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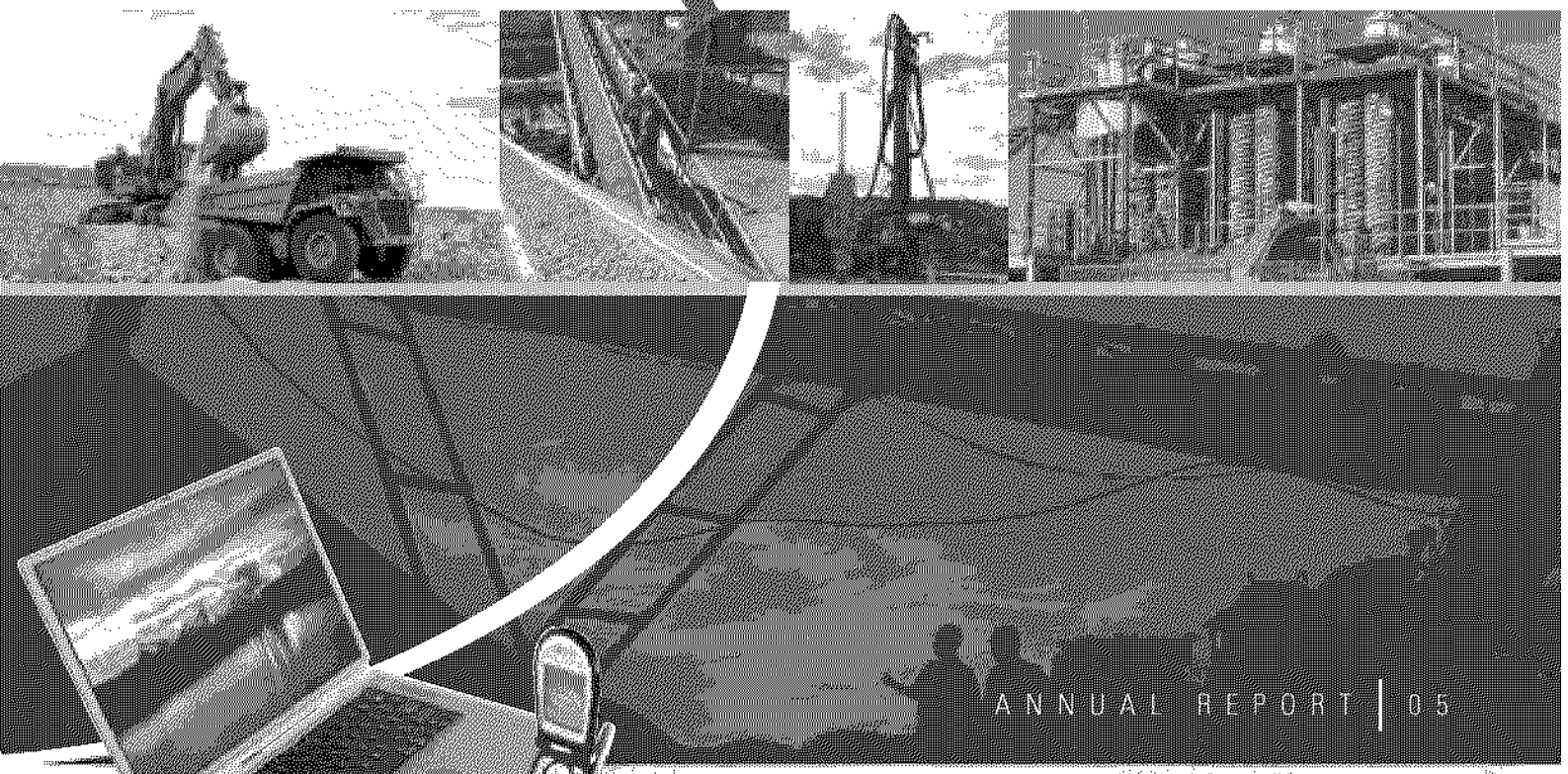
HADDINGTON
RESOURCES LIMITED



ANNUAL REPORT | 05

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HADDINGTON
RESOURCES LIMITED

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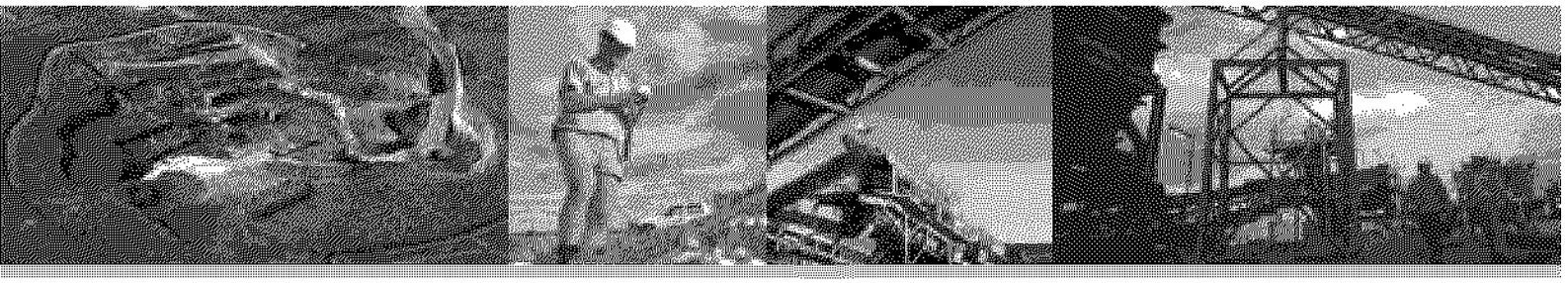
2004/2005 Highlights

- Bald Hill Project continued its consistent operation ahead of production budgets.
- No impact on operations from the Administration of Sons of Gwalia Limited.
- Sales revenue of $13.3 million, achieved from sale of 205,462 pounds of tantalite in concentrate.
- After tax profit of $1.2 million despite rising fuel and labour costs.
- EBITDA of $3.7 million.
- Discovery of the Creekside Deposit at Bald Hill.



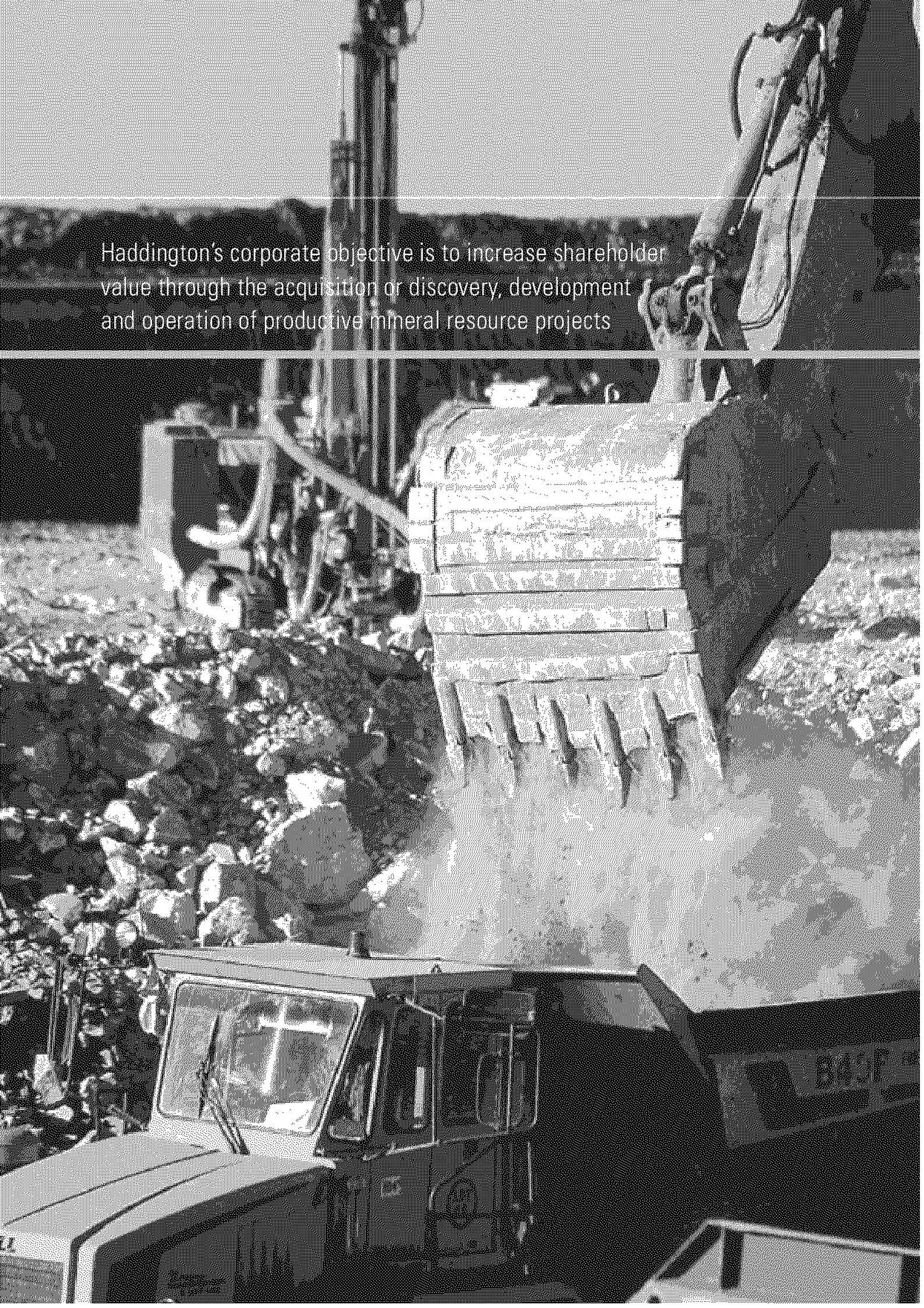
OBJECTIVES AND GROWTH STRATEGY

Haddington's corporate objective is to increase shareholder value through the acquisition or discovery, development and operation of productive mineral resource projects.

Haddington's immediate business objective is to continue the efficient and profitable operation of the Bald Hill Tantalite Project by developing reserves on its own tenements and establishing itself as an independent producer of tantalite concentrates.

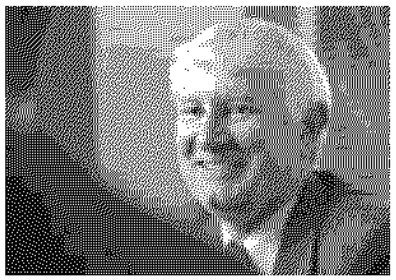
The Company's ongoing development strategy seeks to:

- maximise profitability through continuing the operation of the Bald Hill Project;
- extend the Bald Hill Project life through exploration success;
- establish the Company as a viable alternate supplier of tantalite concentrates;
- develop other mineral targets in our existing tenement portfolio; and
- acquire or develop other new mineral production projects.



Haddington's corporate objective is to increase shareholder value through the acquisition or discovery, development and operation of productive mineral resource projects

MANAGING DIRECTOR'S REPORT



It is with pleasure that we present the Annual Report of Haddington Resources Limited for the year ending 30th June, 2005

Financial Results

It has been an excellent year for Haddington Resources. Earnings after tax almost doubled to $1.2 million compared with $650 thousand last year. This years result included the write-off of $275,098 of exploration and other investment expenditure.

Earnings before interest, tax, depreciation and amortisation (EBITDA) and exploration write downs were $3.7 million.

The Bald Hill Project again generated revenue of $13.3 million for the year.

The 1 for 4 renounceable rights issue, which was completed in March, was oversubscribed and raised approximately $1.6 million. The Company placed 3.48 million shares to raise $522 thousand during the year.

The Company closed the year with a strong cash position of $5.6 million enabling it to maintain its debt free position while continuing its mining operations and giving it the scope to expand its exploration activities.

Operations

The Bald Hill mine and processing facility continued its consistent operational performance in 2005 with over 318,000 tonnes of ore processed for production of over 205,000 pounds of tantalite in approximately 1,000 tonnes of concentrate.

In the first quarter of the year the Company's only customer and the world's largest producer of tantalite raw materials, Sons of Gwalia Limited, was placed into voluntary administration. The Administrators purchased the Company's inventory of tantalite concentrates at the time and Sons of Gwalia has continued to purchase all production from Bald Hill at its contract price.

The Licence Agreement with Sons of Gwalia concludes on 31st March 2006. This event, coupled with the administration of Sons of Gwalia has prompted us to develop a strategy of establishing the Company as an independent tantalite producer.

We are positioning the Company to sell tantalite concentrates into the global market at the completion of our licence agreement with Sons of Gwalia and will expand the Bald Hill plant to upgrade concentrates to meet export specifications. We believe our upgraded product will attract a significantly higher price than that currently received through the licence agreement with Sons of Gwalia and this will consequently contribute to enhanced financial performance for the Company.

Tantalum Market

Future results will depend upon tantalum prices, which in turn are a function of supply and demand, as with any product.

We are optimistic about the potential for increased demand and prices for tantalum. The rate of growth in demand for metals generally has doubled in the last ten years and this has been reflected in increased prices for most metal commodities. The increase in demand has been the result of increasing consumption in rapidly growing, high population economies, particularly China.

There will be fluctuations in demand for mineral commodities, but the upward trend is likely to continue. An upward trend in the consumption of tantalum has been reported, with growth predicted at up to 10% per annum over the next five years. We believe this will test the ability of existing producers to meet growth demand without the development of new supply sources for the tantalum industry.

We have established ourselves as a reliable producer of concentrates and a successful explorer for tantalite resources. We have developed a knowledge base and expertise that will enable us to capitalise on the projected growth in the tantalum market.

Exploration

We believe that we are in a unique position to participate in this growth demand through development of new supply sources from our extensive portfolio of tantalum exploration areas in Australia.

We have stepped up exploration of our tantalite areas at Bald Hill Extended, the Pilbara region of Western Australia, and the Mt Shoobridge and Finniss Range areas in the Northern Territory. This has resulted in the discovery of the Creekside deposit at Bald Hill Extended where a resource containing 196,000 pounds of tantalite has already been identified, and the identification of numerous additional exploration targets in the area.

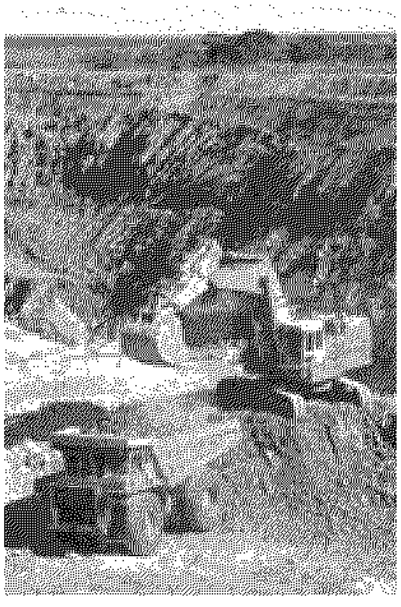
The Company has also evaluated a number of mineral projects and prospects during the year in its ongoing quest to find projects that will utilise its corporate, management and operational skills and achieve growth.

Our growth strategy is focused primarily on our development as an independent tantalite supplier and we will continue to commit exploration funds to our portfolio of mineral properties, in order to expand our existing resources and to enhance the opportunity for new discoveries, while continuing to examine and evaluate new projects.

Directors and Management

The success of our Company this year is again directly attributable to the collective efforts of our management, staff, contractors and consultants with the support of our board of directors. I wish to express my gratitude to all members of the team for their support during the year and for their contribution to the development of the Company.

Colin McCavana
MANAGING DIRECTOR



During the year, Haddington has maintained its focus on the safe and efficient operation of its Bald Hill Tantalite Project

REVIEW OF 2005 OPERATIONS

Overview

During the year, Haddington has maintained its focus on the safe and efficient operation of its Bald Hill Tantalite Project.

The Bald Hill mine and processing facility continued its excellent operational performance in 2005 with over 318,000 tonnes of ore processed for production of over 205,000 pounds of tantalite in approximately 1,000 tonnes of concentrate.

The Company commenced production at Bald Hill in July 2001, with a resource of 600,000 tonnes of ore at a grade of approximately 500ppm Ta_2O_5. To the end of June 2005 approximately 1.2 million tonnes of ore has been mined from Bald Hill at a grade of 431ppm Ta_2O_5.

Over 700,000 pounds of Ta_2O_5 has been produced from the project for revenue in excess of $45.5 million.

The Company has continued an ongoing program of exploration for tantalite on its own tenements in the vicinity of the Bald Hill Mine. Current exploration is focussed on building reserves in these areas to sustain continued operation of the Bald Hill process plant.

The Creekside deposit has already contributed significantly to this aim and if the success of our previous exploration techniques is an indicator, we believe we can continue to build resources for feed to the Bald Hill plant.

We are positioning the Company to sell tantalite concentrates into the global market at the completion of our licence agreement with Sons of Gwalia.

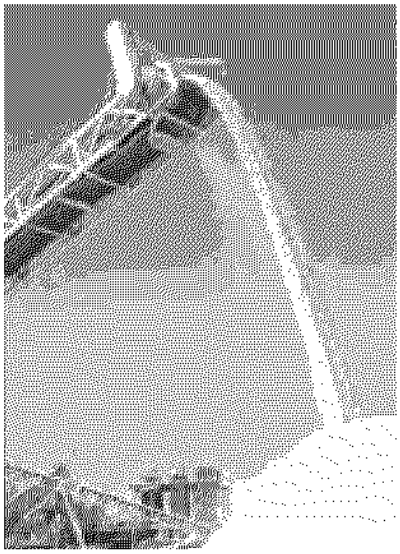
We have held discussions with a number of parties concerning offtake of our production and we believe our product will attract a significantly higher price than we currently receive through the licence agreement with Sons of Gwalia.

The Company's wholly owned subsidiary Australian Tantalum Limited (ATL) holds a number of tantalum project areas covering centres of historical tantalite production in the Pilbara region of Western Australia and the Shoobridge and Finniss Range areas in the Northern Territory. All of the projects contain pegmatite-hosted tantalum mineralisation.

The Company has stepped up exploration of these areas.

Teck Cominco has progressed well with its exploration for lead/zinc at ATL's promising Smithfield Project near Greenbushes in the south west of Western Australia.

The Company has maintained its exploration areas at Cloncurry in Queensland where a number of very prospective geophysical and geotechnical anomalies have been identified.



Rio Tinto has continued its program of exploration for lead/zinc on the Cloncurry tenements.

During the year Xstrata Copper advised that they were relinquishing their option over Haddington Gold Pty Ltd's Jasper copper deposit located close to Cloncurry.

REVIEW OF 2005 OPERATIONS

What is Tantalite?

Tantalite is the ore of the metal tantalum. Over the past few decades tantalum has been transformed from a minor by-product of tin mining to a valuable resource as a direct result of strong growth in consumption. The development of tantalum capacitors, initially for military applications and more recently for use in the manufacture of portable electronic equipment, has led to this demand growth.

Tantalum has unique electronic properties. It has a very high melting point, high corrosion resistance and good alloying properties making it suitable for use in a growing number of new and highly sophisticated applications including electronic components, aerospace, metal working machinery and chemical equipment. Its excellent resistance to most forms of chemical attack also makes it ideal for use in medical applications such as surgical repairs of human bones (eg, in skull plates), as foil or wires to connect torn nerves, and as woven gauze to bind up abdominal muscles.

Approximately 60% of tantalum produced is used in the electronics industry, mainly in the production of capacitors which are essential for the miniaturisation of electrical equipment such as mobile phones and lap top computers. Tantalum capacitors have become the standard for reliable performance in electronic systems. With continued steady growth in personal communications systems, demand for tantalum units from this sector is expected to remain strong.

About 25% of tantalum usage is in the metal working industry where properties such as heat resistance and strength result in varied applications for tantalum carbide alloys, including specialised cutting tools. Tantalum carbide is generally used in alloys in conjunction with such metals as tungsten, titanium and columbium.

In aerospace, tantalum's high melting point, strength at high temperatures and resistance to corrosion produce refractory superalloys with cobalt, iron and nickel. These alloys are employed in aerospace structures, jet engines and gas turbine parts.

Sons of Gwalia Limited

Under its Licence Agreement with Sons of Gwalia, the Company has the exclusive right to mine and process tantalite ore from Sons of Gwalia's tenements at the Bald Hill mine until March 31st 2006. Concentrate production under the Licence Agreement is expected to be completed by January 2006.

