BURDEKIN

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Director and
Chief Executive Officer

or

Ms Susan J Field
Executive Director and
Company Secretary

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ASX Code: "BKS"

e-lodgement
71 Pages

30 September 2004

2004 Financial Report

The Company and Consolidated Entity's 2004 Financial Report is attached.

Yours faithfully
Burdekin Pacific Limited

Susan J Field
Director and Company Secretary

BURDEKIN

BURDEKIN PACIFIC LIMITED

ACN 059 326 519

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2004

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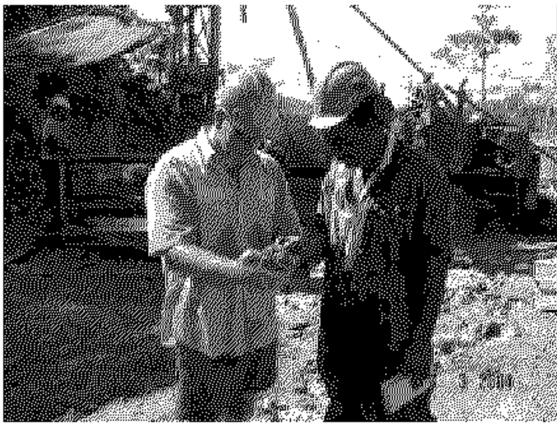


ADDITIONAL COMPANY INFORMATION

Principal registered office and principal place of business

Level 13
BGC Centre
28 The Esplanade
Perth WA 6000
Telephone: (08) 9322 6045

Nature of operations and principal activities

The principal activity during the year of the entities within the Consolidated Entity was exploration drilling and care and maintenance at its 100% owned Mr Kasi project in Fiji, and limited exploration and evaluation in Australian held mineral tenements.

There have been no other significant changes in the nature of those activities during the year.

Employees

As at 30 June 2004, the consolidated entity employed 4 full time people in Australia and 10 local employees in Fiji on mine care and maintenance duties (2003: 14 employees).

Directors' Report

Your directors submit their report for the year ended 30 June 2004.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Mr Martin L Bennett, Non-executive Chairman, 49
B Juris (Hons) BA, LLB

Mr Bennett was appointed to the Board on 12 May 2004. Mr Bennett is a founding member and Managing Partner of Bennett & Co. He graduated from the University of Western Australia with a Bachelor of Jurisprudence (Honours) in 1976, a Bachelor of Arts and a Bachelor of Laws both in 1977.

Mr Bennett has 27 years experience in the law and extensive experience in corporate advisory work and public companies.

Mr Bruce Neville Victor Tomich, Non-executive Director, 52
B Sc (Geology), MAusIMM

Mr Tomich was appointed to the Board on 26 August 2004. Mr Tomich is a geologist with 30 years experience in the resources sector. After a number of years working with major companies mining bauxite, iron ore and phosphate, during the 1980's and 90's he held senior management positions with a number of financial institutions including HSBC/Wardley James Capel, Gold Corporation/R&I Bank and AIDC, where he specialised in the provision of project finance and investment banking services to mining companies.

Mr Tomich has been involved in the development and review of numerous feasibility studies in various commodities including gold, copper, diamonds, tin and tantalum. Through his present consultancy practice he provides technical and commercial advice to resource companies to progress projects from the development stage to production stage, in tandem with the structuring and procurement of mining finance.

He is currently a non-executive director of Oropa Limited, an exploration company listed on the ASX, and is a member of the Australasian Institute of Mining and Metallurgy.

Jerome Gino Vitale, Managing Director and Chief Executive Officer, 48
B Comm, ACA, FSIA, FAICD

Mr Vitale has over 20 years experience working in various facets of the mineral resources industry, with particular emphasis on project financing and mine development. Mr Vitale is a Chartered Accountant, a Fellow of the Securities Institute of Australia, of which he was a director from 1989-1996, and a Fellow of the Australian Institute of Company Directors.

Between 1994 and 2000 Mr Vitale led a team responsible for the mine development and operation of the Company's successful McKinnons gold project, located in New South Wales. Between 1998 and 1999 he was responsible for the acquisition of an interest in, and later a merger with Pacific Islands Gold NL, resulting in Burdekin owning a 100% interest in the Mt Kasi gold project. Mr Vitale was a senior executive with the Normandy Mining group during its formative years between 1989 and 1992, prior to which he was associate director with Standard Chartered Australia Limited where he specialised in mineral project finance and mergers and acquisitions finance in the mining and resources sector.

Mr Vitale is a member of the ASX Implementation Review Group, established to review and report on the implementation of the ASX Corporate Governance Council Principles of Corporate Governance in Australia.

Susan Jane Field, Executive Director and Company Secretary, 43
BBus, ACA, MAICD, CD

Ms Field is a Chartered Accountant with senior management experience in the corporate sector and in public practice. Prior to joining Burdekin in 1999, she spent a number of years with Ernst & Young, in the firm's Advisory & Assurance Services Division, including a period as Manager with responsibilities including technical and accounting standards advisory and compliance programmes.

Prior to entering public practice, Ms Field gained over 11 years experience in the financial services and retail banking industry with Bankwest. During this period she held various positions in a number of operational management roles. Ms Field is member of the Australian Institute of Company Directors.

Craig Sambell Rugless, Non-executive Director, 55
BSc, PhD, MAusIMM

Dr Rugless is a geologist. He joined the Board in April 1993. He resigned from the board on 4 June 2004.

Mr Charles Craig Schaus, Non-exective Director, 45
B.Sc. (Geology) MAusIMM

Mr Schaus is a geologist. He was appointed to the Board on 15 October 2003. He resigned from the Board on 4 June 2004.

Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Burdekin Pacific Limited were:

	Ordinary Shares Fully Paid	**Options over Ordinary Shares**
Mr M L Bennett	**10**	-
Mr B N V Tomich	-	-
Mr J G Vitale	**9,367,438**	-
Ms S J Field	**7,504,990**	-

EARNINGS PER SHARE

Basic earnings per share	**(1.3) cents**
Diluted earnings per share	**(1.3) cents**

DIVIDENDS

No dividends have been paid or declared since the start of the year. The Directors do not recommend the payment of a dividend.

CORPORATE INFORMATION

Corporate Structure

Burdekin Pacific Limited is a listed public company, incorporated and domiciled in Australia. Burdekin Pacific Limited is the ultimate parent entity and has prepared a consolidated financial report incorporating entities it controlled during the financial year. The group's corporate structure is illustrated at Note 13.

Nature of operations and principal activities

The principal activity during the year of the entities within the Consolidated Entity was the commencement of a drilling programme at its 100% owned Mt Kasi gold project in Fiji, designed to test new targets and convert existing gold resource estimates to JORC compliant reserve status, and advance the project to bankable feasibility study status.

There have been no other significant changes in the nature of those activities during the year.

Employees

As at 30 June 2004, the consolidated entity employed 4 full time equivalent people in Australia and 10 local employees in Fiji on care and maintenance duties (2003: 4 full time equivalent people in Australia and 10 local employees in Fiji).

REVIEW AND RESULTS OF OPERATIONS

Group Overview

Burdekin Pacific Limited was formed as a mineral exploration company in April 1993 and was listed on the Australian Stock Exchange in December 1993. Between 1993 and 1999 Burdekin successfully acquired, developed and operated the McKinnon's Gold Project near Cobar, New South Wales. During the 2000 and 2001 financial years the Company diversified its asset base to include technology investment operating in the Australia and the Pacific region. This was reversed in July 2002 when the Company decided to refocus its activities on mineral resource exploration and development.

(a) Operating Results for the Period and Financial Position

The consolidated loss for the financial year after significant items and income tax expense was $2,819,002 (2003: $4,541,373). The Consolidated Entity has capitalised exploration costs of $654,506 since the commencement of the drilling programme in February 2004 (refer note 15(b).

During the year the Company completed a number of capital raisings, including a 1 for 1 rights issue and issued an additional 157,840,168 ordinary shares, raising a total of $3.5 million before issue costs. In addition listed shares held by the Company for resale (issued to the Company as part of a financing transaction entered into with AIM listed company Ocean Resources Capital Holdings plc ("Ocean") in February 2003 to fund the initial planned 10,000 metre drilling programme at Mt Kasi) were sold in two tranches, with the Company realising approximately $1.23 million after brokerage and commission costs. Funds raised enabled the Consolidated Entity to commence the drilling programme, provide ongoing working capital, service interest costs and deal with expenses associated with the closure of the former technology investments.

Based on the recorded book value of its exploration assets, the Consolidated Entity has a surplus over assets of $339,245, compared with a net deficiency in the prior year of $288,742.

REVIEW AND RESULTS OF OPERATIONS CONTINUED

(b) Mining and Exploration

Following the equity raisings completed in January 2004, the Consolidated Entity commenced a comprehensive drilling programme with the view to advancing the project toward a decision to mine. Approximately $650,000 was spent on drilling and related activities during the second half of the year.

A 10,000 metre drilling programme commenced in February 2004 has been carefully planned with a systematic approach designed to:

(i) test new targets - approximately 5,000 metres of drilling;
(ii) in-fill drilling - approximately 5,000 metres of drilling at the main deposit at Mineral Hill and any new deposits identified, designed to convert existing inferred resources to the measured category in order to comply with JORC code requirements.

Highlights to Date:

- diamond and reverse circulation drilling (RC) since February 2004 has confirmed the Mt Kasi epithermal gold bearing lode system is open along strike to the northern and southern perimeters of the main ore gold deposit at Mineral Hill
- down-dip potential of the Mineral Hill lode system is considerably enhanced to the south
- higher grade zones identified at the Mineral Hill deposit are likely to increase the conversion of resources to reserves
- drilling at Kasi North prospect, 300 metres north of Mineral Hill, suggests mineralisation is continuous through to Paro Prospect, some 550 metres north of Mineral Hill Deposit
- high grade results received from Paro Prospect 650 metres north of Mineral Hill
- new parallel lode structure west of the main Mineral Hill lode identified at 6000 North
- results to date suggest there is depth potential for economic grade mineralisation within the immediate system which remains untested as evidenced by significant intersections at Kasi South and at Paro, as well as within the undrilled balance of the Mineral Hill deposit
- confirmed the presence of economic grade gold mineralisation discontinuously over a strike length of 2.5 km
- potential for much higher tonnage within the Mt Kasi mineralised system understood to be located within the Company's prospecting licences which cover an area of 370 square kilometres.

REVIEW AND RESULTS OF OPERATIONS CONTINUED

(c) Mt Kasi Scoping Study and Internal Valuation

In April 2002 the Company completed financial modelling for the Mt Kasi project based on internal engineering and costing studies and the then reported inventory of resources and reserves prepared by external consultants, which at the date of this report remains unchanged. The underlying assumptions used in the financial model were reviewed by an experienced independent consultant and found to be reasonable.

The modelling, previously published in the Company's 2002 Annual Report, indicated an undiscounted after tax project cash flow of $40.0 million and a net present value of $20.0 million based on the following assumptions:

➢ gold price per ounce	A$560.00
➢ ounces produced (based on the Company's reported ore reserves at the time of 167,000 ounces plus a modest addition based on identified gold resources at the time)	200,000 ounces
➢ plant annual throughput rate	500,000 tonnes per annum
➢ capital expenditure, including 10,000 metres of drilling, completion of and bankable feasibility study and pre strip mining	A$13.1 million
➢ cash operating costs per ounce	less than A$300 per ounce
➢ discount rate for NPV	20.0%

On 15 August 2003, the Company announced that it had engaged independent engineering consultants to provide a high level review of the capital and operating cost estimates for the project. For scoping purposes, a 500,000 tonne per annum plant capacity was again used. Capital costs were revised to A$17.9 million, including $3.5 million for drilling, feasibility study, pre-production mining and mine care and maintenance during the pre-construction period. The increase in capital costs was attributed mainly to allowance for a new CIL circuit that now needs to be replaced due to physical deterioration of the used plant.

The review of operating costs resulted in higher mining and milling costs per tonne mainly due to increases in fuel costs, however due to movements in the exchange rate, remained below A$300 per ounce (at $298 per ounce).

Since April 2002, other than the impact of the higher capital cost to allow for a new CIL circuit, nothing has come to the attention of the Directors that would adversely affect the above valuation of the project. The Company has reported positive results from its drilling programme, which commenced in February 2004, and on balance this is expected to impact positively on estimated gold resources and future cash flows from the project.

In contrast with the NPV generated by the above study, the net carrying value of the Mt Kasi project at 30 June 2004 in the consolidated entity was only $6,126,539.

REVIEW AND RESULTS OF OPERATIONS CONTINUED

(d) Closure of Technology Investments

During the year the Company met its final obligations under the ICE Interactive Pty Ltd and eMAX Entertainment Pty Ltd Deeds of Company Arrangement. In addition payments continue to be made under the payment arrangement agreed with the Australian Taxation Office ("ATO"), which has been secured by a personal guarantee provided by Mr Vitale and Ms Field. The combined balance outstanding to the ATO at 30 June 2004 was approximately $410,000.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Shareholders' equity increased to $339,245 from equity of a net deficiency over assets of $288,742, an increase of $627,987. This movement was largely due to capital raised during the year net of the reported operating loss.

$3,500,000 of financial obligations maturing on 28 February 2005 and a further $400,000 maturing in June 2005 have been classified as current liabilities at 30 June 2004, resulting in a net deficiency in current liabilities over current assets of $4,361,246.

A significant portion of the resources generated by the Company have been applied to advance the exploration activities at Mt Kasi, as well as to meet the financial obligations as intended and described in the Prospectus dated 22 October 2003.

Other than as stated above or as referred to in the financial statements or notes to the accounts thereto, there have been no significant changes in the state of affairs of the consolidated entity.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The following events have occurred since the end of the financial year:

1. Capital Raisings

Subsequent to year end the consolidated entity has raised a total of $2,296,040 in equity funds before issue costs of approximately $163,000, through the following offers:

(a) on 27 August 2004, the Company announced a placement of 19,000,000 ordinary shares at 1.6 cents per share to raise $304,000 before issue costs;

(b) following the closure of the Public Offer pursuant to Prospectus and Supplementary Prospectus dated 9 September 2004 and 14 September 2004 respectively, the Company issued 75,900,000 ordinary shares at 1.6 cents to raise $1,214,400 before issue costs; and

(c) following the closure of the Share Purchase Plan on 17 September 2004, the Company announced the issue of 48,602,500 ordinary shares at 1.6 cents raising $777,640 before issue costs.

