Company Particulars

Directors:	NIGEL RAYMOND FORRESTER, FCA (Chairman and Managing Director)
	RONALD WILLIAM O'REGAN
	ALFRED PATRICK STIRLING, FCA
	GODFREY EDWARD TAYLOR, LL B
Joint Secretaries:	JAN FORRESTER
	DEAN ANGELO SCARPAROLO, CPA
Registered Office:	Level 5, 178 St. Georges Terrace, Perth, Western Australia, 6000. Telephone: ++61 89322 6311 Facsimile: ++61 89322 4607 Email: mtb@mountburgess.com Website: www.mountburgess.com
Share Registry:	Advanced Share Registry Services, 7th Floor, 200 Adelaide Terrace, Perth, Western Australia, 6000. Telephone: ++61 89221 7288 Facsimile: ++61 89221 7869
Auditors:	Deloitte Touche Tohmatsu, 16th Floor, Central Park, 152-158 St. Georges Terrace, Perth, Western Australia, 6000.
Bankers:	Australia and New Zealand Banking Group Ltd, 77 St. Georges Terrace, Perth, Western Australia, 6000.

Mount Burgess Mining N.L. is a listed public company, incorporated in Australia.

Address by the Chairman

It is my pleasure to present to you this annual report for the year to 30th June 2004.

Last year I informed shareholders that the Company had undertaken a major re-evaluation of its Telfer Project, which determined the potential to discover Telfer Deeps style mineralisation similar to that being developed by Newcrest Mining Limited at its main Telfer Dome Mine. This potential, relative to the Company's tenements at Telfer, which include Tim's Dome and East Thomson's Dome, has also been recognized by Barrick Gold of Australia Limited, with the result that a joint venture has now been formed between Barrick and the Company.

Barrick has the right to earn a 51% interest through the expenditure of Aud $5 million, at which point the Company can either elect to contribute pro-rata or be free-funded through to a decision to mine with a 25% interest. Since the commencement of the joint venture in the New Year, Barrick has carried out a significant appraisal of the Company's tenements, particularly relating to structural and stratigraphic interpretation, in preparation for commencing some deep diamond core drilling in September 2004 at both Tim's Dome & East Thomsons Dome. This drilling will test the hitherto unexplored "M Reefs" and "I Reefs" within the lower Malu Formation on the Company's Tenements.

In Namibia, at the Tsumkwe Diamond Exploration project, the Company has continued to acquire further encouraging results in the form of fresh kimberlitic indicator minerals, all of which convincingly suggest the presence of further kimberlite sources, other than the Gura kimberlites discovered to date.

The recovery of fresh garnets from three drill holes completed during the year in the mid to north-western part of the project has exposed the potential for a discovery of a kimberlite in an area not previously considered to be prospective. Whilst exploring in an area with variable depths of Kalahari sand cover is accepted as being challenging, the Company none the less believes its efforts will lead to further kimberlite discoveries.

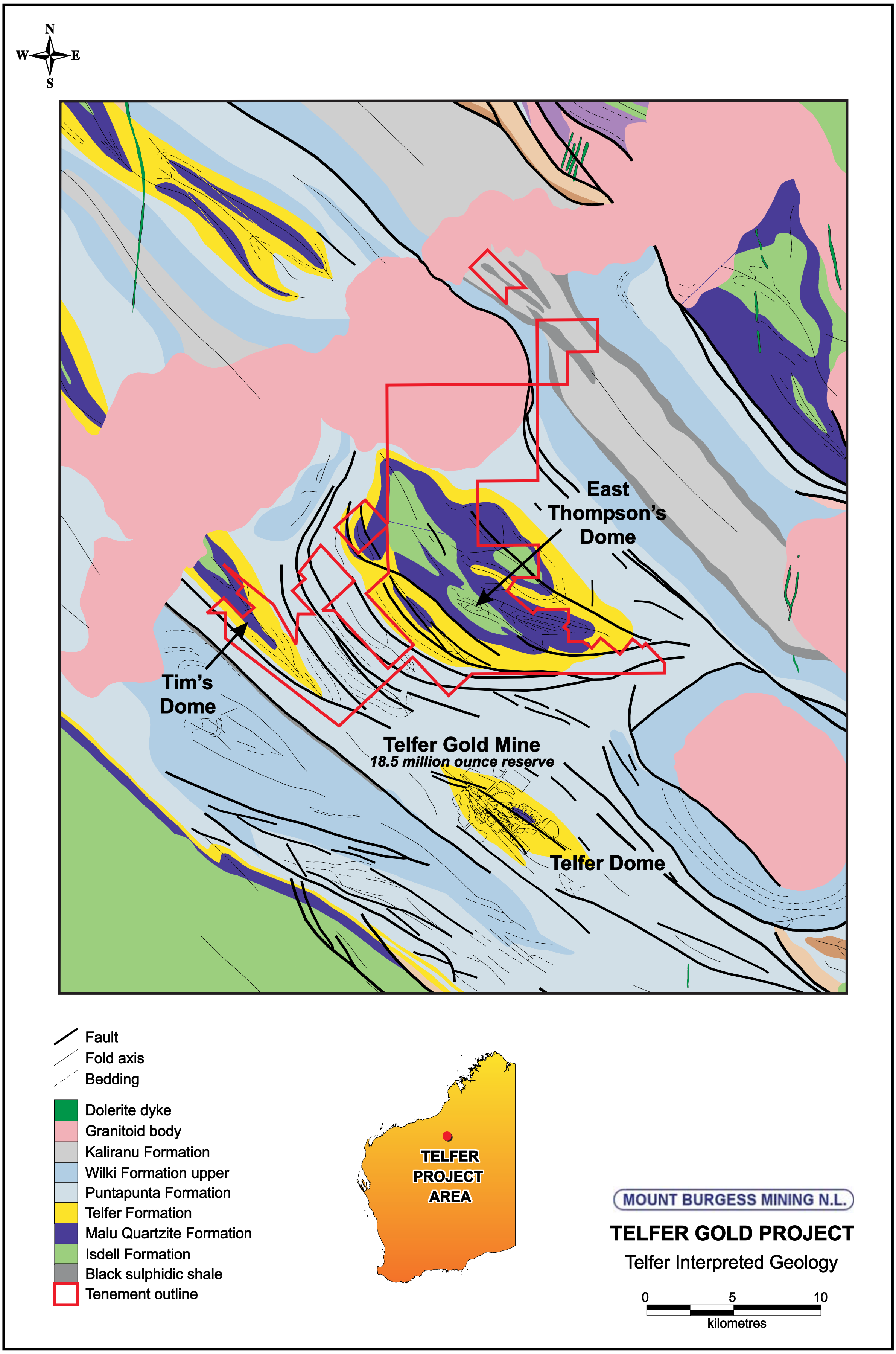
In July last year the Company was granted Prospecting Licence P69/2003 for base and precious metals in neighbouring Botswana . During this financial year the Company conducted a widespread drilling programme over a 2.6km long zinc anomaly. Grades of up to 5.4% zinc, 2.7% lead and 194 g/t silver were recorded. What is encouraging about the drilling conducted to date is that whilst the grades so far achieved are considered to be at the lower end of the scale, the widths of mineralisation in the 30m + range are significant and have been intersected at shallow depths. Samples have been submitted for metallurgical testing, and mapping is being conducted over this anomaly and several other anomalies in the area, including a gossan yielding 5.4% zinc, 1.6% vanadium, 12.4% lead and 102g/t silver, prior to conducting further drilling.

During the year Mr. Jeffrey Moore resigned from the Company's Board to pursue a Board position with another resource company. The management of the Company's projects has been undertaken by Mr. Martin Spence B.Sc. Aus. IMM.

Mr. Alfred Stirling FCA, joined the Board as a non-executive Director. Both Mr. Spence and Mr. Stirling have given the Company considerable support in their own separate ways, for which I am most grateful. Not least of all I should also like to thank our other Directors and employees for their continued support and commitment to the Company during the year.

N R FORRESTER

CHAIRMAN


N
W
E
S
East Thompson's Dome
Tim's Dome
Telfer Gold Mine
18.5 million ounce reserve
Telfer Dome
Fault
Fold axis
Bedding
Dolerite dyke
Granitoid body
Kaliranu Formation
Wilki Formation upper
Puntapunta Formation
Telfer Formation
Malu Quartzite Formation
Isdell Formation
Black sulphidic shale
Tenement outline
TELFER PROJECT AREA
MOUNT BURGESS MINING N.L.
TELFER GOLD PROJECT
Telfer Interpreted Geology
0
5
10
kilometres

TELFER

Pilbara Mineral Field, Western Australia

The Company currently holds equity in 27 granted and pending mineral tenements covering approximately 250 square kilometres within a 10 to 40 kilometre radius of Newcrest Mining's Telfer gold mine. The Telfer mine has produced in excess of five million ounces of gold since 1977 and has a current quoted resource of 26.2 million in-situ ounces of gold, which contains a reserve of 18.4 million in-situ ounces.

Mineralisation in the Telfer district mainly comprises low-grade bulk tonnage sheeted vein and stockwork quartzpyrite-Au-Cu, and stratabound Au-Cu systems.

The Company believes that its Telfer tenements have the potential for the discovery of significant gold and base metals mineralisation.

During the year the Company signed a Joint Venture agreement with Barrick Gold of Australia Limited, whereby Barrick can earn 51% equity in the Telfer tenements by spending $5 million, at which point the Company can elect to either contribute pro-rata or dilute to 25% by being free carried through to a decision to mine.

Newmont Gold Exploration Pty Ltd, formerly a 38% joint venture party in respect of four mining leases at Telfer, agreed to abate their above equity to a 1% net smelter royalty.

East Thompson's Dome and Tim's Dome

East Thompson's Dome is defined by an eight kilometre long double plunging antiform and is situated 10 kilometres north/north west of the Telfer mine whilst Tim's Dome lies 15 km to the northwest of the Telfer mine. Both Domes contain litohlogies equivalent to those at the Telfer Main Dome.

Most of the historical drilling targeted shallow (less than 50 metres) reef-style mineralisation. However, one deep hole (324.5 metres) at East Thompson's Dome intercepted a significant hydrothermal alteration system similar to mineralisation at Telfer Main Dome.

In September 2004, Barrick intends to commence deep diamond drilling at East Thompson's Dome and Tim's Dome. Drill holes are designed to test the "M" Reefs and "I" Reefs of the lower Malu Formation, the lithology which displays similar stratigraphic and structural settings (and similar felsic intrusive history) to the auriferous Telfer Main Dome where Newcrest has recently developed a significant copper-gold resource.

Cane

The Cane prospect lies to the east of Tim's Dome and north of Newcrest's Thompson's Dome prospect. The prospect has a strong Au-Cu-Pb-Zn geochemical signature and shows some signs of gold depletion at the surface. Broad areas of low grade gold mineralisation have been recorded from RAB drilling and initial RC drill testing returned an intercept of 4 metres @ 3.8 g/t gold.