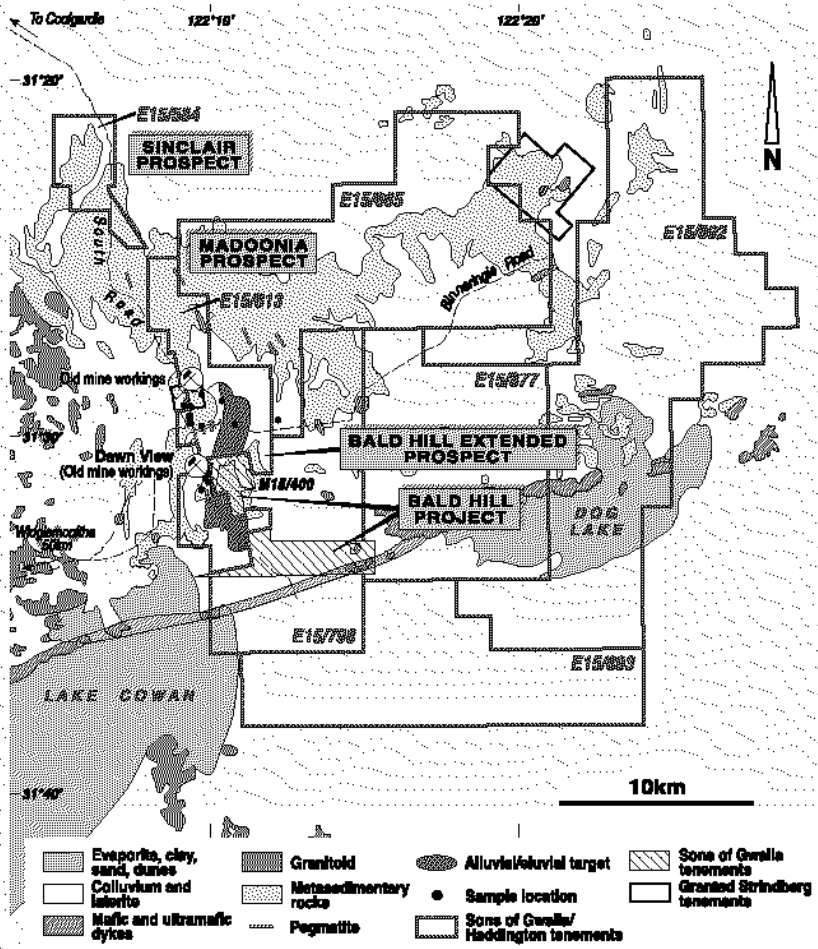
On 30th August 2004, the directors of Sons of Gwalia announced that they had appointed an Administrator to their group of companies. The Administrators purchased the Company's inventory of tantalite concentrates at the time and Sons of Gwalia has continued to purchase all production from Bald Hill at its contract price.

As the Bald Hill Project's tenements are owned by Gwalia and associated entities, there is also the possibility that the Administrator would wish to sell the tenements as part of the administration process before the expiry of the Licence Agreement.

The Licence Agreement contains assignment provisions making the sale or assignment of the tenements conditional upon the purchaser entering into an agreement as tenement owner to perform the terms of the Licence Agreement. Haddington has advised the Administrator of its desire to purchase the tenements in the event of a sale by them.

Bald Hill Operations

The Bald Hill Project, located approximately 60km south east of Kambalda and approximately 70km east of Widgiemooltha in the Coolgardie Mineral Field of Western Australia,



produced 205,462 pounds of tantalite for the 12-month period from the treatment of 318,353 tonnes of ore. This generated sales revenue of over $13.3 million.

A total of 302,984 tonnes of ore was mined during the year with a waste to ore ratio of approximately 4 to 1.

The Company has purchased tabling, drying and magnetic separation equipment from the recently closed Ardlethan tin mine. Preliminary testwork has indicated that the equipment purchased can be installed to upgrade Bald Hill concentrate for sale to the world market.

Exploration Activities

The Bald Hill Mine was originally developed on three small pits (North, South and West). Successful exploration on the licence area increased the tantalite reserve with the identification of additional pits at Hillview, Hills End and Bore Line. Since the commencement of production in July 2001, the project has processed double the original resource of 600,000 tonnes of ore.

During the year the Company has continued its commitment to expansion of its resource base through exploration on its mineral properties with exploration programs funded by cash generated from tantalite production.

Tantalite exploration was focused on increasing resources at the Bald Hill Project, both on the licensed Mining Lease, and on Haddington's 100% owned tenements.

Significant exploration work has also been carried out on the Company's gold/copper exploration areas in Queensland.

Bald Hill

(Licenced to Haddington from SOG)

With the current SOG Licence Agreement due to expire on 31st March 2006, exploration on M15/400 was focused on delineating ore to feed the process plant until that time.

A wide spaced RAB drilling program based on structural targets defined by aeromagnetic interpretation within M15/400 was carried out. Only minor pegmatite intersections were encountered in this work.

On the Central resource area, infill RC drilling has been completed. The Company identified an inpit resource of approximately 220,000 tonnes of ore grading approximately 335ppm Ta_2O_5 in an area between the West and South Pits. Modelling of the resource determined that the high strip ratio made it sub-economic at the current concentrate price.

In the Boreline area, drilling intersected pegmatite within 3 metres of surface. A new pegmatite was also intersected to the east of Boreline with an intersection of 2 metres at 1141ppm Ta_2O_5. This hole was followed up with an RAB drilling program on selected targets around the Boreline area.

REVIEW OF 2005 OPERATIONS

Twenty seven bulk costean samples were also taken from five costean trenches in the Boreline area. The results ranged from 89ppm Ta_2O_5 to 1061ppm Ta_2O_5, with the average result of 460ppm Ta_2O_5.

The exploration effort was successful in identifying a small resource at Boreline which should provide sufficient tonnes and grade to feed the process plant until completion of the Licence Agreement.

Cattlin Creek Project

(Licenced to Haddington from SOG)

Cattlin Creek is located approximately 2 km north of the town of Ravensthorpe, approximately 540 km south of Perth, in the Phillips River Goldfield of Western Australia. The economics of this project have been reviewed a number of times, by ourselves and our consultants.

Haddington completed a feasibility assessment for the Cattlin Creek Project in 2001/2002. The in-pit resource was upgraded to 363,000 tonnes at 520ppm tantalite at a strip ratio of 4.2 to 1 in 2003. At this stage, however, there is a requirement to improve the economics of the project before Haddington believes it could go to development stage.

Bald Hill Extended, Madoonia and Sinclair

(100% owned)

The Bald Hill Extended, Madoonia and Sinclair areas are contiguous with each other and abut the northern, western and southern boundaries of the SOG Bald Hill licence. The area comprises 6 Exploration Licences and 12 Prospecting Licences. Application has been made for a Mining Licence over the Creekside Project.

The areas provide an excellent opportunity for the Company to develop its own resources around Bald Hill within the remaining life of the Sons of Gwalia Agreement.

The area represents approximately 185 km^2 of the Company's current portfolio of over 1,000 km^2 of highly prospective tantalite exploration areas.

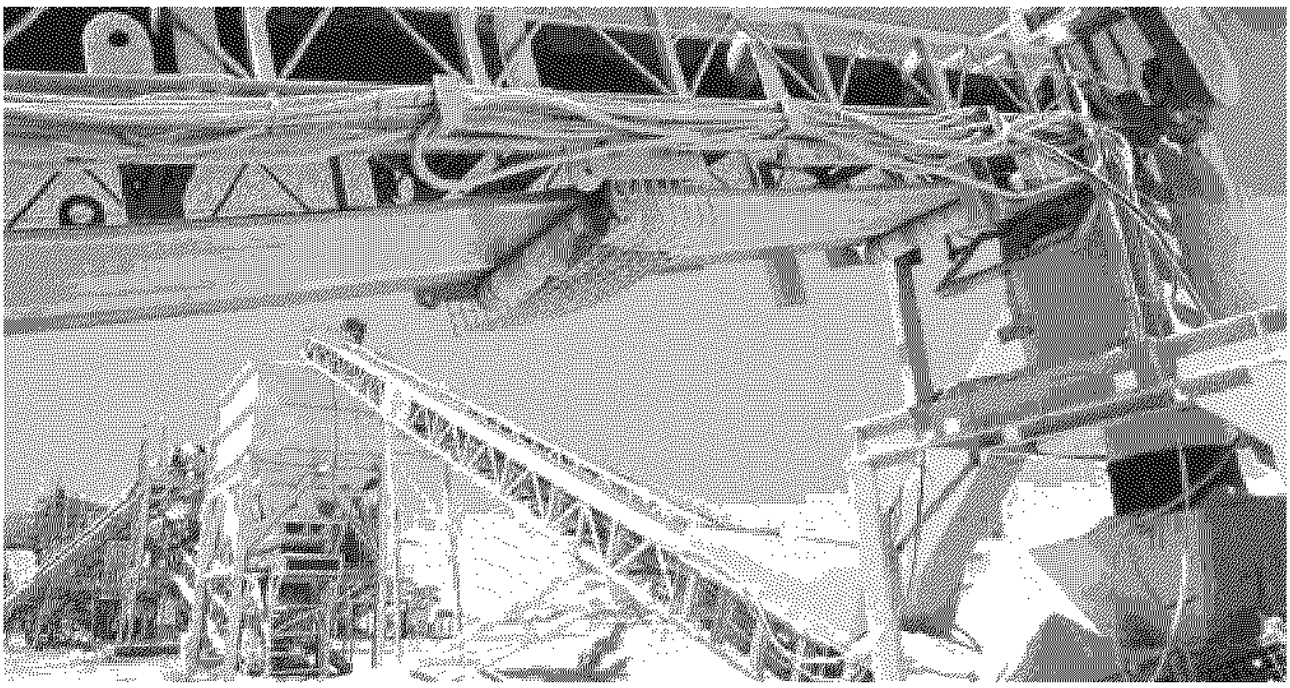
Immediate exploration is focused on these areas around Bald Hill with the objective of establishing additional reserves and resources on the Company's own tenements during 2005.

Early in the year 15 primary targets were identified around Bald Hill using geochemical sampling, rock chip sampling and mapping from aerial photography. These are the same techniques used to identify the targets that produced the Hills End and Hill View pits at Bald Hill.

A programme of 3,390 metres of RC drilling to test these targets was completed early in the year.

All targets returned pegmatite occurrences of varying widths and grade. Six out of the 11 targets drilled returned significant results greater than 200ppm Ta_2O_5.

The drilling led to the identification of the Creekside pegmatite deposit. In the initial drilling, approximately 50% of the holes intersected pegmatite at widths of 3 metres or greater. The results represented exciting potential to build a resource at the Creekside prospect.



During the last quarter of 2005 the Company reported the receipt of good results from follow up RC drilling at Creekside prospect.

An initial resource was calculated as 136,000 tonnes at 390ppm Ta_2O_5 containing approximately 117,000 pounds of tantalite, this was upgraded by further infill RC drilling to a total of 204,000 tonnes at 435ppm Ta_2O_5 containing approximately 196,000 pounds of tantalite.

RC drilling was also successful in identifying the southern extensions of pegmatite associated with the Dawn View mineralisation (Dawn View South). These narrow high grade sheets potentially extend south for up to 700 metres in Haddington ground.

At the Bulloak Dam, Access Road and Cotters prospects north of Bald Hill pegmatite widths of up to 33 metres were intersected.

At Bulloak Dam results were encouraging with one hole returning 12 metres of pegmatite from surface averaging 288ppm Ta_2O_5. Surface mapping indicates this pegmatite outcrops for a minimum strike length of 150 metres.

At Cotters, Ta_2O_5 values varied across intersection widths of up to 12 metres. The drilling results indicate potential for significant tonnages at lower grades with current values averaging 80 to 160ppm. The Cotters pegmatites appear to be part of a larger system combining narrow veins and broader flat sheets. The drilling in this area has been inconclusive and further drilling and trenching work is required.

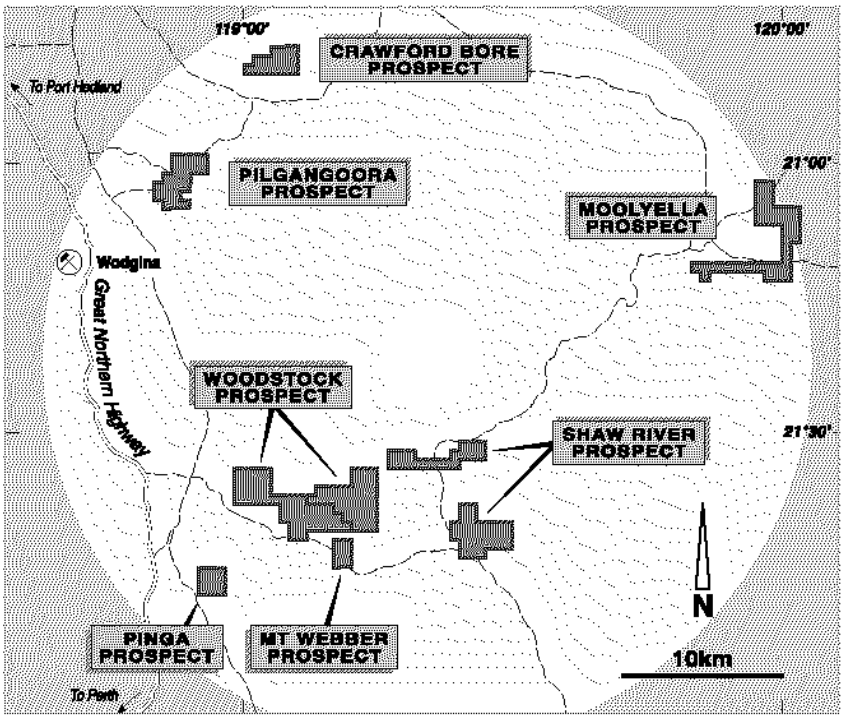
At Access Road the pegmatites presented as a multiple narrow vein system with indications of the presence of higher grade Ta_2O_5 values. Additional drilling and trenching is also required at the Access Road prospect.

These preliminary results represent exciting potential for the Company to build a significant resource on its own licences at Bald Hill.

Results from drilling at the Fenceline prospect, approximately 500 metres south of the Creekside prospect, were also received, with significant widths of lower grade pegmatite intersected. Additional holes that were drilled between Creekside and Fenceline have also located a near surface pegmatite that will be followed up in the future drilling program.

Rockchip sampling comprising 13 samples were also taken on a number of outcropping pegmatites in the area. A sample taken 450 metres north of the Bulloak prospect returned a result of 1,332ppm Ta_2O_5.

During the fourth quarter a regional exploration program of auger drilling was completed to the north and east of



the Bald Hill mine area on Haddington's 100% owned tenements. A total of 526 holes were drilled for 944 metres and 424 samples were taken. Samples were taken when saprolite and saprock were encountered in 1 to 3 metre deep holes.

The program was designed to identify regional scale lithium, rubidium and cesium anomalies. These elements are common pathfinders for tantalum mineralisation in pegmatites. As a result of this program 14 anomalous lithium targets were generated for follow up RAB drilling. A number of isolated rubidium highs to the north east of Bald Hill also attracted the interest of geological staff, who mapped a pegmatite in the area of up to 700 metres long and 10 metres wide.

In areas where alluvial and colluvial cover greater than 3 metres was encountered auger drilling was abandoned, and holes were drilled using RAB drilling techniques.

Results were received for 141 holes drilled in previously unexplored areas to the south east of Bald Hill. Several high lithium results were received, and processing of the data defined several large lithium anomalies on broad spacings with a notable alignment to interpreted north east trending structures previously defined by aeromagnetics.

These results expanded the potential for discovery of tantalum bearing pegmatites in the vicinity of Bald Hill and significantly enhanced the prospect of identifying additional resources within transport distance of the Bald Hill Plant.

Australian Tantalum Pty Ltd

The Company's wholly owned subsidiary Australian Tantalum Pty Ltd has seven target areas in the Pilbara Region of Western Australia with historical tantalite and tin production.

Preliminary field reconnaissance has been carried out on all areas in the eastern Pilbara from Wodgina to Marble Bar. Approximately 20 rock chip samples were collected.

Anomalous lithium, cesium, rubidium results were recorded and tantalum was present in all samples with the highest grade at 383ppm Ta_2O_5 from the Pilgangoora prospect.

The Pilgangoora area will be the Company's initial focus of exploration for the Pilbara Region. Large pegmatite bodies that are exposed at Pilgangoora lie within the greenstones parallel to and within 1,000 metres of the granite-greenstone contact. Two main pegmatites were identified for immediate follow up, in the southern area and visible tantalum was identified, in the creeks which have been heavily worked for elluvial and alluvials. In the north several other pegmatites have been identified near the McPhees Reward prospect. Pegmatites with considerable strike potential were also identified in the west of the tenement.

Smithfield Project

(100% ATL owned)

Teck Cominco have exercised their option to earn a 75% interest in the Smithfield Prospect, situated 20kms south west of Greenbushes in Western Australia, by spending $500,000 on further exploration.

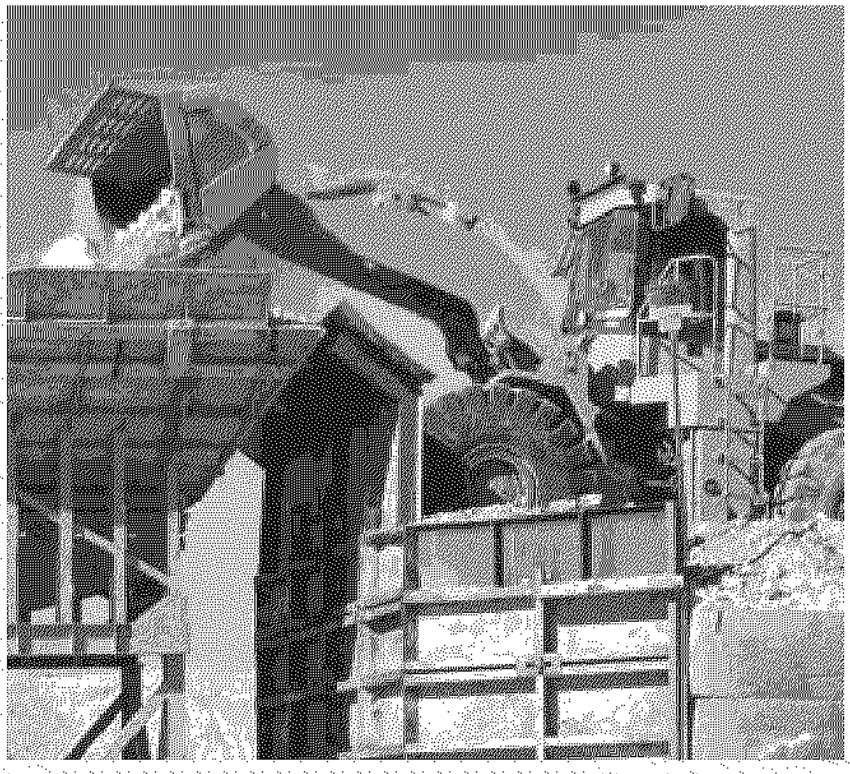
The processing of a helicopter-borne VTEM survey has identified two high priority conductors, identified as conductors L and O, within ATL's exploration licence E70/2254. A campaign of ground fixed loop TEM surveys were conducted over the targets to better determine the position and nature of the conductors identified in the VTEM survey. Results from GEM were modelled and diamond drill holes are planned. These holes are planned to be drilled in September 2005.

Mt Shoobridge Prospect

(Under Option to ATL)

ATL has expanded its tantalite exploration into the Northern Territory with an option to purchase the tin, tantalum and gold project within the Pine Creek Geosyncline centered around Mt Shoobridge. The project area is located approximately 165km south of Darwin and 60km west of Pine Creek.

The area was previously held by Julia Mines who carried out a regional exploration program for tantalite in 2001. Julia discovered the massive Two Bobs pegmatite which is reported as up to 3 km log and 300 metres wide. Julia's preliminary samples from this pegmatite confirmed that it is mineralised, and further sampling and geochemical studies are required to identify RC drilling targets.



The virtually unexplored Two Bobs pegmatite has the potential to provide over 200 million tones of pegmatite to a depth of 100 metres. This tonnage is comparable those found at Greenbushes and Wodgina, giving the potential for discovery of a world class tantalite deposit.

Other work completed by Julia Corporation in 2001, outlined a resource of 280,000 tonnes at 125ppm Ta_2O_5 and 380ppm SnO_2 at Barretts. Regional rockchip sampling by Julia Corporation also located a further 14 pegmatites with tantalum assays reported between 10ppm and 1180ppm, and six of the 14 pegmatites reporting over 300ppm tantalum.

At Shoobridge a significant number of tin bearing pegmatites have intruded along the Shoobridge and Plateau Point Anticlines. Some of these have been mined historically for tin and although the area was drilled extensively for gold by Golden Valley in 1996 pegmatite intersections were never assayed.

The Shoobridge and Plateau Point areas were the subject of a soil sampling, rock chip and mapping program. The sampling was completed on 500 metres line spacings with samples taken at 50 metre intervals, for a total of 450 soil samples. All outcropping pegmatites were mapped and sampled with 150 rock chips taken.

At Plateau Point a number of parallel structures or faults were also noted, marked by brecciated iron-quartz veins within the Burrell Creek Formation. This geology is similar to the Cosmo Howley Anticline which has produced over 450,000oz of gold. The samples will be analysed for Au, As as well as Sn, Ta, Li Cs and Rb.

