



WESTONIA MINES LIMITED

WESTONIA MINES LIMITED
ABN 74 084 669 036
AND CONTROLLED ENTITY

FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2004

WESTONIA MINES LIMITED AND CONTROLLED ENTITY

DIRECTORS' REPORT

Your Directors present the financial report of the Company and its controlled entity for the half year ended 31 December 2004.

Directors

The names of the Directors in office at any time during or since the end of the half year are:

Pieter W Greeff
Andrew J Drummond
Murray G Pollock
Christopher P Melloy
David M Macoboy

All Directors held their position as a Director throughout the entire half year and up to the date of this report.

Results of Operations

The net loss of the Company and its controlled entity after provision for income tax was \$557,243.

Review of Operations

- During the half year ended 31 December 2004, the Company continued its evaluation studies into the planned re-development of mining operations at its wholly owned Westonia gold project.
- Tenders were received for mining, construction and power contracts. Mining and construction tenders indicated higher costs than those submitted by the same contractors for the Bankable Feasibility Study reflecting increases in steel and oil prices, higher labour costs due to a shortage of skilled workers, increased risk aversion and higher contractor profit margins.
- The Company has been working on identifying capital and operating cost savings and optimising project and debt carrying capacity.
- Geostatistical resource estimates are to be reworked on consultants' advice to assess the potential for significant underestimates of resource grade.
- The Company has begun programmes to model the gold mineralisation beneath the planned pit that is targeted for underground production. Early results from these 3-D modelling techniques have been encouraging.
- The Company formally agreed with the Read Family, which has a 2% gross royalty on production, on a three year suspension of 14/15ths of that royalty with respect to the planned open cut operation.
- The Company maintained a low-key level of exploration for both gold and nickel during the half year while it concentrated its efforts on the Westonia Gold Project.
- Regional gold exploration and drilling to test the open cut mining potential of the Greenfinch Prospect are scheduled for the March 2005 quarter.
- On 20 August 2004, the Company made a private placement of four million shares at 25.0 cents each to raise \$1,000,000.

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Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 4 and forms part of the Directors' Report for the half-year ended 31 December 2004.

Signed in accordance with a resolution of the Directors made pursuant to Section 306 of the Corporations Act 2001.

A handwritten signature in black ink, appearing to read 'Andrew J Drummond', with a stylized initial 'A'.

Andrew J Drummond
Director

Dated this 14th day of February 2005

14 February 2005

The Board of Directors
Westonia Mines Limited
Level 1, 9 Havelock Road
WEST PERTH WA 6005

Ian K Macpherson CA

Robert W Parker CA

Craig A Vivian CA

Dear Sirs

WESTONIA MINES LIMITED

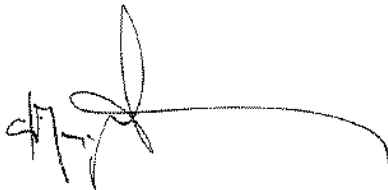
In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Westonia Mines Limited

As lead partner for the review of the financial statements of Westonia Mines Limited for the half year ended 31 December 2004, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- Any applicable code of professional conduct in relation to the review.

Yours sincerely

ORD PARTNERS



Ian Keith Macpherson
Partner

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**WESTONIA MINES LIMITED
AND CONTROLLED ENTITY**

**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF YEAR ENDED 31 DECEMBER 2004**

	Economic Entity	
	Half year ended	
	31 December 2004	31 December 2003
	\$	\$
Revenue from ordinary activities	46,945	111,986
Administration expenses	(350,512)	(223,368)
Depreciation and amortisation expense	(21,836)	(12,505)
Wages, salaries and consulting fees	(231,840)	(219,764)
Option fee	-	(97,000)
Loss from ordinary activities before income tax expense	(557,243)	(440,651)
Income tax expense relating to ordinary activities	-	-
Net loss attributable to members of the parent entity	(557,243)	(440,651)
Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity	(557,243)	(440,651)
Total changes in equity other than those resulting from transactions with owners as owners	(557,243)	(440,651)
Basic loss per share (cents per share)	(0.54)	(0.46)
Diluted loss per share (cents per share)	(0.42)	(0.35)

The Statement of Financial Performance is to be read in conjunction with the
Notes to the Financial Statements.