Pardu

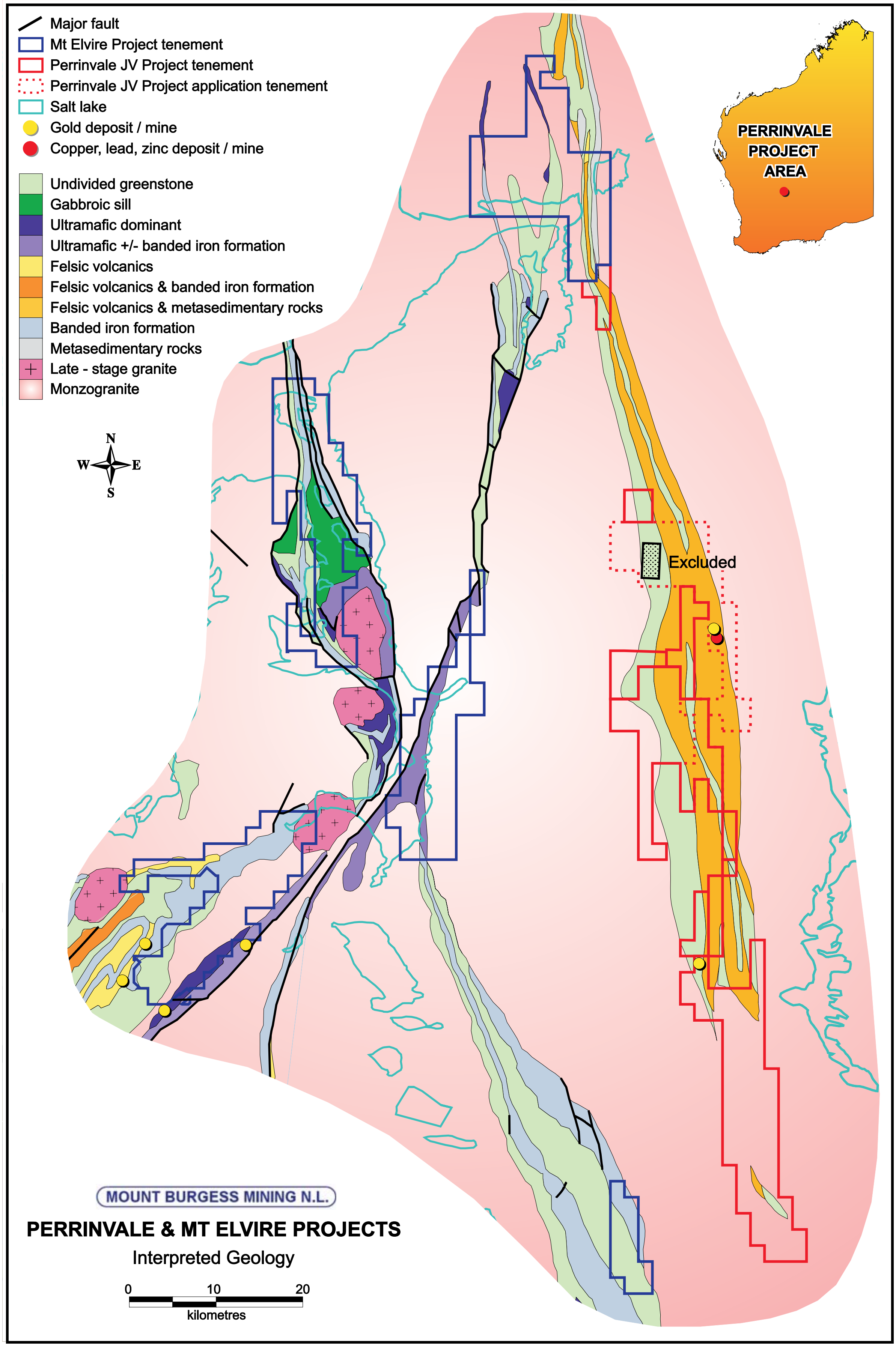
Pardu covers the northwestern portion of the Kaliranu syncline. A regional aeromagnetic programme has highlighted several discrete, strongly magnetic anomalies coincident with the interpreted axial plane of the syncline.

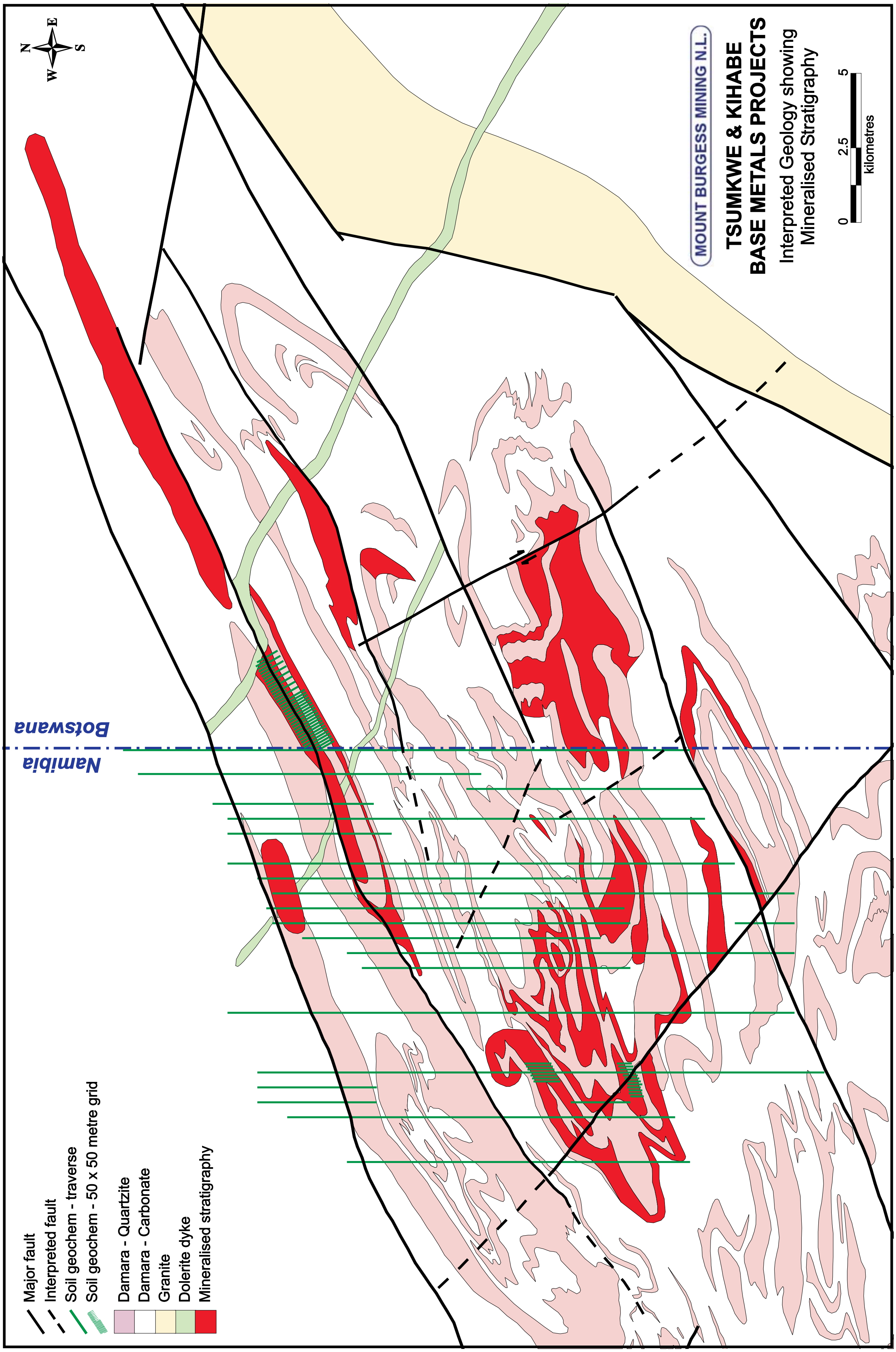
TABLETOP

Pilbara Mineral Field, Western Australia
(The Company 100%).

The Tabletop project comprises six exploration licence applications, subject to Native Title objections, in an area underlain by the basement rocks of the Rudall Metamorphic Complex (RMC). The RMC has been identified by the Geological Survey of Western Australia as hosting a wide range of mineralisation including gold, basemetals, PGM's, rare earths, nickel, silver and uranium. The area is also considered by the Company to be prospective for diamonds.

Work cannot be conducted on any of these areas until Native Title objections have been lifted as a consequence of successful negotiations or determination.


Major fault
Mt Elvire Project tenement
Perrinvale JV Project tenement
Perrinvale JV Project application tenement
Salt lake
Gold deposit / mine
Copper, lead, zinc deposit / mine
Undivided greenstone
Gabbroic sill
Ultramafic dominant
Ultramafic +/- banded iron formation
Felsic volcanics
Felsic volcanics & banded iron formation
Felsic volcanics & metasedimentary rocks
Banded iron formation
Metasedimentary rocks
Late - stage granite
Monzogranite
N
W
E
S
PERRINVALE
PROJECT
AREA
Excluded
MOUNT BURGESS MINING N.L.
PERRINVALE & MT ELVIRE PROJECTS
Interpreted Geology
0
10
20
kilometres


MOUNT BURGESS MINING N.L.
TSUMKWE & KIHABE
BASE METALS PROJECTS
Interpreted Geology showing
Mineralised Stratigraphy
0
2.5
5
kilometres
N
E
S
W
Botswana
Namibia
Major fault
Interpreted fault
Soil geochem - traverse
Soil geochem - 50 x 50 metre grid
Damara - Quartzite
Damara - Carbonate
Granite
Dolerite dyke
Mineralised stratigraphy

PERRINVALE PROJECT

North Coolgardie Mineral Field, Western Australia
(The Company has the right to earn 70%)

The Perrinvale Project, located about 90 kilometres west of Menzies, is a joint venture with Heron Resources Limited covering about 120 kilometres of strike length of the Illaara Greenstone belt. The belt contains the historical gold workings of Lawrence Find and Metzke's Find and is considered prospective for both gold and base metals.

Work undertaken by the Company to date includes acquisition and interpretation of aeromagnetic and Landsat 7 data, an orientation soil sampling programme and a subsequent geochemical sampling programme. A number of coherent (greater than 10 ppb Au and greater than 100 ppm Cu) in soil anomalies, as yet untested by drilling, occur within the joint venture tenements.

Preliminary interpretation of the aeromagnetic data has outlined a number of potential gold and base metal targets, several of which are coincident with the surface geochemical anomalism. A select number of these targets will be drilled during the year.

During the year the Company has been working to negotiate a Native Title agreement in order to gain access to tenements within the project area. Numerous geochemical anomalies have been defined within the project area, some of which are yet to be fully defined due to proximity to lease boundaries where proposed work is yet to be completed pending grant.

Gullewa

(The Company 100%)

The tenement lies to the east of the Yalgoo townsite and is underlain by the Yalgoo-Singleton Greenstone belt. The project area has potential to host gold and base metals mineralisation, being situated to the north of the Golden Grove-Scuddles base metals mine and the nearby Minjar gold mine.

Much of the 75 sq.km tenement area is covered by transported Tertiary and Quaternary material which effectively masks basement mineralisation. This cover material also presented a hindrance to historical minerals prospecting. Work completed by the Company has comprised a review of historical exploration with the aim of acquiring geophysical coverage and proposing geochemical sampling over prospective areas.

Mount Elvire

(The Company 100%)

The exploration licences total 820 sq. km and cover the Mount Elvire, Diemals, South Elvire and Yerilgee greenstone belts. The project area is located approximately 200km north of Southern Cross and is prospective for gold mineralisation.

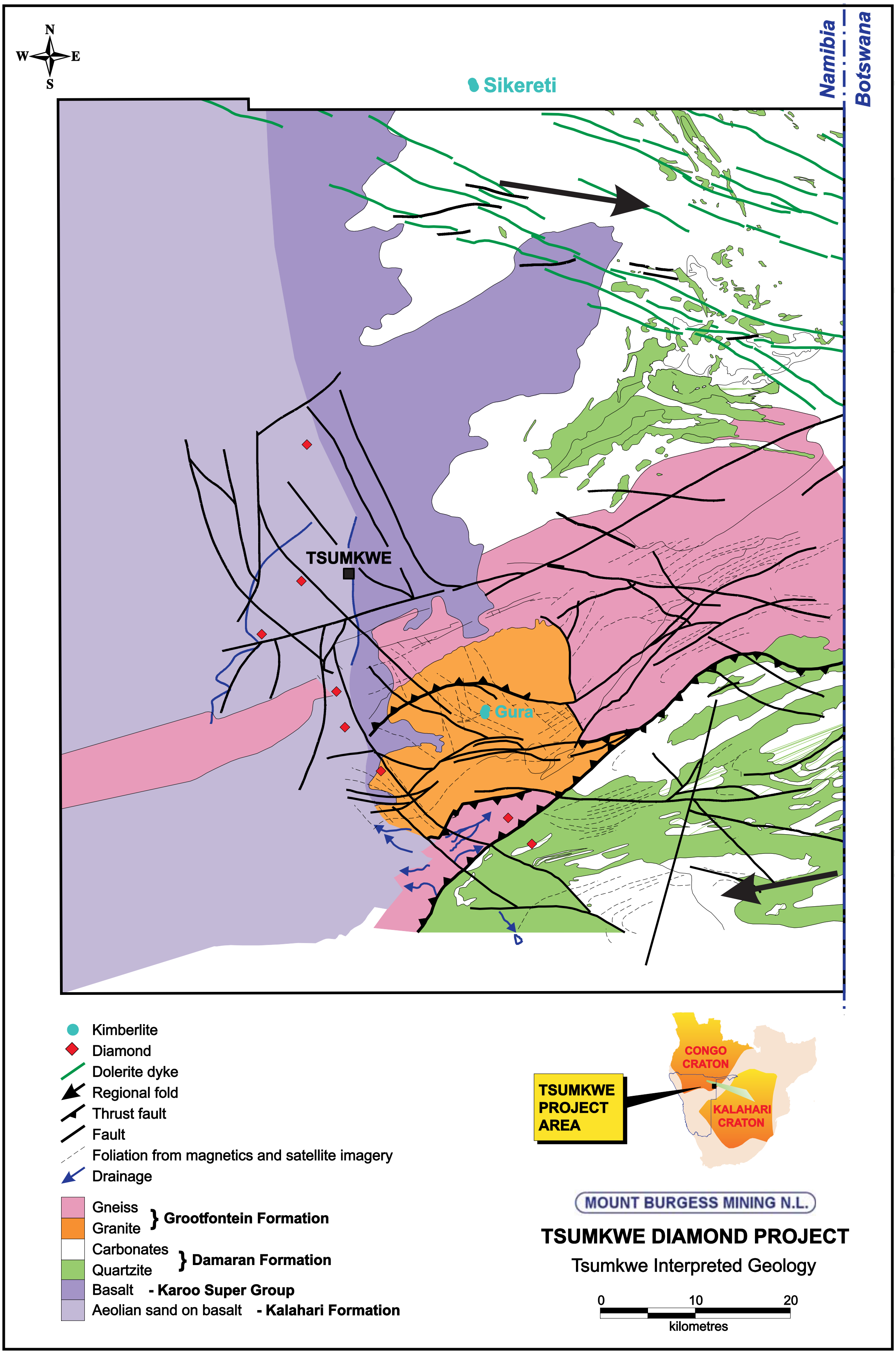
The Company has acquired airborne magnetic data and is reviewing historical exploration to assist with the planning of geochemical coverage over targets interpreted from the aeromagnetics.