Finniss Range Project
(Under Option to ATL)

Australian Tantalum Pty Ltd has entered into an option agreement with private company Arnhem Resources Pty Ltd to acquire their large Finniss Range exploration licence of 139 sub-blocks, located on the western side of the Pine Creek Orogen approximately 70 kms south west of Darwin.

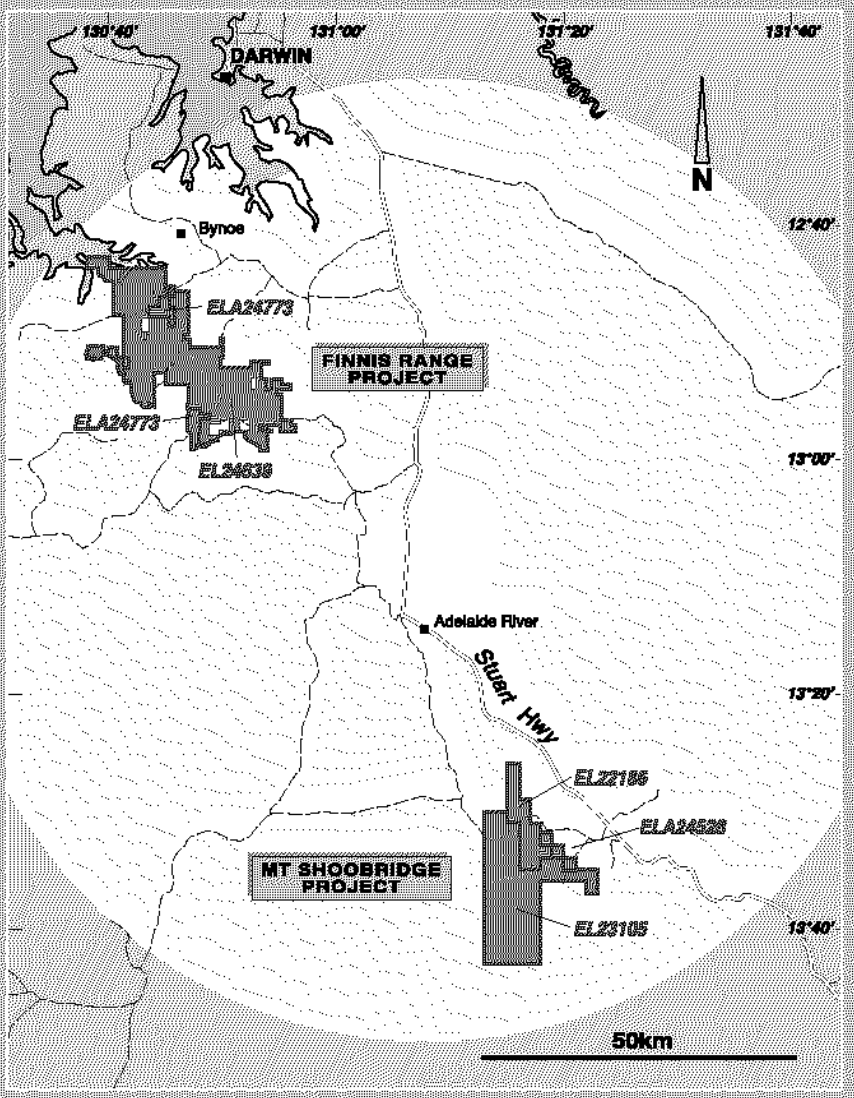
Arnhem has granted Australian Tantalum the exclusive option to purchase the Finniss Range tenement for a period of 24 months from the date on which the tenement is granted by the Northern Territory Department of Business, Industry and Resource Development.

ATL has also applied for two exploration licences in the same area which, together with the Arnhem Resources exploration licence, cover a total of approximately 385km².

The Finniss Range tenement contains the River Annie pegmatite field with over 30 confirmed pegmatite prospects and over 50 sighted occurrences. Minor production on the alluvial and oxidised portions of outcropping pegmatites has occurred from some of these prospects in the past.

To the north and along strike from River Annie are the Observation Hill group of pegmatites, which are currently held by Sons of Gwalia and known as their Bynoe Project. The Observation Hill area contains over 60 pegmatites, and was mined intermittently from 1979 to 2000 by Greenex and Fieldcorp Pty Ltd.

The Mt Finnis Mine, which has produced the largest amount of tin and tantalum in the Northern Territory is located at the southern end of the



River Annie field and is surrounded by Haddington's new application EL24774.

In 2001 Julia Corporation carried out exploration in the area on adjacent ground, which is currently held by others, and identified several tantalite occurrences with average tantalum values from 160ppm Ta_2O_5 to 223 ppm Ta_2O_5. Julia identified by visual methods 27 pegmatite bodies up to 200 metres in length and 30 metres in width before a change in its corporate direction led to it relinquishing the area.

Generally higher grade pegmatites are associated with decreased silica contents and therefore their surface expressions are likely to be subdued or they are non outcropping. Many of the pegmatites in the Finniss Range area are kaolinised and deeply weathered, increasing the possibility of blind deposits. The Company believes that the potential for discovery of high grade pegmatites in the Finniss Range area is high.

Haddington Gold Pty Ltd Queensland Projects

The Company has maintained its exploration areas around Cloncurry in Queensland where a number of very prospective geophysical and geotechnical anomalies have been identified.

The Company's wholly owned subsidiary Haddington Gold Pty Ltd has two main projects in the Cloncurry area, the Wallace Project (100% owned) and the Monakoff Project (90% owned), which lie within the eastern Mount Isa Block 30kms east of Cloncurry and cover approximately 531km^2.

The project areas cover major fault structures, shear zones and attenuation areas which have provided targets applicable for both silver-lead-zinc and copper-gold deposits.

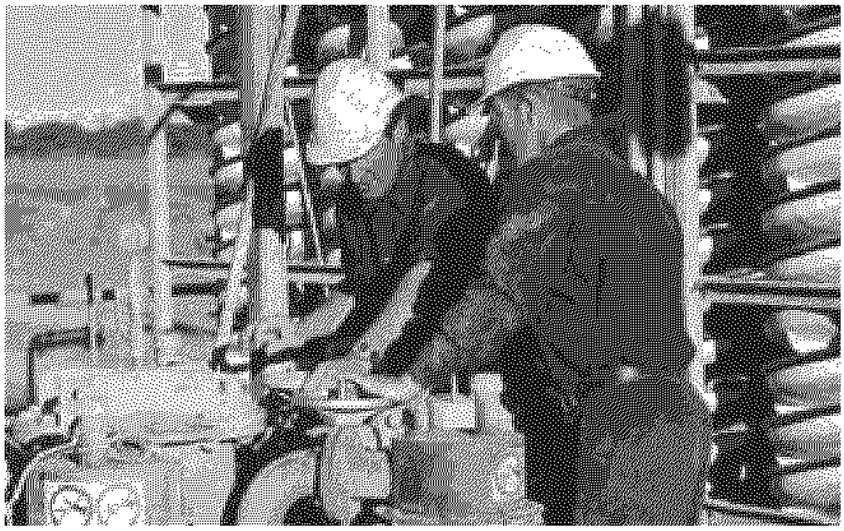
The Company is exploring a number of prospects within the tenement area.

At Wallace South a resource of 53,000oz of gold has been identified.

A detailed gravity survey, soil sampling and RAB drilling has been conducted at Weatherly Prospect (north east of Wallace South Deposit), where a number of copper/gold anomalies have been identified along the 3.5 km Weatherly trend.

Copper-gold mineralisation has been discovered at Weatherly North where a detailed soil sampling program has identified seven geochemical anomalies. RC drilling resulted in exciting bedrock intersections of >1% Cu and >1g/t Au.

These results highlight the potential of this shear to host a major copper/gold deposit, with over 1.2 km of untested potential under cover to the north east.



At the Elder Prospect previous RC drilling has intersected porphyry related mineralisation with average grade of intersections of 8.04 g/t gold in a 300 metre long mineralized zone.

The Elma, Bosca, Elma West and Victory Flagship prospects are located in the south of the Company's tenement holdings. Mineralisation occurs sporadically over a strike length of approximately 1.3 km. An inferred resource of 196,000 tonnes at 1.2% copper, 1.4 g/t gold was calculated at Victory Flagship by Cloncurry Mining Company in 1996.

A detailed soil sampling program in the area has outlined a significant gold-copper-arsenic anomaly 600 metres by 150 metres.

The Monakoff Project is located 20km north east of Cloncurry and covers approximately 46km^2.

The area has very prospective geology based on a folded sequence of Toole Creek Volcanics with known iron associated copper gold mineralisation.

At the Fisher Creek prospect, on Monakoff, previous intersections of up to 28 metres at 3.7% copper, 3.1g/t gold, were tested with RC drilling along strike and up dip following a detailed gravity survey. Results from this drilling were disappointing and further structural interpretation is planned in light of the results.

As the Company has become focussed on its core tantalum business it will review its Queensland copper/gold prospects in the light of approaches from a number of parties interested in acquisition, joint venture or farm-in to the areas.

REVIEW OF 2005 OPERATIONS

Rio Tinto Farm-in / JV

Rio Tinto is exploring the eastern region of our Queensland tenure for Broken Hill style silver-lead-zinc deposits. The Rio Tinto joint venture agreement covers five tenements, covering 272km^2.

Rio Tinto has identified the potential for a significant base metal occurrence on Haddington's tenements and has committed to a progressive exploration and development program over a five year period.

One of the most prominent styles of base metal mineralisation in the eastern fold belt is the Cannington/Pegmont type base metal deposit. These Broken Hill style silver/lead/zinc deposits occur within higher grade metamorphic conditions, and are related to stratiform banded iron units in the Mt Norna and Toole Creek Volcanics.

After completion of a work program field inspection, a discrete soil sampling program over the Camel Hill Prospect was completed. The program was designed to identify the mineralised horizons evident in the rock chip sampling and confirm 1970s Mt Isa Mines soil sampling.

The results of the soil sampling indicate the presence of a mineralised unit mapped by Mt Isa Mines as the "Camel Hill lead/zinc horizon". Good correlation exists between the Mt Isa Mines soil sampling and this program.

A follow up geophysical survey of 24.05 line km of 100 metre spaced dipole-dipole IP was completed on 12 lines over the Camel Hill prospect. The survey was designed to identify significant concentrations of sulphide material. Interpretation of the data is still in progress. Structural mapping has also been completed over the Camel Hill prospect.

A seven hole, reverse circulation (774 metres) and diamond (165 metres) drill program was also carried out at Camel Hill. Holes were targeted at the previously identified anomalous soil geochemistry and IP features.

A number of encouraging intersections up to 20 metres at 2.49% zinc and 0.12% lead were encountered.

Mineralisation is reported as generally vein related and occurs within carbonate altered amphibolite.

Rio Tinto has carried out a petrological study on 15 samples from the drilling program and a report was received from the University of Ballarat (Stafford McKnight). Results indicate a broad suite of lithologies that reflect BHT stratigraphy or its equivalents. Some evidence of pre-metamorphic mineralisation and alteration was reported. Secondary zinc species (hydrozincite) were reported from a single oxidised sample.

A lead isotope analysis was undertaken on one sample by CSIRO. The sample contained visible galena (1.5% Pb in assay).

The conclusion of this study is that the galena from the Camel Hill prospect has a very low probability of deriving from a Cannington age event and a high probability of deriving from a younger epigenetic event associated with the Mt Isa Orogeny.

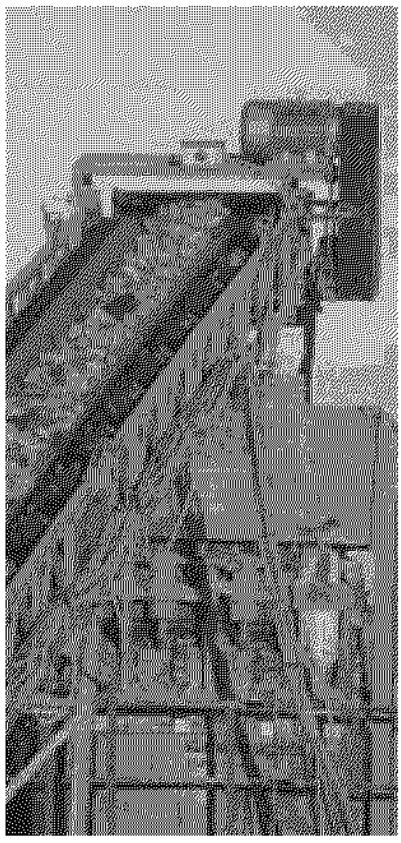
Xstrata Farm-in / JV

Xstrata had spent in excess of the minimum of A$400,000 on geophysical and geological work (completing at least 2,000 metres of drilling), however, was not able to meet its development hurdle for the Jasper Project and has withdrawn from the joint venture.

New Growth Opportunities

The Board and management of Haddington continue to look for and review other development and exploration opportunities.

The Board has an open mind with regard to the commodities considered in this process. However, the Company's focus will clearly be on the expansion of its activities as a producer of tantalite concentrates.



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CORPORATE DIRECTORY

DIRECTORS

Colin McCavana (Managing Director)
John Tarrant (Non-Executive Director)
James Pearson (Non-Executive Director)
Clair Medhurst (Non-Executive Director)

SECRETARY

John Hannaford

REGISTERED OFFICE

7 Havelock Street
WEST PERTH WA 6005
Telephone: (61 8) 9226 1550
Facsimile: (61 8) 9226 1551
Email: info@haddington.com.au
Website: www.haddington.com.au

AUDITORS

Deloitte Touche Tohmatsu
Level 14, Woodside Plaza
240 St George's Terrace
PERTH WA 6000

SHARE REGISTRY

Computershare Investor Services Limited
Level 2, Reserve Bank Building
45 St George's Terrace
PERTH WA 6000
Telephone: (61 8) 9323 2000
Facsimile: (61 8) 9323 2033

AUSTRALIAN STOCK EXCHANGE

Code: HDN

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2005

The directors have pleasure in presenting the annual financial statements of Haddington Resources Limited ("Haddington" or "the Company") for the financial year ended 30 June 2005. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

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

Colin McCavana – Managing Director, aged 53, appointed 19 September 1999

Mr McCavana has over 30 years world wide management experience in earthworks, construction and mining industries, many of which have been related to acquisition, development and operation of mineral recovery projects. Mr McCavana is a Fellow of the Australian Institute of Company Directors and a member of the Australasian Institute of Mining and Metallurgy. Mr McCavana is a member of the Audit Committee.

John Tarrant – Non-Executive Director, aged 43, appointed 15 January 1999

Mr Tarrant has held senior executive positions with a number of mineral exploration and oil and gas companies in Australia and overseas. He has 25 years experience and has worked in London, Melbourne and Perth. Mr Tarrant is Chairman of the Audit Committee and a member of the Remuneration Committee.

James Pearson – Non-Executive Director, aged 52, appointed 29 August 2001

Mr Pearson is a consulting mining engineer based in Perth, with over 25 years of experience on projects in Australia and overseas. Mr Pearson is a member of the Remuneration Committee and a member of the Australasian Institute of Mining and Metallurgy.

Clair Medhurst – Non-Executive Director, aged 46, appointed 16 May 2002

Ms Medhurst is a commercial lawyer based in Perth with over 20 years experience in private practice and in corporate positions, advising on mining and energy projects in Australia and overseas. Ms Medhurst is a Fellow of the Australian Institute of Company Directors. Ms Medhurst is a member of the Audit Committee and Chairman of the Remuneration Committee.

The above-named directors held office during and since the end of the financial year.

Directorships of other listed companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Colin McCavana	Polaris Metals NL	2002 to present
James Pearson	OM Holdings	1998 to 2005
John Tarrant	Helena Resources Limited	November 2002 to present
	Chariot Resources Limited	November 2001 to August 2003
	Absolut Resources Limited	April 2002 to April 2004

Company Secretary

Mr John Hannaford, aged 39, appointed 25 June 2004
Mr Hannaford is a Chartered Accountant who has acted as Company Secretary of several listed entities in Australia. He is also an associate of the Securities Institute of Australia.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the period was the mining and processing of tantalum concentrate under an agreement with Sons of Gwalia Ltd ("Gwalia") at Gwalia's Bald Hill tantalum deposits, and exploration for tantalum, gold and other minerals.

During the year the Company expanded its tantalum exploration activities in its strategy to establish itself as an independent producer of tantalum concentrates.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2005

REVIEW OF OPERATIONS

Overview

The Company's objective has been to operate efficiently, safely and profitably under its Licence Agreement with Sons of Gwalia to produce tantalite concentrates at Bald Hill. In a difficult environment of rising costs and the placing into administration of its customer Sons of Gwalia Limited, the Company performed admirably.

The Board monitors Bald Hill's performance carefully against budget on two levels – physical mining and processing statistics, and revenues and costs. As the Licence Agreement has been a fixed price since inception management's attention has been focussed on production efficiencies and cost savings.

Operating Performance

The resources industries in Western Australia have experienced significant operating and capital expenditure cost pressures during the past year. These have been particularly acute in fuel and labour costs, due to the high global energy prices and shortages of skilled personnel in the labour market.

Haddington's Bald Hill operations are small by comparison to other mining operations and the Company has been challenged to attract and retain good quality personnel in the face of demand from larger mining houses for experienced operating staff. The sound operating performance during the year with above budget recoveries and operating profits in line with budget was achieved in the context of these difficult operating conditions.

During the year the Company took responsibility for mining operations (previously carried out by a contractor), which resulted in significant cost savings. Another consequence was the heightened control over ore grades which were very consistent in line with budget throughout the year.

With the smooth operations of the Bald Hill plant, improved recoveries were achieved, significantly above budgeted figures during the year.

Operating revenues were $13,355,014 during the year compared with $13,346,840 for the year ended 30 June 2004. These were achieved on tantalum sales of 205,462 pounds Ta_2O_5 compared with 201,473 for the previous financial year. The Bald Hill operations treated 318,353 tonnes of ore during the year at an average grade of 430 ppm Ta_2O_5 compared with 348,425 tonnes at 400 ppm Ta_2O_5 during the previous financial year. The improved revenue on lower tonnage was due to consistent higher recoveries achieved at the plant, in excess of the budgeted 65%.

Operating costs totalled $10,407,540 for the year compared with $10,418,998 for the previous financial year.

Licence Agreement with Sons of Gwalia

Sons of Gwalia Limited was placed into administration on 29 August 2004. This had the potential to impact significantly on the revenues and profitability of the Company as the Company derives all of its operating revenues from its Licence Agreement with Sons of Gwalia. The Company worked through practical issues with Sons of Gwalia's Administrator without any material loss or disruption to delivery schedules or volume of shipments. This was evidenced by the Company exceeding its budgeted revenues and achieving its budgeted operating profits for the year.

The Licence Agreement expires on 31 March 2006 and the Company intends to produce normally under the Agreement until that time, subject to the continued commitment of Sons of Gwalia's Administrator to take the company's product.

Exploration Activities

The Company's strategy of becoming an independent tantalum producer relies on identifying new resources through exploration. The Group has over 1,000km^2 of exploration acreage prospective for tantalum in Western Australia and the Northern Territory. The Company raised additional capital during the year through a rights issue and share placements to fund this expanded exploration effort. During the year the Company outlined new resources in close proximity to the Bald Hill plant, on Haddington owned tenements and has identified a large number of additional targets in the immediate Bald Hill area.

The Company has assembled a package of tenements in the Pilbara as well as in the Northern Territory which will be the subject of further exploration once approvals and native title agreements have been concluded. This focus on areas in addition to the Bald Hill project area will be a feature of exploration programs in the coming financial year.

During the year the Company was successful in securing two joint ventures on projects in the portfolio of gold, copper and zinc tenements in Queensland.

Financial position and future prospects

The Company was able to significantly strengthen its financial position during the year. Cash reserves as at 30 June 2005 are $5,645,818. The company has net assets of $9,447,530 and no long term debt. The Company's cash reserves increased from $1,617,688 to $5,645,818 during the year.

The Company completed private placements of 3,481,695 shares at 15 cents each to raise $522,254 and options were exercised on 200,000 shares which raised $33,520. In January 2005 the Company completed a fully subscribed pro rata rights issue of 10,822,463 shares at 15 cents each, raising $1,623,369 before costs of the issue.

The Company's main operation over the last four years has been the production of tantalum concentrates under its Licence Agreement with Sons of Gwalia Limited. This agreement comes to an end on 31 March 2006, however the Company is confident it can continue production from the Bald Hill plant using resources defined on the Company's nearby exploration tenements. The exploration activities in the coming year will be to further define the status of existing resources outlined and identify additional areas that may add to the resource base. The Company is also planning to increase its exploration effort on other exploration areas to outline tantalum resources for future development.

CHANGES TO STATE OF AFFAIRS

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

RESULT OF OPERATIONS

The consolidated entity's operating profit after income tax for the year ended 30 June 2005 was $1,214,421 (2004: $650,425).