**WESTONIA MINES LIMITED
AND CONTROLLED ENTITY**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2004**

	31 December 2004	30 June 2004
	\$	\$
CURRENT ASSETS		
Cash assets	1,204,835	1,464,535
Receivables	59,404	88,285
Other	370,627	370,437
TOTAL CURRENT ASSETS	1,634,866	1,923,257
NON-CURRENT ASSETS		
Property, plant and equipment	2,726,418	2,740,966
Exploration and evaluation	7,472,244	6,723,966
TOTAL NON-CURRENT ASSETS	10,198,662	9,464,932
TOTAL ASSETS	11,833,528	11,388,189
CURRENT LIABILITIES		
Payables	238,673	223,010
Provisions	11,697	24,779
TOTAL CURRENT LIABILITIES	250,370	247,789
NET ASSETS	11,583,158	11,140,400
EQUITY		
Contributed equity	13,770,544	12,770,544
Accumulated losses	(2,187,386)	(1,630,144)
TOTAL EQUITY	11,583,158	11,140,400

The Statement of Financial Position is to be read in conjunction with the
Notes to the Financial Statements.

**WESTONIA MINES LIMITED
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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2004**

	31 December 2004	31 December 2003
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(556,099)	(359,259)
Interest received	53,532	126,450
Net cash used in operating activities	(502,567)	(232,809)
CASH FLOW FROM INVESTING ACTIVITIES		
Payments for mineral exploration and evaluation activities	(748,279)	(2,070,432)
Payments for property, plant and equipment	(8,854)	(2,840,819)
Payments for performance bonds	-	(221,500)
Payments for option fees	-	(97,000)
Net cash used in investing activities	(757,133)	(5,229,751)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from share issues	1,000,000	288,897
Net cash provided by financing activities	1,000,000	288,897
Net decrease in cash held	(259,700)	(5,173,663)
Cash at the beginning of the half year	1,464,535	6,649,595
Cash at the end of the half year	1,204,835	1,475,932

The Statement of Cash Flows is to be read in conjunction with the
Notes to the Financial Statements.

**WESTONIA MINES LIMITED
AND CONTROLLED ENTITY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2004**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Half-Year Consolidated Financial Statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 1029: "Interim Financial Reporting", Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

The Half-Year Report does not include full disclosures of the type normally included in the Annual Financial Report.

It is recommended that this Financial Report be read in conjunction with the Annual Financial Report for the year ended 30 June 2004 and any public announcements made by Westonia Mines Limited and its controlled entity ("Consolidated Entity") during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

It has been prepared on the basis of historical costs and, except where stated, does not take into account changing money values or fair values of non-current assets.

The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 30 June 2004 Annual Report.

2. INDIVIDUALLY SIGNIFICANT ITEMS

	31 December 2004	31 December 2003
	\$	\$
Individually significant items included in profit (loss) from ordinary activities before income tax expense:		
Option fee expense pursuant to option to acquire gold processing plant unexercised	-	97,000

3. LOSS FROM ORDINARY ACTIVITIES

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

Amortisation	-	1,663
Depreciation	21,836	12,505

**WESTONIA MINES LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2004**

4. CONTRIBUTED EQUITY

	31 December 2004	30 June 2004
	\$	\$
Issued and paid up capital		
105,193,852 (30 June 2004: 101,193,852) ordinary shares fully paid	13,770,544	12,770,544
	Number of shares	Issued capital \$
Movements during the half year:		
Shares on issue at the beginning of the financial period	101,193,852	12,770,544
Issue pursuant to placement	4,000,000	1,000,000
Shares on issue at the end of the half year	105,193,852	13,770,544

5. CONTINGENT LIABILITIES

The Company is responsible for the relocation of the Big Bell processing plant by 30 April 2006 at the latest. As part of the purchase agreement, the Company has provided guarantees to the vendor to a total cost of \$250,000 payable to Big Bell Operations Pty Ltd in the event that the plant not be relocated. The guarantee is secured by a term deposit to the same amount, included in Cash assets as at 31 December 2004.

6. SEGMENT REPORTING

The Company and consolidated entity operate predominantly in one business and one geographical segment, being mineral exploration activities within Australia. Substantially, all of the consolidated entity's assets are deployed for this purpose.

7. 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 Company subsequent to the end of the financial period.

8. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS

For reporting periods beginning on or after 1 January 2005, the consolidated entity must comply with International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board.

This financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP). The differences between Australian GAAP and IFRS identified to date as potentially having a significant effect on the consolidated entity's financial performance and financial position are summarised below. The summary should not be

**WESTONIA MINES LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2004**

taken as an exhaustive list of all the differences between Australian GAAP and IFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

The consolidated entity has not quantified the effect of the differences discussed below. Accordingly, there can be no assurances that the consolidated financial performance and financial position as disclosed in this financial report would not be significantly different if determined in accordance with IFRS.