TSUMKWE DIAMOND PROJECT

Namibia

The project is located in northeast Namibia adjoining the Namibia/Botswana border and covers some 7,800 sq. km held under nine exclusive prospecting licences (EPL's). Seven of the EPL's consisting of some 6,200 sq. km are in joint venture where the Company owns 90% and Kimberlite Resources (Pty) Ltd owns 10%. The remaining two EPL's are owned 100% by the Company.

The project area is situated on the southern margin of the Congo-Angolan Craton where long-lived, stable pre-Damaran basement rocks provide favourable geological characteristics for the occurrence of diamondiferous kimberlites. Such kimberlite intrusions will likely provide the source for the surface discovery of eight macrodiamonds and abundant G10/G9 garnets found in the project area to date.


N
W
E
S
Sikereti
Namibia
Botswana
TSUMKWE
Gura
Kimberlite
Diamond
Dolerite dyke
Regional fold
Thrust fault
Fault
Foliation from magnetics and satellite imagery
Drainage
Gneiss
Granite
} Grootfontein Formation
Carbonates
Quartzite
} Damaran Formation
Basalt - Karoo Super Group
Aeolian sand on basalt - Kalahari Formation
TSUMKWE PROJECT AREA
CONGO CRATON
KALAHARI CRATON
MOUNT BURGESS MINING N.L.
TSUMKWE DIAMOND PROJECT
Tsumkwe Interpreted Geology
0
10
20
kilometres

The Company's belief that diamondiferous kimberlites exist in the project area has been strengthened by the discovery during 2001/2002 of three kimberlite intrusions in the Gura region. Although the Gura-kimberlites have not proven to be diamond-bearing, they provide a valuable exploration model to further the search for diamond-bearing kimberlites which may also be buried below the ubiquitous Kalahari "sand" cover present in the project area.

Exploration work carried out for diamonds during the year includes:

- Percussion drilling to assist with the interpretation of the basement geology from high-resolution aeromagnetic data, to test primary geophysical targets and to obtain kimberlitic indicator mineral samples from the base of the Kalahari Formation which covers the prospective basement horizon.
- Ground gravity surveys to assist with the recognition of primary kimberlite signatures and to define basement channels/scours for the targeting of sub-surface kimberlitic indicator mineral dispersion.
- Loam or deflation lag sampling to define discrete surface kimberlitic indicator mineral anomalies which may be sourced from kimberlite intrusions.
- Electron microprobe analysis of surface and sub-surface indicator mineral grains to better determine which anomalies are most likely to be sourced from diamondiferous kimberlites.

Base Metals – Namibia and Botswana

In the southern part of the Namibian project area, the Congo-Angolan Craton is bordered by Proterozoic-aged carbonate rocks belonging to the Damaran Orogenic Belt. The Company has identified a fault-controlled sub-basin near the Namibia/Botswana border which is characterised by carbonate rocks belonging to the Otavi Group or Northern Platform sequence, similar to those rocks which host about 600 Mississippi Valley Type ("MVT") ore deposits and occurrences elsewhere in Namibia (Piranjo, 1998).

The most famous and largest of these types in Namibia are the Tsumeb, Kombat, Berg Aukas and Abenab polymetallic deposits in the Otavi Mountain Land. Research into previous prospecting and drilling activities for base metals mineralisation in the Botswana portion of the sub-basin demonstrates that the basin is particularly prospective for zinc, lead and silver mineralisation.

During the year the Company prioritised an area of some 300 sq. km in the south-eastern portion of the project area which was tested for carbonate-hosted base metals mineralisation by a 2,800 sample soil geochemistry programme. Results from this work confirmed that the mineralised corridor previously identified in Botswana continues westwards into Namibia. Consequently the Company took the decision to consolidate this whole region and applied for and was granted an exploration licence on the Botswana side of the border. During the year a broad-spaced drilling programme was conducted in Botswana over a zinc anomaly some 2.6 km in length. Grades of up to 5.4% Zn, 2.7% Pb and 194 g/t silver were encountered. Metallurgical testwork is currently being conducted on drill samples in anticipation of conducting a resource drilling programme.

All information in the Projects Report pertaining to ore reserves, mineral resources and exploration results, together with any related assessments and interpretations, has been approved for release by Mr M L Spence, BSc(Geol), MAusIMM., a qualified geologist and full time employee of the Company, with more than five years experience in the field being reported on.

The Directors of Mount Burgess Mining N.L. submit herewith the annual financial report for the financial year ended 30 June 2004. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

The Directors of the Company in office during and since the end of the financial year are:

- Nigel Raymond Forrester (Chairman and Managing Director)
- Godfrey Edward Taylor
- Ronald William O'Regan
- Alfred Patrick Stirling – appointed 1 December 2004
- Jeffrey John Moore – resigned 7 February 2004

REVIEW OF OPERATIONS

The consolidated entity continued exploration throughout the year. A full review of operations is outlined on pages 3 to 9.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial year were gold, diamond and base metals exploration. The consolidated entity has not changed its activities.

CHANGES IN STATE OF AFFAIRS

During the year there were no significant changes in the state of affairs of the consolidated entity.

DIVIDENDS

The Directors do not recommend the payment of a dividend and no dividend has been paid or declared since the end of the previous financial year.

FUTURE DEVELOPMENTS

The consolidated entity will be continuing exploration on the various projects that it has committed to as outlined in the Projects Section of this report.

CORPORATE GOVERNANCE POLICY

Role of the Board and Management

The Board of Directors of Mount Burgess Mining N.L. is responsible for the corporate governance of the Company. The Board determines and monitors the business and affairs of Mount Burgess Mining N.L. and its subsidiaries on behalf of the shareholders.

Management has the responsibility of conducting the day to day business of the Company in accordance with the determination of the Board.

Composition of the Board

The Company's Constitution requires a minimum of three Directors. This number can be increased in accordance with the requirements of the Company. Currently the Board of Directors comprises four members. Three of the current Directors, Mr R O'Regan, a director of four years, Mr G Taylor, LLB, a director of five years and Mr A P Stirling, FCA, appointed during the year, are non-executive Directors. Of these, Mr A P Stirling is a substantial shareholder. None of the non-executive directors of the Company are directly or indirectly material suppliers to the Company nor do they have any material contractual relationship with the Company other than as Directors to the Company.

Whilst the Board currently comprises a majority of non-executive directors, because of the size of the Company, a majority of executive directors may occur where the direction of the Company requires additional executive expertise. For commercial reasons, the Company will not necessarily appoint additional non-executive directors simply for the purpose of maintaining a majority of non-executive directors on the Board.

Mr N Forrester, the Chairman and Managing Director and a substantial shareholder of the Company is for the time being the only executive director on the Board.

The Board reviews its composition on a continual basis to ensure that it comprises sufficient members to achieve the purpose and direction of the Company and that its members have the expertise and experience in their field, relevant to that purpose and the direction of the Company. Directors appointed to the Board are subject to election by shareholders at the following Annual General Meeting and thereafter Directors, other than the Managing Director, are subject to re-election at least every three years.

Review Committees

The Company does not have a separate audit committee, nomination committee or remuneration committee at the date of this report. Any matters to be dealt with by a committee are dealt with by the four Directors who currently comprise the Board.

Remuneration

The Board reviews the remuneration packages and policies applicable to executive Directors, senior executives and non-executive Directors on an annual basis. Remuneration levels will be competitively set to attract the most qualified and experienced Directors and senior executives. Where necessary the Board will obtain independent advice on the appropriateness of remuneration packages.

Employee Share Options

The Board currently grants options to Directors and employees on a discretionary basis in terms of the Company's Employee Share Option Plan. Options are granted both as an incentive and as recognition for performance.

Ethical Standards

The Board's policy requires that Directors and management strive to achieve the highest ethical standard in conducting the Company's business and also strive to enhance the performance and reputation of the Company. All Directors and Employees will be expected to act within the law and with integrity and objectivity in the interests of the Company, declaring at anytime any conflict of interest.

Financial Reporting

The Managing Director and Chief Financial Officer of the Company undertake upon the presentation of financial reports that to the best of their knowledge they represent a true and fair view and comply with the relevant accounting standards and ASX requirements. Annual financial statements are audited independently and half-yearly financial statements are subject to an independent review. Quarterly cash statements are filed with the Australian Stock Exchange in accordance with the Australian Stock Exchange Listing Rules and monthly management accounts are presented to all members of the Board of Directors.

Access to Company Information and Independent Professional Advice

All Directors of the Company are entitled to have access to information regarding the management of the Company. Each Director will, at the Company's expense, have the right to seek independent professional advice in regard to any matters concerning the Company. However, prior approval by the Chairman will be required, which will not be unreasonably withheld.

Timely and Balanced Disclosure

As an exploration company, the Company adopts the policy of strict adherence to the ASX Listing Rules in respect of timely and continuous disclosure requirements for the purpose of keeping the market fully informed. Any announcements containing exploration results are only released with the approval of qualified personnel.

Trading in the Company's Securities by Directors and Employees of the Company

The Company's policy in relation to trading in the Company's securities requires that prior to the placing of any intended order by any director or employee of the Company, confirmation should be sought from either the Managing Director or Company Secretary regarding any imminent Stock Exchange releases for the purpose of keeping the market fully informed.

In the event of an imminent Stock Exchange release or in the event that the Company is awaiting confirmation of information to determine whether or not a release should be made, any employee or director of the Company intending to place an order to trade in the Company's securities will be advised not to do so until any imminent or required release has been made.

These conditions will not apply to unfulfilled orders that were placed by directors or employees in acceptable circumstances.

Rights of Shareholders

The Company's auditors will be available at the Company's Annual General Meeting to answer any shareholder queries relating to the audit of the Company's annual report. A full review of the Company's operations will be presented at the Company's Annual General Meeting. The Company's Annual and Quarterly Reports are mailed to all shareholders. The Company's website, www.mountburgess.com is regularly updated with all stock exchange announcements.

Business Risk

The Company recognises that there are inherent risks in being involved with exploration and operating in non-domicile countries. The Board monitors and if considered necessary seeks advice on areas of operational and financial risk and implements strategies for appropriate risk management arrangements.

Specific areas of risk initially identified and which will be regularly considered at Board Meetings include going concern, foreign currency and commodities price fluctuations, performance of activities, human resources, the environment, land access and political instability.