LIKELY DEVELOPMENTS

The consolidated entity aims to maximise returns from Bald Hill production under the licence agreement with Sons of Gwalia through to the expiry of that agreement on 31 March 2006. Exploration activities will be increased on the Group's extensive portfolio of exploration projects to identify possible future tantalum development projects. Should the Company not progress any new projects to development status then it will cease to be a producer of tantalum concentrates and hence cease to derive operating revenues.

The Company will also continue its exploration for gold and other minerals on its portfolio of gold and copper projects in Queensland.

DIVIDENDS

In respect of the financial year ended 30 June 2005, the company has not paid an interim dividend and no final dividend is recommended. In respect of the financial year ended 30 June 2004, the company did not pay an interim dividend and no final dividend was recommended.

ENVIRONMENTAL REGULATION

The consolidated entity is committed to achieving a high standard of environmental performance. The board is responsible for regular monitoring of environmental exposures and compliance with environmental regulations. The consolidated entity complied with its environmental performance obligations at all times during the period.

The Consolidated entity's tantalum mining, exploration and processing operations at Bald Hill operate within the regulations of the Mining Act 1978 which is administered by the Department of Industry and Resources. The Company has obligations under those regulations to rehabilitate the site following ceasing of mining operations. The Company is committed to being a responsible operator and has adequate provisions in its accounts for the cost of rehabilitating the site.

AUDIT COMMITTEE

The audit committee consists of the following directors:

John Tarrant
Clair Medhurst
Colin McCavana

The audit committee's business was, at all times during the period, conducted in accordance with the principles set out in the Corporate Governance Statement.

EVENTS SUBSEQUENT TO BALANCE DATE

There has not been any matter of circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, the company paid a premium in respect of a contract insuring persons who are, or have been, a director or secretary of the company (as named above), and all executive officers of the company and of any related body corporate, against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the financial year, indemnified or agreed 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.

SHARE OPTIONS

During the financial period and up to the date of this report, the Parent Company issued a total of 2,400,000 share options to directors and executives:

Directors and Executives	No. Options *	Exercise Price AUD	Expiry Date
Colin McCavana	500,000	$0.20	31 December 2007
John Tarrant	500,000	$0.20	31 December 2007
Clair Medhurst	500,000	$0.20	31 December 2007
James Pearson	500,000	$0.20	31 December 2007
John Hannaford	250,000	$0.20	31 December 2007
Kimber Radford	150,000	$0.20	31 December 2007

* One option is exercisable into one ordinary share

At the date of this report the unissued ordinary shares of the Company under option were:

Expiry Date	Exercise Price AUD	No. of Shares under Option
31 December 2005	$0.20	640,000
31 December 2006	$0.20	1,000,000
31 December 2007	$0.20	2,400,000

All options were issued by the Parent entity, Haddington Resources Limited.

Details of shares or interests issued during the financial year as a result of exercise of an option are:

Issuing entity	Number of shares issued	Class of shares	Amount paid for shares	Amount unpaid
Haddington Resources Limited	200,000	Ordinary	$0.16	Nil

DIRECTORS' INTERESTS

The following table sets out the directors relevant interests in shares and options in the Company or a related body corporate as at the date of this report.

Director	Fully Paid Ordinary Shares	Options
Colin McCavana	1,885,490	1,500,000
John Tarrant	200,000	500,000
James Pearson	375,000	500,000
Clair Medhurst	93,750	500,000
	2,554,240	3,000,000

During the year the movements in directors' holdings of options was as set out below:

Director	Options at the beginning of the year	Options issued	Options exercised	Options lapsed	Options outstanding at the end of the year
Colin McCavana	1,237,780	500,000	-	(237,780)	1,500,000
John Tarrant	200,000	500,000	(200,000)	-	500,000
James Pearson	-	500,000	-	-	500,000
Clair Medhurst	-	500,000	-	-	500,000
	1,437,780	2,000,000	(200,000)	(237,780)	3,000,000

The issuing entity for these options is Haddington Resources Limited.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2005

DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 12 board meetings, 3 audit committee meetings and 3 remuneration committee meetings were held.

Director	Board of Directors		Audit Committee		Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
Colin McCavana	12	12	3	3	-	-
John Tarrant	12	11	3	3	3	3
James Pearson	12	12	-	-	3	3
Clair Medhurst	12	11	3	3	3	3

REMUNERATION REPORT

Remuneration Policy

The Company's policy is to remunerate fairly and in line with companies of similar size operations and in the same industry. Individual remuneration decisions are made by the Remuneration Committee taking into account the following factors:

- The responsibility of the role;
- Experience of the employee;
- Past performance and future expectations;
- Industry conditions and trends.

In order to retain and attract executives of sufficient calibre to facilitate the efficient and effective management of the company's operations, the remuneration committee seeks the advice of external advisers in connection with the structure of remuneration packages.

Remuneration packages contain the following key elements:

a) Primary benefits – salary/fees, bonuses and non monetary benefits including the provision of motor vehicles;
b) Post-employment benefits – including superannuation and prescribed retirement benefits; and
c) Equity – share options granted under the employee share option plan as disclosed in note 21 to the financial statements.

None of the Company's personnel's remuneration packages are linked directly to the Company's profitability or other measure of performance. The Company maintains an Employee Share Option Plan under which employees may be granted options which vest subject to service conditions being met. Directors too have been allocated options as an incentive that could be realised if the Company's share price increases.

The Company is of the view that any direct relationship to performance such as a measure of profits does not take into account other non-monetary factors such as Health, Environment and Safety. The Company's small size makes it more appropriate to offer similar types of incentives to all employees and management.

The Remuneration Committee has had to review remuneration levels during the current year with specific reference to industry trends which have seen significant increases in the levels of base salary and packages being offered to all levels of technical and operations staff in the resources industry. In this context the Committee has undertaken reviews of specific individual's packages and an assessment across the board to ensure that remuneration levels are in keeping with the Company's position relative to its peers and to ensure the retention of key personnel.

Directors and Executive details

The Directors of Haddington Resources Limited during the year were:

C McCavana - Managing Director
J Tarrant - Non-Executive Director
J Pearson - Non-Executive Director
C Medhurst - Non-Executive Director

The group executives of Haddington Resources Limited during the year were:

J Hannaford - Company Secretary
K Radford - Financial Controller (appointed 26 July 2004)
J Young - Exploration Manager
P Hurley - Resident Manager

The following table discloses the remuneration of the directors of the company:

2005			Primary		Post Employment	Equity		
Name of Directors	Position	Directors' Fees $	Consulting Services / Salaries $	Non-monetary $	Super-annuation $	Options [i] $	Total $	Options as % of total remuneration
C McCavana	Managing Director	-	196,367	48,880	21,600	47,850	314,697	15%
J Tarrant	Non-Executive Director	36,000	1,800	-	3,240	47,850	88,890	54%
J Pearson	Non-Executive Director	36,000	10,943	-	3,240	47,850	98,033	49%
C Medhurst	Non-Executive Director	36,000	-	-	3,240	47,850	87,090	55%

The following table discloses the remuneration of the executives of the company and the consolidated entity:

2005		Primary			Post Employment	Equity		
Name of Executive	Position	Consulting Services / Salaries $	Bonus [ii]	Non-monetary $	Super-annuation $	Options [i] $	Total $	Options as % of total remuneration
J Hannaford	Company Secretary	45,197	-	-	-	23,925	69,122	35%
K Radford	Financial Controller	92,019	500	-	8,281	5,650	106,450	5%
J Young	Exploration Manager	92,816	500	27,012	8,353	-	128,681	-
P Hurley	Resident Manager	107,772	15,798	-	10,626	-	134,196	-

(i) The value of options issued to directors and executives during the year has been estimated by the directors with reference to Black Scholes Option Pricing Formula using the share price at the date of issue of the options. With the exception of options granted to K Radford, all options vest at the date of issue. The options issued to K Radford vest according to the provisions of the Employee Share Option Scheme pursuant to which 50% vest after 12 months, 50% after a further 6 months. In accordance with Accounting Standards AASB 1046 and 1046A, only a portion of the total fair value of the options at grant date is included in remuneration for the financial year. If the vesting conditions are met in future financial years of the options granted in the current financial year. The fair value of those options measured in accordance with section 6 of AASB1046 is estimated to be a minimum of $3,390 and a maximum of $7,910.

(ii) $500 bonus paid to K Radford and J Young (granted on 23 December 2004) and $5,500 paid to P Hurley (granted $500 on the 23 December 2004 and $5,000 on 1 September 2004) were discretionary bonuses. $10,298 bonus (granted on 31 March 2005) paid to P Hurley was paid as a retention bonus based on him remaining an employee until a certain date. The bonus to P Hurley represented 11% of total salary and for K Radford and J Young the bonus represented less than 1%. A further bonus of 10% of P Hurley's average gross annual salary will be paid in the next financial year on completion of the project.

Value of Options issued to Directors and Executives

The following table discloses the value of options granted, exercised or lapsed during the year:

Director or Executive	Options granted	Options exercised	Options lapsed	Total value of options[2]	Value of options[3]	Percentage of total
	Value at grant date	Value at exercise date	Value at time of lapse	Granted, exercised and lapsed	Included in remuneration for the year	Remuneration for the year that consists of options
	$	$	$	$	$	%
Colin McCavana	47,850	-	13,648	61,498	47,850	15%
John Tarrant	47,850	11,480[1]	-	59,330	47,850	54%
James Pearson	47,850	-	-	47,850	47,850	49%
Clair Medhurst	47,850	-	-	47,850	47,850	55%
John Hannaford	23,925	-	-	23,925	23,925	35%
Kimber Radford	13,560	-	-	13,560	5,650	5%
John Young	-	-	-	-	-	-
Phil Hurley	-	-	-	-	-	-

Value of options – basis of calculation

(1) Options exercised during the year were granted on 26 May 1999.

(2) The total value of options granted, exercised and lapsed is calculated based on the following:

- fair value of the option at grant date multiplied by the number of options granted during the year, plus
- fair value of the option at the time it is exercised multiplied by the number of options exercised during the year
- fair value of the option at the time of lapse multiplied by the number of options lapsed during the year.

(3) The total value of options included in remuneration for the year is calculated in accordance with Accounting Standard AASB 1046 "Director and Executive Disclosures by Disclosing Entities", as amended by Accounting Standard AASB 1046 A. This requires the following:

- the value of the options is determined at grant date, and are included in remuneration on a proportionate basis from grant date to vesting date. Where the options immediately vest the full value of the option is recognised in remuneration in the current year.
- With the exception of options granted to K Radford, all options vest at the date of issue. The options issued to K Radford vest according to the provisions of the Employee Share Option Scheme pursuant to which 50% vest after 12 months, 50% after a further 6 months. In accordance with Accounting Standards AASB 1046 and 1046A, only a portion of the total fair value of the options at grant date is included in remuneration for the financial year.

Contracts

The Company's Managing Director Colin McCavana is engaged under a contract of employment which was enacted on 1 July 2004. The term of the contract is 3 years ending on 30 June 2007.

In the event of termination of the contract either by the Company or in the event of a takeover, the contract prescribes:

- payment of a termination payment equivalent up to one year's salary.
- that Mr McCavana may assume ownership of the motor vehicle leased by the company and provided for his use.
- that Mr McCavana may assume ownership of the laptop computer provided to him by the company.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2005

Company Performance

1. Earnings:

The Company has recorded the following earnings over the last five years:

	2005	2004	2003	2002	2001
Revenues	13,355,014	13,346,840	11,607,830	7,848,597	87,171
EBITDA *	3,777,082	3,467,952	1,572,558	1,633,599	(327,922)
NPBT *	1,537,135	1,189,062	(94,069)	821,291	(844,424)
NPAT *	1,214,421	650,425	(364,061)	730,049	(844,424)
Dividends	-	-	-	374,540	-
W. Av. No Shares on issue	46,470,400	39,956,520	37,655,144	36,494,647	28,628,835
EPS *	2.61	1.63	(0.97)	2.0	(2.9)

Definitions: EBITDA = Earnings Before Interest, Tax, Depreciation and Amortisation
NPBT = Net Profit Before Tax
NPAT = Net Profit After Tax
EPS = Earnings per share (calculated based on the weighted average number of shares on issue)

The Company has steadily improved its operating performance particularly since 2003 reflected by improved EPS. During the 2005 year the Company has had challenges presented by the placing into administration of its customer Sons of Gwalia and increased costs of fuel and personnel. The results reflect improved operating efficiencies under an environment of increased costs.

2. Shareholder wealth:

The Company's share price increased from 13.5 cents on 30 June 2004 to 22 cents on 30 June 2005. The closing share price has ranged from a low of 10 cents on 1 September 2004 to a high of 26 cents recorded on 22 March 2005. The number of shares on issue has increased during the year from 39,956,520 to 54,460,678 resulting in an increase in the market capitalisation of the Company from $5.394 million to $11.981 million over the year.

No dividends were paid or proposed to be paid or were declared during the year.

The Board believes the Company's strategy of establishing itself as an independent producer of tantalite concentrates is the platform on which future appreciation in the Company's share price will be possible.

NON-AUDIT SERVICES

There were no non-audit services provided by the auditors during the year.

Details of amounts paid or payable to the auditor, Deloitte Touche Tohmatsu during the year are outlined in Note 25 to the financial statements.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 28 of the annual report.

Signed in accordance with a resolution of the directors made pursuant to Section 298(2) of the Corporations Act 2001.

On behalf of the directors,

Colin McCavana
Director

Dated at Perth on this 2nd day of September, 2005

AUDITORS' INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Haddington Resources Limited
7 Havelock Street
WEST PERTH, WA 6005

2 September 2005

Dear Sirs,

Haddington Resources Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Haddington Resources Limited.

As lead audit partner for the audit of the financial statements of Haddington Resources Limited for the year ended 30 June 2005, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

LEANNE KARAMFILES
Partner
Chartered Accountant

2/09/2005 The liability of Deloitte Touche Tohmatsu, is limited by, and to the extent of, the Accountants' Scheme under the Professional Standards Act 1994 (NSW).

Member of
Deloitte Touche Tohmatsu

CORPORATE GOVERNANCE STATEMENT

STATEMENT

During the 2004/2005 financial year (the **"Reporting Period"**) Haddington Resources Limited (the **"Company"**) has continued to operate in accordance with systems of control and accountability which the Company previously adopted. This report sets out the key corporate governance practices of the Company during the Reporting Period, providing disclosure to the extent recommended by the ASX in accordance with its "Principles of Good Corporate Governance and Best Practice Recommendations" (the **"ASX Guidelines"**).

Commensurate with the spirit of the ASX Guidelines, the Company has followed each of the 28 Recommendations to the extent the Board considered that their implementation was practicable and likely to genuinely improve the Company's internal processes and accountability to external stakeholders. To the extent that the Company has adopted a practice that differs from the recommendations, disclosure is made of the Company's practice, and how that practice embraces the ASX Principles.

Additional information about the Company's corporate governance practices, including disclosure of the various charters, policies and procedures which form the Company's corporate governance framework, is set out on the company's website at www.haddington.com.au.

EXPLANATIONS FOR DEPARTURES FROM BEST PRACTICE RECOMMENDATIONS

As at the end of the Reporting Period, there were a number of recommendations of the ASX that the Company either has not followed, or did not follow for the whole of the Reporting Period. These are described more fully as follows:

Principle 1
Recommendation 1.1A
Notification of Departure

Formalisation of the functions reserved to the Board and those delegated to management occurred on 29 June 2005. Disclosure occurred on 30 June 2005.

Explanation for Departure

As from 29 June 2005, the Company achieved compliance. Prior to this time, the functions were delegated as now disclosed but without formalisation and disclosure.

Principle 1
Recommendation 1.1B
Notification of Departure

Formal letters of appointment were put in place on 24 September 2004.

Explanation for Departure

Prior to 24 September 2004, directors' appointments were made in accordance with the requirements of the *Corporations Act 2001* and the Company's constitution.

Principle 2
Recommendation 2.1
Notification of Departure

The Board is comprised of a majority of independent directors with 3 out of the 4 directors considered to be independent. This structure is therefore in compliance with best practice recommendation 2.1.

The Board notes that of the 3 independent directors, 2 of the directors (being Ms Clair Medhurst and Mr James Pearson) satisfy each of the tests of independence as set out in Box 2.1 of the ASX Principles of Good Corporate Governance and Best Practice Recommendations (**"Independence Test"**). However, the third independent director, Mr John Tarrant, does not strictly satisfy all of the criteria set out in the Independence Test. The Board's reasons for considering Mr Tarrant to be independent are set out in the section headed "Independence of Independent Directors" in this Corporate Governance Statement.

Explanation for Departure

The Board considers that its current structure is appropriate to efficiently and independently carry out its functions, given the size and level of its current activities.

CORPORATE GOVERNANCE STATEMENT

EXPLANATIONS FOR DEPARTURES FROM BEST PRACTICE RECOMMENDATIONS (Continued)

Principle 2
Recommendation 2.2; 2.3
Notification of Departure
The Company has not appointed a Chairperson. The role of chairperson at Board meetings is rotated between each of the directors, on a meeting by meeting basis.
Explanation for Departure
The Board considers that this arrangement is appropriate in the context of the current structure of the Board and that the Board is able to function effectively and efficiently on this basis.

Principle 2
Recommendation 2.4
Notification of Departure
There was no nomination committee.
Explanation for Departure
The full Board considers those matters and issues arising that would usually fall to a nomination committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee.

Principle 3
Recommendation 3.1
Notification of Departure
The Company adopted a formal code of conduct for Company Executives on 24 September 2004. This code of conduct is incorporated in the code of conduct adopted in relation to best practice recommendation 10.1.
Explanation for Departure
Prior to 24 September 2004, the Board considers that its business practices, as led by the example of the Board and key executives, were the equivalent of a code of conduct. These practices are now reflected in the formal Code of Conduct.

Principle 3
Recommendation 3.2
Notification of Departure
The Company adopted a written securities trading policy on 24 September 2004.
Explanation for Departure
Although prior to 24 September 2004 there was no written policy, there was an understanding as to when it was appropriate for trading in securities to occur, which was consistent with the legislative provisions in the *Corporations Act 2001* relating to the prohibition on insider trading. This understanding has been formulated into the Company's written securities trading policy.

Principle 4
Recommendation 4.3
Notification of Departure
While an audit committee has been formed, it does not meet the requirements for composition.
Explanation for Departure
The audit committee is comprised of 2 independent directors, Ms Medhurst and Mr Tarrant, and the managing director, Mr Colin McCavana. Therefore the audit committee does not comply with the composition recommended under best practice recommendation 4.3. See also section headed "Independence of Independent Directors" in this Corporate Governance Statement.

Principle 5
Recommendation 5.1
Notification of Departure
Until 29 June 2005, there were no written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability for the compliance.
Explanation for Departure
Informal procedures were in place prior to 29 June 2005 which have been formulated into the written policies and procedures.

EXPLANATIONS FOR DEPARTURES FROM BEST PRACTICE RECOMMENDATIONS (Continued)

Principle 6
Recommendation 6.1
Notification of Departure
The Company adopted a formal communications policy on 24 September 2004.
Explanation for Departure
The Company has a positive strategy to communicate with shareholders, identify the expectations of shareholders and actively promote shareholder involvement in the Company. These strategies have now been documented and disclosed on 24 September 2004.

Principle 7
Recommendation 7.1
Notification of Departure
A formal risk management policy was documented and approved by the Board on 29 June 2005.
Explanation for Departure
Prior to 29 June 2005, the Company had in place an informal risk management policy. The Managing Director is responsible for the day to day responsibilities relating to risk management, and the Board is kept closely informed of all matters relevant to risk oversight and management.

The Company has now formalised its risk management policy which covers the areas of business risk management, internal controls, financial reporting, operations review, investment appraisal and environment and safety.

The Company will continue to assess and develop its risk management policy in line with the ongoing needs of the Company, its business and operations.

Principle 8
Recommendation 8.1
Notification of Departure
The Company formalised its process for evaluation of the Board, Board committees, individual directors and key executives on 29 June 2005. Disclosure occurred on 30 June 2005.
Explanation for Departure
Prior to 29 June 2005, the Board had in place an informal process for evaluating the performance of non-executive directors. The remuneration committee was responsible for reviewing the salary and performance of the managing director. In light of the fact that the Board does not have a nominated Chairperson, the Company engaged an external consultant (experienced in this field) to assist the Board with conducting a performance evaluation of the Board and each of its non-executive directors commencing in the subsequent financial year and to be reviewed, on at least an annual basis. The remuneration committee is now formally responsible for evaluating the performance of the managing director.

Principle 9
Recommendation 9.1
Notification of Departure
The Company's remuneration policy was not disclosed until 24 September 2004.
Explanation for Departure
Although the policy was not disclosed, it did exist and was applied during the Reporting Period.

Principle 10
Recommendation 10.1
Notification of Departure
A formal code of conduct to guide compliance with legal and other obligations to legitimate stakeholders was adopted on 24 September 2004.
Explanation for Departure
Although until 24 September 2004 there was no code of conduct documented or disclosed, the Board considered its business practices, as led by the example of the Board and key executive, were the equivalent of a code of conduct. The Company has now documented these practices and principles into a written code of conduct.

