,060	6,646,725
Non-current liabilities			
Provisions	18	1,003,077	-
Total non-current liabilities		1,003,077	-
Total liabilities		14,978,137	6,646,725
Net assets/(liabilities)		(8,755,263)	24,095,295
Equity			
Contributed equity	19	55,540,185	48,162,388
Reserves	20	(4,161,598)	864,911
Accumulated losses		(60,133,850)	(24,932,004)
Total equity/(deficiency)		(8,755,263)	24,095,295

The above statement of financial position should be read in conjunction with the accompanying notes

Modena Resources Limited
Statement of changes in equity
For the year ended 30 June 2011

	Contributed equity $	Reserves $	Accumulated losses $	Total equity $
Consolidated				
Balance at 1 July 2009	15,671,409	664,910	(16,585,442)	(249,123)
Other comprehensive income for the year, net of tax	-	-	-	-
Loss after income tax expense for the year	-	-	(8,346,561)	(8,346,561)
Total comprehensive income for the year	-	-	(8,346,561)	(8,346,561)
Transactions with owners in their capacity as owners:				
Securities issued during the year	33,323,341	200,000	-	33,523,341
Capital raising costs	(832,362)	-	-	(832,362)
Balance at 30 June 2010	48,162,388	864,910	(24,932,003)	24,095,295

	Contributed equity $	Reserves $	Accumulated losses $	Total equity $
Consolidated				
Balance at 1 July 2010	48,162,388	864,910	(24,932,003)	24,095,295
Other comprehensive income for the year, net of tax	-	(5,026,508)	-	(5,026,508)
Loss after income tax expense for the year	-	-	(35,201,847)	(35,201,847)
Total comprehensive income for the year	-	(5,026,508)	(35,201,847)	(40,228,355)
Transactions with owners in their capacity as owners:				
Securities issued during the year	7,548,349	-	-	7,548,349
Capital raising costs	(170,552)	-	-	(170,552)
Balance at 30 June 2011	55,540,185	(4,161,598)	(60,133,850)	(8,755,263)

The above statement of changes in equity should be read in conjunction with the accompanying notes

Modena Resources Limited
Statement of cash flows
For the year ended 30 June 2011

	Note	Consolidated 30 June 2011 $	30 June 2010 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		582,684	-
Payments to suppliers (inclusive of GST)		(3,626,271)	(2,174,169)
Interest received		31,467	38,693
Interest and other finance costs paid		(246,081)	(507,324)
Net cash used in operating activities	32	(3,258,201)	(2,642,800)
Cash flows from investing activities			
Payments for property, plant and equipment	12	-	(216,814)
Payments for security deposits		30,624	(30,624)
Payment of refundable option fee		1,507,514	(1,507,514)
Acquisition of oil and gas properties		-	(9,118,750)
Payments for exploration and evaluation		(4,980,254)	(477,483)
Proceeds on sale of financial assets		-	622,417
Proceeds on sale of oil and gas production properties		-	300,000
Net cash used in investing activities		(3,442,116)	(10,428,768)
Cash flows from financing activities			
Proceeds from issue of shares	19	3,274,350	14,384,500
Cash advanced to other entity		(672,231)	-
Proceeds from borrowings		4,119,478	-
Share issue transaction costs		(170,559)	(800,862)
Net cash from financing activities		6,551,038	13,583,638
Net increase/(decrease) in cash and cash equivalents		(149,279)	512,070
Cash and cash equivalents at the beginning of the financial year		621,512	133,140
Effects of exchange rate changes on cash		(297,473)	(23,698)
Cash and cash equivalents at the end of the financial year	8	174,760	621,512

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy.

The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance or position of the consolidated entity. The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2009-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project
The consolidated entity has applied AASB 2009-5 amendments from 1 July 2010. The amendments result in some accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes had no or minimal effect on accounting. The main changes were:
AASB 101 'Presentation of Financial Statements' - classification is not affected by the terms of a liability that could be settled by the issuance of equity instruments at the option of the counterparty;
AASB 107 'Statement of Cash Flows' - only expenditure that results in a recognised asset can be classified as a cash flow from investing activities;
AASB 117 'Leases' - removal of specific guidance on classifying land as a lease;
AASB 118 'Revenue' - provides additional guidance to determine whether an entity is acting as a principal or agent; and
AASB 136 'Impairment of Assets' - clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in AASB 8 'Operating Segments' before aggregation for reporting purposes.

AASB 2009-10 Amendments to AASB 132 - Classification of Rights Issues
The consolidated entity has applied AASB 2009-10 from 1 July 2010. The amendments clarified that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendment therefore provides relief to entities that issue rights in a currency other than their functional currency from treating the rights as derivatives with fair value changes recorded in profit or loss.

AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project
The consolidated entity has applied AASB 2010-3 amendments from 1 July 2010. The amendments result in some accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes had no or minimal effect on accounting. The main changes were:
AASB 127 'Consolidated and Separate Financial Statements' and AASB 3 Business Combinations - clarifies that contingent consideration from a business combination that occurred before the effective date of revised AASB 3 is not restated; the scope of the measurement choices of non-controlling interest is limited to when the rights acquired include entitlement to a proportionate share of net assets in the event of liquidation; requires an entity in a business combination to account for the replacement of acquiree's share-based payment transactions, unreplaced and voluntarily replaced, by splitting between consideration and post combination expenses.

Note 1. Significant accounting policies (continued)

Going concern
The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Company's and consolidated entity's assets and the discharge of their liabilities in the normal course of business.

Notwithstanding the fact that the company has a working capital deficiency of $12,405,075, the directors are of the opinion that the company is a going concern for the following reasons. Subsequent to balance date, the Company has the Company has executed a mandate to raise $1,250,000 by way of a convertible loan to provide additional working capital subject to Shareholder approval.

The Board considers that the Company is a going concern and recognises that additional funding is required to ensure that the Company can continue to fund its and the consolidated entity's operations and further develop their gas exploration and evaluation assets during the twelve month period from the date of this financial report. Such additional funding, as occurred during the year ended 30 June 2011, can be derived from either one or a combination of the following:

• The placement of securities under ASX Listing Rule 7.1 or otherwise;
• An excluded offer pursuant to the Corporations Act 2001; or
• The sale of assets.

Accordingly, the Directors believe that subject to prevailing equity market conditions, the Company will obtain sufficient funding to enable it and the consolidated entity to continue as going concerns and that it is appropriate to adopt that basis of accounting in the preparation of the financial report. Should the company be unable to obtain sufficient funding as outlined above, there is significant uncertainty whether or not the entity will be able to continue as a going concern.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts or classification of liabilities that might be necessary should the Company and the consolidated entity not be able to continue as going concerns.

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

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 28.

Note 1. Significant accounting policies (continued)

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Modena Resources Limited ('company' or 'parent entity') as at 30 June 2011 and the results of all subsidiaries for the year then ended. Modena Resources Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial report is presented in Australian dollars, which is Modena Resources Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximates the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Note 1. Significant accounting policies (continued)

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and under and over provision in prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 1. Significant accounting policies (continued)

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Investments and other financial assets
Investments and other financial assets are measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arms length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mis-match. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

Note 1. Significant accounting policies (continued)

Impairment of financial assets
The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been had the impairment not been recognised and is reversed to profit or loss.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Exploration and evaluation assets
Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 1. Significant accounting policies (continued)

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time, is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:
- interest on short-term and long-term borrowings

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Note 1. Significant accounting policies (continued)

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Contributed equity
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 1. Significant accounting policies (continued)

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Modena Resources Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 1. Significant accounting policies (continued)

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Foreign currency
Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in AUD, which is Modena Resources Limited's functional and presentation currency.

Transactions and balances

Transactions in foreign currency are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at balance date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Financial statements of foreign operations

The assets and liabilities of foreign operations are translated to Australian dollars at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating to the foreign rates of exchange ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2011. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 124 Related Party Disclosures (December 2009)
This revised standard is applicable to annual reporting periods beginning on or after 1 January 2011. This revised standard simplifies the definition of a related party by clarifying its intended meaning and eliminating inconsistencies from the definition. The definition now identifies a subsidiary and an associate with the same investor as related parties of each other; entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other. This revised standard introduces a partial exemption of disclosure requirement for government-related entities. The adoption of this standard from 1 July 2011 will not have a material impact on the consolidated entity.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Exploration and evaluation assets
The Group's accounting policy for exploration and evaluation expenditure is set out at Note 1(k). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the Statement of Comprehensive Income.

Foreign currency
The functional currency for each entity in the Group is the currency of the primary economic environment in which it operates. Where the indicators for determining functional currency are mixed, the Directors have used judgement to determine which currency most faithfully presents the economic effects of the underlying transactions. The Directors have determined that the functional currency of Modena Resources Limited is the Australian Dollar. Had they determined that the functional currency was USD this may have impacted the carrying amount of the assets on the Statement of Financial Position, with a corresponding change to equity and the profit and loss for the year.

Impairment of assets
In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset-specific discount rates and the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and definite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 3. Operating segments

Identification of reportable operating segments
AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the Company that are regularly reviewed by the chief decision maker in order to allocate resources to the segment and to assess its performance.

Modena Resources Limited operates in the development of oil and gas within the USA. The Company's activities are therefore classified as one business segment.