ASX Principles of Good Corporate Governance and Best Practice Recommendations

The Australian Stock Exchange has asked that companies comply with the Principles of Good Corporate Governance and Best Practice Recommendations of March 2003 or explain why they have not complied.

The Company does not currently comply with:

Recommendation 2.1: A majority of the Board should be independent directors.

The Board currently consists of four Directors. Mr N R Forrester being an executive director with a substantial shareholding is therefore considered not to be independent. Mr A P Stirling, a non-executive director with a substantial shareholding is therefore considered not to be independent. Mr R O'Regan and Mr G Taylor as non-executive directors who have significant shareholdings, which do not represent substantial shareholdings are therefore considered to be independent.

Because of the size of the Company and for commercial reasons, the Board does not consider it appropriate to appoint other non-executive directors simply for the purpose of attaining a majority of independent directors. The Board views favourably the commitment of directors to acquire significant or substantial shareholdings in the Company. A substantial shareholding represents 5% or more of the Company's issued share capital.

Recommendation 2.2: The Chairperson should be an independent director

Mr Forrester, as Chairman of the Company is a substantial shareholder of the Company and is therefore not considered to be independent. Because of other commitments of the independent directors of the Company, this position is currently being filled by a non-independent Director.

Recommendation 2.3: The roles of Chairperson and Chief Executive Officer should not be exercised by the same individual.

Mr N R Forrester is both Chairman and Managing Director of the Company. Because of other commitments of the independent directors of the Company the position of Chairman is currently being filled by a non-independent director.

Recommendation 2.4: The Board should establish a nomination committee.
Recommendation 4.2: The Board should establish an audit committee.
Recommendation 9.2: The Board should establish a remuneration committee.

The Company does not have a separate nomination committee, audit committee or remuneration committee because it does not have a majority of independent Directors to represent these committees. Because of the Company's size and for commercial reasons, the Company does not wish to appoint additional independent directors simply for the purpose of having a majority of independent directors. The full Board currently reviews appointments, financial reporting and remuneration packages.

Recommendation 9.3.2: Non executive directors should not receive options.

The Company grants options to all non-executive Directors in recognition of the significant time they contribute to the Company. The non-executive directors are often called upon to perform duties for the Company overseas or spend considerable time away from their earning base, to represent the Company. Their fees for these duties in no way cover what they could otherwise earn. The options granted are exercisable at a significant premium to the current share price.

INFORMATION ON DIRECTORS

NIGEL RAYMOND FORRESTER, F.C.A. (Chairman and Managing Director)

Mr Forrester is a Fellow of the Institute of Chartered Accountants in England and Wales and also a Fellow of the Institute of Chartered Accountants in Australia. He has been involved in the exploration and mining industry over the past twenty six years. Mr Forrester is one of the original shareholders of the Company which he floated in 1985.

JEFFREY JOHN MOORE, B.App.Sc.(Geol.), M.Aus.I.M.M. (Executive Director Exploration – resigned 7 February 2004)

Mr Moore graduated as a geologist from Curtin University of Western Australia in 1984. Prior to qualifying, he had been involved in the exploration industry in Western Australia for some eight years. Since qualifying, he spent two years as a consulting geologist then joined the Company in 1986. Mr Moore resigned on 7 February 2004 to pursue his career with another resource company.

GODFREY EDWARD TAYLOR, LL B (Non-executive Director)

Mr Taylor, who was appointed to the Board on 2 July 1999, graduated in law from the University of Western Australia in 1968 and was admitted to practice in 1970. He has been practising law for about 30 years and specialises in commercial and corporate law. Mr Taylor and his family were original shareholders in the Company and have been shareholders throughout its existence.

RONALD WILLIAM O'REGAN (Non-executive Director)

Mr O'Regan was appointed to the Board on 31 July 2000. Having established a career in stockbroking, he joined Astaire & Partners, a firm of London stockbrokers in 1968. He became a member of the London Stock Exchange in the 1970s and was appointed to the Board of Astaire & Partners in 1987.

ALFRED PATRICK STIRLING F.C.A. (Non-executive Director – appointed 1 December 2003)

Mr Stirling was appointed to the Board on 1 December 2003. Mr Stirling, a Fellow of the Institute of Chartered Accountants in England and Wales, is Chairman and Managing Director of two Authorised Investment Trusts in the United Kingdom, Gresham House Plc and Welsh Industrial Investment Trust Plc. He is also a non-executive director of media company Avesco.

DIRECTORS' MEETINGS

Fourteen board meetings were held during the year. Messrs Forrester, O'Regan and Taylor attended all fourteen board meetings held during the year. Mr Moore attended six board meetings held during the year up until the time he resigned as a director of the Company on 7 February 2004. Mr Stirling attended all nine board meetings held from the date of his appointment on 1 December 2003 until the end of the financial year.

DIRECTORS' AND EXECUTIVE'S REMUNERATION

Remuneration packages contain the following key elements:

(a) Primary benefits - salary/fees (including long service leave and annual leave accrued), non-monetary benefits.

(b) Post Employment Benefits – including superannuation.

(c) Equity Compensation – unlisted share options granted under the Employee Share Option Plan.

The following table discloses the remuneration of the directors of the Company and the highest remunerated executives of the Company.

Name	Office Held	Primary		Post Employment	Equity	
		Salary/Fees	Non Monetary	Superannuation	Options[1]	TOTAL
		$	$	$	$	$
N R Forrester	Executive Director	188,780	5,961	15,140	–	209,881
J J Moore[2]	Executive Director	73,238	2,354	6,081	–	81,673
G E Taylor	Non-Executive Director	20,000	–	–	–	20,000
R O'Regan	Non-Executive Director	20,000	–	–	–	20,000
A P Stirling[3]	Non-ExecutiveDirector	11,667	–	–	9,500[4]	21,167
M L Spence[5]	Exploration Manager	62,241	–	5,602	9,500[4]	77,343

[1]For further information on options issued to Messrs Stirling and Spence see Note 22.

[2]Mr Moore resigned from the Company on 7 February 2004.

[3]Mr Stirling was appointed to the Board on 1 December 2003.

[4]Options were valued using the Black-Scholes method. The fair value of the options was 1.9 cents per option.

[5]Mr Spence joined the Company in January 2004.

Apart from the specified executive above, no other person is directly accountable and responsible for the strategic direction and operational management of the entity.

Full details of the options granted during the year are contained in Note 13 to the financial statements.

DIRECTORS' SHAREHOLDINGS AND OPTION HOLDINGS IN THE COMPANY

During and since the end of the financial year 500,000 share options were granted by the Company to Mr A P Stirling. The options are exercisable at 25 cents and have an expiry date of 31 December 2009.

As at the date of this report the Directors and their associates held the following:

Director	Fully Paid Ordinary Shares	Unlisted Options
N R Forrester and/or associates	11,436,476	1,000,000
G E Taylor and/or associates	2,247,339	500,000
R W O'Regan and/or associates	3,550,000	500,000
A P Stirling and/or associates	7,320,000	500,000
TOTAL	24,553,815	2,500,000

SHARE OPTIONS ON ISSUE AT YEAR END

On 21 September 2000, an Option Plan was introduced for the issue of options which in total shall not exceed 5% of the Issued Share Capital of the Company. The plan was introduced to reward past services and contributions of Eligible Employees and also to assist in the recruitment, retention, incentive and motivation of eligible employees of the Company.

As at 30 June 2004 the following options remain on issue:

1,950,000	Options expiring 31 December 2005
1,100,000	Options expiring 31 December 2006
100,000	Options expiring 31 December 2007
2,400,000	Options expiring 31 December 2009

All of the above options have an exercise price of 25 cents.

Further details of the options on issue are disclosed in Note 13 to the financial statements.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During or since the end of the financial year the Company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor. In addition, the Company has not paid, or agreed to pay, a premium in respect of any contract insuring against a liability incurred by an officer or auditor.

ENVIRONMENTAL REGULATIONS

The Board is committed to environmental best practice in its operations and ensures full compliance with all statutory environmental regulations and guidelines.

SUBSEQUENT EVENTS

No matters or circumstances of which the Directors are aware, other than those referred to in the financial statements or notes thereto, have arisen since the end of the year which significantly affect, or may significantly affect, the operations, results or state of affairs of the consolidated entity in financial years after the financial year, other than as follows:

On 9 July 2004, the Company completed a placement of 8,000,000 fully paid ordinary shares to raise $560,000. The placement was at an issue price of $0.07 per share. The financial effect of the above transaction has not been brought to account at 30 June 2004.

On behalf of Directors

N R Forrester

CHAIRMAN AND MANAGING DIRECTOR

SIGNED at Perth this 14th day of September, 2004 in accordance with a resolution of the Directors made pursuant to s.298(2) of the Corporations Act 2001.

Statement of Financial Performance

for the year ended 30 June 2004

	Notes	Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
Revenue from ordinary activities		202,898	307,997	202,878	305,505
Administration expenses		(846,801)	(809,583)	(859,844)	(781,737)
Borrowing costs		(4,260)	(5,308)	(4,260)	(5,308)
Exploration interests written off		(19,957)	(559,211)	–	(559,211)
Recoverable amount write down		–	–	(100,000)	–
Other expenses from ordinary activities		(79,321)	(66,035)	(79,321)	(66,035)
Loss from ordinary activities	2	(747,441)	(1,132,140)	(840,547)	(1,106,786)
Income tax expense from ordinary activities	4	–	–	–	–
Loss from ordinary activities after related income tax expense		(747,441)	(1,132,140)	(840,547)	(1,106,786)
Net Loss		(747,441)	(1,132,140)	(840,547)	(1,106,786)
Total changes in equity other than those resulting from transactions with owners as owners		(747,441)	(1,132,140)	(840,547)	(1,106,786)
Basic (Loss)/ Earnings per Share (cents per share)	16	(0.63)	(1.10)		
Diluted (Loss)/ Earnings per Share (cents per share)	16	(0.63)	(1.10)		

Statement of Financial Position

as at 30 June 2004

	Notes	Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
CURRENT ASSETS					
Cash assets		92,726	360,993	92,087	324,142
Receivables	5	51,464	37,909	4,755	4,008
TOTAL CURRENT ASSETS		144,190	398,902	96,842	328,150
NON CURRENT ASSETS					
Other financial assets	6	–	15,550	7,244,368	5,919,715
Plant and equipment	7	55,183	153,917	53,962	118,675
Exploration interests	8	10,153,082	8,423,764	2,822,573	2,635,671
TOTAL NON CURRENT ASSETS		10,208,265	8,593,231	10,120,903	8,674,061
TOTAL ASSETS		10,352,455	8,992,133	10,217,745	9,002,211
CURRENT LIABILITIES					
Payables	9	198,026	224,897	75,077	153,630
Interest bearing liabilities	10	8,043	17,388	8,043	17,388
Provisions	11	43,244	42,513	43,244	42,513
TOTAL CURRENT LIABILITIES		249,313	284,798	126,364	213,531
NON CURRENT LIABILITIES					
Interest bearing liabilities	12	20,335	52,559	20,335	52,559
TOTAL NON CURRENT LIABILITIES		20,335	52,559	20,335	52,559
TOTAL LIABILITIES		269,648	337,357	146,699	266,090
NET ASSETS		10,082,807	8,654,776	10,071,046	8,736,121
EQUITY					
Contributed equity	13	27,182,417	25,006,945	27,182,417	25,006,945
Reserves	14	109,972	109,972	109,972	109,972
		27,292,389	25,116,917	27,292,389	25,116,917
Accumulated losses	15	(17,209,582)	(16,462,141)	(17,221,343)	(16,380,796)
TOTAL EQUITY		10,082,807	8,654,776	10,071,046	8,736,121

The notes to the financial statements are included on pages 18 to 36

Statement of Cash Flows

for the year ended 30 June 2004

	Notes	Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
Cash flows from operating activities					
Payments to suppliers and employees		(849,874)	(816,857)	(865,722)	(788,631)
Interest and bill discounts received		16,766	68,278	16,746	65,786
Interest and other costs of finance paid		(4,260)	(5,308)	(4,260)	(5,308)
Net cash used in operating activities	27(b)	(837,368)	(753,887)	(853,236)	(728,153)
Cash flows from investing activities					
Proceeds from sale of plant and equipment		30,632	–	30,632	–
Proceeds from sale of investments		155,500	244,500	155,500	244,500
Payment for fees on sale of investments		(9,200)	–	(9,200)	–
Payment for plant and equipment		(7,461)	(7,094)	(7,461)	(2,818)
Exploration, development and evaluation expenditure		(1,734,273)	(2,295,819)	(242,015)	(1,537,933)
Amounts advanced to wholly owned controlled entity		–	–	(1,440,178)	(763,805)
Net cash used in investing activities		(1,564,802)	(2,058,413)	(1,512,722)	(2,060,056)
Cash flows from financing activities					
Proceeds from issues of equity securities		2,206,000	385,000	2,206,000	385,000
Payment for share issue costs		(30,528)	–	(30,528)	–
Repayment of lease liabilities		(41,569)	(16,037)	(41,569)	(16,037)
Net cash (used in)/provided by financing activities		2,133,903	368,963	2,133,903	368,963
Net decrease in cash held		(268,267)	(2,443,337)	(232,055)	(2,419,246)
Cash at the beginning of the financial year		360,993	2,803,527	324,142	2,742,585
Effects of exchange rate changes on the balance of cash held in foreign currencies		–	803	–	803
Cash at the end of the financial year	27(a)	92,726	360,993	92,087	324,142

The notes to the financial statements are included on pages 18 to 36.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated entity's general purpose financial report has been prepared in accordance with applicable Accounting Standards, the Corporations Act 2001, Urgent Issues Group Consensus Views and other requirements of the Law. It has been prepared in accordance with the historical cost convention. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the significant accounting policies adopted by the consolidated entity in the preparation of the general purpose financial report.