CORPORATE GOVERNANCE STATEMENT

SKILLS, EXPERIENCE, EXPERTISE AND TERM OF OFFICE OF EACH DIRECTOR

These details are contained in profiles in the Directors' Report.

IDENTIFICATION OF INDEPENDENT DIRECTORS

In considering independence of directors, the Board refers to the criteria for independence as recommended by the ASX. To the extent that it is necessary for the Board to consider issues of materiality, the Board refers to the thresholds for qualitative and quantitative materiality as adopted by the Board and contained in the Statement of Board and Management Functions, which is disclosed in full on the Company's website.

Applying the independence criteria, the Board considers that John Tarrant is independent.

Mr Tarrant is a non-executive director of the Company. During the period commencing in 2001 until February 2004, Mr Tarrant provided financial advisory services to the Board. As a result of this role, Mr Tarrant did not qualify as an independent director for the purposes of paragraph 3 of the Independence Test. Mr Tarrant satisfied all other aspects of the Independence Test.

The Board considers he is capable of and demonstrates that he consistently makes decisions and takes actions which are designed to be for the best interests of the Company and therefore considers him to possess the characteristics required of a person who would be eligible to take on the role of an independent director. In these circumstances the Board considers Mr Tarrant to be independent (except when matters regarding past financial performance of the Company during the period he provided financial advisory services are concerned).

STATEMENT CONCERNING AVAILABILITY OF INDEPENDENT PROFESSIONAL ADVICE

If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his/her office as a director then, provided the director first obtains approval for incurring such expense from the Chairman, the Company will pay the reasonable expenses associated with obtaining such advice.

AUDIT COMMITTEE MEMBERS AND MEETINGS

The audit committee met on 3 occasions during the Reporting Period. The audit committee is comprised of John Tarrant, Clair Medhurst and Colin McCavana.

Attendance at those meetings was as follows:

Name	No. of meetings held	No. of meetings attended
John Tarrant	3	3
Clair Medhurst	3	3
Colin McCavana	3	3

NOMINATION COMMITTEE

The full Board carries out the role of the nomination committee. The full Board did not officially convene as a nomination committee during the Reporting Period, however nomination-related discussions occurred from time to time during the year as required.

CONFIRMATION WHETHER PERFORMANCE EVALUATION OF THE BOARD AND ITS MEMBERS HAVE TAKEN PLACE AND HOW CONDUCTED

During the Reporting Period a formal evaluation of the non-executive members of the Board was not carried out, as it was not considered to be a beneficial procedure given the size and composition of the Board and the nature of the Company's operations. However, the composition of the Board and its suitability to carry out the Company's objectives is discussed on an as-required basis during regular meetings of the Board and any adjustments made accordingly.

CONFIRMATION WHETHER PERFORMANCE EVALUATION OF THE BOARD AND ITS MEMBERS HAVE TAKEN PLACE AND HOW CONDUCTED (Continued)

Subsequent to the end of the reporting period, the Company engaged an independent consultant experienced in these areas to conduct a performance evaluation of the Board and each of its non-executive directors. This is to be carried out on at least an annual basis.

A formal evaluation of the Managing Director was carried out by the Remuneration Committee on a periodic basis during the Reporting Period. The Remuneration Committee considered the Managing Director's salary in relation to the overall performance of the Company and against previously agreed individual performance criteria.

REMUNERATION COMMITTEE

The remuneration committee met on 3 occasions during the Reporting Period. The remuneration committee is comprised of James Pearson, Clair Medhurst and John Tarrant.

Attendance at those meetings was as follows:

Name	No. of meetings held	No. of meetings attended
James Pearson	3	3
Clair Medhurst	3	3
John Tarrant	3	3

REMUNERATION POLICY

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2005

	Note	Consolidated		Company	
		Year ended 30 June 2005 $	Year ended 30 June 2004 $	Year ended 30 June 2005 $	Year ended 30 June 2004 $
Sales revenue (sales of goods)	2(a)	13,355,014	13,346,840	13,355,014	13,346,840
Cost of sales	2(c)	(10,407,540)	(10,418,998)	(10,407,540)	(10,418,998)
Gross profit		2,947,474	2,927,842	2,947,474	2,927,842
Other revenues from ordinary activities	2(b)	188,748	58,165	183,748	58,164
Administration costs		(1,272,296)	(1,109,118)	(1,270,311)	(1,083,021)
Other expenses from ordinary activities	2(d)	(311,152)	(647,599)	(252,662)	(671,560)
Borrowing costs	2(e)	(15,639)	(40,228)	(15,639)	(40,228)
Profit from ordinary activities before income tax		1,537,135	1,189,062	1,592,610	1,191,197
Income tax expense relating to ordinary activities	4(a)	(322,714)	(538,637)	(378,189)	(538,637)
Net profit attributable to members of the parent entity	22	1,214,421	650,425	1,214,421	652,560
Total changes in equity other than those resulting from transactions with owners as owners		1,214,421	650,425	1,214,421	652,560
Basic earnings per share (cents per share)	3	2.61	1.63		
Diluted earnings per share (cents per share)	3	2.43	1.63		

The Statement of Financial Performance is to be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2005

	Note	Consolidated 30 June 2005 $	Consolidated 30 June 2004 $	Company 30 June 200h5 $	Company 30 June 2004 $
CURRENT ASSETS					
Cash assets	5	5,645,818	1,617,688	5,645,818	1,617,688
Receivables	6	1,407,216	2,152,613	1,407,216	2,152,613
Inventories	7	1,116,362	829,692	1,116,362	829,692
Other	8	403,863	272,435	388,863	258,935
TOTAL CURRENT ASSETS		8,573,259	4,872,428	8,558,259	4,858,928
NON-CURRENT ASSETS					
Receivables	9	-	-	1,348,877	1,240,582
Investments	10	-	-	1	1
Property, plant and equipment	11	925,193	1,062,092	925,193	1,062,092
Mineral properties	12	2,572,455	3,592,060	1,242,050	2,372,645
TOTAL NON-CURRENT ASSETS		3,497,648	4,654,152	3,516,121	4,675,320
TOTAL ASSETS		12,070,907	9,526,580	12,074,380	9,534,248
CURRENT LIABILITIES					
Payables	13	1,426,273	1,730,747	1,429,746	1,738,415
Interest bearing liabilities	14	51,756	406,773	51,756	406,773
Provisions	15	284,568	257,335	284,568	257,335
Current taxation liabilities	16	591,395	475,055	591,395	475,055
TOTAL CURRENT LIABILITIES		2,353,992	2,869,910	2,357,465	2,877,578
NON-CURRENT LIABILITIES					
Deferred tax liabilities	17	58,362	424,375	58,362	424,375
Interest bearing liabilities	18	71,018	67,701	71,018	67,701
Provisions	19	140,005	85,750	140,005	85,750
TOTAL NON-CURRENT LIABILITIES		269,385	577,826	269,385	577,826
TOTAL LIABILITIES		2,623,377	3,447,736	2,626,850	3,455,404
NET ASSETS		9,447,530	6,078,844	9,447,530	6,078,844
EQUITY					
Contributed equity	21	8,435,660	6,281,395	8,435,660	6,281,395
Accumulated profit/(losses)	22	1,011,870	(202,551)	1,011,870	(202,551)
TOTAL EQUITY		9,447,530	6,078,844	9,447,530	6,078,844

The Statement of Financial Position is to be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2005

	Note	Consolidated		Company	
		Year ended 30 June 2005 $	Year ended 30 June 2004 $	Year ended 30 June 2005 $	Year ended 30 June 2004 $
Cash flows from operating activities					
Receipts from customers		14,100,775	12,993,619	14,100,775	12,993,619
Interest received		160,703	24,865	160,703	24,865
Interest paid		(15,639)	(40,228)	(15,639)	(40,228)
Payments to suppliers and employees		(10,400,126)	(11,039,872)	(10,403,141)	(11,039,872)
Income tax paid		(572,386)	-	(572,386)	-
Net cash provided by operating activities	28(b)	3,273,327	1,938,384	3,270,312	1,938,384
Cash flows from investing activities					
Expenditure on development		(11,171)	(10,466)	(11,171)	(10,466)
Expenditure on exploration		(773,681)	(560,414)	(559,694)	(167,065)
Expenditure on property, plant and equipment		(224,054)	(388,628)	(224,054)	(388,628)
Cash outflow for short term deposits		(3,833)	32,155	(1,333)	(95)
Proceeds from Sale of property plant and equipment		63,884	-	63,884	-
Net cash used in investing activities		(948,855)	(927,353)	(732,368)	(566,254)
Cash flows from financing activities					
Payment for issues of equity securities		(24,878)	-	(24,878)	-
Issue of shares		2,179,144	-	2,179,144	-
Payment of hire purchase liabilities		(450,608)	(211,423)	(450,608)	(211,423)
Loans to controlled entities		-	-	(213,472)	(361,199)
Payment of dividend on ordinary shares		-	(70)	-	(70)
Net cash provided by/(used in) financing activities		1,703,658	(211,493)	1,490,186	(572,592)
Net increase in cash held		4,028,130	799,538	4,028,130	799,538
Cash at the beginning of the financial year		1,617,688	818,150	1,617,688	818,150
Cash at the end of the financial year	28(a)	5,645,818	1,617,688	5,645,818	1,617,688

The Statement of Cash Flows is to be read in conjunction with the accompanying notes.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Financial reporting framework

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Urgent Issues Group Consensus Views, and complies with other requirements of the law.

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

Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Taxation

Income Tax

Tax–effect accounting principles are adopted whereby income tax expense is calculated on pre-tax accounting profits after adjustment for permanent differences. The tax-effect of timing differences, which occur when items are included or allowed for income tax purposes in a period different to that for accounting, is shown at current taxation rates in the deferred tax assets and deferred tax liabilities, as applicable.

Haddington Resources Limited and all its wholly-owned Australian resident entities have formed a tax-consolidated group effective 1 July 2003. As a result, all income tax expenses, revenues, assets and liabilities of the members of the tax-consolidated group are recognised in the financial statements of the parent entity.

Due to the existence of a tax sharing agreement between the entities in the tax-consolidated group, the income tax expense/ revenue of the parent entity includes the tax contribution amounts paid or payable between the parent entity and subsidiary entities made in accordance with the agreement.

The current and deferred tax assets and liabilities of the parent entity are not reduced by any amounts owing from or to subsidiary entities in accordance with the tax sharing agreement as these amounts are recognised as inter-company receivables and payables.

(b) Non-current assets

The carrying amounts of all non-current assets are reviewed at least annually to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower value. In assessing recoverable amounts, the relevant cashflows have not been discounted to their present value.

(c) Accounts payable

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Employee benefits

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

Provisions made in respect of wages and salaries, annual leave, and other employee benefits 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.

Employee share option plan
The Company granted options to certain executives under an employee share option plan. Further information is set out in Note 21 to the financial statements. Other than the costs incurred in administering the schemes which are expensed as incurred, the scheme does not result in any expense to the Company.

(e) Inventories

Inventories are carried at the lower of cost and net realisable value.

Mining activities
Cost is allocated on an average basis and includes direct material, labour, related transportation costs to the point of sale and other fixed and variable overhead costs directly related to mining activities.

Net realisable value
Net realisable value is determined on the basis of the normal selling pattern. Expenses of marketing, selling and distribution to customers are estimated and deducted to establish net realisable value.

(f) Exploration, evaluation and development expenditure

Exploration, evaluation and development costs are accumulated in respect of each separate area of interest.

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Development costs related to an area of interest are carried forward to the extent that they are expected to be recouped either through sale or successful exploitation of the area of interest.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period that the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences. When production commences, carried forward exploration, evaluation and development costs are amortised on a units of production basis over the life of the economically recoverable reserves.

(g) Depreciation

Depreciation is charged over the shorter of the expected useful life of the physical assets, or the life of the mine. Depreciation is calculated on a straight line basis so as to write off the net cost over its expected useful life. Depreciation commences at the time the asset is ready for use. The following estimated useful lives are used in the calculation of depreciation; Motor Vehicles 3 – 5 years; Office Equipment 5 years; Plant and Equipment 3 –10 years; Plant and Equipment under lease 3 – 10 years.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments Issued by the Company

Transaction Costs on the Issue of Equity Instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and Dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the Statement of Financial Position classification of the related debt or equity instruments.

(i) Goods and Services Tax

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

(i) where the amount of GST incurred is not recoverable from the taxation authority or 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.

(j) Receivables

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

(k) Revenue Recognition

Sale of Goods

Revenue from the sale of goods is recognised when the Company has passed control of the goods or other assets to the buyer.

Interest Income

Interest income is recognised as it accrues.

Diesel Fuel Rebate

The Company recognises diesel fuel rebate when the eligible use of diesel can be calculated and has been invoiced by the supplier.

(l) 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 parent 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 27 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Provisions

Provisions are made for mine site rehabilitation and restoration during the course of mine life (which includes mine closure phase) based on rehabilitation bonds lodged with the Department of Industry and Resources. Provisions include the following costs: reclamation, plant closure, waste site closure and monitoring activities. These costs have been determined on the basis of current costs, current legal requirements and current technology. Changes in estimates are dealt with on a prospective basis.

(n) Investments

Investments in controlled entities are recorded at cost except where, in the opinion of the directors, there has been a diminution in value in which case the investment is written down to its recoverable amount.

(o) Leased Assets

Leased assets classified as financial leases are recognised as assets. The amount initially brought to account is the present value of minimum lease payments.

A financial lease is one which effectively transfers from the lessor to the lessee substantially all the risk and benefits incidental to ownership of the leased property.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Finance lease payments are allocated between interest expense and reduction of lease liability over the term of the lease. The interest expense is determined by applying the interest rate implicit in the lease to the outstanding lease liability at the beginning of each lease payment period.

Operating lease payments are recognised as an expense on a basis which reflects the pattern in which economic benefits from the leased asset are consumed.

(p) Cash

Cash and cash equivalents comprise cash on hand and cash in bank.

	Consolidated		Company	
	Year ended 30 June 2005 $	Year ended 30 June 2004 $	Year ended 30 June 2005 $	Year ended 30 June 2004 $
2. PROFIT/(LOSS) FROM ORDINARY ACTIVITIES				
(a) Revenue from ordinary activities				
Revenue from sales of tantalum concentrate	13,355,014	13,346,840	13,355,014	13,346,840
Total sales revenues from ordinary activities	13,355,014	13,346,840	13,355,014	13,346,840
(b) Other revenues from ordinary activities				
Interest received from other corporations	160,703	24,865	160,703	24,864
Other revenue	28,045	33,300	23,045	33,300
Total other revenues from ordinary activities	188,748	58,165	183,748	58,164
Total revenue	13,543,762	13,405,005	13,538,762	13,405,004
(c) Cost of sales				
Production costs *	7,756,610	8,213,475	7,756,610	8,213,475
Government mining royalties	682,719	550,798	682,719	550,798
Depreciation - plant and equipment	301,962	184,153	301,962	184,153
- plant and equipment under lease	54,572	92,293	54,572	92,293
Amortisation of development expenditure	1,557,422	1,343,279	1,557,422	1,343,279
Provision for restoration	54,255	35,000	54,255	35,000
Total cost of sales	10,407,540	10,418,998	10,407,540	10,418,998
(d) Other expenses from ordinary activities				
Depreciation - plant and equipment	17,407	17,809	17,407	17,809
- plant and equipment under lease	9,054	11,926	9,054	11,926
Exploration Expenditure written off	275,098	237,228	63,855	-
Write-down of non-current assets (Note 12)	-	351,976	-	1,759
Write-down of inter-company investments and loans	-	-	152,753	611,406
Loss on Sale of Fixed Assets	9,593	-	9,593	-
Research and Development	-	28,660	-	28,660
Total other expenses from ordinary activities	311,152	647,599	252,662	671,560
(e) Borrowing costs				
Hire purchase interest expense	15,639	40,228	15,639	40,228
Total borrowing costs	15,639	40,228	15,639	40,228

* Diesel fuel rebate has been included in Production Costs to reflect more appropriately the cost of production instead of as a separate revenue item as in previous years.

	Consolidated	
	2005 Cents per share	**2004 Cents per share**

3. EARNINGS PER SHARE

Basic earnings per share	2.61	1.63
Diluted earnings per share	2.43	1.63

Basic earnings per share:

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

	2005 $	**2004 $**
Earnings (a)	1,214,421	650,425
	No.	**No.**
Weighted average number of ordinary shares (b)	46,470,400	39,956,520

(a) Earnings used in the calculation of basic earnings per share reconciles to net profit in the statement of financial performance as follows:

	2005 $	**2004 $**
Net profit	1,214,421	650,425
Earnings used in the calculation of basic EPS	1,214,421	650,425

(b) Options are considered to be potential ordinary shares and are therefore excluded from the weighted average number of ordinary shares used in the calculation of basic earnings per share. Where dilutive, potential ordinary shares are included in the calculation of diluted earnings per share (refer below).

Diluted earnings per share

The earnings and weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share are as follows:

	2005 $	**2004 $**
Earnings (a)	1,214,421	650,425
	No.	**No.**
Weighted average number of ordinary shares and potential ordinary shares (b)	49,976,397	39,956,520

(a) Earnings used in the calculation of basic earnings per share reconciles to net profit in the statement of financial performance as follows:

	2005 $	**2004 $**
Net profit	1,214,421	650,425
Earnings used in the calculation of basic EPS	1,214,421	650,425

3. EARNINGS PER SHARE (Continued)

(b) Weighted average number of ordinary shares used in the calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	2005 No.	2004 No.
Weighted average number of ordinary shares used in the calculation of basic EPS	46,470,400	39,956,520
Options	3,505,997	-
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted EPS	49,976,397	39,956,520

For the year ended 30 June 2005 there were 4,040,000 potential ordinary shares that are anti-dilutive (2004: 2,241,640).

At 30 June 2004 given that the exercise price of options was greater than the company's share price, options were not considered dilutive, thus were not included in weighted average number of ordinary shares.

	Consolidated		Company	
	Year ended 30 June 2005 $	Year ended 30 June 2004 $	Year ended 30 June 2005 $	Year ended 30 June 2004 $
4. INCOME TAX				
(a) Income Tax Benefit				
Profit from ordinary activities	1,537,135	1,189,062	1,592,610	1,191,197
Prima facie income tax on the operating profit calculated at 30%	461,140	356,719	477,783	357,359
Increase (decrease) in income tax due to non assessable/ non tax deductible items:				
- Legal fees	2,184	5,600	2,184	5,600
- Entertainment	903	242	903	242
- Write down mineral properties	-	105,065	-	105,065
- Prior years income tax paid	39,387	1,547	39,387	1,547
- Initial recognition of deferred tax balances of subsidiaries on implementation of tax consolidation	-	-	-	318,989
- Consideration paid or payable to subsidiaries in respect of transferred tax balances	-	-	(55,475)	(318,989)
- Adjustment to opening balance of timing differences	(172,896)	70,105	(78,589)	70,105
- Black hole tax deduction	(1,493)	-	(1,493)	-
- Utilisation of previously unrecognised tax losses	(6,560)	-	(6,560)	-
- ATO penalties	49	-	49	-
- Prior Year tax expense adjustment	-	(641)	-	(1,281)
	322,714	538,637	378,189	538,637
(b) Potential future income tax benefit in respect of tax losses not taken to account (at 30%) is:	9,217	-	9,217	-

4. INCOME TAX (Continued)

(c) The benefit of future income tax benefit not brought to account will only be obtained if:

(i) future assessable income is derived of a nature and an amount sufficient to enable the benefit from the tax losses to be realised;

(ii) the conditions for deductibility imposed by tax legislation continue to be complied with; and

(iii) no changes in tax legislation adversely affect the realisation of the benefit from the deductions for the losses.

Tax Consolidation System

Legislation to allow groups, comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002.

Haddington Resources Limited and its wholly-owned Australian subsidiaries are eligible to consolidate for tax purposes and have elected to form an income tax group under the Tax Consolidation Regime effective 1 July 2003. The implementation of the tax consolidation group was formally recognised by the ATO on 22 July 2005 with start date for income tax consolidation 1 July 2003 and Haddington Resources Limited as the head entity of the group.

Entities within the tax-consolidated group have entered into a tax-sharing agreement with the head entity. Under the terms of this agreement, Haddington Resources Limited and each of the entities in the tax consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on stand alone tax payer basis. Such amounts are reflected in amounts receivable from or payable to other entities in the tax consolidated group.

	Consolidated		Company	
	Year ended 30 June 2005 $	Year ended 30 June 2004 $	Year ended 30 June 2005 $	Year ended 30 June 2004 $

5. CASH ASSETS

Cash at bank and on hand	5,645,818	1,617,688	5,645,818	1,617,688

A total of $310,950 (2004: $289,089) included in cash at bank is held as a bond in favour of the Department of Industry and Resources in respect of rehabilitation bonds for the Bald Hill tantalite project.