2. General Meeting Called

On 23 September 2004, the Company announced that the Directors had become aware of a letter dated 16 September sent to shareholders calling for a general meeting of shareholders to be held on 18 October 2004, seeking the removal of all directors other than Mr Martin Bennett and the appointment of three alternative directors. The meeting has been called by a group of minority shareholders who at the date of this report collectively held 4.5% of the Company's capital. The group comprises essentially the same shareholders who called the meeting to remove Mr Vitale from the Board in May 2004, which was rejected by shareholders at that time.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE CONTINUED

The Company has subsequently written to shareholders advising that it has taken legal advice as to the validity of the meeting and that it has been advised that the meeting has been invalidly convened. Shareholders have been urged to take no action in response to the notice of general meeting pending clarification as to whether the meeting will in fact be held.

Except for the matters discussed above, there has not been any matter or circumstance, other than as referred to in the accounts 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 these operations, or the state of affairs of the consolidated entity in financial years after the financial year.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The directors expect that the Consolidated Entity will complete the balance of the present 10,000 metre drilling programme commenced in February 2004 and on completion prepare a JORC compliant revised mineral resource estimate. If, after the present programme the estimated resource tonnage and grade is considered sufficient to support a decision to mine and secure project development finance on an acceptable debt to equity ratio, the Company expects to proceed immediately with a project feasibility study. If the resource tonnage and grade position is considered insufficient to justify the recommencement of operations and secure project development finance on a commercially sound debt to equity ratio, the consolidated entity intends to complete additional drilling of identified gold targets within its entity's leases at Mt Kasi. Under both scenarios the Directors are confident that the underlying value of the project substantially exceeds the recorded book value.

At the date of this report other than a small royalty (from the Far Fanning project in Queensland, sold in a prior year) the Company has minimal direct income and does not anticipate generating a profit in the 2004 financial year. The Directors believe Mt Kasi has the potential to provide the Company with a cash flow in future years which will allow the Company to self fund ongoing exploration.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Consolidated Entity previously held licences issued by the NSW Environmental Protection Authority which specify limits for discharges to the environment and which are due to the Consolidated Entity's operations. These licenses regulate the management of discharges to the environment associated with the mining operations as well as the storage of dangerous goods required for the treatment process within mining operations. Following the closure of the McKinnon's Gold Mine in June 2000 the majority of dangerous goods have been removed from site and these licences have been released.

There have been no known breaches of the Consolidated Entity's licence conditions.

SHARE OPTIONS

Unissued shares

As at the date of this report, there were 14,900,008 unissued ordinary shares under options. In addition to the details disclosed below, option holders do not have any right, by virtue of the option, to participate in any share issue of the company or any related body corporate or in the interest issue of any other registered scheme.

SHARE OPTIONS CONTINUED

Options on issue at the beginning of the year

There were a total of 21,990,008 unlisted options on issue at the beginning of the financial year, made up as follows:

- 400,008 options over ordinary shares pursuant to a Prospectus dated 20 March 2000 (i).
- 1,500,000 options over ordinary shares pursuant to terms and conditions approved by shareholders at AGM held on 30 November 2001 (ii)
- 11,000,000 free attaching options to subscribe for ordinary shares at 15 cents were issued with an expiry date of 31 May 2005, as approved by shareholders at the GM held on 3 September 2002 (iii)
- 9,090,000 Directors Options to subscribe for ordinary shares at 6 cents were issued with an expiry date of 31 May 2004, as approved by shareholders at the AGM held on 29 November 2002 (iv).

Terms and conditions of Options on issue at the beginning of the year

(i) One third exercisable at $1.50 at any time after 180 days of their issue, one third are exercisable at an exercise price of $1.87 at any time after the second anniversary of their date of issue, the balance of the options are exercisable at an exercise price of $2.25 at any time after the third anniversary of their date of issue. An option not exercised before 5.00 pm (WST) on the fifth anniversary date of their issue will lapse.

(ii) On 21 December 2001 the Company executed a Share Acquisition Deed to acquire eMAX Entertainment Pty Ltd ("eMAX") as approved by shareholders at AGM held 30 November 2001. 1,500,000 options to subscribe for ordinary shares exercisable at 20 cents were issued to certain of the vendors of eMAX with an expiry date of 9 January 2005.

(iii) Attaching options issued in accordance with shareholder approval received at GM held on 3 September 2002 are exercisable at any time at an exercise price of $0.15 per share on or before 31 August 2005. An option not exercised before 5pm WST on that date will automatically lapse. The options are unlisted and are freely transferable.

Options over ordinary shares cancelled / lapsed during the year

(iv) The Directors Options issued pursuant to approval by shareholders at AGM held on 28 November 2002 lapsed during the year. No other options were cancelled or lapsed during the financial year,.

Subsequent to year end, the Directors Options issued on 24 December 2003, to Mr Schaus pursuant to shareholder approval at the company's AGM held on 29 November 2003, lapsed on 4 September 2004, in accordance with the terms and conditions under which they were approved and issued.

Options over ordinary shares issued during the year

(a) 1,500,000 Directors Options to subscribe for ordinary shares at 6 cents at any time after 15 October 2004 and 1,000,000 Directors Options to subscribe for ordinary shares at 9 cents at any time after 15 March 2005 were issued to Mr Schaus with an expiry date of 15 March 2006, as approved by shareholders at the AGM held on 28 November 2003.

(b) 1,000,000 Unlisted Options to subscribe for ordinary shares at 6 cents at any time after 15 October 2004 and 1,000,000 Unlisted Options to subscribe for ordinary shares at 9 cents at any time after 15 March 2006, were issued to an unrelated party as approved by shareholders at the AGM held on 29 November 2003.

At end of the year there were 17,400,008 unissued ordinary shares in respect of which options were outstanding.

SHARE OPTIONS CONTINUED

Following the resignation of Mr Schaus from the Board on 4 June 2004, the 2,500,000 Director' Options issued to Mr Schaus (as approved by shareholders at the Company's AGM held on 29 November 2003) lapsed on 4 September 2004, in accordance with the terms and conditions under which they were approved and issued.

Shares issued as a result of the exercise of options

There were no options exercised during or since the end of the financial year.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the previous year the Company indemnified Mr J G Vitale, against liability for costs and expenses incurred in defending proceedings brought against him by Mr N G Wiles, Communitee Pty Ltd and Mr D C Braden. Refer details at Note 20(a) an 28(a)(iii) respectively.

The Company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

During the 2002 financial year the Company indemnified Mr J G Vitale and Mrs S J Field for joint and several guarantees provided by them to the Australian Taxation Office for unpaid PAYG tax incurred by subsidiaries ICE and eMAX for $558,395 and $154,540 respectively. The Company provided Mr Vitale and Ms Field with a fixed and floating charges over its assets and the assets of its subsidiaries in support of these indemnities. At the date of this report the unpaid PAYG tax has been reduced to $318,395 and $60,000 respectively.

DIRECTORS' AND OFFICERS' EMOLUMENTS

Remuneration Policy

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors, the Chief Executive Officer and other executives. The Board of Directors assess the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions for similar companies with the overall objective of ensuring maximum stakeholder benefit from the retention of high quality Board and executives. Such officers are given the opportunity to receive their emolument in a variety of forms including cash and fringe benefits such as expense payment plans. It is intended that the manner chosen will be optimal for the recipient without creating undue cost for the Company.

The Employee Option Plan is one method used to assist in achieving these objectives. All employees including senior executives have the opportunity to qualify for participation in the Burdekin Pacific Limited Employee Option Plan ("Plan") which currently provides share option incentives where specified criteria are met including criteria relating to the persons potential future contribution to the growth and profitability of the consolidated entity. There have been no share options issued under this plan during or since the end of the year.

Details of the nature and amount of each element of this emolument of each director of the Company and the four executive officers being eligible officers of the Company and the Consolidated Entity receiving the highest emolument for the financial year are as follows:

DIRECTORS' AND OFFICERS' EMOLUMENTS CONTINUED

Emoluments of directors of Burdekin Pacific Limited for the year ended 30 June 2004

	Annual Emoluments				Long Term Emoluments
	Base Salary	Directors' Fees	Super-annuation	Other (1)	Option Grant (2)
J G Vitale	280,000	30,000	27,900	-	-
S J Field	120,000	20,000	12,600	6,407	-

(1) The category 'Other' includes the values of payments to third parties including fringe benefits tax.

During the year consulting fees were paid to non-executive directors for technical and professional services provided to the company. See table below:

Consulting Fees of directors of Burdekin Pacific Limited for the year ended 30 June 2004

	Annual Emoluments				Long Term Emoluments
	Consultant/ Professional Fees	Directors' Fees	Super-annuation	Other (1)	Option Grant (2)
M L Bennett	14,303	-	-	-	-
C S Rugless	17,813	18,333	2,250	20,000	-
C C Schaus	30,500	12,500	-	-	23,723

(1) The category 'Other' includes the values of payments to third parties including fringe benefits tax, termination and other similar payments.

(2) Options are valued using the Black Scholes model.

Currently, the fair value of each option is not recognised as an expense in the financial statements. However, should these grants be expensed, they would be amortised over the vesting periods resulting in an increase in employee benefits expense of $5,271. Note that no adjustments have been made to reflect estimated or actual forfeitures (i.e. options that do not vest).

Emoluments of the Specified Executives of the Company and the Consolidated Entity for the Year Ended 30 June 2004

	Annual Emoluments			
	Salary	Bonus	Other (1)	Super-annuation
C R Hall (2)	122,558	19,469	-	11,030
R E Williams (3)	14,921	-	48,779	3,705

(2) The category 'Other' includes the values of payments to third parties including fringe benefits tax, termination and other similar payments.

(2) Mr Hall was paid a bonus in recognition of his valuable contribution in respect of maintenance of the Company's major asset in good standing over 5 years including the difficult period immediately following the May 2000 coup in Fiji.

(3) Mr Williams was a part time employee up until 19 January 2004.

DIRECTORS' MEETINGS

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

Director	Number Held	Number Attended
M L Bennett [1]	2	2
J G Vitale	13	13
S J Field	13	13
C S Rugless [1]	13	12
C C Schaus [1]	10	10

[1] Messrs Bennett and Schaus attended all directors meetings held since their respective appointments and in the case of Mr Schaus and Dr Rugless those meetings held prior to their resignation.

As at the date of this report the Company does not have an audit committee. The Board considers the Company is too small to warrant a separate formal audit committee and the duties that would otherwise be undertaken by the audit committee are undertaken by the Board as a whole, under an alternate non-executive director to the Board's regular chairman acting as Chair.

This policy is kept under review and may be changed as the composition of the Company's Board and the Company's circumstances change. For further detail and discussion on the Board's policy in relation to the operation of the audit and other committees, refer to the Company's Corporate Governance Statement at pages 12 to 17.

Signed in accordance with a resolution of Directors, made pursuant to s 298(2) of the Corporations Act 2001.

On behalf of the Directors

J G Vitale
Director
Perth, 30 September 2004

Corporate Governance Statement

The Board of Directors of Burdekin Pacific Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Burdekin Pacific Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Background and Context

Burdekin Pacific Limited is a high risk mineral and exploration and mine development company. It was formed in 1993 for the specific purpose of exploring and developing mineral resource projects, and except for a period between 1999 and 2002 when it ventured into technology investments, this remains the key activity of the Company. The Company achieved production status as a junior gold producer between during 1995 and 1999, during which time it developed the profitable McKinnons Gold Mine in New South Wales and built up an integrated operating team and management structure. In late 1999, after mining out known reserves and in response to depressed market conditions in the gold sector, and an expressed preference from shareholders and investors to consider investment in technology related ventures, the Company switched its attention to technology investment. During this period the composition of the Board and management structure changed to reflect this change of emphasis; however the Company maintained its interest in various exploration assets in Australia and Fiji.

In mid 2002, the Company decided to refocus on mining and exploration and its technology related investments were either divested of or closed down. Significant losses were incurred as part of the process of restructuring, resulting in a depleted balance sheet and heightened financial risk. Presently the risk profile of the Company remains that of a speculative, high risk enterprise with an exposure to cyclical commodity markets, particularly gold. Companies in this sector are subject to rapid swings in investor sentiment depending on the economic cycle and market conditions generally.

The Company is now focused on rebuilding its fortunes by further exploring and developing its 100% owned Mt Kasi gold project.

The formation of junior mineral exploration companies is often characterized by the vend-in of projects by the promoters, resulting in the vendors having a significant equity stake in the company, or a scenario under which investors are effectively backing an individual entrepreneur or a management team with a successful track record where potentially very lucrative equity incentives are provided. In the case of Burdekin Pacific Limited, the formation of the company involved the issue of very limited vendor shares to one formation director who is no longer with the Company. The Board does not include any directors with significant vendor related interests.

The Board comprises executive directors with a professional management role and non-executive directors who provide technical and legal expertise to the Company on commercial terms. Such arrangements are typical of companies in the junior resources sector where, on account of the inherently high operating and financial risk, the provision of professional services under consultancy arrangements allows for a better understanding of the Company's underlying business and mitigates the risk otherwise attaching to an independent director position.

In the context of the Company's background and recent history this statement outlines the corporate governance practices under which the Company operated during the year and, where indicated, those it has adopted going forward. For further information on corporate governance policies adopted by Burdekin Pacific Limited, refer to our website: ***www.burdekinpacific.com.au*** .

Corporate Governance Statement

Position on Compliance with ASX Corporate Governance Council "Principles of Good Corporate Governance and Best Practice Recommendations"

The Board has adopted the spirit and intent of the principles and recommendations of the ASX Corporate Governance Council. Given the nature of its activities and its circumstances however, the Company has departed from a number of the recommendations and adopted governance practices that are more appropriate to its circumstances and recent history. The Company is essentially a speculative exploration company with an advanced project, a small number of employees and limited income. The full implementation of the ASX Council's Recommendations is beyond the Company's present financial and human resource capabilities. Notwithstanding these limitations, the Directors recognise the need for high standards of corporate behaviour and accountability. To this end the Board has adopted an open and transparent disclosure policy in relation to its financial affairs and its affairs generally, which it believes provides shareholders, employees, the investing public and suppliers with full and adequate disclosure of the state of its affairs and the manner in which it conducts its business activities. The Company's governance practices will be kept under review as the nature and size of the Company's activities develop.