Note 4. Revenue

	Consolidated	
	30 June 2011 $	30 June 2010 $
Sales revenue		
Natural gas sales	264,774	-
Crude oil sales	22,058	-
Operating services to third parties	295,852	-
	582,684	-
Other revenue		
Interest	31,467	38,693
Royalty	-	335,095
	31,467	373,788
Revenue	614,151	373,788

Note 5. Other income

	Consolidated	
	30 June 2011 $	30 June 2010 $
Fair value gain of assets designated as fair value through profit or loss	-	174,584

Note 6. Expenses

	Consolidated 30 June 2011 $	30 June 2010 $
Loss before income tax includes the following specific expenses:		
Cost of sales		
Cost of sales	1,197,856	268,026
Depreciation		
Plant and equipment	37,831	5,459
Impairment		
Exploration and evaluation	25,043,142	-
Receivables	142,005	-
Total impairment	25,185,147	-
Finance costs		
Interest and finance charges paid/payable	433,921	681,150
Funding facility fee	1,422,500	-
Finance costs expensed	1,856,421	681,150
Net fair value loss		
Net fair value loss on available-for-sale financial assets	42,500	-
Net loss on disposal		
Net loss on disposal of oil and gas properties	-	4,439,894
Share-based payments expense		
Share-based payments expense	-	200,000

Note 7. Income tax expense

	Consolidated	
	30 June 2011 $	**30 June 2010 $**
Numerical reconciliation of income tax expense to prima facie tax payable		
Loss before income tax expense	(35,201,847)	(8,346,561)
Tax at the Australian tax rate of 30%	(10,560,554)	(2,503,968)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Tax effect of non-deductible items	8,960,369	2,458,644
Deferred tax assets not bought to account	1,903,654	45,324
Foreign tax rate differential	(303,469)	-
Income tax expense	-	-

	Consolidated	
	30 June 2011 $	**30 June 2010 $**
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Deferred tax assets not brought to account arising from tax losses, the benefits of which will only be realised if the conditions for deductibility set out in Note 1 occur:	495,420	237,722
Foreign tax losses	1,615,938	-
Other	30,019	-
Total deferred tax assets not recognised	2,141,377	237,722

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

There are no franking credits available to the Group.

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	30 June 2011 $	30 June 2010 $
Cash at bank and on hand	174,760	621,512

Cash at bank earns interest at floating rates based on daily bank deposit rates.

The Group's exposure to interest rate risk is discussed in Note 22.

Note 9. Current assets - trade and other receivables

	Consolidated	
	30 June 2011 $	30 June 2010 $
Trade receivables	148,735	-
Other receivables	551,325	157,005
Receivable - Arturus Energy LLC	644,142	-
Short term loan	-	1,507,514
Rental bond	-	30,624
GST and other tax recoverable	23,523	48,170
	1,367,725	1,743,313

Terms and conditions relating to the above financial instruments:

- Other receivables are non-interest bearing and generally repayable within 30 days.
- Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.
- The amount owing by other entity is an advance to assist with the acquisition of an oil rig, upon which no interest is charged and the advance is repayable on demand. The fair value approximates the carrying value of the receivable. An allowance for impairment loss is recognised when there is objective evidence that the loan receivable is impaired.
- Information about the Group’s exposure to credit risk, foreign currency and interest rate risk in relation to trade and other receivables is provided in Note 22.
- The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above. Refer to Note 22 for more information on the risk management policy of the Group and the credit quality of the entity’s trade receivables.

Note 9. Current assets - trade and other receivables (continued)

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $103,932 as at 30 June 2011 ($1,664,519 as at 30 June 2010). The consolidated entity did not consider a credit risk on the aggregate balances after reviewing agency credit information and credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated	
	30 June 2011 $	30 June 2010 $
60-90 days	11,935	157,005
120 + days	91,997	1,507,514
	103,932	1,664,519

In determining the recoverability of a trade receivable, the Group considers any changes in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The directors believe that there is no further credit provision required in excess of the allowance for impairment.

Note 10. Current assets - financial assets at fair value through profit or loss

	Consolidated	
	30 June 2011 $	30 June 2010 $
Ordinary shares - designated at fair value through profit or loss	27,500	70,000

Refer to note 22 for detailed information on financial instruments.

Listed shares are readily saleable with no fixed terms. At both 30 June 2011 and 30 June 2010, the Company owned 2,500,000 in Golden Gate Petroleum Ltd, a company listed on the Australian Securities Exchange. All shares held in listed companies are valued at their fair value. There would be no material capital gains tax payable if these assets were sold at the reporting date.

Note 11. Non-current assets - receivables

	Consolidated	
	30 June 2011 $	**30 June 2010 $**
Receivable from Arturus Capital	28,089	-

- None of the non-current receivable are impaired or past due and not impaired.
- Information about the Group's exposure to credit risk, foreign currency and interest rate risk in relation to trade and other receivables is provided for in Note 22.
- The minimum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above. Refer to Note 22 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

Note 12. Non-current assets - property, plant and equipment

	Consolidated	
	30 June 2011 $	**30 June 2010 $**
Plant and equipment - at cost	202,270	258,940
Less: Accumulated depreciation	(50,104)	(12,233)
	152,166	246,707
	152,166	246,707