6. CURRENT RECEIVABLES

Trade and other receivables	1,407,216	2,152,613	1,407,216	2,152,613

7. INVENTORIES

Ore stockpile – at cost	891,900	662,647	891,900	662,647
Tantalite concentrate on hand – at cost	7,080	7,468	7,080	7,468
Consumables and stores – at cost	217,382	159,577	217,382	159,577
	1,116,362	829,692	1,116,362	829,692

	Consolidated		Company	
	Year ended 30 June 2005 $	Year ended 30 June 2004 $	Year ended 30 June 2005 $	Year ended 30 June 2004 $
8. OTHER CURRENT ASSETS				
Financial assets (Security Deposits)	16,050	13,550	1,050	1,050
Prepaid Waste	327,272	204,161	327,272	204,161
Other	60,541	54,724	60,541	53,724
	403,863	272,435	388,863	258,935
9. NON-CURRENT RECEIVABLES				
Loans to controlled entities	-	-	2,145,350	1,997,319
Write-down of loans to controlled entities	-	-	(796,473)	(756,737)
	-	-	1,348,877	1,240,582
10. INVESTMENTS				
Shares in unlisted controlled entities	-	-	400,001	286,986
Write-down of investment	-	-	(400,000)	(286,985)
	-	-	1	1

11. PROPERTY, PLANT AND EQUIPMENT

	Consolidated and Company				
	Motor vehicles $	Office equipment $	Plant and equipment $	Plant and equipment under lease $	Total $
Gross Carrying Amount					
Balance at 30 June 2004	13,000	126,095	1,138,314	437,046	1,714,455
Additions	-	23,929	6,483	117,825	148,237
Capital works in progress	-	-	171,336	-	171,336
Disposals	-	-	-	(88,345)	(88,345)
Balance at 30 June 2005	13,000	150,024	1,316,133	466,526	1,945,683
Accumulated Depreciation					
Balance at 30 June 2004	4,690	79,012	310,827	257,834	652,363
Depreciation expense	4,333	18,037	296,999	63,626	382,995
Disposals	-	-	-	(14,868)	(14,868)
Balance at 30 June 2005	9,023	97,049	607,826	306,592	1,020,490
Net Book Value					
As at 30 June 2004	8,310	47,083	827,487	179,212	1,062,092
As at 30 June 2005	3,977	52,975	708,307	159,934	925,193

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

Aggregate depreciation allocated whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year:

	Consolidated		Company	
	Year ended 30 June 2005 $	Year ended 30 June 2004 $	Year ended 30 June 2005 $	Year ended 30 June 2004 $
Motor vehicles	4,333	4,333	4,333	4,333
Office equipment	18,037	23,185	18,037	23,185
Plant and equipment	296,999	174,444	296,999	174,444
Plant and equipment under lease	63,626	104,219	63,626	104,219
	382,995	306,181	382,995	306,181

12. MINERAL PROPERTIES

(a) Exploration and Evaluation Expenditure at Cost:

Carried forward from previous year	1,907,673	1,460,344	688,258	46,833
Incurred during the year	798,063	560,414	475,830	167,065
Transferred to/from project development	(454,981)	474,360	(454,981)	474,360
Write off Australian Tantalum Pty Ltd investment in exploration	-	(350,217)	-	-
	2,250,755	2,144,901	709,107	688,258
Written off during the year	(271,417)	(237,228)	(60,174)	-
Exploration expenditure carried forward to subsequent years (b)	1,979,338	1,907,673	648,933	688,258
Development Expenditure at Cost:				
Carried forward from previous year	4,621,045	5,084,939	4,621,045	5,084,939
Transferred to/from exploration	454,981	(474,360)	454,981	(474,360)
Incurred during the year	11,171	10,466	11,171	10,466
Development expenditure carried forward to subsequent years	5,087,197	4,621,045	5,087,197	4,621,045
Amortisation carried forward from previous year	2,936,658	1,593,379	2,936,658	1,593,379
Amortisation incurred during the year	1,557,422	1,343,279	1,557,422	1,343,279
Accumulated amortisation at the end of the year	4,494,080	2,936,658	4,494,080	2,936,658
Total development expenditure	593,117	1,684,387	593,117	1,684,387
Total mineral properties	2,572,455	3,592,060	1,242,050	2,372,645

(b) The recovery of expenditure carried forward is dependent upon the discovery of commercially viable mineral and other natural resource deposits, their development and exploitation, or alternatively their sale.

The Company's title to certain mining tenements is subject to Ministerial approval and may be subject to successful outcomes of native title issues. (Refer Note 31)

Amortisation of development costs is calculated on the basis of tantalite production as a percentage of remaining resources.

	Consolidated		Company	
	Year ended 30 June 2005 $	Year ended 30 June 2004 $	Year ended 30 June 2005 $	Year ended 30 June 2004 $
13. CURRENT PAYABLES				
Trade payables	1,317,260	1,639,226	1,317,261	1,639,226
Goods and services tax payable	109,013	91,521	112,485	99,189
	1,426,273	1,730,747	1,429,746	1,738,415
14. CURRENT INTEREST BEARING LIABILITIES				
Hire purchase liabilities (Note 33)	51,756	406,773	51,756	406,773

Hire purchase loans are effectively secured as the rights to the assets revert to the owner in the event of default.

15. CURRENT PROVISIONS				
Employee benefits (Note 20)	87,329	58,936	87,329	58,936
Royalties	197,239	198,399	197,239	198,399
	284,568	257,335	284,568	257,335

A provision for the government royalty on sales of tantalum is recognised at year end based on 5% (2004: 4.1%) on the sales value of tantalum for the June quarter. The royalty is payable on a quarterly basis.

(a) Movements in Provisions

(i) *Royalties*

Balance at beginning of financial year	198,399	124,673	198,399	124,673
Additional provision	682,719	550,798	682,719	550,798
Cash payments	(683,879)	(477,072)	(683,879)	(477,072)
Balance at end of financial year	197,239	198,399	197,239	198,399

16. CURRENT TAXATION LIABILITIES				
Income tax provision	591,395	475,055	591,395	475,055
	591,395	475,055	591,395	475,055

	Consolidated		Company	
	Year ended 30 June 2005 $	Year ended 30 June 2004 $	Year ended 30 June 2005 $	Year ended 30 June 2004 $
17. DEFERRED TAX LIABILITIES				
Deferred income tax liability	58,362	424,375	58,362	424,375
The deferred income tax liability has been reduced by future income tax benefit by the amount of:	381,321	1,412	381,321	1,412
18. NON-CURRENT INTEREST BEARING LIABILITIES				
Hire purchase liabilities (Note 33)	71,018	67,701	71,018	67,701

Hire purchase liabilities are effectively secured as the rights to the assets revert to the owner in the event of default.

19. NON-CURRENT PROVISIONS				
Restoration	140,005	85,750	140,005	85,750

(a) Provision for Restoration

A provision for restoration is recognised in relation to the mining activities at the Bald Hill mine site for costs such as reclamation, waste site closure, plant closure and other costs associated with the restoration of a mining site. Estimates of the restoration obligations are based on rehabilitation bonds lodged with the Department of Industry and Resources and the provision is calculated, based on a units of production basis over the life of the economically recoverable reserves. In determining the restoration provision, the entity has assumed no significant changes will occur in the relevant Federal and State legislation in relation to restoration of such mines in the future.

(b) Movements in Provisions

(i) *Restoration*

Balance at beginning of financial year	85,750	50,750	85,750	50,750
Additional provision	54,255	35,000	54,255	35,000
Amounts utilised during the year	-	-	-	-
Balance at end of financial year	140,005	85,750	140,005	85,750

	Consolidated		Company	
	Year ended 30 June 2005 $	Year ended 30 June 2004 $	Year ended 30 June 2005 $	Year ended 30 June 2004 $

20. EMPLOYEE BENEFITS

The aggregate employee entitlement liability recognised and included in the financial statements is as follows:

Provision for employee entitlements:				
Current (Note 15)	87,329	58,936	87,329	58,936
Number of employees at the end of the financial period	22	20	22	20

21. CONTRIBUTED EQUITY

Issued and paid up capital

54,460,678 (2004: 39,956,520) ordinary shares, fully paid	8,435,660	6,281,395	8,435,660	6,281,395

	2005		2004	
	No.	$	No.	$
Fully paid ordinary shares				
Balance at the beginning of the financial year	39,956,520	6,281,395	39,956,520	6,281,395
Issue pursuant to rights issue	10,822,463	1,623,369	-	-
Share Issue Costs	-	(24,878)	-	-
Issue as private placement	3,481,695	522,254		
Issue on exercise of options	200,000	33,520	-	-
Balance at the end of the financial year	54,460,678	8,435,660	39,956,520	6,281,395

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

Options

The Company has in place an employee share option plan under which employees, directors and consultants of the consolidated entity may be issued on a discretionary basis with options over ordinary shares of Haddington Resources Limited.

The purpose of this Plan is to:

- recognise the ability and efforts of employees, directors and consultants of the Company who have contributed to the success of the Company;
- provide an incentive to employees to achieve the long term objectives of the Company and improve the performance of the Company; and
- attract persons of experience and ability to employment with the Company and foster and promote loyalty between the Company and its employees.

The options automatically lapse if they are not exercised before the expiry date, or automatically lapse when employment ceases with Haddington Resources Limited.

21. CONTRIBUTED EQUITY (Continued)

The options with Canadian exercise prices are issued for no consideration, are exercisable any time up to five years from the date of issue and vest 100% at the issue date. All other employee share options are issued for no consideration and vest 50% after twelve months from the issue date and vest the remaining 50% after eighteen months from the issue date. All options subject to the employee share option plan carry no rights to dividends and no voting rights, until converted into ordinary shares.

The Company had on issue the following options under the employee share option plan as at 30 June 2005:

Number	Grant Date	Exercise Price	Expiry Date
640,000	28 February 2003	$0.20	31 December 2005
150,000	24 January 2005	$0.20	31 December 2007

Note that exercise prices noted as "C$" are denominated in Canadian dollars. As at the 30 June 2005 1AUD = 0.93CAD.

The Company had on issue the following options as at 30 June 2005 issued outside the employee share option plan, all of which vested on date of issue.

Number	Grant Date	Exercise Price	Expiry Date
1,000,000	26 November 2003	$0.20	31 December 2006
2,250,000	30 November 2004	$0.20	31 December 2007

The movement in the options on issue during the year 2005 is set out below:

Exercise price	Expiry Date	Options at the beginning of the year	Options issued during the year	Options exercised during the year	Options lapsed during the year	Options on issue at the end of the year
C$0.22	19 August 2004	43,860	-	-	43,860	-
C$0.16	26 May 2005	437,780	-	200,000	237,780	-
$0.20	31 December 2005	760,000	-	-	120,000	640,000
$0.20	31 December 2006	1,000,000	-	-	-	1,000,000
$0.20	31 December 2007	-	2,400,000	-	-	2,400,000
Total		2,241,640	2,400,000	200,000	401,640	4,040,000

The movement in the options on issue during the year 2004 is set out below:

Exercise price	Expiry Date	Options at the beginning of the year	Options issued during the year	Options exercised during the year	Options lapsed during the year	Options on issue at the end of the year
C$0.18	3 June 2004	36,550	-	-	36,550	-
C$0.22	19 August 2004	43,860	-	-	-	43,860
C$0.16	26 May 2005	437,780	-	-	-	437,780
$0.25	31 December 2003	1,000,000	-	-	1,000,000	-
$0.20	31 December 2003	1,800,000	-	-	1,800,000	-
$0.20	31 December 2005	1,420,000	190,000	-	850,000	760,000
$0.20	31 December 2006	-	1,000,000	-	-	1,000,000
Total		4,738,190	1,190,000	-	3,686,550	2,241,640

21. CONTRIBUTED EQUITY (Continued)

(i) Balance at beginning of the financial year

Options – Series	No.	Grant Date	Expiry/ exercise date	Exercise price $
C2	43,860	19/08/1999	19/08/2004	C$0.22
C3	437,780	26/05/1999	26/05/2005	C$0.16
E1	570,000	28/02/2003	31/12/2005	$0.20
E1	190,000	26/05/2004	31/12/2005	$0.20
A4	1,000,000	26/11/2003	31/12/2006	$0.20
	2,241,640			

Options carry no rights to dividends and no voting rights. In accordance with the terms of the employee share option scheme (series E), options issued during the year vest 50% after 12 months and 50% after 18 months, and may be exercised at any time from vest date to the date of their expiry. All other options vest at date of issue and can be exercised from this date to the date of their expiry.

(ii) Granted during the financial year

2005 Options – Series	No.	Grant Date	Expiry/ exercise date	Exercise price $	Fair value received $
E2	150,000	26/01/2005	31/12/2007	$0.20	-
A5	2,250,000	30/11/2004	31/12/2007	$0.20	-
	2,400,000				

2004 Options – Series	No.	Grant Date	Expiry/ exercise date	Exercise price $	Fair value received $
E1	190,000	26/05/2004	31/12/2005	$0.20	-
A4	1,000,000	26/11/2003	31/12/2006	$0.20	-
	1,190,000				

Options carry no rights to dividends and no voting rights. In accordance with the terms of the employee share option scheme (series E), options issued during the year vest 50% after 12 months and 50% after 18 months, and may be exercised at any time from vest date to the date of their expiry. All other options vest at date of issue and can be exercised from this date to the date of their expiry.

(iii) Exercised during the financial year

2005 Options – Series	No of options exercised	Grant date	Exercise date	Expiry date	Exercise price $	No of shares issued	Fair value received $	Fair value of shares at date of issue $
C3	200,000	26/05/1999	26/05/2005	26/05/2005	C$0.16	200,000	33,520	-
	200,000							

21. CONTRIBUTED EQUITY (Continued)

2004 Options – Series	No of options exercised	Grant date	Exercise date	Expiry date	Exercise price $	No of shares issued	Fair value received $	Fair value of shares at date of issue $
-	-	-	-	-	-	-	-	-

Fair value of consideration received is measured as the nominal value of cash receipts on conversion. The fair value of shares at the date of their issue is measured as the market value at close of trade on the date of their issue.

(iv) Lapsed during the financial year

The following equity-based instruments issued to employees have lapsed during the reporting period:

Options – Series	Exercise Price	2005 No.	2004 No.
C1	C$0.18	-	36,550
C2	C$0.20	43,860	-
C3	C$0.16	237,780	-
E1	0.20	120,000	850,000
A2	0.20	-	1,000,000
A3	0.20	-	1,800,000
		401,640	3,686,550

Options carry no rights to dividends and no voting rights. In accordance with the terms of the employee share option scheme (series E), options issued during the year vest 50% after 12 months and 50% after 18 months, and may be exercised at any time from vest date to the date of their expiry. All other options vest at date of issue and can be exercised from this date to the date of their expiry.

(v) Balance at end of the financial year

2005 Options – Series	No.	Vested No.	Unvested No.	Grant date	Expiry date	Exercise price $
E1	640,000	605,000	35,000	28/02/2003	31/12/2005	0.20
A4	1,000,000	1,000,000	0	26/11/2003	31/12/2006	0.20
E2	150,000	0	150,000	26/01/2005	31/12/2007	0.20
A5	2,250,000	2,250,000	0	30/11/2004	31/12/2007	0.20
	4,040,000					

2004 Options – Series	No.	Vested No.	Unvested No.	Grant date	Expiry date	Exercise price $
C2	43,860	43,860	0	19/08/1999	19/08/2004	C$0.22
C3	437,780	437,780	0	26/05/1999	26/05/2005	C$0.16
E1	760,000	285,000	475,000	28/02/2003	31/12/2005	0.20
A4	1,000,000	1,000,000	0	26/11/2003	31/12/2006	0.20
	2,241,640					

21. CONTRIBUTED EQUITY (Continued)

Options carry no rights to dividends and no voting rights. In accordance with the terms of the employee share option scheme (series E), options issued during the year vest 50% after 12 months and 50% after 18 months, and may be exercised at any time from vest date to the date of their expiry. All other options vest at date of issue and can be exercised from this date to the date of their expiry.

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 23 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 executive options is recognised in contributed equity. During the financial year $33,520 (2004: $nil) was recognised in contributed equity arising from the exercise of executive options.

	Consolidated		Company	
	Year ended 30 June 2005 $	Year ended 30 June 2004 $	Year ended 30 June 2005 $	Year ended 30 June 2004 $
22. ACCUMULATED PROFIT/(LOSSES)				
Accumulated losses at the beginning of the period	(202,551)	(852,976)	(202,551)	(855,111)
Net profit for the period	1,214,421	650,425	1,214,421	652,560
Accumulated profit/(losses) at the end of the period	1,011,870	(202,551)	1,011,870	(202,551)

23. DIRECTOR AND EXECUTIVE REMUNERATION

(a) Details of Specified Directors and Specified Executives during the year:

Specified Directors:

Colin McCavana - Managing Director
John Tarrant - Non-Executive Director
Clair Medhurst - Non-Executive Director
James Pearson - Non-Executive Director

Specified Executives:

John Hannaford - Company Secretary
Kimber Radford - Financial Controller (appointed 26 July 2004)
John Young - Exploration Manager
Phillip Hurley - Resident Manager

(b) Specified Directors' and Specified Executives' Remuneration

The remuneration committee reviews the remuneration packages of all specified directors and specified executives on a periodic basis and makes recommendations to the board. Remuneration packages are reviewed and determined with due regard to relevant market conditions and individual's experience and qualification and are benchmarked against comparable industry salaries.

There is a service contract for Mr Colin McCavana which runs for three years from 1 July 2004 and expires 30 June 2007. In the event of termination of the contract either by the Company or in the event of a takeover, the contract prescribes:

- payment of a termination payment equivalent up to one year's salary.
- that Mr McCavana may assume ownership of the motor vehicle leased by the company and provided for his use.
- that Mr McCavana may assume ownership of the laptop computer provided to him by the company.

There are no specific clauses with regard to bonus and share based compensation benefits and these are discretionary.
There are no other service contracts between directors and Haddington Resources Limited.

23. DIRECTOR AND EXECUTIVE REMUNERATION (Continued)

Directors:

2005		Primary		Post Employment	Equity	
Specified Directors	Directors' Fees	Consulting Services / Salaries	Non-monetary	Super-annuation	Options[i]	Total
	$	$	$	$	$	$
C McCavana	-	196,367	48,880	21,600	47,850	314,697
J Tarrant	36,000	1,800	-	3,240	47,850	88,890
J Pearson	36,000	10,943	-	3,240	47,850	98,033
C Medhurst	36,000	-	-	3,240	47,850	87,090
Total for specified directors	108,000	209,110	48,880	31,320	191,400	588,710

(i) Each of the Directors was granted options on 30 November 2004. The fair value of each option at grant date was 0.0957. Further details of the options are contained in Note 26 to the financial statements.

2004		Primary		Post Employment	Equity	
Specified Directors	Directors' Fees	Consulting Services / Salaries	Non-Monetary	Super-annuation	Options[i]	Total
	$	$	$	$	$	$
C McCavana	-	180,000	31,644	19,800	21,705	253,149
J Tarrant	36,000	7,300	-	3,897	-	47,197
J Pearson	36,000	13,835	-	3,240	-	53,075
C Medhurst	36,000	-	-	3,240	-	39,240
Total for specified directors - 2004	108,000	201,135	31,644	30,177	21,705	392,661

(i) C McCavana was granted options on 26 November 2003. The fair value of each option at grant date was 0.0217.

Executives:

2005		Primary		Post Employment	Equity	
Specified Executives	Consulting Services / Salaries	Bonus[ii]	Non-monetary	Super-annuation	Options[i]	Total
	$	$	$	$	$	$
J Hannaford	45,197	-	-	-	23,925	69,122
K Radford	92,019	500	-	8,281	5,650	106,450
J Young	92,816	500	27,012	8,353	-	128,681
P Hurley	107,772	15,798	-	10,626	-	134,196
Total for specified executives- 2004	337,804	16,798	27,012	27,260	29,575	438,449

23. DIRECTOR AND EXECUTIVE REMUNERATION (Continued)

(i) The value of options issued to directors and executives during the year has been estimated by the directors with reference to Black Scholes Option Pricing Formula using the share price at the date of issue of the options. With the exception of options granted to K Radford, all options vest at the date of issue. The options issued to K Radford vest according to the provisions of the Employee Share Option Scheme pursuant to which 50% vest after 12 months, 50% after a further 6 months. In accordance with Accounting Standards AASB 1046 and 1046A, only a portion of the total fair value of the options at grant date is included in remuneration for the financial year. If the vesting conditions are met in future financial years of the options granted in the current financial year, the value of options is calculated at the date of grant using a Black Scholes option pricing model. J Hannaford and K Radford were granted options during the year. The fair value at grant date per option was 0.0957 for J Hannaford and 0.0904 for K Radford. Further details of the options are contained in Notes 21 and 26 to the financial statements.