Although the Board is yet to adopt a formal Board Charter it does recognise the importance of adopting corporate governance policies that will promote investor and capital market confidence in the Company. Emphasis has been placed on ensuring that the internal control and financial management systems adopted are adequate to ensure that a satisfactory level of accountability is established and areas of significant business risk are identified and managed.

Independence of Directors

The Board has accepted the following definition of an independent director: An independent director is a director who is a non executive director (ie not a member of management) and:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- has not within the last three years been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- is not a principal of a professional adviser to the Company or another group member;
- is not a significant supplier or customer of the Company or another group member, or an officer of or otherwise associated, directly or indirectly, with a significant supplier or customer;
- has no significant contractual relationship with the Company or another group member other than as a Director of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

At the date of this report the Company has two executive directors, Mr J G Vitale and Ms S J Field, and two non- executive directors, Messrs M L Bennett and Mr B N V Tomich. As the non-executive directors are also the principals of professional firms that have in the past or intend in the future to provide the Company with legal and technical consultancy services respectively, in accordance with the above definition they are not regarded as independent directors.

The Directors acknowledge the widely accepted view that there be a division of responsibilities between the role of chairman and chief executive officer. Due to the mix skill sets available among the directors at the time, for most of the financial year until 12 May 2004, Mr Vitale held the dual role of chairperson and managing director. On that date non executive director Mr Bennett was appointed as the chairman of the

Corporate Governance Statement

Company. In practice companies of Burdekin's size and in its market sector have practical difficulties in attracting independent (as defined by the Company above), non-executive directors to take on the responsibility of Chair. This is due to the high risk nature of its activities, limited funding, the cyclical nature of commodity prices and variable market sentiment by investors toward small and micro capped stocks that rely largely on retail investors to source risk capital. In the case of Mr Bennett, he is a principal of a long established and substantial legal firm, whose size and standing is such that it has minimal financial dependency on fees generated from professional legal services provided to the Company. Other directors are satisfied that the payment of fees for legal services provided by Mr Bennett's firm in no way impedes his independence of mind and independence of judgement in discharging his duties as chairman in the interest of all shareholders.

The recently appointed non-executive director, Mr Bruce Tomich has not provided any technical consulting services to the Company from the date of his appointment to the date of this report. It is anticipated that Mr Tomich will provide such services in the future on commercial arms length terms, yet to be agreed. The other directors are satisfied that the quantum of fees likely to be paid to Mr Tomich, in the view of his other professional interests, in no way impedes his independence of mind and independence of judgement in discharging his duties as a director in the interest of all shareholders.

The relevant expertise, professional qualifications and experience of each member of the present Board is detailed in the Directors' Report, whose details are at contained page 1. The mix of competencies and experience of present Board members reflects the "brownfields" exploration focus of the Company's activities and the sometimes litigious episodes that accompany the activities of entrepreneurial and high risk companies. The mix of skill sets competencies will be reviewed if the Company's advanced exploration endeavours are successful and additional gold resources are established and its key project advances toward a decision to mine. The Board schedules to meet regularly and will meet on an as required basis to address specific matters as and when they may arise.

Board Committees, Election and Retirement of Directors

The Board has considered the Company's size and management structure and believes it's too small to establish formal audit, remuneration, nomination and other committees. To the extent that it is practical in the circumstances, the duties and responsibilities that would otherwise be undertaken by these committees are undertaken by the Board as a whole. For the audit committee function, when the Board meets in this capacity it rotates the Chair to a non-executive director other than the normal board chairman. Appropriate external professional advice is called upon where appropriate. The policy in relation to the establishment of formal audit, remuneration and nomination committees is kept under review and will be progressively modified as deemed necessary to suit the Company's circumstances from time to time.

The procedures for the election and retirement of Directors are governed by the Company's Constitution and the Listing Rules of the Australian Stock Exchange Limited.

The Board meets regularly with the Company's external auditors to review internal control systems and procedures and to consider their recommendations in this area. Both the chief executive officer and the chief financial officer have stated to the Board during a formal board meeting that the Company's financial report present a true and fair view, in all material respects, of the company's financial condition and operational results are in accordance with relevant accounting standards.

With prior notification to the Chairman, individual directors of the Company are at liberty to seek independent professional advice on any matter to do with the discharge of their duties at the Company's expense.

Corporate Governance Statement

The Company does not have a scheme to provide retirement benefits, other than statutory superannuation to non-executive directors.

Executive Remuneration and Performance Measurement

To attract and retain high calibre people with requisite skills and experience, the Company has adopted a policy of remunerating its staff and employees based on average to above average market rates. The levels of remuneration paid to executive directors reflects the fact that they are not vendors of any assets to the company and have never received any vendor consideration in the form of large quantities of vendor shares or options in the Company. The Company retains human resource management consultants and legal advisers from time or options to time as required to assist with the setting of salary and wage levels and other conditions of employment for its employees.

In recognition of the present exploration phase of the Company's activities, the salaries of executive directors were reduced by 33% as from 1 July 2004, with a greater emphasis on performance-linked remuneration through the payment of conditional bonuses. At this time of its development the Company has defined performance by reference to non-financial indicators, namely exploration success through mineral resource upgrades and project development milestones at Mt Kasi, including the securing of development finance. Once production status is achieved the relevant indicators will also include more traditional financial parameters based on profitability measures. This performance based approach is in keeping with a worldwide trend to link remuneration with measurable performance parameters.

The Company presently has only one senior executive who is not a director of the Company, namely Mr Craig Hall, project manager for Mt Kasi. Mr Hall is eligible to participate in the Burdekin Pacific Limited Employee Option Plan approved by shareholders in March 2000, under which the exercise of options is linked to prescribed vesting periods as an incentive to stay with the Company. The maximum number of options that may be issued under the plan is 5% of the Company's issued shares, with the quantum of options issued to qualifying executives being at the discretion of the Board. At the date of this report no options had been issued under the plan, however the Board anticipates that options will be issued under the plan during the course of the current financial year.

For further information on the amount of remuneration, the payment of bonuses, mutual obligations in the event of termination and other key terms and conditions, refer to note 6 to the financial statements.

Non- Executive Directors Remuneration and Performance Measurement

The limited scope of operations during the present exploration phase of activities renders specific measurable quantitative performance indicators for non executive directors difficult to identify and measure. Qualitative measures are less difficult, but entirely subjective at this stage of the Company's pre-production activities. For these reasons the Company has yet to adopt any formal evaluation procedures in relation to the performance of non executive directors. As the Company's activities develop toward gold producer status, both measurable and qualitative indicators will become more apparent and meaningful formal evaluation procedures can then be adopted.

The Board believes that in view of

(i) the high risk nature of its activities and
(ii) its limited financial resources,

Corporate Governance Statement

it is appropriate to remunerate non-executive directors with options as a means of attracting competent professionals to the Board. Any such option issues are subject to the approval of shareholders. At the date of this report there were no options on issue to non executive directors.

Ethical Standards

The Company has not formalised the ethical standards by which it operates in a formal policy statement. However, all directors, managers and employees are expected to act with integrity, due care, skill and objectivity in their dealings with supplier, financiers, advisors and regulators, consultants and contractors, fellow employees and the communities in which the Company operates. All members of the Board and senior management personnel are individually members of one or more professional bodies with whose ethical standards and practice guidelines they are required to comply. The management of the Company comprises experienced and mature industry practitioners in their respective fields of endeavour. This creates a professional working environment and the adoption of professional peer group standards of ethical behaviour and conduct.

Related Party Transactions

The Company seeks to minimise related party transactions. During the year, the Company has entered into such transactions in respect of the provision of technical and legal services from three non-executive directors. Where such transactions have occurred, the transaction has been scrutinised by the directors independent to the transaction to ensure the terms of the transaction have been based on acceptable commercial terms.

CORPORATE POLICIES

Employee Health and Safety

The Company is committed to the implementation and maintenance of a system of safe work practices, provision of appropriate plant and equipment and a healthy working environment.

Employee Training

The Company considers that the attraction and retention of high quality technical and management staff is the key to its future growth and development. Accordingly, the Company is committed to improving skills of all personnel through on-the-job and formal training. Attendance at external training programs, which enhance workplace skills and increase productivity and technical competence, is encouraged.

Environment

Environmental management has been adopted as an integral part of the formal planning process in all aspects of the Company's exploration and mining activities. The Company is committed to conducting all its affairs in an environmentally responsible manner.

Risk Management

The Company conducts regular reviews of risk exposures in relation to all areas of activity. A detailed monthly reporting system based on functional areas of responsibility has been instituted to allow management to monitor and control all areas of activity. The reporting system also allows management to make changes to operating plans and budgets as required by changing circumstances, and helps with disaster anticipation and

Corporate Governance Statement

planning procedures. In addition, regular formal business risk assessment are conducted by the Company's external insurers to ensure the Company's risk management program is adequate to minimise the impact of accidental loss or damage. The Board acknowledges that it has overall responsibility for the internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities.

Directors Dealing in Company Shares

The Constitution permits Directors to acquire shares in the Company. Company policy prohibits Directors and Senior Management from dealing in the Company Shares whilst in possession of price sensitive information not yet publicly available to the market.

Statement of Financial Performance
For Financial Year Ended 30 June 2004

	Notes	CONSOLIDATED		BURDEKIN PACIFIC LIMITED	
		2004	2003	2004	2003
		$	$	$	$
Other revenues from ordinary activities	2	**1,421,524**	629,397	**1,382,762**	33,196
Forgiveness of liabilities	2	**-**	571,482	**-**	-
Exploration and evaluation expenses (excluding capitalised exploration)		**(79,220)**	(124,197)	**(59,475)**	(101,812)
Borrowing costs expensed	3(a)	**(529,365)**	(22,655)	**(527,702)**	(20,028)
Care & maintenance - Mt Kasi Limited, Fiji		**(548,352)**	(438,268)	**-**	-
Corporate administration expenses		**(1,067,054)**	(1,163,076)	**(955,664)**	(1,082,202)
ASIC, ASX, Share Registry, Annual Report and other compliance costs		**(288,668)**	(252,408)	**(286,218)**	(222,668)
Technology research, development & market development expenses and closure costs		**(217,809)**	(380,378)	**(167,890)**	-
Investment activities	3(c)	**(1,418,213)**	(3,361,270)	**(3,276,387)**	(3,112,797)
Legal expenses directly associated with claim made by Ocean Resources Capital Holdings plc		**(91,845)**	-	**(91,845)**	-
Loss From Ordinary Activities Before Income Tax Expense		**(2,819,002)**	(4,541,373)	**(3,982,419)**	(4,506,311)
Income tax expense relating to ordinary activities	5	**-**	-	**-**	-
Loss From Ordinary Activities After Related Income Tax Expense Attributable To Members of Burdekin Pacific Limited	24(a)	**(2,819,002)**	(4,541,373)	**(3,982,419)**	(4,506,311)
Earnings Per Share:					
Basic (cents per share)	30	**(1.3) cents**	(4.1) cents		
Diluted (cents per share)	30	**(1.3) cents**	(4.1) cents		

Notes to the financial statements are included on pages 21 to 65

Statement of Financial Position
As at 30 June 2004

	Notes	CONSOLIDATED		BURDEKIN PACIFIC LIMITED	
		2004	2003	2004	2003
		$	$	$	$
CURRENT ASSETS					
Cash assets		**549,384**	311,664	**537,370**	309,548
Receivables	7	**92,020**	105,585	**21,621**	3,890
Inventories	8	**4,167**	-	**-**	-
Other financial assets	9	**-**	1,263,058	**-**	1,263,058
Other	10	**63,425**	11,939	**37,996**	11,939
TOTAL CURRENT ASSETS		**708,996**	1,692,246	**596,987**	1,588,435
NON-CURRENT ASSETS					
Receivables	11	**345,946**	340,183	**2,155,129**	2,149,001
Other financial assets	12	**-**	-	**-**	-
Plant & equipment	14	**58,983**	24,699	**11,067**	7,146
Deferred exploration, evaluation & development costs	15	**6,497,105**	5,892,112	**70,111**	70,111
TOTAL NON-CURRENT ASSETS		**6,902,034**	6,256,994	**2,236,307**	2,226,258
TOTAL ASSETS		**7,611,030**	7,949,240	**2,833,294**	3,814,693
CURRENT LIABILITIES					
Payables	16	**1,142,155**	1,554,268	**640,860**	545,051
Interest-bearing liabilities	17	**3,911,934**	377,849	**3,911,934**	377,849
Provisions	18	**16,153**	140,332	**12,203**	134,115
TOTAL CURRENT LIABILITIES		**5,070,242**	2,072,449	**4,564,997**	1,057,015
NON-CURRENT LIABILITIES					
Payables	19	**306,963**	372,640	**88,568**	114,245
Interest-bearing Liabilities	20	**324,000**	4,224,000	**324,000**	4,224,000
Provisions	21	**1,570,580**	1,568,893	**590,356**	618,630
TOTAL NON-CURRENT LIABILITIES		**2,201,543**	6,165,533	**1,002,924**	4,956,875
TOTAL LIABILITIES		**7,271,785**	8,237,982	**5,567,921**	6,013,890
NET ASSETS /(DEFICIENCY OVER ASSETS)		**339,245**	(288,742)	**(2,734,627)**	(2,199,197)
EQUITY					
Contributed equity	22	**51,320,214**	47,873,225	**51,320,214**	47,873,225
Deferred Equity	23	**270,000**	270,000	**270,000**	270,000
Accumulated losses	24	**(51,250,969)**	(48,431,967)	**(54,324,841)**	(50,342,422)
TOTAL EQUITY		**339,245**	(288,742)	**(2,734,627)**	(2,199,197)