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	P P & E $	Total $
Consolidated		
Balance at 1 July 2009	35,352	35,352
Additions	216,814	216,814
Depreciation expense	(5,459)	(5,459)
Balance at 30 June 2010	246,707	246,707
Exchange differences	(56,670)	(56,670)
Depreciation expense	(37,871)	(37,871)
Balance at 30 June 2011	152,166	152,166

Note 13. Non-current assets - exploration and evaluation

	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $
Oil and gas exploration assets	29,515,776	28,060,488
Less: Impairment	(25,043,142)	-
	4,472,634	28,060,488
	4,472,634	28,060,488

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Exploration Expenditure $	Total $
Consolidated		
Balance at 1 July 2009	398,587	398,587
Additions through business combinations (note 29)	27,943,692	27,943,692
Expenditure during the year	725,068	725,068
Impairment of assets	(398,587)	(398,587)
Write off of assets	(608,272)	(608,272)
Balance at 30 June 2010	28,060,488	28,060,488
Additions	1,693,572	1,693,572
Exchange differences	(238,284)	(238,284)
Impairment of assets	(25,043,142)	(25,043,142)
Balance at 30 June 2011	4,472,634	4,472,634

Allowance for impairment includes write-offs incurred with respect to drilling and prospect costs. The impairments in the current year are primarily due to the loss of lease title caused by non-production at the wells. Recovery of lease title would result in a reversal of the impairment allowance.

The ultimate recoupment of the exploration and evaluation expenditure carried forward is dependent on the successful development and commercial exploitation or, alternatively, sale of the relevant areas of interest, at amounts at least equal to book value.

Note 14. Current liabilities - trade and other payables

	Consolidated	
	30 June 2011 $	**30 June 2010 $**
Bankruptcy settlement outstanding debt guarantee.	3,523,279	-
Share capital refundable	189,000	-
Interest payable	486,499	126,159
Trade and other payables	1,812,693	937,709
	6,011,471	1,063,868

Refer to note 22 for detailed information on financial instruments.

The Bankruptcy settlement-outstanding debt guarantee will be extinguished when the final bankruptcy settlement payment is made. This is scheduled to be paid before 13 January 2012.

Terms and conditions relating to the above financial instruments:
• Trade creditors are non-interest bearing and are normally settled between 30 to 90 days.
• Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Note 15. Current liabilities - borrowings

	Consolidated	
	30 June 2011 $	30 June 2010 $
Loan - unsecured Arturus Capital	1,000,000	1,000,000
Loan - unsecured Acclaim Exploration	1,871,977	-
Loan - unsecured El Dore Mining	1,247,500	-
Convertible notes payable	2,577,106	4,547,105
	6,696,583	5,547,105

At balance date the Company had unsecured convertible notes outstanding with a face value of $2,577,106. The principal terms of these convertible notes are as follows:

- 10,000,000 convertible notes with a face value of $2,500,000 and interest applicable of 12% per annum. The conversion price is the lesser of 25 cents or 80% of the 30 day average market price and have a redemption date of 29 January 2011.
- 20,300 convertible notes with a face value of $7,106 and interest applicable of 10.5% per annum. The conversion price is the lesser of 35 cents or 80% of the 5 day average market price and have a redemption date of 31 January 2011.
- 155,555 convertible notes with a face value of $70,000 and interest applicable of 12.5% per annum. The conversion price is the lesser of 45 cents or 85% of the 5 day average market price and have a redemption date of 28 February 2011.

Discussions are being held with the issuers of the convertible notes with the intention of extending the redemption dates of these notes.

Refer to Note 22 for the Company's risk management policies.

Note 16. Current liabilities - employee benefits

	Consolidated	
	30 June 2011 $	30 June 2010 $
Annual leave	40,261	35,752

Note 17. Current liabilities - provisions

	Consolidated	
	30 June 2011 $	30 June 2010 $
Legal claims	1,226,745	-

Note 17. Current liabilities - provisions (continued)

Legal Claims
The above provision relates to outstanding legal claims with TPE Operating, LLC, the final bankruptcy settlement, claims from 3rd parties relating to the original asset purchase and ongoing legal fees relating to these claims.

Note 18. Non-current liabilities - provisions

	Consolidated	
	30 June 2011 $	30 June 2010 $
Plug and abandonment	1,003,077	-

Plug and abandonment provision
This provision relates to the government cost calculation for plugging and abandoning wells in the State of Texas. Final costs may be higher or lower than the government estimate.