(ii) $500 bonus paid to K Radford and J Young (granted on 23 December 2004) and $5,500 paid to P Hurley (granted $500 on the 23 December 2004 and $5,000 on 1 September 2004) were discretionary bonuses. $10,298 bonus (granted on 31 March 2005) paid to P Hurley was paid as a retention bonus based on him remaining an employee until a certain date. The bonus to P Hurley represented 11% of total salary and for K Radford and J Young the bonus represented less than 1%. A further bonus of 10% of P Hurley's average gross annual salary will be paid in the next financial year on completion of the project.

2004	Primary			Post Employment	Equity	
Specified Executives	Directors' Fees	Consulting Services / Salaries	Non-cash	Super-annuation	Options	Total
	$	$	$	$	$	$
B Seneque	-	85,000	7,650	14,396	-	107,046
Total for specified executives – 2004	-	85,000	7,650	14,396	-	107,046

(c) Transactions with Director personally related entities

Mining consulting services have been provided by entities associated with Mr James Pearson during the financial period. These amounts have been included in the disclosures above. The transactions were undertaken under normal commercial terms. There were no other transactions with specified Directors and Executives and their personally related entities other than those already disclosed above.

Clair Medhurst is Special Counsel for a legal firm Deacons, which has provided legal services to the Company during the financial period at normal terms and conditions. Ms Medhurst has not been involved in the provision of those legal services.

24. SEGMENT REPORTING

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The consolidated entity operates in one business segment, being mining and exploration.

Geographical segment

The consolidated entity operates in one geographical segment being Australia. Its customer base is also in Australia.

	Consolidated		Company	
	Year ended 30 June 2005 $	Year ended 30 June 2004 $	Year ended 30 June 2005 $	Year ended 30 June 2004 $

25. AUDITORS' REMUNERATION

Audit and review of Opening Balance A-IFRS accounts	14,000	-	14,000	-
Audit or review of the financial report	38,750	25,850	38,750	25,850
Non Audit services (Impact of adoption A-IFRS)	8,000	-	8,000	-
	60,750	25,850	60,750	25,850

26. RELATED PARTY AND SPECIFIED EXECUTIVE DISCLOSURES

(a) Specified directors' and executives' equity holdings

Fully paid ordinary shares issued by Haddington Resources Limited

	Balance at 1 July 2004	Granted as remuneration	Received on exercise of options	Net other change	Balance at 30 June 2005	Balance held nominally
	No.	No.	No.	No.	No.	No.
Specified directors						
Colin McCavana	1,001,249	-	-	884,241	1,885,490	-
John Tarrant	252,953	-	200,000	(252,953)	200,000	-
James Pearson	150,000	-	-	225,000	375,000	-
Clair Medhurst	75,000	-	-	18,750	93,750	-
Specified executives						
John Hannaford	-	-	-	250,000	250,000	-
Kimber Radford	-	-	-	-	-	-
John Young	-	-	-	-	-	-
Phil Hurley	-	-	-	-	-	-
	1,479,202	-	200,000	1,125,038	2,804,240	-

26. RELATED PARTY AND SPECIFIED EXECUTIVE DISCLOSURES (Continued)

(b) Executive share options issued by Haddington Resources Limited

	Balance at 1 July 2004	Granted as remunera-tion	Exercised	Expired/ other change	Bal at 30/06/05	Bal vested at 30/06/05	Vested and exercise-able	Options vested during year
Specified directors								
Colin McCavana	1,281,640	500,000	-	(281,640)	1,500,000	1,500,000	1,500,000	500,000
John Tarrant	200,000	500,000	(200,000)	-	500,000	500,000	500,000	500,000
James Pearson	-	500,000	-	-	500,000	500,000	500,000	500,000
Clair Medhurst	-	500,000	-	-	500,000	500,000	500,000	500,000
Specified executives								
John Hannaford	-	250,000	-	-	250,000	250,000	250,000	250,000
Kimber Radford	-	150,000	-	-	150,000	-	-	-
John Young	140,000	-	-	-	140,000	140,000	140,000	-
Phil Hurley	140,000	-	-	-	140,000	140,000	140,000	-
	1,761,640	2,400,000	(200,000)	(281,640)	3,680,000	3,530,000	3,530,000	2,250,000

Approval from shareholders was given at the AGM on the 23 November 2004 to grant all Directors with 500,000 options and Company Secretary with 250,000 options. The options were issued accordingly.

Each option converts into one ordinary share of Haddington Resources Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option.

200,000 options were exercised by specified directors and executives in the year ended 30 June 2005.

Further details of the options granted during the year are contained in Note 21 of the financial statements.

Directors' remuneration is disclosed at Note 23(b).

Other transactions with directors are disclosed at Note 23(c).

Transactions within the wholly-owned group

The wholly-owned group includes:

- the ultimate parent entity in the wholly-owned group; and
- wholly-owned controlled entities.

The ultimate parent entity in the wholly-owned group is Haddington Resources Limited.

During the year the parent entity provided financial assistance to its wholly owned controlled entities by way of intercompany loans. The loans are unsecured, interest free and have no fixed term of repayment (Note 9).

27. INVESTMENTS IN CONTROLLED ENTITIES

	Class of Shares	Ownership Interest	
		2005	2004
Name of Entity		%	%
Parent entity			
Haddington Resources Limited			
Controlled Entity			
Australian Tantalum Pty Ltd	Ordinary	100%	100%
Haddington Gold Pty Ltd	Ordinary	100%	100%

27. INVESTMENTS IN CONTROLLED ENTITIES (Continued)

Haddington Gold Pty Ltd was incorporated on 19 December 2002 with contributed equity of $1.

Australian Tantalum Pty Ltd was converted from a company limited by guarantee to a proprietary limited company on 22 March 2005.

All of the above companies are incorporated in Australia and are included within the tax consolidation group.

28. NOTES TO STATEMENT OF CASH FLOWS

(a) For the purpose of the statements of cash flows, cash includes cash on hand and in banks, and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the Statement of Financial Position as follows:

	Consolidated		Company	
	Year ended 30 June 2005 $	Year ended 30 June 2004 $	Year ended 30 June 2005 $	Year ended 30 June 2004 $
Cash at bank and on hand	5,645,818	1,617,688	5,645,818	1,617,688
Cash per statement of cash flows	5,645,818	1,617,688	5,645,818	1,617,688

(b) Reconciliation of operating profit/(loss) after income tax to net cash used in operating activities

Operating profit/(loss) after income tax	1,214,421	650,425	1,214,421	652,560
Adjustments for non-cash income and expense items:				
(Gain)/loss on sale of non-current assets	9,593	-	9,593	-
Depreciation of property, plant and equipment	382,995	306,180	382,995	306,180
Amortisation of development properties	1,557,422	1,343,279	1,557,422	1,343,279
Write-down of mineral projects	275,098	237,228	172,100	-
Write-down of non current assets	-	351,976	99,983	613,165
Increase in current tax liability	116,340	475,055	116,340	475,055
(Decrease)/Increase in deferred tax balances	(366,013)	63,139	(366,013)	63,139
Changes in assets and liabilities:				
- Increase in receivables	745,397	(1,076,892)	745,397	(1,076,892)
- (Decrease)/Increase in other creditors and accruals	(329,147)	(64,818)	(329,147)	(90,914)
- (Increase)/decrease in inventories	(286,671)	(302,710)	(286,671)	(302,710)
- Increase in deposits and prepayments	(127,596)	(122,978)	(127,596)	(122,978)
- Increase in current provisions	27,233	43,500	27,233	43,500
- Increase in non current provisions	54,255	35,000	54,255	35,000
Net cash from operating activities	3,273,327	1,938,384	3,270,312	1,938,384

28. NOTES TO STATEMENT OF CASH FLOWS (Continued)

	Consolidated		Company	
	Year ended 30 June 2005 $	Year ended 30 June 2004 $	Year ended 30 June 2005 $	Year ended 30 June 2004 $
(c) Financing facilities				
Unsecured bank overdraft facility, reviewed annually payable at call:				
Amount used	-	-	-	-
Amount unused	250,000	250,000	250,000	250,000
	250,000	250,000	250,000	250,000

29. FINANCIAL INSTRUMENTS

Details of the 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.

(a) Interest Rate Risk Exposures

The exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

CONSOLIDATED 2005	Note	Floating interest rate $	Fixed interest rate $	Non-interest bearing $	Total $	Weighted Average Int. Rate
Financial Assets						
Cash	5	5,643,419	-	2,399	5,645,818	5%
Receivables	6	-	-	1,407,216	1,407,216	-
Financial assets	8	-	-	16,050	16,050	-
		5,643,419	-	1,425,665	7,069,084	
Financial Liabilities						
Payables	13	-	-	1,426,273	1,426,273	-
Hire purchase liabilities – current	14	-	51,756	-	51,756	8%
Hire purchase liabilities – non-current	18	-	71,018	-	71,018	8%
Provisions – current	15,16	-	-	875,963	875,963	-
Provisions – non current	19	-	-	140,005	140,005	-
		-	122,774	2,442,241	2,565,015	
Net financial assets/(liabilities)		5,643,419	(122,774)	(1,016,576)	4,504,069	

29. FINANCIAL INSTRUMENTS (Continued)

Reconciliation of Net Financial Assets to Net Assets:

2005	Reference Note	$
Net financial assets as above		4,504,069
Non financial assets and liabilities:		
Inventories	7	1,116,362
Prepaid waste	8	327,272
Other current assets	8	60,541
Property, plant and equipment	11	925,193
Mineral properties	12	2,572,455
Deferred tax liabilities	17	(58,362)
Net assets per Statement of Financial Position		9,447,530

CONSOLIDATED 2004	Note	Floating interest rate $	Fixed interest rate $	Non-interest bearing $	Total $	Weighted Average Int. Rate
Financial Assets						
Cash	5	1,614,706	-	2,982	1,617,688	3.5%
Receivables	6	-	-	2,152,613	2,152,613	-
Financial assets	8	-	-	13,550	13,550	-
		1,614,706	-	2,169,145	3,783,851	
Financial Liabilities						
Payables	13	-	-	1,730,747	1,730,747	-
Hire purchase liabilities – current	14	-	406,773	-	406,773	8%
Hire purchase liabilities – non-current	18	-	67,701	-	67,701	8%
Provisions – current	16	-	-	732,390	732,390	-
Provisions – non current	19	-	-	85,750	85,750	-
		-	474,474	2,548,887	3,023,361	
Net financial assets/(liabilities)		1,614,706	(474,474)	(379,742)	760,490	

29. FINANCIAL INSTRUMENTS (Continued)

Reconciliation of Net Financial Assets to Net Assets:

2004	Reference Note	$
Net financial assets as above		760,490
Non financial assets and liabilities:		
Inventories	7	829,692
Prepaid waste	8	204,161
Other current assets	8	54,724
Property, plant and equipment	11	1,062,092
Mineral properties	12	3,592,060
Deferred tax liabilities	17	(424,375)
Net assets per Statement of Financial Position		6,078,844

(b) Credit Risk Exposures

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

The consolidated entity has developed tantalum production facilities under an exclusive offtake agreement with Gwalia to produce tantalite concentrate from two of Gwalia mineral properties. All tantalite is sold to Gwalia pursuant to the consolidated entity's exclusive license agreement with Gwalia, hence the company has credit risk exposure to the consolidated entity's only client, Gwalia.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Company's maximum exposure to credit risk.

(c) Net Fair Values of Financial Assets and Liabilities

The carrying amounts of financial assets and liabilities equal their estimated net fair value.

30. SUBSEQUENT EVENTS

There has not arisen any transaction or event of a material nature likely, in the opinion of Directors, to significantly affect the nature of the operations of the consolidated entity subsequent to the end of the financial year.

31. CONTINGENT LIABILITIES

In June 1992 the High Court of Australia held in the Mabo case that the common law of Australia recognises a form of native title. The full impact that the Mabo decision may have on tenements held by the Company is not yet known. The Company is aware of native title claims that have been lodged with the National Native Title Tribunal ("the Tribunal") over several areas in Western Australia in which the Company holds interests. The native title claims have been accepted by the Tribunal for determination under section 63(1) of the Native Title Act 1993 (Commonwealth).

32. COMMITMENTS FOR EXPENDITURE

In order to maintain an interest in the mining and exploration tenements in which the consolidated entity is involved, the consolidated entity is committed to meet the conditions under which the tenements were granted and the obligations of any joint venture agreements. The timing and amount of exploration expenditure commitments and obligations of the consolidated entity are subject to the minimum expenditure commitments required by the relevant state department of Minerals and Energy, and may vary significantly from the forecast based upon the results of the work performed which will determine the prospectivity of the relevant area of interest.

(a) Exploration Work

The company has certain obligations to perform minimum exploration work and expend minimum amounts of money on its mining tenements. Obligations for the next 12 months are expected to amount to $691,500 (2004: $420,000). No estimate has been given of expenditure commitments beyond 12 months as this is dependent on the director's ongoing assessment of operations and, in certain instances, Native Title negotiations.

(b) Operating Lease

In April 2005, the Company entered into a three year non-cancellable operating lease for the office premises. The commitment in respect of this lease is:

	Consolidated		Company	
	Year ended 30 June 2005 $	Year ended 30 June 2004 $	Year ended 30 June 2005 $	Year ended 30 June 2004 $
No later than 1 year	83,804	46,808	83,804	46,808
Later than 1 year and not later than 5 years	159,923	-	159,923	-
Later than 5 years	-	-	-	-
	243,727	46,808	243,727	46,808

33. HIRE PURCHASE COMMITMENTS

Hire Purchase Agreements

Hire purchase agreements relate to plant and equipment at the Bald Hill project with terms of no longer than four years. The Company will acquire the plant and equipment at the conclusion of the respective agreements.

	Consolidated		Company	
	Year ended 30 June 2005 $	Year ended 30 June 2004 $	Year ended 30 June 2005 $	Year ended 30 June 2004 $
No later than one year	51,756	406,773	51,756	406,773
Later than one year and not later than five years	71,018	67,701	71,018	67,701
Later than five years	-	-	-	-
	122,774	474,474	122,774	474,474
Included in the financial statements as:				
Current hire purchase liabilities (Note 14)	51,756	406,773	51,756	406,773
Non current hire purchase liabilities (Note 18)	71,018	67,701	71,018	67,701
	122,774	474,474	122,774	474,474

34. ECONOMIC DEPENDENCY

Under its Licence Agreement with Sons of Gwalia, the Company has the exclusive right to mine and process tantalite ore from Sons of Gwalia's tenements at the Bald Hill mine until March 31st 2006, and Sons of Gwalia has the obligation to purchase all concentrates produced.

At current production rates and price, concentrate production from the project was scheduled for completion by January 2006.

The Company has been positioning itself to become an independent tantalite supplier since the Administration of Sons of Gwalia and has had productive discussions with a number of parties interested in the purchase of its concentrates.

The Company is optimistic that it will develop its own market for the Bald Hill production.

35. IMPACTS OF THE ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The consolidated entity changed its accounting policies on 1 July 2005 to comply with Australian equivalents to International Financial Reporting Standards ('A-IFRS'). The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards', with 1 July 2004 as the date of transition.

An explanation of how the transition from superseded policies to A-IFRS has affected the company and consolidated entity's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

The directors may, at any time until the completion of the consolidated entity's first A-IFRS compliant financial report, elect to revisit, and where considered necessary, revise the accounting policies applied in preparing the proforma financial statements.

EFFECT OF A-IFRS ON THE BALANCE SHEET AS AT 1 JULY 2004

	Note	Consolidated			Company		
		Superseded policies * $	Effect of transition to A-IFRS $	A-IFRS $	Superseded policies * $	Effect of transition to A-IFRS $	A-IFRS $
CURRENT ASSETS							
Cash assets		1,617,688	-	1,617,688	1,617,688	-	1,617,688
Receivables		2,152,613	-	2,152,613	2,152,613	-	2,152,613
Inventories		829,692	-	829,692	829,692	-	829,692
Other		272,435	-	272,435	258,935	-	258,935
TOTAL CURRENT ASSETS		4,872,428	-	4,872,428	4,858,928	-	4,858,928
NON-CURRENT ASSETS							
Receivables	j	-	-	-	1,240,582	(378,733)	861,849
Investments		-	-	-	1	-	1
Property, plant and equipment		1,062,092	-	1,062,092	1,062,092	-	1,062,092
Mineral properties	h&i	3,592,060	(251,607)	3,340,453	2,372,645	(233,167)	2,139,478
TOTAL NON-CURRENT ASSETS		4,654,152	(251,607)	4,402,545	4,675,320	(611,900)	4,063,420
TOTAL ASSETS		9,526,580	(251,607)	9,274,973	9,534,248	(611,900)	8,922,348
CURRENT LIABILITIES							
Payables		1,730,747	-	1,730,747	1,738,415	-	1,738,415
Interest bearing liabilities		406,773	-	406,773	406,773	-	406,773
Provisions		257,335	-	257,335	257,335	-	257,335
Current taxation liabilities		475,055	-	475,055	475,055	-	475,055
TOTAL CURRENT LIABILITIES		2,869,910	-	2,869,910	2,877,578	-	2,877,578
NON-CURRENT LIABILITIES							
Deferred tax liabilities/(assets)**	c	424,375	(90,480)	333,895	424,375	(450,773)	(26,398)
Interest bearing liabilities		67,701	-	67,701	67,701	-	67,701
Provisions	i	85,750	49,993	135,743	85,750	49,993	135,743
TOTAL NON-CURRENT LIABILITIES		577,826	(40,487)	537,339	577,826	(400,780)	177,046
TOTAL LIABILITIES		3,447,736	(40,487)	3,407,249	3,455,404	(400,780)	3,054,624
NET ASSETS		6,078,844	(211,120)	5,867,724	6,078,844	(211,120)	5,867,724
EQUITY							
Contributed equity		6,281,395	-	6,281,395	6,281,395	-	6,281,395
Accumulated losses		(202,551)	(211,120)	(413,671)	(202,551)	(211,120)	(413,671)
TOTAL EQUITY		6,078,844	(211,120)	5,867,724	6,078,844	(211,120)	5,867,724

* Reported financial position for the financial year ended 30 June 2004.

** For the purposes of the reconciliation, deferred tax assets and deferred tax liabilities have been offset against each other.

EFFECT OF A-IFRS ON THE INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

	Note	Consolidated			Company		
		Superseded policies * $	Effect of transition to A-IFRS $	A-IFRS $	Superseded policies * $	Effect of transition to A-IFRS $	A-IFRS $
Sales revenue (sales of goods)		13,355,014	-	13,355,014	13,355,014	-	13,355,014
Cost of sales	i	(10,407,540)	30,191	(10,377,349)	(10,407,540)	30,191	(10,377,349)
Gross profit		2,947,474	30,191	2,977,665	2,947,474	30,191	2,977,665
Other revenues from ordinary activities		188,748	-	188,748	183,748	-	183,748
Administration costs		(1,272,296)	-	(1,272,296)	(1,270,311)	-	(1,270,311)
Other expenses from ordinary activities	e&h	(311,152)	(63,296)	(374,448)	(252,662)	47,521	(205,141)
Borrowing costs		(15,639)	-	(15,639)	(15,639)	-	(15,639)
Profit/(loss) from ordinary activities before income tax		1,537,135	(33,105)	1,504,030	1,592,610	77,712	1,670,322
Income tax (expense)/benefit relating to ordinary activities	c	(322,714)	(1,961)	(324,675)	(378,189)	(1,961)	(380,150)
Net profit/(loss) attributable to members of the parent entity		1,214,421	(35,066)	1,179,355	1,214,421	75,751	1,290,172
Total changes in equity other than those resulting from transactions with owners as owners		1,214,421	(35,066)	1,179,355	1,214,421	75,751	1,290,172
Basic earnings per share (cents per share)		2.61		2.54			
Diluted earnings per share (cents per share)		2.43		2.36			

* Reported financial results for the financial year ended 30 June 2005.