Notes to the financial statements are included on pages 21 to 65

Statement of Cash Flows

For the Financial Year Ended 30 June 2004

	Notes	CONSOLIDATED 2004 $	CONSOLIDATED 2003 $	BURDEKIN PACIFIC LIMITED 2004 $	BURDEKIN PACIFIC LIMITED 2003 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers					
- Royalty Revenue /Gold sales		**97,764**	182,723	**-**	-
- Other Revenue		**5,000**	24,210	**5,000**	21,000
Payments to suppliers & employees					
- Administration/corporate (includes payment of prior period creditors)		**(1,387,750)**	(947,936)	**(1,292,469)**	(993,706)
- Technology R&D and Market development/operating costs		**(586,221)**	(540,551)	**(199,301)**	-
- employee entitlements paid as accrued in prior periods		**(228,751)**	-	**(228,751)**	-
Payments to suppliers & employees of Audesso Limited & its subsidiaries, a wholly owned controlled entity of Burdekin Pacific Ltd		**(559,436)**	(556,224)	**-**	-
Exploration & evaluation expenditure		**(112,580)**	(109,194)	**(90,451)**	(64,376)
Interest received		**41,770**	17,646	**41,418**	11,478
Interest & other finance costs		**(511,967)**	(396)	**(510,304)**	(396)
Net Cash Provided By/(Used In) Operating Activities	25(a)	**(3,242,171)**	(1,929,722)	**(2,274,858)**	(1,026,000)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of plant & equipment		**(57,049)**	(8,371)	**(10,410)**	(8,371)
Proceeds from sale of plant & equipment		**18,865**	3,989	**9,200**	-
Proceeds from security deposits		**9,000**	55,000	**3,000**	40,000
Payment for security bond		**(14,000)**	-	**(14,000)**	-
Capitalised exploration and evaluation		**(654,504)**	-	**-**	-
Proceeds from rental bond refund		**-**	10,315	**-**	10,315
Advances to controlled entities		**-**	-	**(1,957,083)**	(1,217,176)
Repayments received from controlled entities		**-**	-	**103,781**	573,433
Advances to other entities		**-**	(87,949)	**-**	(87,949)
Payment of pre-acquisition creditors – ICE Interactive Pty Ltd		**-**	(162,000)	**-**	-
Proceeds from sale of shares		**-**	20,780	**-**	20,780
Proceeds from sale of shares in controlled entity	25(e)	**-**	372,500	**-**	-
Net Cash Used In Investing Activities		**(697,688)**	82,670	**(1,865,512)**	(668,968)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of ordinary shares		**3,535,677**	1,317,646	**3,535,677**	1,317,646
Payment of issue costs		**(88,688)**	(64,814)	**(88,688)**	(64,814)
Proceeds from borrowings		**35,803**	734,526	**35,803**	734,526
Repayment of borrowings		**(321,919)**	(19,019)	**(321,919)**	(19,019)
Proceeds from sale of AIM listed shares		**1,327,144**	-	**1,327,144**	-
Payment for costs incurred proposed 2002 float – Audesso Mining Limited		**(255,081)**	(141,797)	**(65,081)**	-
Proceeds from Directors Loans		**137,000**	28,331	**137,000**	-
Repayment of Directors Loans		**(125,744)**	(23,331)	**(125,744)**	-
Payment of deferred consideration		**(66,000)**	-	**(66,000)**	-
Net Cash Provided By/(Used In) Financing Activities		**4,178,192**	1,831,542	**4,368,192**	1,968,339
Net Increase/(Decrease) In Cash Held		**238,333**	268,084	**227,822**	273,371
Add opening cash brought forward		**311,664**	44,024	**309,548**	36,177
Effects on exchange rate on cash		**(613)**	(444)	**-**	-
CLOSING CASH CARRIED FORWARD	25(b)	**549,384**	311,664	**537,370**	309,548

Notes to the financial statements are included on pages 21 to 65

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Framework

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 which includes applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

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

Significant Accounting Policies

The accounting policies adopted are consistent with those of the previous year except where otherwise stated.

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

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

Going Concern Basis

The financial report has been prepared on a going concern basis of accounting, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business.

At 30 June 2004, the Consolidated Entity had current assets of $708,996 (2003: $1,692,246) and current liabilities of $5,070,242 (2003: $2,072,449), resulting in a net current asset deficiency of $4,361,246 (2003: $380,203). For the year ended 30 June 2004, the Consolidated Entity incurred a negative operating cash flow of $3,242,171 (2003: $1,929,722) and an operating loss of $2,819,002 (2003: $4,541,373).

Having regard to these results, the Directors are nonetheless of the opinion that the going concern basis upon which the financial report is prepared is appropriate in the circumstances for the following reasons.

(i) between balance date and the date of this report, the Company has raised a total of $2,296,040 before issue costs of approximately $163,000, through the following equity offers (refer note 29):

(a) a placement raising $304,000;
(b) a share purchase plan raising $777,640; and
(c) a public share offer raising $1,214,400.

(ii) as outlined in the Prospectus dated 9 September 2004 and the Supplementary Prospectus dated 14 September 2004, the Directors consider the Company will have adequate funds to complete the present drilling programme and, on completion, to prepare a JORC compliant revised mineral resource estimate, and to provide the Consolidated Entity with the necessary working capital during this period. If the estimated gold resource is considered to be sufficient of tonnage and grade to support a decision to mine, the Company intends to proceed immediately with a project feasibility study. If the resource tonnage and grade position is considered insufficient to justify a recommencement of operations, funds raised will be applied to additional drilling of identified targets within the Company's leases at Mt Kasi.

(iii) as further described below the directors believe that based on the underlying value of the Company's 100% owned Mt Kasi project, it will be able to refinance or retire the Ocean and the Straits obligations either through the sale of a direct equity interest in the project, additional equity issues, new debt issued to third parties, or a combination of debt, equity and sale of an equity interest in the project.

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

Going Concern Basis continued

The funds that have been raised since the end of the financial year and at the date of this report are not sufficient to repay $2,800,000 in Promissory Notes and $700,000 Convertible Notes held by Ocean Resources Capital Holdings plc ("Ocean") that mature on 28 February 2005 and $400,000 in Promissory Notes that mature on 18 June 2005 held by Straits Resources Limited ("Straits"). The Company does not have the funds to repay these facilities at the date of this Report and it is not presently intended that the Notes be repaid from the proceeds from the capital raisings referred to above. The Company is in discussion with Ocean and other financial institutions with a view to arranging the restructuring of their facilities, however no agreement has been reached with Ocean in respect of their facilities at the date of this Report. In the event that no agreement is reached with the holders of the Notes, in particular Ocean, in relation to the restructuring of their facilities, the Directors believe that, based on the underlying value of the Company's 100% owned Mt Kasi project, it will be able to refinance or retire the Ocean and the Straits obligations either through the sale of a direct equity interest in the project, additional equity issues, new debt issued to third parties, or a combination of debt, equity and sale of an equity interest in the project.

Notwithstanding the Directors' expectations noted above, there is significant uncertainty that the Company and the Consolidated Entity will be able to continue as going concerns. Should the Company or the Consolidated Entity not continue as going concerns and pay their debts as and when they fall due, they may be unable to realise the assets, in particular deferred exploration, evaluation and development costs, and discharge their liabilities in the normal course of business and at the amount stated in the financial statements.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that may be necessary should the Company and the Consolidated Entity be unable to continue as going concerns.

(a) Principles of Consolidation

The consolidated financial statements have been prepared by combining the financial statements of all the entities that comprise the consolidated entity, being Burdekin Pacific Limited (the parent entity) and its controlled entities as defined in accounting standard AASB1024 "Consolidated Accounts". A list of controlled entities appears in Note 13 to the financial statements. Consistent accounting policies have been 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.

(b) Acquisition of Assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amount payable in the future to their present value as at the date of the acquisition.

(c) Depreciation

Plant and equipment are depreciated over the estimated useful life using the reducing balance and straight-line methods. The estimated useful lives used in the calculation of depreciation range from one to ten years.

(d) Recoverable Amount of Non-Current Assets

Non-current assets are written down to a recoverable amount when the carrying value of any non-current asset exceeds recoverable amount. In determining the recoverable amount of non-current assets, the expected net cash flows have not been discounted to their present value.

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

(e) Exploration and Evaluation Development and Restoration Costs

Cost Carried Forward

Acquisition costs arising from the purchase of interests in mining and exploration tenements are carried forward provided such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not at balance date reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves.

Costs carried forward in respect of an area of interest that is abandoned are written off in the year in which the decision to abandon is made.

Exploration and Evaluation Expenditure – Fiji

Due to the advanced nature of the exploration and evaluation activities on its tenements located in Fiji, the costs arising from the current exploration activities are carried forward provided such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not at balance date reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves.

Exploration and Evaluation Expenditure - Australia

Exploration and evaluation expenditure continues to be expensed directly to the profit and loss in the period it is incurred.

Restoration, Rehabilitation and Environmental Expenditure

Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are accrued at the time of those activities and treated as exploration and evaluation expenditure.

Restoration, rehabilitation and environmental costs necessitated by development and production activities are accrued on a gradual basis over the production life of the mining activity and treated as costs of production.

Restoration, rehabilitation and environmental obligations recognised include the costs of reclamation, stabilisation and re-vegetation of any mine residue, tailings or overburden dumps, plant closure, platform removal and other costs associated with the restoration of the site including subsequent monitoring of the environment.

Costs are estimated on the basis of current undiscounted costs, current legal requirements and current technology.

Estimates of current costs are reassessed at least annually. Changes in estimates relating to areas of interest in the exploration and evaluation phase are dealt with retrospectively, with any amounts that would have been written off or provided against under the accounting policy for exploration and evaluation immediately written off.

Changes in estimates of costs relating to producing areas are dealt with prospectively over the remaining mine life.

In determining the restoration obligations, the entity has assumed no significant changes will occur in the relevant Australian Federal and State Government legislation and in Fijian legislation in relation to restoration of such mineral mines in the future.

(f) Leases

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.

(g) Income Tax

Tax-effect accounting principles are adopted whereby income tax expense is calculated on pre-tax accounting results 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. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

(h) Goods and Services Tax

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

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

(i) Capital Gains Tax

No provisions has been made for capital gains tax which may arise in the event of sale of revalued assets as no decision has been made to sell any of these assets.

(j) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal value amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by the employees up to reporting date. In determining the present value of future cash outflow, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability are used.

Employee benefit expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave and other leave benefits; and
- other types of employee benefits.

are recognised against results on a net basis in their respective categories.

The value of the equity-based compensation described in Note 25 is not recognised as an employee benefit expense.

(k) Inventories

Stores and consumables have been valued at the lower cost and net realisable value, with cost being determined on a first in first out basis.

(l) Comparative Figures

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(m) Investments

Investments in controlled entities are recorded at the lower of cost and the recoverable amount of each controlled entity.

All other non-current investments are carried at the lower of cost and recoverable amount. Listed shares held for trading are held at cost less recoverable amount adjustment. Where listed shares have been re-valued, any capital gains tax (if applicable) which may become payable has not been taken into account in determining the re-valued carrying amount.

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

(n) Shares held for Resale

Shares held for resale is valued at the lower of cost and recoverable amount.

(o) Earnings per Share

Basic earnings per share is calculated as net result attributable to members adjusted to exclude costs of servicing equity divided by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated as net result attributable to members, adjusted for, where applicable:

- cost of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non discretionary changes in revenues and expenses during the period that would result from dilution of potential ordinary shares.

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element

(p) Foreign Currency

Translation of Foreign Currency Transactions
Transactions in foreign currencies within the consolidated entity are converted to local currency at the rate of exchange ruling at the date of the transaction.

Amounts payable to and by the entities within the consolidated entity that are outstanding at balance date and are denominated in foreign currencies are translated to local currency using the spot rate at the end of the financial year.

All other foreign currency transactions during the financial year have been brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing on that date. Non-monetary items are translated at exchange rates current at the transaction dates, or, where a non-monetary item has been re-valued at the exchange rate current at the date of revaluation.

Exchange rate differences are brought to account in the profit and loss account in the period in which they arise except that:

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

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

Translation of Financial Reports of Overseas Operations

The overseas operation in Fiji is not considered to be self-sustaining as it is not financially or operationally independent of Burdekin Pacific Limited. Consequently the financial reports of the overseas operation are translated using the temporal method and any exchange differences are taken directly to net profit and loss.

(q) Financial Instruments Issued by the Company

Debt and Equity Instruments

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

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

q) Financial Instruments Issued by the Company continued

Contributed Equity

Ordinary share capital is recognised at the fair value of the consideration received by the Company.

Transaction Costs on the Issue of Equity Instruments

Transaction costs arising on the issue of equity are treated 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 instrument.

(r) Cash and Cash Equivalents

Cash on hand and in banks and short term deposits are stated at nominal value.

For the purpose of the statement of cash flows, cash includes cash on hand and in banks and money market investments readily convertible to cash within two working days.

(s) Receivables

Trade receivables and other receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is not longer probable. Bad debts are written-off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due. Interest, when applicable, is taken up as income on an accrual basis.

(t) Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Payables to related parties are carried at the principal amount. Interest, when charged by a lender, is recognised as an expense on an accrual basis. Deferred cash settlements are recognised at the present value of the outstanding consideration payable on the acquisition of an asset discounted at prevailing commercial borrowing rates.

(u) Interest-Bearing Liabilities

All loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis.

All convertible and promissory notes are recorded at an amount equal to the face value of the note. Interest is recognised on an accrual basis.

Ancillary costs incurred in connection with the arrangement of borrowings are deferred and amortised over the period of borrowing.

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

(v) Provisions

Provisions are recognised when a consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

(w) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before the revenue is recognised:-

Interest

Interest revenue is recognised once the control of a right to receive the interest payment has passed.

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Liabilities Forgiven

The gross amount of a liability forgiven by a credit provider is recognised as revenue.

Sale of Goods and the Disposal of Assets.

Revenue from the sale of goods and disposal of other assets is recognised when the consolidated entity has passed control of the goods or other assets to the buyer.

Sale of Shares held for Resale

Revenue from the sale of shares held for resale is recognised when the consolidated entity has entered into an unconditional contract with the buyer.