Note 19. Equity - contributed

	Consolidated		Consolidated	
	30 June 2011 Shares	30 June 2010 Shares	30 June 2011 $	30 June 2010 $
Ordinary shares - fully paid	1,241,463,279	818,518,911	55,540,185	48,162,388

Note 19. Equity - contributed (continued)

Movements in ordinary share capital

Details	Date	No of shares	Issue price	$
Balance	1 July 2009	87,818,097		15,671,409
Issue on conversion of convertible notes		3,326,507	$0.047	155,000
Issue on exercise of options		5,000	$0.200	1,000
Issue for cash	21 July 2009	10,000,000	$0.070	700,000
Issue in satisfaction of convertible note interest.		5,855,352	$0.050	292,768
Issue for cash	8 February 2010	9,000,000	$0.040	360,000
Issue for cash	4 May 2010	220,737,500	$0.040	8,829,500
Issue of acquistion of Blackgate LLC	5 May 2010	371,401,455	$0.050	18,570,073
Issue for cash	24 May 2010	110,375,000	$0.040	4,415,000
Capital raising costs		-		(832,362)
Balance	30 June 2010	818,518,911		48,162,388
Issue on conversion of convertible note	27 August 2010	43,829,297	$0.017	760,000
Issue on conversion of convertible note	15 September 2010	5,287,508	$0.015	80,000
Issue on conversion of convertible note	6 October 2010	24,690,174	$0.016	400,000
Share placement	13 December 2010	134,863,043	$0.023	3,101,850
Share placement	13 December 2010	7,500,000	$0.023	172,500
Facility drawdown	12 January 2011	13,673,531	$0.018	250,000
Issue on conversion of convertible note	14 January 2011	10,962,566	$0.019	205,000
Issue in lieu of services	17 January 2011	1,304,347	$0.023	30,000
Facility drawdown	21 January 2011	14,508,567	$0.017	250,000
Issue on conversion of convertible note	24 January 2011	8,246,289	$0.018	150,000
Issue on conversion of convertible note	10 February 2011	20,812,798	$0.018	365,000
Facility drawdown	16 Febrauary 2011	13,820,669	$0.018	250,000
Facility drawdown	23 February 2011	16,984,330	$0.015	250,000
Issue on conversion of convertible note	22 March 2011	588,234	$0.017	10,000
Issue in lieu of services	10 May 2011	6,666,666	$0.004	25,000
Funding facility fee	30 May 2011	99,206,349	$0.013	1,250,000
Capital raising costs		-		(171,553)
Balance	30 June 2011	1,241,463,279		55,540,185

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

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

Share buy-back
There is no current on-market share buy-back.

Note 19. Equity - contributed (continued)

Capital risk management
The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these are given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2010 Annual Report.

Note 20. Equity - reserves

	Consolidated	
	30 June 2011 $	**30 June 2010 $**
Foreign currency reserve	(5,026,509)	-
Options reserve	864,911	864,911
	(4,161,598)	864,911

	Foreign exchange $	Options Reserve $	Total $
Consolidated			
Balance at 1 July 2009	-	664,911	664,911
Issue of options for cash	-	200,000	200,000
Balance at 30 June 2010	-	864,911	864,911
Foreign currency translation	(5,026,509)	-	(5,026,509)
Balance at 30 June 2011	(5,026,509)	864,911	(4,161,598)

Foreign currency reserve
The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Options reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Note 21. Equity - dividends

There were no dividends paid or declared during the current or previous financial year.

Note 22. Financial instruments

Financial risk management objectives

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits, borrowings and convertible notes. The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk and foreign currency risk. The Group does not speculate in the trading of derivative instruments. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 1 to the financial statements.

Market risk

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The Group's exposure to risks of changes in market interest rates relates primarily to the Group's cash balances. The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. As the Group has no variable rate interest bearing borrowings its exposure to interest rate movements is limited to the amount of interest income it can potentially earn on surplus cash deposits. At 30 June 2011, the consolidated entity had cash at bank of $143,951 (2010 : $621,512). Based on this, the exposure to interest rate risk is not material and as a result no sensitivity analysis has been included.

Note 22. Financial instruments (continued)

Credit risk
Credit risk is managed on a consolidated entity basis. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The Group trades only with recognised, credit worthy third parties and as such collateral is not requested nor is it the Group's policy to securities it trade and other receivables.

Receivable balances are monitored on an ongoing basis with the result that the Group does not have a significant exposure to bad debts. There are no significant concentrations of credit risk within the Group.

The Group holds all financial assets and in particular cash and cash equivalents with credible financial institutions. The credit ratings of these financial institutions are all AA.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The financial liabilities the Group had at reporting date were trade payables incurred in the normal course of the business and convertible notes on issue and borrowings. The trade creditors were non interest bearing and were due within the normal 30-60 days terms of creditor payments. All convertible notes were interest bearing, refer to Note 15 for further details.