EFFECT OF A-IFRS ON THE BALANCE SHEET AS AT 30 JUNE 2005

	Note	Consolidated			Company		
		Superseded policies * $	Effect of transition to A-IFRS $	A-IFRS $	Superseded policies * $	Effect of transition to A-IFRS $	A-IFRS $
CURRENT ASSETS							
Cash assets		5,645,818	-	5,645,818	5,645,818	-	5,645,818
Receivables		1,407,216	-	1,407,216	1,407,216	-	1,407,216
Inventories		1,116,362	-	1,116,362	1,116,362	-	1,116,362
Other		403,863	-	403,863	388,863	-	388,863
TOTAL CURRENT ASSETS		8,573,259	-	8,573,259	8,558,259	-	8,558,259
NON-CURRENT ASSETS							
Receivables	j	-	-	-	1,348,877	(321,634)	1,027,243
Investments		-	-	-	1	-	1
Property, plant and equipment		925,193	-	925,193	925,193	-	925,193
Mineral properties	h&i	2,572,455	(309,223)	2,263,232	1,242,050	(237,065)	1,004,985
TOTAL NON-CURRENT ASSETS		3,497,648	(309,223)	3,188,425	3,516,121	(558,699)	2,957,422
TOTAL ASSETS		12,070,907	(309,223)	11,761,684	12,074,380	(558,699)	11,515,681
CURRENT LIABILITIES							
Payables		1,426,273	-	1,426,273	1,429,746	-	1,429,746
Interest bearing liabilities		51,756	-	51,756	51,756	-	51,756
Provisions		284,568	-	284,568	284,568	-	284,568
Current taxation liabilities		591,395	-	591,395	591,395	-	591,395
TOTAL CURRENT LIABILITIES		2,353,992	-	2,353,992	2,357,465	-	2,357,465
NON-CURRENT LIABILITIES							
Deferred tax liabilities/(assets)**	c	58,362	(88,519)	(30,157)	58,362	(337,995)	(279,633)
Interest bearing liabilities		71,018	-	71,018	71,018	-	71,018
Provisions	i	140,005	18,259	158,264	140,005	18,259	158,264
TOTAL NON-CURRENT LIABILITIES		269,385	(70,260)	199,125	269,385	(319,736)	(50,351)
TOTAL LIABILITIES		2,623,377	(70,260)	2,553,117	2,626,850	(319,736)	2,307,114
NET ASSETS		9,447,530	(238,963)	9,208,567	9,447,530	(238,963)	9,208,567
EQUITY							
Contributed equity	e	8,435,660	7,223	8,442,883	8,435,660	7,223	8,442,883
Accumulated losses		1,011,870	(246,186)	765,684	1,011,870	(246,186)	765,684
TOTAL EQUITY		9,447,530	(238,963)	9,208,567	9,447,530	(238,963)	9,208,567

* Reported financial position for the financial year ended 30 June 2005.

** For the purposes of the reconciliation, deferred tax assets and deferred tax liabilities have been offset against each other.

Effect of A-IFRS on the cash flow statement for the financial year ended 30 June 2005

There are no material differences between the cash flow statement presented under A-IFRS and the cash flow statement presented under the superseded policies.

EXPLANATORY NOTES

a. Impairment

In determining the recoverable amount of non current assets, under the superseded policies, the expected net cash flows had not been discounted to their present values. After taking into account the effect of discounting, no impairments of non current assets have been identified.

Impairment is assessed in relation to the Bald Hill Mining Operation by assessing the recoverable amount of the operation on a cash generating unit basis ('CGU'). The CGU for the mining operation comprises $1,684,387 of assets disclosed as Mining Properties and $593,197 of property, plant and equipment. Recoverable amount has been assessed on a value in use basis and cashflows have been discounted using a pre tax discount rate of 12.5% reflecting the risks associated with the operation.

Impairments have been assessed in line with A-IFRS which does not permit the consolidated entity to take into account future budgeted enhancement expenditure that will ultimately prolong the life of the operation and therefore increase its recoverable amount.

b. Property Plant and Equipment

On initial adoption of A-IFRS the directors have decided that property, plant and equipment will be measured at cost and that the company will not take up the election to treat the fair values of plant and equipment at 1st July 2004 as deemed cost.

Under current Australian GAAP, the consolidated entity's property, plant and equipment is depreciated to the extent of its depreciable amount, determined as the difference between carrying amount and residual value. The residual amount used in the determination of recoverable amount is estimated at the date of acquisition and is not subsequently increased for changes in prices. Under A-IFRS, the residual amount is reviewed at each balance date and revised to the net current amount expected from disposal of the asset if it were already at the age and condition expected at the end of its useful life.

There is expected to be no impact on transition or at year ended 30 June 2005 for the consolidated entity or the company. The dismantling and restoration costs associated with mine plant has been included in the mineral properties asset balance.

c. Income Tax

On transition to A-IFRS the balance sheet method of tax effect accounting will be adopted rather than the liability method currently applied under Australian GAAP.

Under the balance sheet approach, income tax on the profit and loss for the year comprises current and deferred taxes. Income tax will be recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it will be recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying value of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences will not be provided for: goodwill for which amortisation is not tax deductible, the initial recognition of assets and liabilities that affect neither accounting or taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided will be based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantively enacted at reporting date.

A deferred tax asset will only be recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets will be reduced to the extent it is no longer probable that the related tax benefit will be realised.

EXPLANATORY NOTES (Continued)

c. Income Tax (Continued)

The expected impact at 1 July 2004, of the change in basis and the transition adjustments of the deferred tax balances and the previously reported tax expense of the consolidated entity is an increase in deferred tax assets of $165,814, an increase in deferred tax liabilities of $75,334 and an increase in retained earnings of $90,480. The expected impact for the company is an increase in deferred tax assets of $165,814, a decrease in deferred tax liabilities of $284,959 and an increase in retained earnings of $450,773.

The expected impact of the change in basis on the tax expense for the financial year ended 30 June 2005 is an increase of $1,961 for the consolidated entity and $1,961 for the Company. Deferred tax assets and deferred tax liabilities of the consolidated entity are expected to increase by $340,665 and $252,146 respectively at 30 June 2005. For the Company, the expected impact at 30 June 2005 is an increase in deferred tax assets of $229,848 and a decrease in deferred tax liabilities of $108,147.

Tax Consolidation

UIG Interpretation 1052 'Tax Consolidation Accounting' proposes a significantly different manner of accounting for income taxes in the tax-consolidated group compared to the present Australian requirements. The approved Interpretation is expected to be applicable for the financial years ended on or after 31 December 2005, and would require that each entity in the tax consolidated group recognises deferred tax assets (other than unused tax losses and unused tax credits) and deferred tax liabilities relating to its own balances. Accordingly, deferred tax liabilities of $249,479 attributable to members of the tax-consolidated group other than the head entity presently recognised by Haddington Resources Limited (the head entity) as at 30 June 2005 would be derecognised under A-IFRS.

Differences between the current tax liability (or asset) and the amount of any funding amount arising under a tax funding arrangement due to the transfer of tax losses are treated as a contribution by (or distribution to) equity participants. Under the existing tax funding arrangement, no material adjustments in respect of tax consolidation contributions by (or distribution to) equity participants are expected to arise.

d. Business Combinations

The Company did not acquire any businesses or entities for the financial year ended 30 June 2005. On initial adoption of A-IFRS the directors have elected not to restate business combinations that occurred before 1 July 2004. Accordingly, the impacts of the adoption of A-IFRS on the financial report will be limited to the recognition of additional deferred tax assets and deferred tax liabilities (refer to note c).

e. Share Based Payments

Under current Australian GAAP, no expense is recognised for options issued to employees.

Under AIFRS, the fair value of options granted must be recognised as an employee benefit expense with a corresponding increase in equity. The fair value will be measured at grant date taking into account market performance conditions only, and will be spread over the vesting period during which the employee becomes unconditionally entitled to the options. The fair value of the options will be measured using the Black Scholes model.

No adjustment will be made for options granted before 7 November 2002 which have vested before 1 January 2005. Options granted after 7 November 2002 remaining unvested at 1 January 2005 will be recognised in the opening balance sheet through retained earnings resulting in a nil impact on transition.

For the financial year ended 30 June 2005, employee benefits expense and equity options are expected to increase by $7,223 in both the consolidated entity and in the Company representing the options expense for the period.

EXPLANATORY NOTES (Continued)

f. Financial Instruments

The directors have elected to apply the first-time adoption exemption available to the consolidated entity to defer the date of transition of AASB 132 'Financial Instruments: Disclosure and Presentation' and AASB 139 'Financial Instruments: Recognition and Measurement' to 1 July 2005. Accordingly, there are no quantitative impacts on the 30 June 2005 financial statements.

g. Earnings Per Share

Under A-IFRS, basic and diluted earnings per share are calculated using the profit or loss from continuing operations attributable to the ordinary equity holders of the parent entity.

The earnings per share for the financial year ending 30 June 2005 calculated on A-IFRS adjusted results are expected to be:

Basic EPS from continuing operations	2.54
Diluted EPS from continuing operations	2.36

h. Exploration Expenditure

Under A-IFRS, exploration expenditure incurred by the consolidated entity before the grant of relevant exploration permits or tenements, cannot generally be capitalised.

The expected impact on the consolidated entity at 1 July 2004 is a net decrease in capitalised exploration expenditure of $305,905 (Company: $287,465) and a corresponding increase in retained losses.

The expected impact on the consolidated entity at 30 June 2005 is a net decrease in capitalised exploration expenditure of $56,072 (Company: $2,355) and a corresponding increase in capitalised exploration costs expensed during the year.

i. Restoration and Rehabilitation Provision

Under AGAAP, provision for restoration is provided for over the life of the project based on expected future cashflows.

Under A-IFRS, provisions for the restoration and rehabilitation of mine and industrial sites are determined based on the best estimate of the consideration required to settle the present obligation at the reporting date. The provision is based on future expected cashflows, and thus the carrying amount is the present value of those cashflows.

The expected impact on the consolidated entity and company at 1 July 2004 in the provision for restoration is an increase of $49,993 to reflect the full discounted cashflow at the end of the project and creation of an asset for rehabilitation of $135,743 with accumulated amortisation of $81,445.

The expected impact on the consolidated entity and company at 30 June 2005 after reassessment of life of mine, is to add a year to the date of expected cashflows which has the impact of increasing both the asset and provision by $22,521 and increasing the accumulated amortisation of the asset by $24,064.

The discount rate used of 5.25% is the pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability unless those risks have been adjusted in the underlying cash flows.

The carrying amount of the provision increases each period to reflect the passage of time, with the increase being recognised as a finance charge.

In addition, amounts recognised during the 30 June 2005 year rehabilitation reserve through the Profit & Loss have been revised to the extent of $54,255 resulting in a decrease in cost of sales.

j. Writedown of Intercompany Receivables

As a result of the A-IFRS adjustments the net assets of the subsidiary have decreased as at 30 June 2005 by $321,634 (2004: $378,733), this has resulted in a requirement to writedown intercompany receivables in the parent entity by $321,634 (2004: $378,733).

DIRECTORS' DECLARATION

The directors of Haddington Resources Limited hereby declare that:

(a) 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;

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company and the consolidated entity; and

(c) the directors have been given the declarations required by Section 295A of the Corporations Act 2001.

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

On behalf of the directors:

COLIN McCAVANA

Director

Dated at Perth this 2nd day of September 2005

Deloitte.

Deloitte Touche Tohmatsu
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Independent audit report to the members of Haddington Resources Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Haddington Resources Limited (the company) and the consolidated entity, for the financial year ended 30 June 2005 as set out on pages 17 to 53. 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.

Liability limited by the Accountants' Scheme,
approved under the Professional Standards Act 1994 (NSW).

Member of
Deloitte Touche Tohmatsu

Audit Opinion

In our opinion, the financial report of Haddington Resources Limited is in accordance with:

(a) the Corporations Act 2001, including:

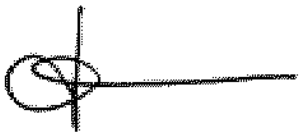
(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and

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

(b) other mandatory professional reporting requirements in Australia.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Leanne Karamfiles
Partner
Chartered Accountants
Perth WA, 2 September 2005

SCHEDULE OF MINERAL PROPERTIES

Tenement No. and Type	Holder/ Applicant	Shares Held	Status	Expiry Date	Registered Encumbrances
BALD HILL – WIDGIEMOOLTHA					
ELA15/665	Tyson	100%	Granted 16/09/03	15/09/08	None
G15/17	Haddington	100%	Granted 23/01/01	22/02/22	None
EL 15/584	Sinclair	100%	Pending (applied 22/04/98)	N/A	None
EL 15/813	Haddington	100%	Granted 08/12/04	07/12/09	None
EL 15/798	Haddington	100%	Granted 08/12/04	07/12/09	None
ELA 15/877	Haddington	100%	Pending (applied 18/02/05)	N/A	None
ELA 15/892	Haddington	100%	Pending (applied 17/06/05)	N/A	None
ELA 15/893	Haddington	100%	Pending (applied 17/06/05)	N/A	None
P15/4640	Haddington	100%	Pending (applied 22/10/03)	N/A	None
P15/4641	Haddington	100%	Pending (applied 22/10/03)	N/A	None
P15/4642	Haddington	100%	Pending (applied 22/10/03)	N/A	None
P15/4643	Haddington	100%	Pending (applied 22/10/03)	N/A	None
P15/4680	Haddington	100%	Pending (applied 02/04/04)	N/A	None
P15/4681	Haddington	100%	Pending (applied 02/04/04)	N/A	None
P15/4682	Haddington	100%	Pending (applied 02/04/04)	N/A	None
P15/4683	Haddington	100%	Pending (applied 02/04/04)	N/A	None
P15/4684	Haddington	100%	Pending (applied 02/04/04)	N/A	None
P15/4685	Haddington	100%	Pending (applied 02/04/04)	N/A	None
SMITHFIELD					
EL 70/2254	ATL	100%	Granted 02/07/03	01/07/08	None
PAYNES FIND					
ELA59/1053	REM	100%	Pending (applied 27/03/01)	N/A	None
ELA59/1060	REM	100%	Pending (applied 10/05/01)	N/A	None
MT HALL					
ELA 47/1051	Attgold	100%	Pending (applied 05/05/00)	N/A	None
PILBARA					
ELA 45/2244	Attgold	100%	Pending (applied 01/09/00)	N/A	None
ELA 45/2268	Attgold	100%	Pending (applied 10/11/00)	N/A	None
ELA 45/2273	REM	100%	Pending (applied 24/11/00)	N/A	None
ELA 45/2277	Attgold	100%	Pending (applied 04/12/00)	N/A	None
ELA 45/2287	ATL	100%	Pending (applied 27/12/00)	N/A	None
ELA 45/2288	ATL	100%	Pending (applied 27/12/00)	N/A	None
ELA 45/2289	ATL	100%	Pending (applied 27/12/00)	N/A	None
ELA 45/2312	ATL	100%	Pending (applied 23/03/01)	N/A	None
ELA 45/2346	Haddington	100%	Pending (applied 03/08/01)	N/A	None
ELA 45/2653	Haddington	100%	Pending (applied 28/06/04)	N/A	None

SCHEDULE OF MINERAL PROPERTIES (Continued)

Tenement No. and Type	Holder/ Applicant	Shares Held	Status	Expiry Date	Registered Encumbrances
WALLACE					
EPM4885	HDN Gold	100%	Granted 24/08/87	23/08/07	None
EPM5476	HDN Gold	100%	Granted 07/07/88	06/07/07	None
EPM8272	HDN Gold	100%	Granted 03/09/91	02/09/07	None
EPM8329	HDN Gold	100%	Granted 11/09/91	10/09/07	None
EPM8763	HDN Gold	100%	Granted 25/05/92	24/05/07	None
EPM9179	HDN Gold	100%	Granted 23/06/92	22/06/06	None
EPM9593	HDN Gold	100%	Granted 13/08/93	12/08/05	None
EPM10002	HDN Gold	100%	Granted 14/04/94	13/04/06	None
EPM10471	HDN Gold	100%	Granted 24/03/95	23/03/06	None
EPM11030	HDN Gold	100%	Granted 23/04/96	22/04/06	None
EPM13987	HDN Gold	100%	Granted 14/05/03	13/05/08	None
EPM13988	HDN Gold	100%	Granted 14/05/03	13/05/08	None
EPM14033	HDN Gold	100%	Granted 22/09/04	21/09/09	None
EPM(A)14557	HDN Gold	100%	Pending (applied 11/3/04)	N/A	None
ML6709	HDN Gold	100%	Granted 01/06/92	31/05/12	None
ML7502	HDN Gold	100%	Granted 01/08/99	31/07/15	None
ML90008	HDN Gold	100%	Granted 01/09/97	31/08/07	None
MONAKOFF					
EPM7051	HDN Gold	90%	Granted 13/03/90	03/12/06	None
EPM7085	HDN Gold	90%	Granted 13/03/90	03/12/06	None
EPM8127	HDN Gold	90%	Granted 06/07/91	07/10/06	None

Key to Tenement Type:

E	Exploration Licence
ELA	Exploration Licence Application
GPLA	General Purpose Lease Application
PLA	Prospecting Licence Application
ML	Mining Lease
MLA	Mining Lease Application
EPM	Exploration Permit
EPM(A)	Exploration Permit Application

Key to Parties:

Ruane	Michael Ruane
Tyson	Tyson Resources Ltd
Sinclair	Sinclair & Cooke
ATL	Australian Tantalum Pty Ltd
Attgold	Attgold Pty Ltd
REM	REM Pty Ltd
Haddington	Haddington Resources Limited
HDN Gold	Haddington Gold Pty Ltd

ADDITIONAL SHAREHOLDER INFORMATION AS AT 25 AUGUST 2005

Shareholder Details

The issued capital of the company as at 25 August 2005 consists of 54,460,678 fully paid ordinary shares and 4,040,000 unlisted options over the unissued capital of the company.

Distribution of Shareholdings and Option Holder as at 25 August 2005

	Fully Paid Ord Shares
Number of holders	691
Percentage holdings by twenty largest holders	53.50%
Holders of less than a marketable parcel	99

Number of holders in the following distribution categories:

			Unlisted Options	Fully Paid Ordinary Shares
0	-	1,000	-	53
1,001	-	5,000	-	104
5,001	-	10,000	-	94
10,001	-	100,000	3	360
100,001	and over		11	80
			14	691

Twenty Largest Shareholders – Fully Paid Shares
The names of the twenty largest shareholders are as follows:

	Shareholder	No. of Ord Shares	%
1.	Mr John Caldon	9,813,590	18.02%
2.	Mr Yee Teck Teo	4,449,439	8.17%
3.	Mr Roger Stuart Clarke <Dubiety Fund A/c>	2,500,000	4.59%
4.	Mr Vernon Wheatley & Mrs Joycelyn Wheatley <Pulo Road Super Fund A/c>	2,466,667	4.53%
5.	Mr Colin James McCavana & Mrs Debra Dianne McCavana <Colin McCavana S Fund A/c>	1,425,000	2.62%
6.	Shaw & Sons (Holdings) Pty Limited	1,250,000	2.30%
7.	Royaljan Nominees Pty Ltd <Superannuation Fund A/c>	1,000,000	1.84%
8.	Kelsi Chemicals Pty Ltd <Ruane Super A/c>	816,964	1.50%
9.	National Nominees Limited	582,973	1.07%
10.	ANZ Nominees Limited Cash Income A/c	523,586	0.96%
11.	Intermin Resources Ltd	513,393	0.94%
12.	Mr Terrence Peter Williamson	500,000	0.92%
13.	Mr John James Miller & Mrs Kay Miller <JJ & K Miller Superfund A/c>	495,000	0.91%
14.	Mr Bryan E Miller & Mrs Jennifer E Miller <Bryan Miller Super Fund A/c>	446,428	0.82%
15.	Mr Neal Pennison <Surespek ISS Super Fund>	433,333	0.80%
16.	Miningnut Pty Ltd	400,000	0.73%
17.	Mr Terrence Peter Williamson Ms Jonine Maree Jancey The Wiljan Super Fund A/c	400,000	0.73%
18.	Mr Donald Vincent Hanran-Smith <Est Z Hanran-Smith A/c>	391,250	0.72%
19.	Kelsi Chemicals Pty Ltd	374,732	0.69%
20.	Boxom Pty Ltd <Harden East & Conti S/F A/c>	350,000	0.64%

ADDITIONAL SHAREHOLDERS INFORMATION AS AT 25 AUGUST 2005

Substantial Shareholders

In accordance with Section 709(1) of the Corporations Act 2001, the company had been notified of the following substantial shareholders:

(a) Mr John Caldon has a relevant interest in 9,813,590 ordinary shares which represent 18.02% of the issued ordinary shares.
(b) Mr Yee Teck Teo has a relevant interest in 4,449,439 ordinary shares which represent 8.17% of the issued ordinary shares.
(c) Mr Roger Stuart Clarke has a relevant interest in 2,500,000 ordinary shares which represent 4.59% of the issued ordinary shares.

Details with Respect to Directors' Shareholdings as at 25 August 2005

The interest as at 25 August 2005 of the directors in the shares and options of the company are as follows:

Director	Ordinary Shares	Unlisted Options
Colin McCavana	1,885,490	1,500,000
John Tarrant	200,000	500,000
James Pearson	375,000	500,000
Clair Medhurst	93,750	500,000
	2,554,240	3,000,000

Restricted Securities

The company does not have any restricted securities.

Voting Rights

Ordinary Shares
On a show of hands every member present in person or by proxy or attorney or being a corporation by its authorised representative who is present in person or by proxy, shall have one vote for every fully paid ordinary share of which he is a holder.

Unlisted Options
During the financial period a total of 2,400,000 options were issued as set out below.

Number	Exercise Price	Expiry Date
150,000	$0.20	31 December 2007
2,250,000	$0.20	31 December 2007

During the period 200,000 options were converted into ordinary fully paid shares. A total of 401,640 options lapsed during the period.

Mr Colin McCavana has a beneficial interest in a total of 1,500,000 unlisted options representing 37.1% of the total unlisted options on issue.

Options have no voting rights until such options are exercised as fully paid ordinary shares.

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