The company has commenced reviewing the transition from its current policies to the AASB equivalents to IFRS to achieve transition to IFRS reporting beginning with the half year ended 31 December 2005.

The key potential implications of the conversion to IFRS on the consolidated entity are as follows:

Income Tax

Under the Australian equivalent to AASB 112 Income Taxes, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's asset and liabilities in the statement of financial position and a tax based balance sheet. This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method. The company is in the process of assessing any potential impact.

Exploration and Evaluation Expenditure

AASB 6 "Exploration for and Evaluation of Mineral Resources" will require the Company to apply "area of interest" accounting to their exploration and evaluation expenditures, effectively grandfathering the treatment currently used by the Company under AASB 1022 "Accounting for the Extractive Industries". Under AASB 6, if the facts and circumstances suggest that the carrying amount of any recognised exploration and evaluation assets may be impaired, the Company must perform impairment tests on those assets in accordance with AASB 136 "Impairment of Assets". Impairment of exploration and evaluation assets is to be assessed at a cash generating unit or group of cash generating units level providing this is no larger than an area of interest. Any impairment loss is to be recognised as an expense in accordance with AASB 136.

The future financial effects of this change in accounting policy are not yet known.

Financial Instruments

AASB 139 applies from 1 January 2005, meaning that the comparative period of 2005 is not required to be restated unlike the majority of other IFRS standards which require retrospective application. Under AASB 139 Financial Instruments: Recognition and Measurement, financial instruments will be required to be classified into one of five categories which will, in turn, determine the accounting treatment of the item. The classifications are loans and receivables - measured at amortised costs; financial assets held to maturity - measured at amortised costs; financial assets and liabilities held for trading - measured at fair value with fair value changes charged to net profit or loss; financial assets available for sale - measured at fair value with fair value changes taken to equity and non-trading liabilities - measured at amortised cost. This will result in a change in the current accounting policy that does not classify financial instruments in this manner. The future financial effect of this change in accounting policy is not yet known as the classification and measurement process has not yet been completed.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2004**

Impairment of Assets

Under AASB 136 Impairment of Assets, the recoverable amount of an asset is determined as the higher of net selling price and value in use. This will result in a change in the current accounting policy which determines the recoverable amount of an asset on the basis of undiscounted cash flows. Under the new policy it is likely that impairment of assets will be recognised sooner and that the amount of any write-downs may be greater. Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known.

The financial effect of the above matter has not been recognised in these financial statements.

Share Based Payments

Under Australian Standard AASB 2 Share based Payments, the Consolidated Entity will be required to determine the fair value of options issued to employees and recognize as an expense in the Statement of Financial Performance. For options on issue on the application of AASB2, an adjustment for their recognition will be made against opening retained earnings. Reliable estimation of the future financial effects of this change in accounting policy is impracticable as the details of future equity based remuneration plans are unknown. However, where share based payments are made, net profit is expected to decrease by the fair value of such payments.

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to AASB equivalents to IFRS. As noted above, these are expected to be the material areas of impact for the Consolidated Entity that have been identified.

**WESTONIA MINES LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2004**

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 11:
 - a. comply with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Act 2001; and
 - b. give a true and fair view of the consolidated entity's financial position as at 31 December 2004 and performance for the half year ended on that date of the Company and economic entity.
2. 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.

Signed in accordance with a resolution of the Directors made pursuant to Section 303(4) of the Corporations Act 2001.

On behalf of the Directors,



Andrew J Drummond
Director

Dated this 14th day of February 2005

INDEPENDENT REVIEW REPORT

To the members of Westonia Mines 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 Westonia Mines Limited for the half-year ended 31 December 2004 and are set out on pages 5 to 12. The Consolidated Entity comprises Westonia Mines Limited ("the Company") and the entities it controlled during that half-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.

Review Approach

We conducted an independent review in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not present fairly, in accordance with Corporations Act 2001, Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Consolidated Entity's financial position, and of its performance as represented by the results of its operations and its cash flows.

We formed our statement on the basis of the review procedures performed, which were limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

A review cannot guarantee that all misstatements have been detected.

Independence

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

Ian K Macpherson CA

Robert W Parker CA

Craig A Vivian CA

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Chartered Accountants

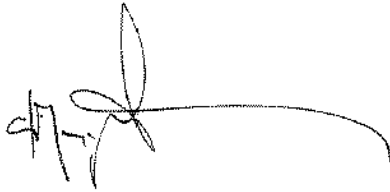
Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe the half-year financial report of Westonia Mines Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position at 31 December 2004 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

ORD PARTNERS

Chartered Accountants



IAN K MACPHERSON

Partner

Dated this 14th day of February, 2005.
Perth, Western Australia