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Notes to the Financial Statements for the Financial Year Ended 30 June 2004

	Notes	CONSOLIDATED		BURDEKIN PACIFIC LIMITED	
		2004	2003	2004	2003
		$	$	$	$
2. REVENUE FROM ORDINARY ACTIVITIES					
Revenues from operating activities					
Revenue from royalties		**28,745**	214,323	**-**	-
Revenue from other services		**5,000**	24,927	**5,000**	21,718
Interest revenue					
Other entities		**41,770**	17,647	**41,418**	11,478
Proceeds from sale of non-current assets					
-AIM listed shares held for resale		**1,327,144**	-	**1,327,144**	-
Total revenues from operating activities		**1,402,659**	256,897	**1,373,562**	33,196
Revenues from non-operating activities					
Proceeds from sale of non-current assets					
- shares held in subsidiary company		**-**	372,500	**-**	-
- disposal of plant & equipment		**18,865**	-	**9,200**	-
Forgiveness of liabilities owed by:					
eMAX Entertainment Pty Ltd		**-**	571,482	**-**	-
Total revenues from non-operating activities		**18,865**	943,982	**9,200**	-
Total revenues from ordinary activities		**1,421,524**	1,200,879	**1,382,762**	33,196
3. EXPENSES AND LOSSES/(GAINS)					
(a) Expenses					
Depreciation of non-current assets					
Plant and equipment		**7,764**	20,980	**6,489**	17,616
Borrowing costs expensed					
Interest expense					
Convertible Notes		**93,589**	-	**93,589**	-
Promissory Notes		**402,172**	-	**402,172**	-
Other persons/corporations		**31,631**	7,902	**29,968**	5,275
Total borrowing costs		**527,392**	7,902	**525,729**	5,275
Other borrowing costs		**1,973**	14,753	**1,973**	14,753
Total borrowing costs expensed		**529,365**	22,655	**527,702**	20,028

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

	Notes	CONSOLIDATED		BURDEKIN PACIFIC LIMITED	
		2004 $	2003 $	2004 $	2003 $
3. EXPENSES AND LOSSES/(GAINS) (continued)					
Bad and doubtful debts - other corporations		**56,073**	87,949	**56,073**	87,949
Exploration and evaluation costs (excluding depreciation)		**79,220**	119,520	**59,475**	94,942
Operating lease rental					
- minimum lease payments		**106,405**	104,453	**63,843**	62,669
Recoverable amount write down of investments		**-**	1,894,588	**-**	1,894,588
Brokerage Costs		**40,825**	-	**40,825**	-
Commission Expense		**70,995**	-	**77,995**	-
(b) Net Losses/(Gains)					
Unrealised net foreign currency loss/(gain)		**72,530**	105,071	**(137)**	342,354
Realised net foreign currency loss/(gain)		**(53,862)**	-	**(53,862)**	-
Net loss on disposal of AIM listed shares held for resale		**34,996**	-	**34,996**	-
Net loss on disposal of shares in subsidiary		**-**	478,295	**-**	-
Net (gain) on disposal of plant and equipment		**(3,865)**	-	**(9,200)**	-
(c) Investment activities					
Loss from operating activities before income tax expense includes the following items:					
Recoverable amount write down for non recovery of investment in AIM listed shares held for resale	9	**-**	2,236,942	**-**	2,236,942
Provision for non recovery of loans to controlled entities		**-**	-	**1,858,174**	787,906
Provision for non-recovery of loans to other entities		**56,073**	87,949	**56,073**	87,949
Net gain on deconsolidation of subsidiary		**-**	(1,537,379)	**-**	-
Net loss on assignment of receivable on sale of subsidiary	25(e)	**-**	2,388,174	**-**	-
Recoverable amount write down for non recovery of receivables in eMAX Entertainment Pty Ltd		**-**	185,584	**-**	-
Carrying value of shares held for resale		**1,263,058**	-	**1,263,058**	-
Brokerage and commission on sale of shares held for resale		**99,082**	-	**99,082**	-
		1,362,140	-	**1,362,140**	-
Total investment activities		**1,418,213**	3,361,270	**3,276,387**	3,112,797

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

	Notes	CONSOLIDATED		BURDEKIN PACIFIC LIMITED	
		2004	2003	2004	2003
		$	$	$	$
4. SALE OF ASSETS					
Sale of assets in the ordinary course of business have given rise to the following profit and losses:					
Net profits					
Plant & equipment	3(b)	**9,200**	-	**9,200**	-
Net Losses					
Plant & Equipment	3(b)	**5,335**	-	**-**	-
AIM listed shares held for resale	3(b)	**34,996**	-	**34,996**	-
Shares held in subsidiary company	3(b)	**-**	478,295	**-**	-
		40,331	478,295	**34,996**	-
5. INCOME TAX					
The prime facie tax, using tax rates applicable in the country of operation, on operating loss differs from income tax provided in the financial statements as follows:					
Operating loss		**(2,819,002)**	(4,541,373)	**(3,982,419)**	(4,506,311)
Prime facie tax benefit calculated at 30% (2003: 30%) of operating loss		**845,701**	1,362,412	**1,194,726**	1,351,893
Tax effect on permanent differences					
Non-deductible expenses		**(101,090)**	(54,006)	**(99,537)**	(41,627)
Write down to recoverable amount of investments		**-**	(671,083)	**-**	(671,083)
Provision for non-recovery of loans to other entities		**(17,578)**	(26,385)	**(16,822)**	(26,385)
Provision for non-recovery of loans to controlled entities		**-**	-	**(557,452)**	(236,372)
Income tax losses incurred in the jurisdiction of Fiji not brought to account as a future income tax benefit		**(164,506)**	(109,428)	**-**	-
Tax effect benefits not brought to account		**(562,527)**	(501,510)	**(520,159)**	(376,426)
Income tax benefit attributable to operating loss		**-**	-	**-**	-
Estimated future income tax benefit at 30% (2003:30%) arising from tax losses of the company and its controlled entities not brought to account at balance date as realisation of the benefit is not regarded as virtually certain:	5(i)	**10,107,378**	9,544,851	**3,789,259**	3,269,100

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

5. INCOME TAX (cont)

The future income tax benefit will only be obtained in the relevant tax jurisdiction if:

(a) future assessable income tax is derived of a nature and of an amount sufficient to enable the benefit to be realised;
(b) the conditions for deductibility imposed by the tax legislation are complied with; and
(c) no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

	CONSOLIDATED	
	2004	**2003**
	$	**$**
5(i) Includes Australian dollar equivalent of amounts in the jurisdiction of Fiji	**3,386,472**	3,221,966

Tax consolidation

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. This legislation, which includes both mandatory and elective elements, is applicable to the Company.

At the date of this report the directors have not assessed the financial effect, if any, the legislation may have on the company and the consolidated entity and, accordingly, the directors have not made a decision whether or not to elect to be taxed as a single entity. The financial effect of the implementation of the tax consolidation system on the economic entity has not been recognised in the financial statements.

In the event that the tax consolidation system is implemented, the head entity has also agreed to compensate its wholly-owned subsidiaries for the carrying amount of deferred tax balances, although at the date of this report the amount has not been quantified.

5 (a) Franking credit balance

	BURDEKIN PACIFIC LIMITED	
	2004	**2003**
	$	**$**
The amount of franking credits available for futureyears:		
Franking account balance as at the end of the financial year at 30% (2003:30%)	**2,439**	2,439

Due to the changes in Australian income tax legislation, from 1 July 2002 franking accounts are maintained on a 'tax paid rather than 'after tax distributable profits' basis.

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

6. DIRECTORS' AND EXECUTIVES' REMUNERATION

(a) The specified directors of Burdekin Pacific Limited during the year were:
M. Bennett (Chairman, Non-executive), appointed 12 May 2004
J.G. Vitale (Chief Executive Officer)
S.J. Field (Executive, Chief Financial Officer and Company Secretary)
C.S. Rugless (Non-executive), resigned 4 June, 2004
C.C. Schaus (Non-executive), appointed 15 October 2003, resigned 4 June 2004.

The specified executives of Burdekin Pacific Limited and the consolidated entity during the year were:
C.R. Hall (Manager, Mt Kasi Project, Fiji)
R.E. Williams (Exploration Manager, Australia), terminated 18 January 2004

Specified directors' and executives' remuneration

The Board has considered the Company's size and management structure and believes it is too small to establish a formal remuneration committee. To the extent that it is practical in the circumstances, the duties and responsibilities to this regard have been undertaken by the Board as a whole. Directors' fees have been set by the Board in a prior period and there has been no change to this policy other than as a result of a direct negotiation between the Company and the current Managing Director, Mr Vitale pursuant to the renegotiation of his salary, terms and conditions effective from 1 July 2004. Consistent with the existing policy and the above mentioned renegotiation, the Chairman and the current Managing Director are paid directors' fees at a rate of $30,000 pa respectively, and all other directors are paid at a rate of $20,000 pa.

To attract and retain high calibre people with requisite skills and experience, the Company has adopted a policy of remunerating its staff and employees based on average to above average market rates. The Company retains human resource management consultants and legal advisers form time to time as required to assist with the setting of salary and wage levels and conditions of employment for its employees.

	PRIMARY					POST EMPLOYMENT		EQUITY	TOTAL
Specified Directors	Salary	Directors' Fees	Bonus	Non-monetary	Other Benefit[1]	Super-annuation	Prescribed Noted	Options [2]	
M. Bennett	-	-	-	-	14,303	-	-		14,303
[3] J. G. Vitale	280,000	30,000	-		-	27,900	-	-	337,900
[3] S. J. Field	120,000	20,000	-	-	6,407	12,600	-	-	159,007
C. Rugless	-	18,333	-	-	37,813	2,250	-	-	58,396
C. Schaus	-	12,500	-	-	30,500	-	-	23,723	66,723
Total	400,000	80,833	-	-	89,023	42,750	-	23,723	636,329

(1) The category 'Other' includes values of payments to third parties including fringe benefits tax, consulting fees, termination and other similar payments.

(2) Mr Schaus was granted directors' options on 24 December 2003 as approved by shareholders at the Company's AGM held on 29 November 2003. These options lapsed on 4 September 2004. Further details of the options are contained in note 22(c) to the financial statements.

(3) Refer to Note 6(b).

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

6. DIRECTORS' AND EXECUTIVES' REMUNERATION CONTINUED

2004	PRIMARY			POST EMPLOYMENT			OTHER BENEFIT (1)	EQUITY	TOTAL
Executives	Salary	Bonus	Non-monetary	Termination & Similar Payments	Super-annuation	Prescribed Benefit		Options	
(2) C R Hall	122,558	19,469	-	-	11,030	-	-	-	153,057
R E Williams	14,921	-	-	-	3,705	-	48,779	-	67,405
Total	137,479	19,469	-	-	14,735	-	48,779	-	220,462

(1) The category 'Other' includes values of payments to third parties including fringe benefits, termination and other similar payments.

(2) Mr Hall was paid a bonus in recognition of his valuable contribution to the planning and execution of the Company's exploration programme and in respect of maintenance of the Company's major asset in good standing over 5 years including the difficult period immediately following the May 2000 coup in Fiji.

(b) Reduction of Executive Salary Package (effective from 1 July 2004)

Following the review of proposal to re-weigh executive salaries received by the Board of the Company from Mr Vitale and Ms Field, a formal reduction to remuneration packages was approved by the Board, effective from 1 July, 2004, as announced on 17/08/2004.

Quantum of Reduction:

- Jerome G Vitale - 33.33% reduction in base salary from $280,000 pa to $186,667pa
- Susan J Field - 33.33% reduction in base salary from $120,000 pa to $80,000 pa

Terms and Conditions of Reduction

(i) Performance Bonus

A performance bonus equivalent to the quantum of salary foregone from 1 July 2004 is to be paid in cash upon the Board's decision to mine and the securing of project development finance, provided this is achieved by 31 March 2006.

In the event that the Board elects not to commit to a mining development decision but decides to continue to expand the scope of the Mt Kasi project by further exploration, the bonus will become due and payable upon gold reserves (as measured by an independent expert in accordance with the JORC Code issued by the Australasian Institute of Mining and Metallurgy) increasing to at least 250,000 ounces. This level of reserves represents the Company's previously published objective of achieving a minimum mine life of 5 years at a production rate of 50,000 ounces per annum.

In the event that there is a change of control of the Company, which for these purposes will be defined as any one shareholder acquiring 19.9% or more of the voting shares of the company, or either of Ms Field or Mr Vitale cease to be directors of the Company, the full amount of any salary foregone (otherwise payable as a performance bonus) and any benefits accrued from 1 July 2004 must be paid in full within 5 business days of them ceasing to hold office.

The introduction of a significant performance based bonus component for executive remuneration is keeping with present Australian and international trends in remuneration practice which link compensation to performance.

6. DIRECTORS' AND EXECUTIVES' REMUNERATION CONTINUED

(ii) Existing Guarantees to ATO

Since May 2002 Mr Vitale and Ms Field have provided personal guarantees to the ATO to the value of approximately $700,000 in support of the Company's outstanding obligations. To date this has been at no cost to the Company. In the event that there is a change of control, or either of Ms Field or Mr Vitale cease to be directors of the Company, the full amount of the amount payable to the ATO must be paid in full within 5 business days of them ceasing to hold office.

Under a Deed of Indemnity executed by the Company on 17 December 2002 Mr Vitale and Ms Field have the right to direct the Company to pay in full the amount of the debt owing to the ATO upon the Company completing capital raisings as contemplated in the Deed. They reserve the right to exercise this right at any time.

(iii) Stand-by Loans

Ms Field and Mr Vitale have agreed to provide the Company with stand-by loans of $160,000 at no fee and at no interest to the Company.

(iv) Termination Period

A mutual termination notice period of 12 months is to apply in respect of each of Ms Field and Mr Vitale. The notice period is believed to be consistent with standard industry practice for positions of this level of seniority. The quantum of any payment in lieu of notice is to be calculated on the basis of the average annual gross salary plus directors' fees paid in the preceding 3 years from the date of any notice being given.

(v) Option Incentive

The Board has agreed to an appropriate executive option incentive package for each of Mr Vitale and Ms Field to be put to shareholders for their consideration and approval at a convenient meeting of shareholders.

(vi) Preservation of Accrued Benefits

The financial quantum of all leave entitlements and deferred salaries and benefits accrued as at 30 June 2004 to be fully preserved.

(vii) Salary Review

Upon the Company making a decision to mine at Mt Kasi and /or achieving operating status, the salaries paid to Mr Vitale and to Ms Field are to be reviewed in accordance with comparable industry rates.

Present base salary arrangements as from 1 July 2004, (excluding directors' fees):

	Base Salary $	Superannuation $	Total $
J.G. Vitale	186,000	16,740	**202,740**
S.J. Field	80,000	7,200	**87,200**
Total	**266,000**	**23,940**	**289,940**

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

	Notes	CONSOLIDATED		BURDEKIN PACIFIC LIMITED	
		2004 $	2003 $	2004 $	2003 $
7. RECEIVABLES (CURRENT)					
Trade debtors	7(a),(b)	**2,183**	758	**1,907**	98
Allowance for doubtful debts		**-**	-	**-**	-
		2,183	758	**1,907**	98
Other receivables	7(b)	**35,126**	101,243	**4,444**	208
Goods and Services Tax (GST) recoverable		**13,073**	1,387	**13,073**	1,387
Value Added Tax (VAT) recoverable		**39,441**	-	**-**	-
Amounts other than trade debts receivable from related parties:					
Director and personally related entities					
- personally related entity	7(b)(iv)	**2,197**	2,197	**2,197**	2,197
		92,020	105,585	**21,621**	3,890
(a) Australian dollar equivalents					
Includes Australian dollar equivalent of amounts receivable in foreign currencies not effectively hedged:					
- Fiji		**39,966**	660	**-**	-

b) Terms and conditions

(i) Trade debtors are non-interest bearing and are generally on 30 day terms.
(ii) Sundry debtors and other receivables are provided on an unsecured basis and is non-interest bearing.
(iii) Non-hedged foreign currency receivable represents long outstanding trade debtors at Mt Kasi Limited, (Fiji).
(iv) Dr Rugless is a director of Platquest Resources Pty Ltd.