Note 22. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 30 June 2011	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,810,766	-	-	-	1,810,766
Other payables	-	4,145,523	-	-	-	4,145,523
Interest-bearing - fixed rate						
Financial liabilities	11.80	6,696,583	-	-	-	6,696,583
Total non-derivatives		12,652,872	-	-	-	12,652,872

Consolidated - 30 June 2010	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,099,620	-	-	-	1,099,620
Interest-bearing - fixed rate						
Financial liabilities	11.60	5,547,105	-	-	-	5,547,105
Total non-derivatives		6,646,725	-	-	-	6,646,725

The cash flows in the maturity analysis above are not expected to occur significantly earlier than disclosed.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Note 23. Key management personnel disclosures

Directors
The following persons were directors of Modena Resources Limited during the financial year:

Mr Anthony Hamilton (resigned 28 July 2011)
Mr Andrew Waller (resigned 19 September 2011)
Mr Craig Willis (resigned 21 April 2011)
(re-appointed 3 August 2011)
Mr James Row (resigned 28 July 2011)
Mr Tony Izelar (resigned 19 September 2011)
Mr Douglas Jendry (resigned 1 August 2011)

Note 23. Key management personnel disclosures (continued)

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $
Short-term employee benefits	1,023,481	560,186
Post-employment benefits	18,750	24,000
	1,042,231	584,186

Shareholding
The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

30 June 2011	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
A Hamilton *	25,000	-	1,275,000	-	1,300,000
D Jendry *	-	-	2,500,000	-	2,500,000
	25,000	-	3,775,000	-	3,800,000

* acquired through an on market acquisition

Other than noted above no other key management personnel held shares during the current financial year.

30 June 2010	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
A Hamilton *	-	-	25,000	-	25,000
W Bellman **	900,000	-	-	(900,000)	-
	900,000	-	25,000	(900,000)	25,000

* appointed 2 November 2009
** resigned 2 November 2009

Other than noted above no other key management personnel held shares during the prior financial year.

There were no options held by directors or key management personnel during the current and previous financial year.

Related party transactions
Related party transactions are set out in note 27.

Note 24. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit (WA) Pty Ltd, the auditor of the company, and its related practices:

	Consolidated	
	30 June 2011 $	30 June 2010 $
Audit services - BDO Audit (WA) Pty Ltd		
Audit or review of the financial report	47,027	39,733
Other services - BDO Audit (WA) Pty Ltd		
Tax compliance services	6,797	6,335
	53,824	46,068

Note 25. Contingent liabilities

There were no contingent liabilities at 30 June 2011 or 30 June 2010.

Note 26. Commitments for expenditure

	Consolidated	
	30 June 2011 $	30 June 2010 $
Rental Commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	146,273	-
One to five years	474,871	-
	621,144	-

There were no commitments for expenditure at 30 June 2011 or 30 June 2010.

Note 27. Related party transactions

Parent entity
Modena Resources Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 30.

Key management personnel
Disclosures relating to key management personnel are set out in note 23 and the remuneration report in the directors' report.

Note 27. Related party transactions (continued)

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	30 June 2011 $	30 June 2010 $
Payment for other expenses:		
Consulting fees paid to Acclaim Exploration NL	48,002	-
Consulting fees paid to Eldore Corporation Limited	43,459	-
Consulting fees paid to Arturus Capital Limited	13,331	-

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	30 June 2011 $	30 June 2010 $
Current receivables:		
Receivable - Artus Energy LLC	644,142	-

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	30 June 2011 $	30 June 2010 $
Current borrowings:		
Unsecured loan Arturus Capital	1,000,000	1,000,000
Unsecured loan Acclaim Exploration	1,871,977	-
Unsecured loan Eldore Mining	1,247,500	-

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 28. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of comprehensive income

	Parent	
	30 June 2011 $	30 June 2010 $
Loss after income tax	(39,239,147)	(8,046,537)
Total comprehensive income	(39,239,147)	(8,046,537)

Note 28. Parent entity information (continued)

Statement of financial position

	Parent 30 June 2011 $	Parent 30 June 2010 $
Total current assets	885,552	2,301,780
Total assets	1,017,722	31,042,044
Total current liabilities	8,483,750	6,647,725
Total liabilities	8,483,750	6,647,725
Equity		
Contributed equity	55,540,185	48,161,388
Reserves	864,911	864,911
Accumulated losses	(63,871,124)	(24,631,980)
Total equity/(deficiency)	(7,466,028)	24,394,319

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2011 and 30 June 2010.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment at as 30 June 2011 and 30 June 2010.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment.

Note 29. Business combinations

During the prior financial year, the Company acquired 100% of the voting shares of Blackgate Resources LLC.

The total cost of the combination was $27,943,692 and comprised cash and the issue of equity instruments. The Group issued 371,401,455 ordinary fully paid shares with a fair value of $0.05 each.