(a) Going Concern Basis

The financial statements have been prepared on the basis that the Company is a going concern, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business.

If the Company chooses to maintain its current high level of exploration expenditure, it will have to raise additional capital. The Company has utilised this option in the past (refer to Note 26). If the Company does not raise additional capital in the short term it can continue as a going concern by substantially reducing exploration expenditure until funding is available and/or entering joint venture arrangements.

The Directors are of the opinion that the basis upon which the financial statements are prepared is appropriate in the circumstances. However, if the event were to arise where the Company could not raise additional equity capital or reduce its current rate of exploration expenditure by entering into joint ventures in order to remain as a going concern, there is no certainty as to whether the Company could realise assets at the amounts as shown in the financial statements and extinguish liabilities in the normal course of business.

(b) Acquisition, Exploration and Development Expenditure

Acquisition, exploration and development costs are accumulated in respect of each separate area of interest. Such costs are carried forward where they are expected to be recouped through successful development and exploitation of the area of interest or where activities in the area of interest have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

The ultimate recoupment of costs related to areas of interest in the exploration and/or evaluation phase is dependent on the successful development and commercial exploitation or sale of the relevant areas.

Where development does proceed, such costs are written off against ore production proportionate to the number of tonnes of ore won which are relative to those costs.

Where it is decided to abandon an area of interest, costs carried forward in respect of that area are written off in full in the year in which the decision is taken.

Each area of interest is reviewed annually to determine whether costs should continue to be carried forward in respect of the area of interest.

(c) Income Tax

The consolidated entity adopts the liability method of tax effect accounting whereby the income tax expense in the profit and loss account is matched with the accounting profit (after allowing for permanent differences). The future tax benefit relating to tax losses and expenditure benefits are not carried forward as an asset unless the benefit can be regarded as being virtually certain of realisation. Income tax on net cumulative timing differences is set aside to provision for deferred income tax or future tax benefit accounts at current rates, where its realisation is beyond reasonable doubt.

As the consolidated entity does not have any Australian resident wholly-owned entities, the legislation allowing tax consolidation is not relevant.

(d) Non Current Assets - Plant and Equipment

The cost of each item of plant and equipment is written off over its estimated useful life. Depreciation is calculated on a diminishing value or straight line basis. Each items economic life has due regard to both its own physical limitations and to present assessments of economically recoverable resources of the mine property at which the item is located, and to possible future variations in those assessments. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

The following estimated useful lives are used in the calculation of depreciation:

Plant, equipment and vehicles	2 - 15 years
Leased equipment and vehicles	3 - 5 years

Depreciation relating directly to plant and equipment utilised in exploration activities is allocated to particular areas of interest. See Note 1 (b)

(e) Recoverable Amount of Non Current Assets

Non current assets other than exploration interests are written down to recoverable amounts where the carrying value of any non current assets exceeds recoverable amount. In determining recoverable amounts of non current assets, the expected net cash flows have not been discounted to their present values.

(f) Leases

Leases of fixed assets other than operating leases, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Company, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Lease payments for operating leases are charged as expenses in the periods in which they are incurred.

(g) Restoration, Rehabilitation and Environmental Costs

Restoration, rehabilitation and environmental expenditures are incurred as required during the production phase of operations. They are also accrued when the need for any additional future expenditures are required and then written off as part of the cost of production of the mine property concerned.

(h) Employee Entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and is capable of being measured reliably.

Provisions made in respect of wages and salaries, annual leave, sick leave, and other entitlements expected to be settled within 12 months, are measured at their nominal values, using the remuneration rate expected to apply at the time of settlement.

(i) Receivables

Trade receivables and other receivables are recorded at amounts due less any allowance for doubtful debts.

(j) Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(k) Financial Instruments issued by the Consolidated Entity

Debt and Equity Instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

(l) Foreign Currency

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date.

Exchange differences are brought to account in the Statement of Financial Performance in the period in which they arise except that:

(i) exchange differences which relate to assets under construction for future productive use are included in the cost of those assets; and

(ii) exchange differences on transactions entered into in order to hedge the purchase or sale of specific goods and services are deferred and included in the measurement of the purchase or sale.

(m) Revenue Recognition

Interest

Interest is recognised on an accruals basis in accordance with the terms of the relevant agreement.

Disposal of Assets

Revenue from the disposal of assets is recognised when the consolidated entity has passed control of the assets to the buyer.

(n) Joint Venture Operations

Interest in joint venture operations are reported in the financial statements by including the consolidated entity's share of assets employed in the joint ventures, the share of liabilities incurred in relation to joint ventures and the share of any expenses incurred in relation to joint ventures in their respective classification categories.

(o) Other Financial Assets

Investments are recorded at lower of cost or net recoverable amount and dividend revenue is recognised on a receivable basis.

(p) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

(q) Principles of Consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the Company (the parent entity) and its controlled entities as defined in accounting standard AASB 1024 "Consolidated Accounts". A list of controlled entities appears in Note 29 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each controlled entity from the date on which the Company obtains control and until such time as the Company ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

	Consolidated		Company	
	2004	**2003**	**2004**	**2003**
	$	**$**	**$**	**$**
2 LOSS FROM ORDINARY ACTIVITIES				
(a) Revenue from Operating Activities:				
Interest received – other entities	16,766	63,497	16,746	61,005
(b) Revenue from Non-Operating Activities:				
Proceeds from sale of non-current:				
Plant and equipment	30,632	–	30,632	–
Investments	155,500	244,500	155,500	244,500
	186,132	244,500	186,132	244,500
	202,898	307,997	202,878	305,505

	Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
2 LOSS FROM ORDINARY ACTIVITIES *(cont.)*				
(c) Administration Expenses:				
Operating lease rental expense	47,524	47,088	47,524	47,088
Net foreign exchange loss/(gain)	(31,055)	12,008	531	807
Salaries, wages and superannuation	531,096	582,212	531,096	528,212
Operating lease outgoings	64,943	39,884	64,943	39,884
Audit and tax	37,104	39,228	24,480	26,370
Insurance	20,914	13,608	20,914	13,608
Telephone and communications	23,591	21,946	23,591	21,946
Share Registry	27,796	21,261	27,796	21,261
Legal	10,331	17,011	10,331	17,011
Shareholder reports	19,064	28,385	19,064	28,385
Fees on sale of investments	9,200	–	9,200	–
Other	86,293	40,952	80,374	37,165
	846,801	809,583	859,844	781,737
(d) Borrowing Costs	4,260	5,308	4,260	5,308
(e) Exploration Interests Written Off	19,957	559,211	–	559,211
(f) Other Expenses from Ordinary Activities:				
Depreciation of non current assets	18,943	22,929	18,943	22,929
Amortisation of leased assets	17,997	18,656	17,997	18,656
Written down value of:				
Non-current plant and equipment	26,831	–	26,831	–
Investments sold	15,550	24,450	15,550	24,450
	79,321	66,035	79,321	66,035
3 SALE OF ASSETS				
Sale of assets in the ordinary course of business have given rise to the following profits:				
Investments	130,750	220,050	130,750	220,050
Plant and Equipment	3,801	–	3,801	–
	134,551	220,050	134,551	220,050
4 INCOME TAX				
(a) The prima facie income tax expense on pre-tax accounting income reconciles to the income tax expense in the accounts as follows:				
Loss from ordinary activities	(747,441)	(1,132,140)	(840,547)	(1,106,786)
Income tax expense/(benefit) calculated at 30% of operating loss	(224,232)	(339,642)	(252,164)	(332,036)
Add/(Less) Tax effect of permanent differences:				
Non-deductible Items	7,169	6,849	7,169	6,849
Timing Differences:				
Tax losses not brought to account as future income tax benefits	217,063	332,793	244,995	325,187
Income tax expense/(benefit) attributable to the operating loss	–	–	–	–

		Consolidated		Company	
		2004	2003	2004	2003
		$	$	$	$
4	**INCOME TAX** *(cont.)*				
	(b) Future income tax benefits: Certain future income tax benefits have not been recognised as an asset:				
	Attributable to tax losses, the benefits of which are not virtually certain of realisation at 30%.				
	Revenue	4,197,990	3,907,495	4,197,990	3,907,495

(c) The taxation benefits will only be obtained if:

(i) The consolidated entity derives assessable income of a nature and of amount sufficient to enable the benefit from the deductions to be realised,

(ii) The consolidated entity continues to comply with the conditions for deductibility imposed by the law; and

(iii) There are no changes in tax legislation adversely affecting the consolidated entity in realising the benefit from the deductions.

		Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
5	**CURRENT RECEIVABLES**				
	Trade receivables	784	429	784	429
	VAT/GST recoverable	50,680	37,480	3,971	3,579
		51,464	37,909	4,755	4,008
6	**OTHER NON CURRENT FINANCIAL ASSETS**				
	Investments				
	Shares and options at cost (i)	–	77,750	–	77,750
	Write down to recoverable amount	–	(62,200)	–	(62,200)
		–	15,550	–	15,550
	Shares in controlled entity	–	–	25	25
	Other				
	Non-trade receivables from wholly owned controlled entity (ii)	–	–	7,344,343	5,904,140
	Write down to recoverable amount	–	–	(100,000)	–
		–	15,550	7,244,368	5,919,715

(i) The Company holds none (2003: 3.1%) of the ordinary share capital of Madagascar Resources N.L, an unlisted public mineral exploration company.

(ii) The recoverability of the receivables from the controlled entity is dependent on the successful development and economic exploitation of the controlled entity's exploration interest. The write down to recoverable amount has been determined by an assessment of the net assets position of the controlled entity.

7 PLANT & EQUIPMENT AT COST

	Consolidated		
	Plant, Equipment and vehicles	Leased Equipment and vehicles	Total
	$	$	$
Gross Carrying Amount			
Balance as at 30 June 2003	650,016	115,601	765,617
Additions	7,461	–	7,461
Disposals	(4,565)	(53,860)	(58,425)
Balance as at 30 June 2004	652,912	61,741	714,653
Accumulated Depreciation/Amortisation			
Balance as at 30 June 2003	560,513	51,187	611,700
Depreciation	61,367	17,997	79,364
Disposals	(4,119)	(27,475)	(31,594)
Balance as at 30 June 2004	617,761	41,709	659,470
Net Book Value			
As at 30 June 2003	89,503	64,414	153,917
As at 30 June 2004	35,151	20,032	55,183

	Company		
Gross Carrying Amount			
Balance as at 30 June 2003	519,454	115,601	635,055
Additions	7,461	–	7,461
Disposals	(4,565)	(53,860)	(58,425)
Balance as at 30 June 2004	522,350	61,741	584,091
Accumulated Depreciation/Amortisation			
Balance as at 30 June 2003	465,193	51,187	516,380
Depreciation	27,346	17,997	45,343
Disposals	(4,119)	(27,475)	(31,594)
Balance as at 30 June 2004	488,420	41,709	530,129
Net Book Value			
As at 30 June 2003	54,261	64,414	118,675
As at 30 June 2004	33,930	20,032	53,962

Aggregate depreciation and amortisation allocated, whether recognised as an expense or capitalised as part of the carrying amount of exploration interests during the year:

	Consolidated		Company	
	2004	2003	2004	2003
	$	$	$	$
Plant, equipment and vehicles	61,367	122,837	27,346	58,778
Leased equipment and vehicles	17,997	20,352	17,997	20,352
	79,364	143,189	45,343	79,130

		Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
8	**EXPLORATION INTERESTS**				
	Tenement acquisition at cost				
	Balance as at the start of the financial year	572,043	684,689	572,043	684,689
	Additions	–	–	–	–
	Write offs	–	(112,646)	–	(112,646)
	Balance as at the end of the financial year	572,043	572,043	572,043	572,043
	Exploration expenditure at cost				
	Balance as at the start of the financial year	7,851,721	5,871,371	2,063,628	2,159,216
	Additions	1,749,276	2,426,915	186,902	350,977
	Write offs	(19,958)	(446,565)	–	(446,565)
	Balance as at the end of the financial year	9,581,039	7,851,721	2,250,530	2,063,628
	Total Exploration Interests	10,153,082	8,423,764	2,822,573	2,635,671

The ultimate recoupment of the value of assets is dependent upon their successful development and commercial exploitation, or alternatively their respective sale.