Details of the terms and conditions of related party receivables are set out in note 32.

8. INVENTORIES (CURRENT)				
Raw materials, stores and consumables – at cost	**4,167**	-	**-**	-
Total inventories at lower of cost and net realisable value	**4,167**	-	**-**	-

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

	Notes	CONSOLIDATED 2004 $	CONSOLIDATED 2003 $	BURDEKIN PACIFIC LIMITED 2004 $	BURDEKIN PACIFIC LIMITED 2003 $
9. OTHER FINANCIAL ASSETS (CURRENT)					
Shares held for resale:					
Listed on a prescribed stock exchange at cost	9(a)	-	3,500,000	-	3,500,000
Recoverable amount provision		-	(2,236,942)	-	(2,236,942)
		-	1,263,058	-	1,263,058
(a) Aggregate quoted market value at balance date of investments listed on a prescribed stock exchange					
Shares held for resale		-	1,263,058	-	1,263,058

Listed shares are readily saleable with no fixed terms. There were no shares held for resale at the reporting date. There was no capital gains tax payable, resulting from the sale of shares.

	Notes	CONSOLIDATED 2004 $	CONSOLIDATED 2003 $	BURDEKIN PACIFIC LIMITED 2004 $	BURDEKIN PACIFIC LIMITED 2003 $
10. OTHER ASSETS (CURRENT)					
Prepayments		**62,972**	11,609	**37,543**	11,609
Capitalised borrowing costs		**453**	330	**453**	330
		63,425	11,939	**37,996**	11,939
11. RECEIVABLES (NON-CURRENT)					
Funds held on deposit to secure bank guarantees	11(a)	**275,217**	274,599	**90,000**	90,000
Security deposits and performance bonds		**29,729**	35,584	**10,000**	10,000
Rental bonds		**30,000**	30,000	**30,000**	30,000
Solicitors security deposit		**11,000**	-	**11,000**	-
		345,946	340,183	**141,000**	130,000
Non-trade receivables from related parties:					
Wholly owned group					
- Unsecured loans to controlled entities				**14,604,675**	13,128,335
- Provision for non-recovery				**(14,590,546)**	(13,109,334)
				14,129	19,001
- Secured loans to controlled entities				**7,376,802**	6,999,348
- Provision for non-recovery				**(5,376,802)**	(4,999,348)
				2,000,000	2,000,000
Other parties					
- Unsecured loan to other entity		769,237	713,165	**769,237**	713,165
- Provision for doubtful debts		(769,237)	(713,165)	**(769,237)**	(713,165)
		-	-	-	-
		345,946	340,183	**2,155,129**	2,149,001

11. RECEIVABLES (NON-CURRENT)

(a) Terms and conditions

Terms and conditions relating to the above financial instruments:

Term deposits have a weighted average term equivalent to 5.7 months (2003: 8.5 months) and have a weighted average fixed interest rate equivalent to 2.3% per annum (2003: 2.6% per annum) for the year.

The term deposits are held as security by a bank which has provided bank guarantees, on behalf of the consolidated entity, in respect of:

- exploration and mining leases to the extent of $304,946 (2003: $310,183) which the company or one of its subsidiaries has entered into;
- cash backed security totalling $30,000 (2003: $30,000) has been provided to secure rental bonds; and
- cash backed security totalling $11,000 (2003: Nil) has been provided to secure future legal costs incurred with the Company's solicitors

and will be continually reinvested until the bank guarantees are released.

	Notes	CONSOLIDATED		BURDEKIN PACIFIC LIMITED	
		2004 $	2003 $	2004 $	2003 $
12. OTHER FINANCIAL ASSETS (NON-CURRENT)					
Investments at cost comprise:					
Shares					
Controlled entities – unlisted	13			**9,862,378**	9,862,378
Provision for non-recovery				**(9,862,378)**	(9,862,378)
				-	-
Investment held in other entities					
Shares					
eMAX Entertainment Pty Ltd (in voluntary administration) - unlisted	12(a)	**1,183,994**	1,183,994	**1,183,994**	1,183,994
Provision for non-recovery		**(1,183,994)**	(1,183,994)	**(1,183,994)**	(1,183,994)
		-	-	**-**	-
Total investments		**-**	-	**-**	-

There would be no capital gains if these assets were sold at their market values at reporting date.

12(a) On completion of a review of the financial and operating position of eMAX Entertainment Pty Ltd ("eMAX"), on 10 September 2002 the Board of eMAX resolved to appoint Voluntary Administrators to eMAX to take operational control of the company. Messrs Vincent Smith and Bryan Hughes of Chartered Accountants Norgard Clohessy (now Pitcher Partners) were appointed and Burdekin agreed to fund the company during the initial period of Administration with the view to the business being sold as a going concern.

At a creditors meeting which was held on 4 October 2002, it was announced that the business of eMAX had been sold as a going concern for fixed consideration of approximately $98,000 plus deferred consideration comprising a share of gross margin generated by the business over the next two years, estimated by the Administrator to be approximately $71,000.

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

12. OTHER FINANCIAL ASSETS (NON-CURRENT) CONTINUED

In addition, creditors passed a unanimous resolution to implement a Deed of Company Arrangement ("DOCA"). Under the proposal, Burdekin has agreed to renounce its right to participate in dividends in relation to its pre-administration loan account – approximately $630,000, until such time that all other unsecured creditors have been paid in full. Burdekin also agreed to provide an indemnity to the Australian Taxation Office ("ATO") for $142,000 in relation to unpaid PAYG. The remaining balance at the end of the financial period is approximately $71,000 (2003: $127,000).

Under the DOCA, it is anticipated that control of eMAX will remain with the Voluntary Administrators for up to two years during which period the deferred component of the sale of business consideration is to be collected and distributed to creditors. As a result of this eMAX has been de-consolidated effective 10 September 2002 and is no longer considered as a subsidiary of the consolidated group. The financial effect in the 2003 financial period of this resulted in a net gain of $385,898. It is expected that on completion of the DOCA that the company will be liquidated.

Pitcher Partners have recently advised that the entity that acquired eMAX has subsequently gone into administration and it is unlikely that the deferred consideration will be received and it is likely as a result that the eMAX will be liquidated if approved at a future creditors meeting.

13. INTERESTS IN SUBSIDIARIES

Name	Country of Incorporation	Percentage of equity interest held by the consolidated entity 2004 %	2003 %
Volley Oil Pty Ltd	Australia	100	100
Tennscourt Oil Pty Ltd	Australia	100	100
Gold Dredging Pty Ltd	Australia	100	100
Leeturn (No 164) Pty Ltd	Australia	100	100
Nationwide Pacific Pty Limited	Australia	100	100
Audesso Limited	Australia	100	100
Audesso Mining (Fiji) Limited	Fiji (i)	100	100
Pacific Islands Gold (Fiji) Ltd	Fiji (i)	100	100
Pacific Islands Gold de Mexico de SACV	Mexico (ii)	100	100
ICE Interactive Pty Ltd	Australia	100	100
eMAX Entertainment Pty Ltd	Australia (iii)	100	100
Xstream Pty Ltd	Australia (iii)	100	100

(i) controlled entities that are audited by Price Waterhouse Coopers, Lautoka, Fiji.

(ii) dormant company that is not required to be audited.

(iii) during the 2003 financial year this company was placed into Voluntary Administration. Although the parent company still technically owns 100% of the shares on issue it does not consider that it has the ability to control the operations of the company and as such has been de-consolidated, effective from 10 September 2002. Refer to details at Note 12(a).

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

	Notes	CONSOLIDATED		BURDEKIN PACIFIC LIMITED	
		2004	2003	2004	2003
		$	$	$	$
14. PLANT AND EQUIPMENT					
Plant and equipment					
At cost		**482,605**	434,757	**429,585**	428,375
Accumulated depreciation		**(423,622)**	(425,058)	**(418,518)**	(421,229)
	14 (a)	**58,983**	9,699	**11,067**	7,146
Plant & equipment under charge					
At fair value	14 (a),(b),(c)	-	15,000	-	-
Total plant and equipment					
At cost		**482,605**	434,757	**429,585**	428,375
At fair value		-	15,000	-	-
		482,605	449,757	**429,585**	428,375
Accumulated depreciation		**(423,622)**	(425,058)	**(418,5181)**	(421,229)
		58,983	24,699	**11,067**	7,146
(a) Reconciliations					
Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the current and previous financial year					
Plant and equipment					
Carrying amount at beginning		**9,699**	63,050	**7,146**	24,762
Additions		**57,048**	-	**10,410**	-
Written down value – closure technology investment		**-**	(32,371)	**-**	-
Disposals	3(b)	**(9,200)**	-	**(9,200)**	-
Assets sold previously fully depreciated		**9,200**	-	**9,200**	-
Depreciation expense	3(a)	**(7,764)**	(20,980)	**(6,489)**	(17,616)
		58,983	9,699	**11,067**	7,146
Plant & equipment under charge					
Carrying amount at beginning					
Additions through acquisition of entities	25(f)	**15,000**	45,550	**-**	-
Depreciation expense		**-**	-	**-**	-
Disposals	3(b)	**(9,665)**	(8,371)	**-**	
Write-down of non-current assets to fair value		**(5,335)**	(22,179)	**-**	-
		-	15,000	**-**	-

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

14. PLANT AND EQUIPMENT CONTINUED

b) Assets pledged as security

2004

Plant and equipment owned by the Company's subsidiary ICE Interactive Pty Ltd ("ICE") was sold during the year and the funds applied against loans provided by the parent entity in accordance with the security held by the Company.

2003

Included in the balance is plant and equipment, furniture and fittings and leasehold improvements owned by the Company's subsidiary ICE Interactive Pty Ltd ("ICE"). ICE was placed into Voluntary Administration on 9 July 2002 and has subsequently entered into a Deed of Company Arrangement with the unsecured creditors. Burdekin has provided loan funds of $3,999,348 under a registered charge over fixed and floating assets of ICE. The term of the charge precludes the assets being sold or being used for security for further mortgages without the permission of the first mortgage holder.

As ICE has discontinued its operations and is now effectively a dormant company it is considered appropriate to value the secured assets at their fair value, based upon their sale other than as a going concern.

c) Valuations

The fair values in 2003 were determined by reference to directors valuations based upon independent valuations obtained by Voluntary Administrator, Norgard Clohessy (now Pitcher Partners) during their appointment as Voluntary Administrator for ICE Interactive Limited, now ICE Interactive Pty Ltd.

Such valuations were performed on an open market basis, being the amounts for which assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the valuation date; in particular if sold in an auction form. The assets were disposed of during the 2004 financial year (refer at 14(a).

d) Aggregate Depreciation

Aggregate depreciation allocated, whether recognised or capitalised as part of the carrying amount of the asset during the year.

	Notes	CONSOLIDATED		BURDEKIN PACIFIC LIMITED	
		2004 $	2003 $	2004 $	2003 $
Plant and equipment		**7,764**	20,980	**6,489**	17,616
		7,764	20,980	**6,489**	17,616

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

	Notes	CONSOLIDATED		BURDEKIN PACIFIC LIMITED	
		2004	2003	2004	2003
		$	$	$	$
15 DEFERRED EXPLORATION, EVALUATION AND DEVELOPMENT COSTS					
Exploration, evaluation and development costs carried forward in respect of mining areas of interest					
Pre-production					
- exploration and evaluation phases					
Fiji	15(a)	**6,126,539**	5,521,546	**-**	-
Australia		**370,566**	370,566	**70,111**	70,111
	15(b)	**6,497,105**	5,892,112	**70,111**	70,111

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective mining areas.

	CONSOLIDATED 2004	CONSOLIDATED 2003	BURDEKIN PACIFIC LIMITED 2004	BURDEKIN PACIFIC LIMITED 2003
15(a) exploration and evaluation – Fiji				
- Fiji exploration and evaluation expenditure	**7,554,506**	6,900,000	**-**	-
- deferred royalties payable to Fijian Government	**(251,745)**	(244,051)	**-**	-
- other deferred debt payable to Fijian Government authorities	**(1,176,222)**	(1,134,403)	**-**	-
Net Carrying Value	**6,126,539**	5,521,546	**-**	-

A long term deferral of debt obligations to the Fijian Government until six months following re-commissioning of the Mt Kasi Mine was agreed by the Government Cabinet at a meeting held on 20 July 1998. At that time payments will be required to be made in twelve equal monthly instalments six months after production has commenced at the Mt Kasi Mine.

	CONSOLIDATED 2004	CONSOLIDATED 2003	BURDEKIN PACIFIC LIMITED 2004	BURDEKIN PACIFIC LIMITED 2003
15(b) Eexploration and evaluation expenditure				
Balance at the beginning of the year	**5,892,112**	6,626,905	**70,111**	70,111
- evaluation expenditure incurred during the year	**79,220**	119,520	**59,475**	94,942
- evaluation expenditure expensed directly against profit	**(79,220)**	(119,520)	**(59,475)**	(94,942)
- disposal of mining tenement through sale of shares in subsidiary	**-**	(850,797)	**-**	-
- foreign exchange movement on translation	**(49,513)**	116,004	**-**	-
- expenditure written off during the year	**-**	-	**-**	-
- expenditure capitalised during the year	**654,506**	-	**-**	-
Balance at the end of the year	**6,497,105**	5,892,112	**70,111**	70,111

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

	Notes	CONSOLIDATED 2004 $	CONSOLIDATED 2003 $	BURDEKIN PACIFIC LIMITED 2004 $	BURDEKIN PACIFIC LIMITED 2003 $
16. PAYABLES (CURRENT)					
Trade creditors	16(b)	**359,763**	556,886	**263,351**	345,873
Other creditors and accruals	16(a),16(b),16(c)	**727,379**	997,374	**322,496**	199,170
Interest accrued – Convertible / Promissory Notes	16(d)	**22,177**	-	**22,177**	-
Goods and services tax		**80**	8	**80**	8
Directors and personally-related entities		**32,756**	-	**32,756**	-
		1,142,155	1,554,268	**640,860**	545,051
(a) Includes Australian dollar equivalent of amounts payable in foreign currencies not effectively hedged:					
- Fiji Dollars		**199,266**	138,346	-	-

(b) Terms and conditions relating to the above financial instruments:

(i) Trade creditors are non-interest bearing and are normally settled between 60 and 90 (2003: 60 and 90) day terms.