Note 29. Business combinations (continued)

Details of the acquisition are as follows:

	Acquiree's carrying amount $	Fair value $
Petroleum interests, exploration and evaluation expenditure	-	27,943,692
Net assets acquired	-	27,943,692
Goodwill		-
Acquisition-date fair value of the total consideration transferred		27,943,692
Representing:		
Cash paid or payable to vendor		9,000,547
Modena Resources Limited shares issued to vendor		18,570,073
Costs associated with the acquisition		373,072
		27,943,692

	Consolidated	
	30 June 2011 $	30 June 2010 $
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	-	9,373,619
Net cash used	-	9,373,619

Note 30. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

		Equity holding	
Name of entity	Country of incorporation	30 June 2011 %	30 June 2010 %
Murivel Trading SA	Bahamas	100.00	100.00
Blackgate Resources LLC	USA	100.00	100.00
Modena Operating LLC	USA	100.00	100.00
Modena Petroleum LLC	USA	100.00	100.00
Modena Oil Field Services LLC	USA	100.00	-
Modena Oil& Gas LLC	USA	100.00	-

Note 31. Events occurring after the reporting date

In July 2011, TPE Operating, LLC, resigned as the contract operating group for all of Modena's U.S. subsidiaries. On 29 July 2011 TPE Operating, LLC sent a letter to Modena claiming US$794,323.89 for breach of contract. This issue is currently outstanding.

Following the general meeting of shareholders held on 30 May 2011, the Company consolidated its issued capital, options and convertible notes on a five to one basis.

On 15 September 2011, Modena was able to resolve its last lawsuit within the BNP Petroleum Corporation Bankruptcy (Case No. 09-20206), in the Southern District of Texas, at a mediation. Details of the settlement are confidential however the final settlement payment must be made by Modena before 13 January 2012.

On 19 September 2011 the Company executed a mandate to raise $1,250,000 by way of a convertible loan to provide additional working capital subject to Shareholder approval.

Subject to shareholder approval, on 19 September 2011 the Company issued 15,000,000 on 4 cent options expiring on December 2014 to Directors and key management personnel.

On 19 September 2011 the Company announced the appointments of Mr Cameron Edwards as an Executive Director and Mr Cosimo Damiano as a Non-executive Director. These appointments will provide the industry expertise to allow Modena to transition from its current status to producer with a planned program focusing on work over programs at its South Texas Operations. Modena has a focus on the development of its Proved Behind Pipe reserves through an aggressive work over program focused on re-establishinng production.

The Company also announced the resignation of Mr Andrew Waller and Mr Tony Izelaar from the Board and thanks them for their constributions.

No other matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 32. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	30 June 2011 $	30 June 2010 $
Loss after income tax expense for the year	(35,201,847)	(8,346,561)
Adjustments for:		
Depreciation and amortisation	37,871	5,459
Net fair value loss/(gain) on available-for-sale financial assets	42,500	(174,584)
Share-based payments	244,001	292,768
Foreign exchange differences	195,908	23,698
Amortisation of production assets	-	44,550
Impairment of exploration expenditure	25,043,142	5,562,812
Facility fee settled through issue of shares	1,250,000	-
Impairment of receivables	142,005	-
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(1,190,638)	32,296
Increase/(decrease) in trade and other payables	4,947,603	(83,238)
Increase in employee benefits	4,509	-
Increase in other provisions	1,226,745	-
Net cash used in operating activities	(3,258,201)	(2,642,800)

Note 33. Non-cash investing and financing activities

	Consolidated	
	30 June 2011 $	30 June 2010 $
Shares issued to settle funding facility fee	1,250,000	-
Conversion of convertible notes	1,970,000	-
Extinguishment of borrowings	1,000,000	-
	4,220,000	-

During the financial year the company issued 58,987,097 fully paid ordinary shares to the value of $1,000,000 in relation to the extinguishment of borrowings.

Note 34. Earnings per share

	Consolidated	
	30 June 2011 $	**30 June 2010 $**
Loss after income tax attributable to the owners of Modena Resources Limited	(35,201,847)	(8,346,561)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	1,006,717,214	210,408,150
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,006,717,214	210,408,150
	Cents	**Cents**
Basic earnings per share	(3.500)	(3.970)
Diluted earnings per share	(3.500)	(3.970)

Directors' declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and

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

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors

C Damiano
Non Executive Chairman

9 October 2011
Perth

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MODENA RESOURCES LIMITED

Report on the Financial Report

We were engaged to audit the accompanying financial report of Modena Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on conducting the audit in accordance with Australian Auditing Standards. Because of the matter discussed in the Basis for Disclaimer of Auditor's Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of Modena Resources Limited would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Basis for Disclaimer of Auditor's Opinion

A limitation of scope in our work existed for the reason described below.

Modena Resources Limited and its controlled entities

The audits in relation to Modena Petroleum LLC, Modena Operating LLC, Modena Oil & Gas LLC, Modena Oilfield Services LLC and Blackgate Resources LLC and its controlled entities, being 100% owned subsidiaries of Modena Resources Limited for this reporting period, have not been completed as at the date of our report and we have been unable to perform alternative audit procedures. Due to this limitation of scope, we have not been able to gain adequate assurance over the financial information of the subsidiaries and are unable to determine whether any required adjustments would have been necessary in respect of the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of cashflows and all related disclosures in the financial report. In addition, in relation to these entities, we have been unable to determine whether any contingent liabilities, commitments, warranties or guarantees exist within the entities for which Modena Resources Limited may be liable.