The Company's exploration properties may be subject to claims under Native Title or contain sacred sites or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration and/or mining restrictions.

9	**CURRENT PAYABLES**				
	Trade payables	198,026	224,897	75,077	153,630
10	**CURRENT INTEREST-BEARING LIABILITIES**				
	Secured:				
	Finance lease liability (i) [Note 17(b)]	8,043	17,388	8,043	17,388

(i) Secured by the assets leased, the current market value of which equals the value of the finance lease liability.

11	**CURRENT PROVISIONS**				
	Employee entitlements	43,244	42,513	43,244	42,513
12	**NON-CURRENT INTEREST BEARING LIABILITIES**				
	Secured:				
	Finance Lease liability(i) [Note 17(b)]	20,335	52,559	20,335	52,559

(i) Secured by the assets leased, the current market value of which equals the value of the finance lease liability.

13	**CONTRIBUTED EQUITY**				
	128,800,000 fully paid ordinary shares (2003: 107,000,000)	27,182,417	25,006,945	27,182,417	25,006,945

Fully Paid Ordinary Share Capital	Consolidated 2004 No.	Consolidated 2004 $	Consolidated 2003 No.	Consolidated 2003 $
Balance at the start of the year	107,000,000	25,006,945	101,500,000	24,621,945
Shares issued	21,800,000	2,175,472	5,500,000	385,000
Balance at the end of the year	128,800,000	27,182,417	107,000,000	25,006,945

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

13 **CONTRIBUTED EQUITY** *(cont.)*

Share Options	**2004**	**2003**
Employee Share Option Plan A	**No.**	**No.**
Balance at the start of the year (i)	–	900,000
Granted during the year	–	–
Exercised during the year	–	–
Lapsed during the year (ii)	–	(900,000)
Balance at the end of the year (iii)	–	–

(i) Balance at the start of the year
All options under this plan lapsed on 31/12/02. The plan was terminated and consequently there are no options at the start of the year.

	2004	2003
(ii) Lapsed during the year		
Issued 17 September 1999	–	900,000
(iii) Balance at the end of the year	–	–

All options under this plan lapsed on 31/12/02. The plan was terminated and consequently there are no options at the end of the year.

Employee Share Option Plan B

In September 2000 the Company adopted the Mount Burgess Mining NL Employee Share Option Plan to reward past services and contributions of Eligible Employees and also to assist in the recruitment, retention, incentive and motivation of Eligible Employees of the Company. Employee share options carry no rights to dividends and no voting rights. In accordance with the terms of the Employee Share Option Plan, all options, including those issued during the year ended 30 June 2004, vest in the option holder at the date of their issue and may be exercised at any time from the date of their issue to the date of their expiry.

	2004	**2003**
Employee Share Option Plan B	**No.**	**No.**
Balance at the start of the year (i)	3,900,000	4,100,000
Granted during the year(ii)	2,400,000	–
Exercised during the year	–	–
Lapsed during the year (iii)	(750,000)	(200,000)
Balance at the end of the year (iv)	5,550,000	3,900,000

(i) Balance at the start of the year	**No**	**Grant Date**	**Expiry Date**	**Exercise Price**
Issued 21 November 2000	2,250,000	21/11/00	31/12/05	0.25
Issued 6 December 2001	1,350,000	06/12/01	31/12/06	0.25
Issued 20 June 2002	300,000	20/06/02	31/12/07	0.25
	3,900,000			

(ii) **2004** - Granted during the year	**No**	**Grant Date**	**Expiry Date**	**Exercise Price**	**Fair Value Received**
	500,000	31/03/04	31/12/09	0.25	nil
	1,150,000	31/05/04	31/12/09	0.25	nil
	750,000	11/06/04	31/12/09	0.25	nil
	2,400,000				

2003 – No options were granted during 2003

(iii) Lapsed during the year	**2004 No**	**2003 No**
Issued 21 November 2000	300,000	200,000
Issued 6 December 2001	250,000	–
Issued 20 June 2002	200,000	–
	750,000	200,000

13 CONTRIBUTED EQUITY *(cont.)*

(iv) Balance at the end of the year

	No	Grant Date	Expiry Date	Exercise Price
2004				
Issued 21 November 2000	200,000	21/11/00	31/12/04	0.25
Issued 21 November 2000	1,750,000	21/11/00	31/12/05	0.25
Issued 6 December 2001	1,100,000	6/12/01	31/12/06	0.25
Issued 20 June 2002	100,000	20/06/02	31/12/07	0.25
Issued 31 March 2004	500,000	31/03/04	31/12/09	0.25
Issued 31 May 2004	1,150,000	31/05/04	31/12/09	0.25
Issued 11 June 2004	750,000	11/06/04	31/12/09	0.25
	5,550,000			
2003				
Issued 21 November 2000	2,250,000	21/11/00	31/12/05	0.25
Issued 6 December 2001	1,350,000	06/12/01	31/12/06	0.25
Issued 20 June 2002	300,000	20/06/02	31/12/07	0.25
	3,900,000			

The difference between the total market value of options issued during a financial year, at the date of issue, and the total amount received from executives and employees is not recognised in the financial statements except for the purposes of determining directors' and executives' remuneration in respect of that financial year as disclosed in Note 18 to the financial statements. The amounts are disclosed in remuneration in respect of the financial years over which the entitlement was earned.

Consideration received on the exercise of employee share options is recognised in contributed equity.

	Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
14 RESERVES				
Asset realisation reserve	109,972	109,972	109,972	109,972

This reserve represents realised benefits transferred from the asset revaluation reserve.

15 ACCUMULATED LOSSES				
Balance at start of financial year	(16,462,141)	(15,330,001)	(16,380,796)	(15,274,010)
Net loss	(747,441)	(1,132,140)	(840,547)	(1,106,786)
Balance at end of financial year	(17,209,582)	(16,462,141)	(17,221,343)	(16,380,796)

16 EARNINGS PER SHARE

	Consolidated 2004 Cents per share	Consolidated 2003 Cents per share
Basic (Loss)/ earnings per share	(0.63)	(1.10)

The loss and weighted average number of ordinary shares (and potential ordinary shares) used in the calculation of basic and dilutive earnings per share are as follows:

	2004 $	2003 $
Net Loss	(747,441)	(1,132,140)
Loss used in calculation of basic and dilutive EPS	(747,441)	(1,132,140)

	2004 No.	2003 No.
Weighted average number of ordinary shares	119,145,753	102,645,205
Effect of dilutive potential ordinary shares	–	–
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of dilutive earnings per share	119,145,753	102,645,205

16 EARNINGS PER SHARE *(cont.)*

The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share:

	2004 No.	2003 No.
Employee share options	5,500,000	3,900,000

There have been no conversion to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report except for the placement of 8,000,000 fully paid ordinary shares on 9 July 2004 as disclosed in Note 26.

17 COMMITMENTS

(a) Exploration

Australia

The Company together with its joint venture partners has minimum annual expenditure commitments, as required by the Mining Act, in order to maintain title to the various mining leases, prospecting licences and exploration licences which are held in Australia. The current level of commitment which is expected to be fulfilled in the normal course of operations, if no exemptions are applied for, amounts to $1,139,580. Of this amount $725,680 will be met by Barrick Gold of Australia as part of its commitment under the current joint venture [Note 23 (a)]

The Company's exploration properties may be subject to claims under Native Title or contain sacred sites or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration and/or mining restrictions.

No estimate has been given of expenditure commitments beyond one year as this is dependent on the Directors ongoing assessment of operations and in certain instances on Native Title negotiations.

Namibia

The Company has minimum annual expenditure commitments totalling A$1,045,000 as required by the Mining Act, in order to maintain title to the various prospecting licences which are held in Namibia. As at 30 June 2004 the Company had, since project commencement, exceeded its cumulative annual expenditure commitments by A$3 million.

Botswana

The Company has a minimum annual expenditure commitment of A$81,000 as required by the Mining Act in order to maintain title to its Exploration Licence which is held in Botswana. As at 30 June 2004 the Company had, since project commencement, exceeded its annual expenditure commitment by A$180,000.

(b) Capitalised Finance Leases

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

The present value of the remaining lease payments at 30 June 2004 is as follows:

	Consolidated 2004	Consolidated 2003	Company 2004	Company 2003
Lease commitments	$	$	$	$
(i) no later than 1 year	9,992	22,357	9,992	22,357
(ii) later than 1 year and not later than 5 years	21,442	56,866	21,442	56,866
Minimum lease payments	31,434	79,223	31,434	79,223
Deduct future finance charges	3,056	9,276	3,056	9,276
Present value of minimum lease payments	28,378	69,947	28,378	69,947
Included in the financial statements as:				
Current interest bearing liabilities [Note 10]	8,043	17,388	8,043	17,388
Non-current interest bearing liabilities [Note 12]	20,335	52,559	20,335	52,559
	28,378	69,947	28,378	69,947

The above finance lease commitments relate to various items of equipment and motor vehicles. The annual lease commitments are fixed and there are no contingent rental payments. The leased assets can be purchased for the amount of the outstanding liability.

	Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
17 COMMITMENTS *(cont.)*				
(c) Operating lease commitments				
(i) no later than 1 year	47,960	47,524	47,960	47,524
(ii) later than 1 year and not later than 5 years	–	47,960	–	47,960
	47,960	95,484	47,960	95,484

The above operating lease commitment is for the lease of the Company premises. The annual lease commitments are fixed and there are no contingent rental payments. The lease agreement contains an option to renew the lease for 5 years.

18 REMUNERATION OF DIRECTORS

The Board reviews the remuneration packages and policies applicable to executive Directors, senior executives and non-executive Directors on an annual basis. Remuneration levels will be competitively set to attract the most qualified and experienced Directors and senior executives. Where necessary the Board will obtain independent advice on the appropriateness of remuneration packages. Remuneration packages contain the following key elements:

(a) Primary benefits - salary/fees (including long service leave and annual leave accrued), non-monetary benefits.

(b) Post Employment Benefits – including superannuation.

(c) Equity Compensation – unlisted share options granted under the Employee Share Option Plan.

The following table discloses the remuneration of the directors of the Company.

		Primary		Post Employment	Equity	
Name	**Office Held**	**Salary/Fees** $	**Non Monetary** $	**Superannuation** $	**Options**[1] $	**TOTAL** $
N R Forrester	Executive Director	188,780	5,961	15,140	–	209,881
J J Moore[2]	Executive Director	73,238	2,354	6,081	–	81,673
G E Taylor	Non-Executive Director	20,000	–	–	–	20,000
R O'Regan	Non-Executive Director	20,000	–	–	–	20,000
A P Stirling[3]	Non-Executive Director	11,667	–	–	9,500[4]	21,167
		313,685	8,315	21,221	9,500	352,721

[1]For further information on options issued to Mr Stirling see Note 22.
[2]Mr Moore resigned from the Company on 7 February 2004.
[3]Mr Stirling was appointed to the Board on 1 December 2003.
[4]Options were valued using the Black-Scholes method. The fair value of the options was 1.9 cents per option.