(ii) Other creditors are non-interest bearing and are normally settled between 60 and 90 (2003: 60 and 90) day terms.

(c) Included in the above consolidated payables balance are amounts which have been joint and severally guaranteed by Mr J.G. Vitale and Ms S.J. Field on behalf of the Company's subsidiaries ICE Interactive Pty Ltd and eMAX Entertainment Pty Ltd for $120,000 and $71,214 respectively. Mr Vitale and Ms Field have been provided with supporting securities by way of registered mortgages over the Company's and its subsidiaries assets.

(d) Interest payable accrued relates to existing convertible and promissory notes (refer Note 17). Interest is charged at 7.5% and 10% and paid in arrears on 31 May and 30 November.

	Notes	CONSOLIDATED 2004 $	CONSOLIDATED 2003 $	BURDEKIN PACIFIC LIMITED 2004 $	BURDEKIN PACIFIC LIMITED 2003 $
17. INTEREST-BEARING LIABILITIES (CURRENT)					
Secured:					
Ocean Resources Capital Holdings plc					
Short term advance	17(a)	-	301,280	-	301,280
Straits Resources Limited					
Promissory Notes	17(e)	**400,000**	-	**400,000**	-
Total Secured Interest Bearing Liabilities		**400,000**	301,280	**400,000**	301,280
Unsecured:					
Deferred vendor consideration payable	17(b)	-	66,000	-	66,000
Other loan	17(c)	**11,934**	10,569	**11,934**	10,569
Ocean Resources Capital Holdings plc					
Promissory Notes	17(d)	**2,800,000**	-	**2,800,000**	-
Convertible Notes	17(d)	**700,000**	-	**700,000**	-
		3,500,000	-	**3,500,000**	-
Total Unsecured Interest Bearing Liabilities		**3,511,934**	76,569	**3,511,934**	76,569
Total Interest Bearing Liabilities		**3,911,934**	377,849	**3,911,934**	377,849
(a) Includes Australian dollar equivalent of amounts payable in foreign currencies not effectively hedged:					
- Great British Pounds		-	301,280	-	301,280

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

17. INTEREST-BEARING LIABILITIES (CURRENT) continued

Terms and conditions relating to the above financial instruments:

17(a) A short-term loan with a face value of £120,000 was provided by Ocean Resources Capital Holdings plc ("Ocean") to provide the Company with working capital until such time that Ocean shares held by the Company are sold, on the following terms and conditions:

(i) an undertaking to provide a secured charge on the Ocean shares held by the Company.
(ii) interest is payable on the loan at an annual rate of LIBOR plus 2%, payable in arrears on the last business day of each calendar month.
(iii) the loan is required to be paid on or before 31 May 2003, or on the sale of the Ocean shares. whichever is earlier unless mutually agreed otherwise.

The loan was repaid on 3 October 2003 following the sale of the first tranche of Ocean shares in accordance with the terms as agreed.

17(b) this was made up of the deferred consideration payable (under the purchase agreement executed on 21 December 2001) to one of the vendors of eMAX Entertainment Pty Ltd of $36,000 and an amount of $30,000 was originally required to be paid in shares but likely to be paid in cash when settled. It has been mutually agreed by both parties that interest will accrue at a rate of 10% until the date that it has been paid in full. The deferred consideration was paid in full during the year with the final instalment being made on 1 April 2004.

17(c) this represents an insurance premium funding arrangement. The loan is payable over 12 months, is charged an annual interest rate of 16.5% (2003:16.5%) and will be paid in full by the end of October 2004 (2003: October 2003).

17(d) on 28 February 2003 the Company issued unsecured, 2 year loan securities with an aggregate face value of $3,500,000 to a London based AIM listed investment house, Ocean Resources Capital Holdings plc ("Ocean"). The $700,000 Convertible Notes were issued on the following terms and conditions:

Maturity Date:	28 February 2005;
Coupon Rate:	10% per annum, payable semi annually in arrears 31 May and 30 November;
Conversion Price:	6.0 cents per share;
Conversion Rights:	may convert twice yearly until maturity, with 28 days notice from each interest payment date; and
Transferability:	the notes are freely transferable.

The $2,800,000 Promissory Notes do not hold any conversion rights however the Company agreed that it would seek shareholder approval for conversion rights on the same terms as the Convertible Notes. At the Company's AGM held on 28 November 2003 the resolution was not supported by shareholders, resulting in the status of the notes remaining as that of promissory notes or unsecured debt.

17(e) under a Heads of Agreement dated 5 June 2003, Straits Resources Limited advanced $400,000 to Burdekin which was to form part of the purchase price for the acquisition of an interest in the Mt Kasi Gold Project. As was agreed, in the event that the sale did not complete, the advance is to be treated as a convertible loan on the following terms and conditions:

Maturity Date:	18 June 2005;
Coupon Rate:	7.5% per annum, payable semi annually in arrears 31 May and 30 November;
Conversion Price:	2.5 cents per share;
Conversion Rights:	subject to shareholder approval, may convert twice yearly until maturity, by giving at least 7 days notice prior to an Interest Repayment Date; and
Security:	the Notes are secured by a fixed and floating charge over the assets of Burdekin Pacific Limited, Audesso Limited and Nationwide Pacific Pty Limited ranking parri-passu with security held by existing guarantors.

Conversion rights were sought at the Company's AGM held on 28 November 2003 but were not approved by shareholders. The status of the notes remains therefore as secured promissory notes or secured debt.

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

	Notes	CONSOLIDATED 2004 $	CONSOLIDATED 2003 $	BURDEKIN PACIFIC LIMITED 2004 $	BURDEKIN PACIFIC LIMITED 2003 $
18. PROVISIONS (CURRENT)					
Employee entitlements	27	**16,153**	140,332	**12,203**	134,115
		16,153	140,332	**12,203**	134,115
19. PAYABLES (NON-CURRENT)					
Other creditors		**306,963**	372,640	**88,568**	114,245
		306,963	372,640	**88,568**	114,245
- Fiji dollars		-	-	-	-

Terms and conditions relating to the above financial instruments:

Included in the above consolidated payables balance are amounts which have been joint and severally guaranteed by Mr J.G. Vitale and Ms S.J. Field on behalf of the Company's subsidiaries ICE Interactive Pty Ltd for $218,395. The Company supported by registered mortgages over the Company's and its subsidiaries assets has indemnified these amounts.

	Notes	CONSOLIDATED 2004 $	CONSOLIDATED 2003 $	BURDEKIN PACIFIC LIMITED 2004 $	BURDEKIN PACIFIC LIMITED 2003 $
20. INTEREST BEARING LIABILITIES (NON-CURRENT)					
Unsecured					
Convertible Notes	17(d)	-	700,000	-	700,000
Promissory Notes	17(d)	-	2,800,000	-	2,800,000
Deferred vendor consideration payable	20(a)	**324,000**	324,000	**324,000**	324,000
		324,000	3,824,000	**324,000**	3,824,000
Secured					
Convertible Notes	17(e)	-	400,000	-	400,000
		324,000	4,224,000	**324,000**	4,224,000

Terms and conditions relating to the above financial instruments:

(a) The deferred cash consideration payable is an amount owed to an eMAX Entertainment Pty Ltd ("eMAX") vendor under the original Sale and Purchase Agreement executed on 21 December 2001 and which was prima facie due to have been paid on or before 31 March 2003.

The Company has commenced proceedings in the Federal Court of Western Australia against Communitee Pty Ltd, a vendor of shares in eMAX and a former director of eMAX. The Company considers that there have been material breaches of warranties given in the sale and purchase agreement, breaches of the *Trade Practices Act (1974 Cth)* and the *Fair Trading Act 1987 (NSW)*.

The original purchase price to be paid for eMAX by Burdekin was $1,200,000, payable in cash and shares. Of this, $540,000 was paid at the time of the acquisition. eMAX was placed into administration on 10 September 2002. At that time Burdekin had advanced loan funds and met other costs associated directly with eMAX amounting to approximately $600,000. Under the action, the Company is seeking relief from the specific performance of the contract which requires the payment of further consideration of $270,000 (see Note 23) in Burdekin shares and $324,000 in cash; an adjustment of the original purchase price paid by Burdekin to nil, and the payment to Burdekin of compensation in the amount or loss or damage suffered as a result of the contract.

20. INTEREST BEARING LIABILITIES (NON-CURRENT) continued

The defendants have lodged a cross claim in the Federal Court making a claim for relief by way of a judgment in the amount of $594,000 plus interest; unspecified damages pursuant to S52 of the *Trade Practices Act* and costs. In addition the defendant has initiated a claim against Burdekin Pacific Limited and a director, Mr Vitale under S 106 of the NSW *Industrial Relations Act 1996* seeking to vary the original terms of his employment contract as well as the terms of the sale and purchase agreement. All proceedings have subsequently been transferred to the Supreme Court of New South Wales.

The Company has indemnified Mr Vitale, against liability for costs and expenses incurred in defending proceedings brought against him by Mr Wiles and Communitee Pty Ltd. The Directors believe that the Company has good prospects in successfully prosecuting its claim and defending the counter claim made in the NSW Supreme Court.

	Notes	CONSOLIDATED		BURDEKIN PACIFIC LIMITED	
		2004	2003	2004	2003
		$	$	$	$
21. PROVISIONS (NON-CURRENT)					
Employee Entitlements	27	**52,289**	80,560	**52,286**	80,560
Environmental, restoration and rehabilitation	21(a),(b)	**1,518,291**	1,488,333	**538,070**	538,070
		1,570,580	1,568,893	**590,356**	618,630

21(a) Provision for environmental restoration and rehabilitation

A provision for environmental restoration and rehabilitation is recognised in relation to exploration and mining activities for such costs as restoration, stabilisation and revegetation of mine residue, tailings or overburden dumps, plant closure, platform removal and other costs associated with the restoration of the mining site, including subsequent monitoring of the environment.

Estimates of the restoration costs are based on anticipated technology and legal requirements and expected future costs. The estimated costs have not been discounted to their present value. In determining the provision, the consolidated entity has assumed no significant change will occur in the relevant legislative area of interest in relation to such mines and exploration activities in the future.

21(b) Movement in provisions

Carrying value at beginning	**1,488,333**	1,552,667	**538,070**	538,070
Additional provision	**-**	-	**-**	-
Amounts utilised during the year	**-**	-	**-**	-
Foreign exchange translation movement	**29,958**	(64,334)	**-**	-
	1,518,291	1,488,333	**538,070**	538,070

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

	Notes	CONSOLIDATED 2004 $	CONSOLIDATED 2003 $	BURDEKIN PACIFIC LIMITED 2004 $	BURDEKIN PACIFIC LIMITED 2003 $
22. CONTRIBUTED EQUITY					
(a) Issued and paid up capital					
Ordinary shares fully paid	22(b)	**51,320,214**	47,873,225	**51,320,214**	47,873,225

(b) Movement in shares on issue

	2004 Number of Shares	2004 $	2003 Number of Shares	2003 $
Beginning of the financial year	**126,243,502**	**47,873,225**	74,914,512	46,353,859
Issues of Fully Paid Ordinary Shares completed during the year				
Placement to sophisticated investors completed on 20 November 2003	**11,000,000**	**264,000**	-	-
1 for 1 Rights Issue pursuant to Prospectus dated 22 October 2003, completed on 31 December 2003	**126,243,502**	**2,777,357**	-	-
Share Placement pursuant to Prospectus dated 22 October 2003, completed on 9 March 2004	**19,693,458**	**472,643**	-	-
Placement to sophisticated investor completed on 9 March 2004	**903,208**	**21,677**	-	-
Share placement completed on 19 Jul 2002	-	-	11,000,000	330,000
Share Purchase Plan completed 10 Sep 2002			25,238,935	807,646
Directors shares issued 24 Dec 2002	-	-	2,450,000	73,500
Share placement pursuant to Prospectus dated 28 February 2003	-	-	4,788,203	148,434
Share placement pursuant to Prospectus dated 5 March 2003	-	-	1,851,852	50,000
Share placement completed on 5 June 03	-	-	6,000,000	180,000
	284,083,670	**51,408,902**	126,243,502	47,943,439
Less transaction costs		**(88,688)**		(70,214)
		51,320,214		47,873,225

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

22. CONTRIBUTED EQUITY continued

(c) Share Options

Option on issue at the beginning of the year

There were a total of 21,990,008 unlisted options on issue at the beginning of the financial year, made up as follows:

- 400,008 options over ordinary shares pursuant to a Prospectus dated 20 March 2000 (i).
- 1,500,000 options over ordinary shares pursuant to terms and conditions approved by shareholders at AGM held on 30 November 2001 (ii)
- 11,000,000 free attaching options to subscribe for ordinary shares at 15 cents were issued with an expiry date of 31 May 2005, as approved by shareholders at the GM held on 3 September 2002 (iii)
- 9,090,000 Directors Options to subscribe for ordinary shares at 6 cents were issued with an expiry date of 31 May 2004, as approved by shareholders at the AGM held on 29 November 2002 (iv)

Terms and conditions of Options on issue at the beginning of the year

(i) One third exercisable at $1.50 at any time after 180 days of their issue, one third are exercisable at an exercise price of $1.87 at any time after the second anniversary of their date of issue, the balance of the options are exercisable at an exercise price of $2.25 at any time after the third anniversary of their date of issue. An option not exercised before 5.00 pm (WST) on the fifth anniversary date of their issue will lapse.

(ii) On 21 December 2001 the Company executed a Share Acquisition Deed to acquire eMAX Entertainment Pty Ltd ("eMAX") as approved by shareholders at AGM held 30 November 2001. 1,500,000 options to subscribe for ordinary shares exercisable at 20 cents were issued to certain of the vendors of eMAX with an expiry date of 9 January 2005.