Disclaimer of Auditor's Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Auditor's Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial report.

Material Uncertainty Regarding Continuation as a Going Concern

Without expressing an opinion, we draw attention to the net working capital deficiency of $12,405,075 as at 30 June 2011. This condition, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and whether they will realise their assets, extinguish their liabilities and meet their commitments in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2011. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Basis for Qualified Opinion

Because of matter described in the Basis for Disclaimer of Auditor's Opinion paragraph, our audit procedures over the Remuneration Report were limited to testing the remuneration disclosures made. As a result of this we were unable to perform adequate procedures concerning the completeness of disclosures within the Remuneration Report and our report is qualified in this respect.

Qualified Auditor's Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the Remuneration Report of Modena Resources Limited for the year ended 30 June 2011 complies with section 300A of the Corporations Act 2001.

BDO Audit (WA) Pty Ltd

BDO

Peter Toll
Director

Perth, Western Australia
Dated this 9th day of October 2011

Modena Resources Limited
Shareholder information
30 June 2011

The shareholder information set out below was applicable as at 28 September 2011.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	105
1,001 to 5,000	204
5,001 to 10,000	103
10,001 to 100,000	401
100,001 and over	261
	1,074
Holding less than a marketable parcel	527

	Number of holders of options over ordinary shares (MDAOA)
1 to 1,000	-
1,001 to 5,000	5
5,001 to 10,000	7
10,001 to 100,000	167
100,001 and over	82
	261
Holding less than a marketable parcel	200

Modena Resources Limited
Shareholder information
30 June 2011

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
HSBC Custody Nominees (Australia) Limited	35,165,666	12.12
Penson Australia Nominees Pty Ltd <Argonaut Account>	13,248,543	4.57
Gelc Pty Ltd <Morris Super Fund Account>	11,000,000	3.79
Mr Kevin Thomas Mahon <Mahon Family Account>	10,000,000	3.45
Ajava Holdings Pty Ltd	8,060,000	2.78
Delwood Holdings Pty Ltd <Mahon Family Super Fund Account>	7,900,000	2.72
Mr Gilbert Thomas Smith	7,288,019	2.51
Mr Paul Bernard Bastion + Mrs Belinda Louise Bastion <Bastion Super Fund Account>	7,150,000	2.46
Lessar Pty Ltd <R A Shea Family Account>	7,000,000	2.41
Mr Colin Alexander Mackellar <C A Mackellar Super Fund Account>	6,400,000	2.21
Bearded Rooster Nominees Pty Ltd	6,000,000	2.07
Mr Peter Gerard Cook & Mrs Joan Christine Cook <Peter Cook Family Account>	4,733,646	1.63
Skipper WA Pty Ltd <Skipper Super Fund Account>	4,500,000	1.55
Mr John Grygorcewicz <JG Family Account>	4,050,000	1.40
Dark Horse Equity Limited	4,000,000	1.38
Donrose Investments Pty Ltd <The R & D Family Account>	4,000,000	1.38
Sangreal Investments Pty Ltd	4,000,000	1.38
Vincent Corp Pty Ltd	4,000,000	1.38
Ingobblein Pty Ltd <Doug Seaby Family Account>	3,794,290	1.31
Donerose Investments Pty Ltd <Donrose Super Fund Account>	3,700,000	1.27
	155,990,164	53.77

Modena Resources Limited
Shareholder information
30 June 2011

	Options over ordinary shares (MDAOA)	
	Number held	% of total options issued
HSBC Custody Nominees (Australia) Limited	15,500,000	20.94
Ajava Holdings Pty Ltd	9,000,000	12.16
Azur Holdings Pty Ltd	5,000,000	6.76
Bell Potter Nominees	3,650,000	4.93
Nefco Nominee Pty Ltd	2,240,000	3.03
Mr Helmut Rocker	2,000,000	2.70
Wimalex Pty Ltd	2,000,000	2.70
Dejul Trading Pty Ltd	1,600,000	2.16
Goffacan Pty Ltd (KMM Family Acc)	1,407,070	1.90
Mrs Kathleen Mary Eddington	1,400,000	1.89
AMH Custodian Pty Ltd	1,300,000	1.76
Mr James Michael Rocker	1,000,000	1.35
Mousetrap Nominees Pty Ltd	950,000	1.28
Mr Oliver David Ainscough	940,000	1.27
Octifil Pty Ltd	925,000	1.25
David Gartner Pty Ltd	600,000	0.81
Goffacan Pty Ltd	600,000	0.81
Mr Steven Goodson	500,000	0.68
Mr Maurice Sheehan and Mrs June Sheehan	500,000	0.68
Mr Lachlan Kingsley Alan Thomson	500,000	0.68
	51,612,070	69.74

Unquoted equity securities
There are no unquoted equity securities.

Substantial holders
Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
HSBC Custody Nominees (Australia) Limited	35,165,666	12.12

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.