19 REMUNERATION OF EXECUTIVES

The following table discloses the remuneration of the highest remunerated specified executive of the Company.

Name	Office Held	Primary: Salary/Fees $	Primary: Non Monetary $	Post Employment: Superannuation $	Equity: Options[1] $	TOTAL $
M L Spence[2]	Exploration Manager	62,241	–	5,602	9,500	77,343

[1]Options were valued using the Black-Scholes method. The fair value of the options was 1.9 cents per option.

[2]Mr Spence joined the Company in January 2004.

Apart from the specified executive above, no other person is directly accountable and responsible for the strategic direction and operational management of the entity.

Full details of the options granted during the year are contained in Note 13 to the financial statements.

20 REMUNERATION OF AUDITORS

	Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
(a) Auditor of the Parent Entity				
Auditing of the financial report	20,000	19,000	20,000	19,000
Other services	–	3,320	–	3,320
	20,000	22,320	20,000	22,320
(b) Related practice of the Parent Entity Auditor				
Other services	12,624	12,858	–	–
	32,624	35,178	20,000	22,320

21 SEGMENT INFORMATION

The Company operates in Australia, Namibia and Botswana in the area of mineral exploration. In Australia the exploration focus is on gold and base metals. In Namibia the exploration focus is on diamonds and base metals. In Botswana the exploration focus is on base metals.

Geographical Segments

	External sales 2004 $	External sales 2003 $	Inter-segment sales 2004 $	Inter-segment sales 2003 $	Total 2004 $	Total 2003 $
Segment Revenues						
Australia	–	–	–	–	–	–
Namibia	–	–	–	–	–	–
Botswana	–	–	–	–	–	–
Total of all segments	–	–	–	–	–	–
Unallocated corporate revenue					202,898	307,997
Consolidated total revenue					202,898	307,997
Segment Results						
Australia					–	(310,920)
Namibia					(19,957)	–
Botswana					–	–
Total of all Segments					(19,957)	(310,920)
Unallocated corporate revenue					202,898	307,997
Unallocated corporate expenses					(930,382)	(1,129,217)
Loss/result from ordinary activities before income tax expense					(747,441)	(1,132,140)
Income tax expense					–	–
Loss/result from ordinary activities after income tax expense					(747,441)	(1,132,140)
Extraordinary items					–	–
Net loss					(747,441)	(1,132,140)

21 SEGMENT INFORMATION *(cont.)*

	2004 $	2003 $
Segment Assets		
Australia	10,123,121	8,624,265
Namibia	7,202,259	5,902,320
Botswana	260,324	–
Total of all segments	17,585,704	14,526,585
Unallocated corporate assets	111,144	369,738
Eliminations	(7,344,393)	(5,904,190)
Consolidated total assets	10,352,455	8,992,133
Segment Liabilities		
Australia	55,671	156,483
Namibia	7,467,317	6,029,355
Botswana	–	–
Total of all segments	7,522,988	6,185,838
Unallocated corporate liabilities	91,028	109,607
Eliminations	(7,344,368)	(5,958,088)
Consolidated total liabilities	269,648	337,357
Acquisition of plant and equipment and exploration expenditure		
Australia	194,364	338,024
Namibia	1,382,412	2,080,215
Botswana	179,961	–
Total of all segments	1,756,737	2,418,239
Unallocated corporate	–	15,771
Consolidated total	1,756,737	2,434,010
Depreciation/amortisation included in segment result		
Australia	–	–
Namibia	–	–
Botswana	–	–
Total of all segments	–	–
Unallocated corporate	36,940	41,585
Consolidated total	36,940	41,585
Non cash expenses other than depreciation/amortisation		
Australia	–	–
Namibia	–	–
Botswana	–	–
Total of all segments	–	–
Unallocated corporate	(31,055)	12,008
Consolidated total	(31,055)	12,008

22 RELATED PARTY AND SPECIFIED EXECUTIVE DISCLOSURES

Related Directorships/Contracts

The Company has a joint venture with Kimberlite Resources Pty Ltd in respect of its diamond exploration project at Tsumkwe in Namibia. Mr Godfrey Taylor is a shareholder and director of both the Company and Kimberlite Resources Pty Ltd.

During the year an amount of $22,902.23 was paid to Astaire & Partners, London in connection with placements. Mr Ronald O'Regan is a Director of both Astaire & Partners and the Company.

Fully Paid Ordinary Shares Held by Specified Directors and Specified Executives

Name	Balance as at 1/7/03	Net Other Change	Balance as at 30/6/04	Balance held nominally
N R Forrester	11,636,476	(200,000)	11,436,476	–
G E Taylor	2,247,339	–	2,247,339	–
R W O'Regan	3,100,000	450,000	3,550,000	–
A P Stirling	5,820,000[1]	1,500,000	7,320,000	—
M L Spence	–	–	–	–
Total	22,803,815	1,750,000	24,553,815	–

[1]Shareholding when appointed Director on 1 December 2003

None of the above fully paid ordinary shares were either granted during the reporting period as remuneration or received during the reporting period on exercise of options.

Options Issued to Specified Directors/Associates and Specified Executives

Name	Balance as at 1/07/2003	Granted as Remuneration	Other Changes	Balance as at 30/06/2004	Balance Vested at 30/6/04	Options Vested during year
N R Forrester	750,000	nil	250,000	1,000,000	1,000,000	250,000
G E Taylor	500,000	nil	nil	500,000	500,000	nil
R O'Regan	500,000	nil	nil	500,000	500,000	nil
A P Stirling	Nil	500,000	nil	500,000	500,000	500,000
M L Spence	Nil	500,000	nil	500,000	500,000	500,000
Total	1,750,000	1,000,000	250,000	3,000,000	3,000,000	1,250,000

All options once granted vest in the option holder at the date of their issue and may be exercised at any time from the date of their issue to the date of their expiry. Any share options issued to a director during the financial year were made in accordance with the provisions of the Company's Share Option Plan. No amounts are payable by the recipient of the option. Each option is exercisable at 25 cents. No options were exercised during the year.

Mr A P Stirling, who joined the Board on 1 December 2003, and Mr M L Spence who joined the Company in January 2004 were issued 500,000 options on 11 June 2004 and 31 May 2004 respectively. The options have an expiry date of 31 December 2009. The fair value of the options issued on 11 June 2004 and 31 May 2004, their grant date, was 1.9 cents per option. Options were valued using the Black-Scholes method.

Further details of the options granted during the year are contained in Note 13 to the financial statements.

23 JOINT VENTURES

The Company has an interest in the following joint ventures as at the 30 June 2004:

(a) A joint venture in respect of gold and base metal exploration in the Telfer region, with Barrick Gold of Australia, whereby Barrick has the right to earn a 51% interest through the expenditure of A$5 million. Four mining leases out of the nineteen tenements covered by the joint venture with Barrick Gold were previously subject to a joint venture between the Company and Newmont Exploration Pty Ltd. During the year Newmont agreed to abate its 38% equity in the four mining leases to a 1% net smelter royalty, thereby leaving the Company with 100% equity in all of the nineteen tenements in the Telfer Project.

(b) A joint venture, known as the Tsumkwe Joint Venture, with Kimberlite Resources Pty Ltd, for the exploration and development of mines on Exclusive Prospecting Licences 2012, 2014, 2817, 2818, 2819, 3019 and 3020 in Namibia, where the Company holds 90% and Kimberlite Resources Pty Ltd 10%.

(c) A joint venture, known as the Perrinvale Joint Venture, with Heron Resources Limited, for the exploration of gold and base metals in the Illaara greenstone belt, where the Company has the right to earn 70% in the project upon the expenditure of $500,000 within three years with a right to withdraw after the first years expenditure of $100,000. As at 30 June 2004 the Company had spent $307,897 on the project.

The capital commitments arising from the Company's interests in joint venture operations are disclosed in Note 17.

The following amounts represent the consolidated entity's interest in assets employed in the above joint ventures. The amounts are included in the financial statements under their respective asset categories.

	Consolidated	
	2004	2003
Current Assets	$	$
Cash assets	639	36,851
Receivables	46,709	33,901
Total Current Assets	47,348	70,752
Non Current Assets		
Exploration interests	9,279,077	6,439,764
Plant and equipment	4,338	157,849
Total Non Current Assets	9,283,415	6,597,613
Total Assets	9,330,763	6,668,365

24 ECONOMIC DEPENDENCY

The Company is not economically dependent on any other company for the derivation of revenues.

25 SUPERANNUATION COMMITMENT

The Company has ensured that the minimum superannuation levy was contributed to a complying fund on behalf of all its employees.

26 SUBSEQUENT EVENTS

On 9 July 2004, the Company completed a placement of 8,000,000 fully paid ordinary shares to raise $560,000. The placement was at an issue price of $0.07 per share. The financial effect of the above transaction has not been brought to account at 30 June 2004.

27 NOTES TO THE STATEMENT OF CASH FLOWS

(a) **Reconciliation of Cash**

For the purposes of the statement of cash flows, cash includes cash on hand and in banks. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Consolidated		Company	
	2004	2003	2004	2003
	$	$	$	$
Cash balance comprises:				
Cash assets	92,726	360,993	92,087	324,142
Cash balance as per Statement of Cash Flows	92,726	360,993	92,087	324,142

	Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $

27 NOTES TO THE STATEMENT OF CASH FLOWS *(cont.)*

(b) **Reconciliation of (Loss) from Ordinary Activities after Income Tax to the Net Cash Flows from Operating Activities:**

	Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
Operating (Loss) after income tax	(747,441)	(1,132,140)	(840,547)	(1,106,786)
Depreciation	18,943	22,929	18,943	22,929
Amortisation	17,997	18,656	17,997	18,656
Write off of exploration and development expenditure	19,957	559,211	–	559,211
Profit on sale of investments	(130,750)	(220,050)	(130,750)	(220,050)
Net exchange differences	–	(803)	–	(803)
Profit on sale of fixed assets	(3,801)	–	(3,801)	–
Recoverable amount write down	–	–	100,000	–
Changes in operating assets and liabilities:				
Decrease in trade receivables	3,177	2,479	3,223	771
(Decrease)/Increase in trade payables	(16,181)	19,974	(19,032)	22,062
Decrease in provision for employee entitlements	731	(24,143)	731	(24,143)
Net cash flows from operations	(837,368)	(753,887)	(853,236)	(728,153)

(c) **Financing Facilities**

As at 30 June 2004 the Company had a Visa Card credit facility to the value of $65,000 (2003: $65,000), an overdraft facility to the value of $150,000 and payroll facility to the value of $56,000 (2003: $56,000). At balance date the total amount unused was $269,000. (2003: $113,000).

(d) **Non-Cash Financing and Investing Activities**

There were no non-cash financing and investing activities in either 2003 or 2004.

28 FINANCIAL INSTRUMENTS

Significant Accounting Policies

(i) Details of significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements. No financial derivative instruments were in place at year end.

(ii) **Interest Rate Risk**

The following table details the Consolidated Entity's exposure to interest rate risk as at 30 June 2004.

	Average Interest Rate %	Variable Interest Rate %	Fixed Interest Rate Maturity: Less than 1 year $	Fixed Interest Rate Maturity: 1 to 5 Years $	Fixed Interest Rate Maturity: More than 5 years $	Non-Interest Bearing $	Total $
2004							
Financial Assets							
Cash assets	4.75	–	82,433	–	–	10,293	92,726
Shares	–	–	–	–	–	–	–
Trade receivables	–	–	–	–	–	51,464	51,464
			82,433	–	–	61,757	144,190
Financial Liabilities							
Trade payables	–	–	–	–	–	198,026	198,026
Finance lease liabilities	8.15	–	8,043	20,335	–	–	28,378
Employee entitlements	–	–	–	–	–	43,244	43,244
			8,043	20,335	–	241,270	269,648

28 FINANCIAL INSTRUMENTS *(cont.)*

The following table details the Consolidated Entity's exposure to interest rate risk as at 30 June 2003.

	Average Interest Rate %	Variable Interest Rate %	Fixed Interest Rate Maturity Less than 1 year $	Fixed Interest Rate Maturity 1 to 5 Years $	Fixed Interest Rate Maturity More than 5 years $	Non-Interest Bearing $	Total $
2003							
Financial Assets							
Cash assets	4.43	–	270,326	–	–	90,667	360,993
Shares	–	–	–	–	–	15,550	15,550
Trade receivables	–	–	–	–	–	37,909	37,909
			270,326	–	–	144,126	414,452
Financial Liabilities							
Trade payables	–	–	–	–	–	224,897	224,897
Finance lease liabilities	8.11	–	17,388	52,559	–	–	69,947
Employee entitlements	–	–	–	–	–	42,513	42,513
			17,388	52,559	–	267,410	337,357

(iii) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company measures credit risk on a fair value basis.

The Company does not have any significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

(iv) Net Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements, except for investments which have been based on written down value.

29 CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Ownership Interest (%)
Parent Entity		
Mount Burgess Mining N.L.	Australia	
Controlled Entity		
MTB (Namibia) (Proprietary) Ltd	Namibia	100%

30 ADDITIONAL COMPANY INFORMATION

	Consolidated No.	Consolidated No.	Company No.	Company No.
Number of employees at the end of the year	38	41	7	8

31 IMPACTS OF ADOPTING THE AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Management of the transition to A-IFRS

In accordance with the Financial Reporting Council's strategic directive the consolidated entity will be required to prepare financial statements that comply with Australian equivalents to International Financial Reporting Standards ("A-IFRS") for annual reporting periods beginning on or after 1 January 2005. Accordingly, the consolidated entity's first half-year report prepared under A-IFRS will be for the half-year reporting period ended 31 December 2005, and its first annual financial report prepared under A-IFRS will be for the year ended 30 June 2006.

The consolidated entity plans to manage the transition to A-IFRS in three phases:

1. A high level scoping exercise to determine the impact of individual standards, a conversion plan and timetable and to establish processes and controls in order to capture information necessary to allow the preparation of financial statements which are fully compliant with A-IFRS.
2. Evaluation and design to manage the changes to processes, controls and systems and to conduct analysis to determine the extent of the effect of changes in accounting policies on the consolidated entity.
3. Implementation and review.

At the date of this report, the directors of the consolidated entity have not yet finalised a high-level assessment of the impact of A-IFRS on the consolidated entity, and consequently have not yet determined how they are going to manage the transition to A-IFRS. However, the directors are monitoring the developments in A-IFRS and the potential impact it will have on the consolidated entity, and expect to complete an impact study and commence a plan to prepare the consolidated entity to be A-IFRS compliant shortly.

While no decision has yet been made as to the policy alternatives to be applied or the extent to which it will affect the consolidated entity, the directors of the consolidated entity have identified the following as being the key accounting policy differences expected to arise on transitioning to A-IFRSs.

Key differences from current accounting policies

First-time adoption of A-IFRS

On first-time adoption of A-IFRS, the consolidated entity will be required to restate its comparative balance sheet such that the comparative balances presented comply with the requirements specified in the A-IFRS. That is, the balances that will be presented in the financial report for the year ended 30 June 2005 may not be the balances that will be presented as comparative numbers in the financial report for the following year, as a result of the requirement to retrospectively apply the A-IFRS. In addition, certain assets and liabilities may not qualify for recognition under A-IFRS, and will need to be derecognised. As most adjustments on first-time adoption are to be made against opening retained earnings, the amount of retained earnings at 30 June 2004 presented in the 2005 financial report and the 2006 financial report may differ.

Various voluntary and mandatory exemptions are available to the consolidated entity on first-time adoption, which will not be available on an ongoing basis. The exemptions provide relief from retrospectively accounting for certain balances, instruments and transactions in accordance with A-IFRS, and includes relief from having to expense share-based payments granted before 7 November 2002 and the identification of a "deemed cost" for plant and equipment.

The impact on the consolidated entity of the changes in accounting policies on first-time adoption of A-IFRS will be affected by the choices made. The consolidated entity is evaluating the effect of the options available on first time adoption in order to determine the best possible outcome for the consolidated entity.

Share-based payment

Share-based compensation forms part of the remuneration of employees of the consolidated entity (including executives) as disclosed in the notes to the financial statements. The consolidated entity does not recognise an expense for any share-based compensation granted. Under A-IFRS, the consolidated entity will be required to recognise an expense for such share-based compensation. Share-based compensation is measured at the fair value of the share options determined at grant date and recognised over the expected vesting period of the options. A reversal of the expense will be permitted to the extent non-market based vesting conditions (e.g. service conditions) are not met. The entity will not retrospectively recognise share-based payments vested before 1 January 2005 as permitted under A-IFRS first time adoption.

31 IMPACTS OF ADOPTING THE AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS *(cont.)*

The recognition of the expense will decrease the consolidated entity's opening retained earnings on initial adoption of A-IFRS and increase share capital by the same amount for share-based payments issued after 7 November 2002 but not vested before 1 January 2005. Similar impacts will also occur in future periods, however, quantification of the impact on equity and in the income statement of the existing share options granted as remuneration has not been completed at the reporting date.

Income tax

The consolidated entity currently recognises deferred taxes by accounting for the differences between accounting profits and taxable income, which give rise to 'permanent' and 'timing' differences. Under A-IFRS, deferred taxes are measured by reference to the 'temporary differences' determined as the difference between the carrying amount and the tax base of assets and liabilities recognised in the balance sheet.

Because A-IFRS has a wider scope than the entity's current accounting policies, it is likely that the amount of deferred taxes recognised in the balance sheet will increase.

The consolidated entity also has carried forward tax losses which have not been recognised as deferred tax assets as they do not satisfy the 'virtually certain' criteria under current Australian GAAP (Generally Accepted Accounting Principles). Under A-IFRS, it may be easier to recognise these tax losses as deferred tax assets as they are recognised based on a 'probable' recognition criteria. The impact of this difference may be to increase deferred tax assets and opening retained earnings, and result in a higher level of recognised deferred tax assets on a go-forward basis.

Adjustments to the recognised amounts of deferred taxes will also result as a consequence of adjustments to the carrying amounts of assets and liabilities resulting from the adoption of other A-IFRS. The likely impact of these changes on deferred tax balances has not currently been determined.

Property, plant and equipment

On transition to A-IFRS, the entity has several options in the determination of the cost of each tangible asset, and can also elect to use the cost or fair value basis for the measurement of each class of property, plant and equipment after transition. At the date of this report, the entity has not decided which options and measurement basis will be adopted and the likely impacts therefore cannot be determined.

Impairment of assets

Non-current assets are written down to recoverable amount when the assets carrying amount exceeds recoverable amount.

Under A-IFRS, both current and non-current assets, including property, plant and equipment previously excluded as they were measured on the fair value basis, are tested for impairment. In addition, A-IFRS has a more prescriptive impairment test, and requires discounted cash flows to be used where value in use is used to assess recoverable amount. Consequently, on adoption of A-IFRS, a further impairment of certain assets may need to be recognised, thereby decreasing opening retained earnings and the carrying amount of assets. The consolidated entity has not yet determined the impact, if any, of any further impairment which may be required. It is not practicable to determine the impact of the change in accounting policy for future financial reports, as any impairment or reversal thereof will be affected by future conditions.

Acquisition, Exploration and Development Expenditure

An A-IFRS on extractive industries has not yet been issued. Consequently, the consolidated entity is unable to determine the change in policies and related impacts, if any, that may arise on adoption of A-IFRS on its extractive related operations and balances at reporting date.

Directors' Declaration

The Directors declare that:

(a) The attached financial statements and notes thereto comply with Accounting Standards;

(b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the Company and the Consolidated Entity;

(c) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and

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

On behalf of the Directors

N R Forrester
CHAIRMAN and MANAGING DIRECTOR

Signed at Perth this 14th day of September 2004 in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

SCOPE

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cashflows, accompanying notes to the financial statements, and the directors' declaration for both Mount Burgess Mining N.L. (the Company) and the consolidated entity, for the financial year ended 30 June 2004 as set out on pages 16 to 37. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year. The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the Corporations Act 2001 and Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates made by the directors. While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

AUDIT OPINION

In our opinion, the financial report of Mount Burgess Mining N.L. is in accordance with:

(a) the Corporations Act 2001, including:

 (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2004 and of their performance for the year ended on that date; and

 (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

DELOITTE TOUCHE TOHMATSU

G K McHarrie
Partner
Chartered Accountants
Signed at Perth this 15th day of September 2004.

The liability of Deloitte Touche Tohmatsu is limited by, and to the extent of, the Accountants' scheme under the Professional Standards Act 1994 (NSW).

ADDITIONAL INFORMATION INCLUDED IN ACCORDANCE WITH THE LISTING REQUIREMENTS OF THE AUSTRALIAN STOCK EXCHANGE LIMITED

The information set out below was applicable as at 3 September 2004.

1. Distribution of Equity Securities and Voting Rights:

(a) Distribution of Shareholders of Ordinary shares:-

	No. of Holders
1 – 1,000	201
1,001 – 5,000	548
5,001 – 10,000	367
10,001 – 100,000	749
100,000 and over	124
Total No. of Shareholders	1989

(b) Each shareholder entitled to vote may vote in person or by proxy, attorney or representative. On a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote. On a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share.

(c) There existed 834 shareholders who held less than a marketable parcel of shares.

2. Substantial Shareholders

The Company had two substantial shareholder as follows:-

N R Forrester (with associates)	11,436,476 shares
A P Stirling (with associates)	7,320,000 shares

3. Top Twenty Shareholders

Shareholder Name	Units Held	Percentage of Issued Capital
Citicorp Nominees Limited	31,532,574	23.05
J P Morgan Nominees Australia Ltd	13,268,280	9.70
Mr Nigel Raymond Forrester	7,163,576	5.24
ANZ Nominees Australia Ltd	4,914,332	3.59
Nefco Nominees Pty Ltd	3,600,000	2.63
National Nominees Limited	3,109,695	2.27
Beta Management Services (S/F Account)	2,564,000	1.87
Yandal Investments Pty Ltd	2,000,000	1.46
Ronald William O'Regan	1,763,200	1.29
Bow Lane Nominees Pty Ltd	1,613,150	1.18
Mr Godfrey Taylor	1,563,312	1.14
Mr Oliver Messenger (Messenger Family Account)	1,400,000	1.02
Strata Drilling WA Pty Ltd	1,200,000	0.88
Platinum Broking Company Ltd	1,160,000	0.85
Jennifer Lilian O'Regan	1,136,800	0.83
Hadden Hall Pty Ltd	1,095,729	0.80
Salto Pty Ltd	1,000,000	0.73
Ms Poh Lian Ang	892,000	0.65
Mr L J Sharah & Ms C T Sharah	760,000	0.56
Jindabyne Pty Ltd	748,000	0.55
	82,484,648	60.29

4. Contingent Liabilities in relation to Termination Benefits

There are no service agreements with any directors or officers of the Company.

Details of Company's Mineral Tenements

as at 1 September 2004

Tenement No.		% Equity
Telfer		
E45/854		100
E45/1218		100
E45/1393		100
E45/1946	Under Application	100
E45/2202		100
E45/2243		100
E45/2302		100
E45/2317	Under Application	100
M45/527		100
M45/528		100
M45/542		100
M45/543		100
M45/544		100
M45/550		100
M45/551		100
M45/659		100
M45/661		100
M45/662		100
M45/750	Under Application	100
M45/901	Under Application	100
M45/917	Under Application	100
M45/918	Under Application	100
M45/967	Under Application	100
M45/968	Under Application	100
M45/992	Under Application	100
P45/2458		100
P45/2460		100
Tabletop		
E45/1741	Under Application	100
E45/1742	Under Application	100
E45/1743	Under Application	100
E45/1744	Under Application	100
E45/1745	Under Application	100

Tenement No.		% Equity
Duketon		
E38/1416	Under Application	100
E38/1417	Under Application	100
Gullewa		
E59/1017	Under Application	100
E59/1018		100
Mount Elvire		
E29/496		100
E29/498		100
E30/256		100
E30/258		100
E77/1044		100
Perrinvale		
E29/434		Earning 70
E29/435		Earning 70
E30/455	Under Application	Earning 70
E30/203	Under Application	Earning 70
E30/226		Earning 70
E30/228		Earning 70
E30/254		Earning 70
NAMIBIA, Tsumkwe		
EPL 2012		90
EPL 2014		90
EPL 2817		90
EPL 2818		90
EPL 2819		90
EPL 3019		90
EPL 3020		90
EPL 3021		100
EPL 3022		100
BOTSWANA, Kihabe		
PL69/2003		100