(iii) Attaching options issued in accordance with shareholder approval received at GM held on 3 September 2002 are exercisable at any time at an exercise price of $0.15 per share on or before 31 August 2005. An option not exercised before 5pm WST on that date will automatically lapse. The options are unlisted and are freely transferable.

(iv) Directors options issued in accordance with shareholder approval received at AGM held on 29 November 2002 were exercisable at any time at an exercise price of 6 cents per share on or before 5pm 31 May 2004, at which date they would automatically lapse. In the event that a director ceased to hold office as a director he or she (or his or her nominee) would have 90 days from that date on which the director ceased to hold office as a director within which to exercise any options. Any options not exercised within that 90 day period would automatically lapse.

These options were not exercised during the period by any of the directors and have therefore now lapsed.

Options over ordinary shares cancelled / lapsed during the year

The Directors Options issued pursuant to approval by shareholders at AGM held on 29 November 2002 lapsed during the year. No other options were cancelled or lapsed during the financial year.

Subsequent to year end, the Directors Options issued on 24 December 2003, to Mr Schaus pursuant to shareholder approval at the company's AGM held on 29 November 2003 lapsed on 4 September 2004, in accordance with the terms and conditions under which they were approved and issued.

Options over ordinary shares issued during the year

(a) 1,500,000 Directors Options to subscribe for ordinary shares at 6 cents at any time after 15 October 2004 and 1,000,000 Directors Options to subscribe for ordinary shares at 9 cents at any time after 15 March 2005 were issued to Mr Schaus with an expiry date of 15 March 2006, as approved by shareholders at the AGM held on 28 November 2003. The fair value of the options using the Black Scholes model is $23,723 with a value of 1.01 cents per share for each 6 cent option and 0.85 cents per share for each 9 cent option.

(b) 1,000,000 Unlisted Options to subscribe for ordinary shares at 6 cents at any time after 15 October 2004 and 1,000,000 Unlisted Options to subscribe for ordinary shares at 9 cents at any time after 15 March 2006, were issued to an unrelated party as approved by shareholders at the AGM held on 29 November 2003. The fair value of the options using the Black Scholes model is $18,658.02 with a value of 1.01 cents per share for each 6 cent option and 0.85 cents per share for each 9 cent option.

At end of the year there were 17,400,008 (2003: 21,900,008) unissued ordinary shares in respect of which options were outstanding.

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

22. CONTRIBUTED EQUITY continued

(d) Terms and conditions of contributed equity

The rights attaching to ordinary shares are set out in the Company's Constitution which was adopted by shareholders at General Meeting held on 15 October 1999.

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid on shares held.

The voting right attached to each ordinary fully paid share entitles their holder to one vote, either in person or by proxy, at a meeting of the Company.

At balance date the Company's issued capital comprised totally of fully paid shares.

	Notes	CONSOLIDATED		BURDEKIN PACIFIC LIMITED	
		2004 $	2003 $	2004 $	2003 $
23. DEFERRED EQUITY					
Deferred vendor consideration payable in shares	23(a)	**270,000**	270,000	**270,000**	270,000

(a) Under the original eMAX sale and purchase agreement executed on 21 December 2001 the Company is required to issue deferred share consideration of fully paid ordinary shares to the value $270,000 (2002: $300,000). Prima facie the shares were to have been issued at the prevailing share price 10 days prior to 31 March 2003, however the Company has commenced proceedings in the Federal Court of Western Australia against Communitee Pty Ltd, a vendor of shares in eMAX and a former director of eMAX. Refer notes 17(b) and 20(a) for additional detail.

	Notes	CONSOLIDATED 2004 $	CONSOLIDATED 2003 $	BURDEKIN PACIFIC LIMITED 2004 $	BURDEKIN PACIFIC LIMITED 2003 $
24. ACCUMULATED LOSSES					
Accumulated losses	24(a)	**(51,250,969)**	(48,431,967)	**(54,324,841)**	(50,342,422)
(a) Accumulated losses					
Balance at beginning of year		**48,431,967**	43,890,594	**50,342,422**	45,836,111
Net loss attributable to members of Burdekin Pacific Limited		**2,819,002**	4,541,373	**3,982,419**	4,506,311
Balance at end of year		**51,250,969**	48,431,967	**54,324,841**	50,342,422

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

	Notes	CONSOLIDATED		BURDEKIN PACIFIC LIMITED	
		2004 $	2003 $	2004 $	2003 $
25. STATEMENT OF CASH FLOWS					
(a) Reconciliation of the operating loss after tax to the net cash flows from operations					
Loss from ordinary activities after tax		**(2,819,002)**	(4,541,967)	**(3,982,419)**	(4,506,311)
Non cash items					
Depreciation /Amortisation of non-current assets		**7,764**	20,980	**6,489**	17,616
Write down of non-current assets		**-**	215,540	**-**	7,777
Forgiveness of liability owed by ICE Interactive Pty Ltd		**-**	(571,482)	**-**	
Provision for non-recovery loan to controlled entity		**-**	-	**1,858,174**	787,906
			-		
Provision for non-recovery loan to other entity		**56,073**	88,469	**56,073**	88,469
Recoverable amount write down of investments		**-**	1,894,588	**-**	1,894,588
Provision for restoration, rehabilitation & environmental expense		**29,958**	(64,334)	**-**	-
Fair value increase deferred vendor consideration payable		**-**	19,632	**-**	19,632
Net foreign currency (gains)/losses		**72,530**	105,071	**(137)**	342,354
Net (profit) / loss on disposal of plant and equipment		**(3,865)**	-	**(9,200)**	-
Net (profit)/loss on disposal of investment		**34,996**	-	**34,996**	-
Net loss on assignment of receivable on sale of subsidiary		**-**	2,388,174	**-**	-
Net gain on deconsolidation of subsidiary		**-**	(1,537,379)	**-**	-
Changes in assets and liabilities					
(Increase)/decrease in trade and other receivables		**13,565**	6,513	**(17,731)**	21,695
(Increase)/decrease in inventory		**(4,167)**	6,588	**-**	-
(Increase)/decrease in other assets		**(51,486)**	16,593	**(26,057)**	8,598
(Decrease)/increase in payables		**(426,087)**	(32,767)	**(44,860)**	207,150
(Decrease)/increase in employee entitlements		**(152,450)**	56,059	**(150,186)**	84,526
Net cash flow from/(used in) operating activities		**(3,242,171)**	(1,929,722)	**(2,274,858)**	(1,026,000)
(b) Reconciliation of cash					
Cash balances comprise:					
- cash on hand		**549,384**	311,664	**537,370**	309,548
(c) Financing facilities available					
At reporting date, the following financing facilities had been negotiated and were available:					
Directors stand-by loan facility					
Total facility		**160,000**	180,000	**160,000**	180,000
Used at reporting date		**(16,256)**	(5,000)	**(16,256)**	(5,000)
Facility unused at reporting date		**143,744**	175,000	**143,744**	175,000

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

25. STATEMENT OF CASH FLOWS continued

(d) Non-Cash Financing and Investing Activities

2004

There have been no non-cash financing or investing activities during the financial year.

2003

Issue of Ordinary Shares and Options

As approved by shareholders at the Company's Annual General Meeting held on 29 November 2002 the Company completed the: -

(c) issue of 2,450,000 ordinary fully paid shares to the directors or their nominees for no cash consideration in payment for unpaid salaries and fees at a deemed issue price of 3 cents; and

(d) issue of 9,090,000 options to subscribe for fully paid ordinary shares at any time at an exercise price of 6 cents on or before 31 May 2004.

Issue of Convertible Notes and Promissory Notes

On 28 February 2003 the Company issued unsecured, 2 year loan securities with an aggregate face value of $3,500,000 to a London based AIM listed investment house, Ocean Resources Capital Holdings plc ("Ocean"). The $700,000 Convertible Notes were issued on the following terms and conditions:

Maturity Date:	28 February 2005;
Coupon Rate:	10% per annum, payable semi annually in arrears 31 May and 30 November;
Conversion Price:	6.0 cents per share;
Conversion Rights:	may convert twice yearly until maturity, with 28 days notice from each interest payment date; and
Transferability:	the notes are freely transferable.

The $2,800,000 Promissory Notes do not hold any conversion rights however the Company has agreed that it would seek shareholder approval for conversion rights on the same terms as the Convertible Notes. Conversion rights were sought at the Company's AGM held on 28 November 2003 but were not approved by shareholders. The status of the notes remains therefore as promissory notes of unsecured debt.

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

25. STATEMENT OF CASH FLOWS continued

(e) Disposal of Controlled Entity

During the 2003 year the Company disposed 100% of the shares in its controlled entity, GEL Oil Pty Ltd, being the company that owns the Pinjin tenement suite. The aggregate loss to the consolidated entity was $478,295. Details of the disposal are as follows:

	Notes	CONSOLIDATED		BURDEKIN PACIFIC LIMITED	
		2004 $	2003 $	2004 $	2003 $
Proceeds on disposal		-	372,500	-	-
The carrying amount of assets and liabilities disposed by major class are:					
- Deferred exploration, evaluation costs		-	850,795	-	-
- Liabilities		-	-	-	-
Net assets of entity sold		-	850,795	-	-
Loss on disposal		-	(478,295)	-	-
Net cash effect					
- Cash proceeds		-	372,500	-	-
- cash balance disposed		-	-	-	-
		-	372,500	-	-

In addition to the immediate cash consideration, the sale agreement also comprises three production payments totalling $517,000, which are dependent on a future decision to mine. Refer details at Note 28(b).

As part of the transaction, the parent entity Volley Oil Pty Ltd ("Volley") agreed to assign a long term receivable for $2,388,175 for $1.00 consideration.

26. EXPENDITURE COMMITMENTS

(a) Mineral tenement expenditure commitments				
Estimated lease rentals and exploration expenditure required to meet minimum expenditure requirements of the various Mines Departments in Australia to maintain current rights of tenure to mining and exploration tenements, payable:				
- not later than one year	**15,964**	67,599	**12,912**	64,546
- later than one year and not later than five years	**138,100**	127,153	**138,100**	124,100
- later than five years				
	154,064	194,752	**151,012**	188,646

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

26. EXPENDITURE COMMITMENTS continued

This estimate is based on the consolidated entity's expected work program for currently granted tenements and will vary depending upon the result of exploration programs. The estimate also excludes any amount in relation to the Mt Kasi Project in Fiji in relation to which the quantum of exploration expenditure required to keep the tenements in good standing is to be determined in consultation with the Director of The Mineral Resources Department, Fiji. Should expenditure not reach the required level in respect of each area of interest, the consolidated entity's interest could be reduced. The Company intends to seek a joint venture partner to farm-in on its Kimberley projects. The present intention is that the new partner expends the minimum exploration required to keep the tenements in good standing and for Burdekin to retain a free carried interest therein.

	Notes	CONSOLIDATED		BURDEKIN PACIFIC LIMITED	
		2004	2003	2004	2003
		$	$	$	$
27. EMPLOYEE BENEFITS AND SUPERANNUATION COMMITMENTS					
Employee Entitlements					
The aggregate employee entitlement liability is comprised of:					
Provisions (current)	18	**16,153**	140,332	**12,203**	134,115
Provisions (non-current)	21	**52,289**	80,560	**52,289**	80,560
		68,442	220,892	**64,492**	214,675

Number of Employees

As at 30 June 2004, the consolidated entity employed 4 full time people in Australia and 10 local employees in Fiji on care and maintenance duties (2003: 4 full time equivalent people in Australia and 10 local employees in Fiji).

Employee Option Plan

In November 1996, shareholders of the Company approved the establishment of an employee option plan. Shareholder approval was sought and obtained at a General Meeting held on 28 March 2000 to re-adopt the Employee Option Plan.

Features of the Plan

All employees and executive directors of the companies of the Consolidated Entity will be eligible to participate in the Plan and will only be able to exercise their options after they have been with Consolidated Entity for a period of 12 months (although the Board may waive this requirement in appropriate circumstances). The options will be issued to the participant himself/herself, or if the Board permits, to a nominee (such as a spouse or family company).

Each option is to subscribe for one fully paid ordinary share in the Company and will lapse on the fifth anniversary of its date of issue. Options are not exercisable until 6 months after their date of issue. Shares issued upon the exercise of options will rank equally in all respects with the other fully paid ordinary shares of the Company.

The options will be issued for no consideration. The exercise price of the options will be the weighted average closing sale price of the Company's shares on the ASX over the 5 trading days immediately preceding the day on which the Board determines to offer options.

A central feature of the Plan is that restrictions have been placed on the exercise of options, the effect of which is that participants will ordinarily receive the full benefit of their options 4 years after the issue of those options.

The number of shares the subject of options issued under the Plan will not exceed 5% of the Company's issued capital from time to time.

Each option may only be transferred if the holder would be entitled to exercise the option. Further, if at any time a holder of the options ceases to be a person whom options may be issued, the holder can exercise those options, which he is entitled to exercise at that time, but his remaining options will lapse at the end of the then current exercise period, subject to the discretion to determine otherwise. During the year there were no options issued or exercised under the plan. (2003: Nil)

27. EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS continued

At balance date there were no options on issue under the plan.

The market value of ordinary Burdekin Pacific Limited shares closed at 1.7 cents on 30 June 2004 (2003: 2.0 cents).

Superannuation Commitments

The Company contributes to a number of employee nominated superannuation funds on behalf of its employees. All the funds are accumulation funds and the company does not participate in any of these funds.

28. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Details and estimates of maximum amounts of contingent liabilities, classified in accordance with the party from whom the liability could arise and for which no provisions are included in the financial statements, are as follows: -

(a) Contingent Liabilities

(i) Native Title

The consolidated entity's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to indigenous people. As a result exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time it is not possible to quantify whether such claims exist or the quantum of such claims.

(ii) Scheme of Compromise of Audesso Mining (Fiji) Limited

At a meeting held on 29 October 1998, Audesso Fiji entered into a scheme of compromise ("Scheme") with its unsecured creditors.

THE SCHEME

The Scheme comprised of the following elements:

(i) an initial payment to be made to unsecured creditors (excluding internal creditors (i.e. Audesso Limited and Nationwide Pacific Pty Limited), the Government of Fiji and certain statutorily preferred creditors) ("Unsecured Creditors") of 12.5 cents in the dollar, payable in two tranches of 5 cents and 7.5 cents within 4 and 6 months respectively of approval of the Scheme by the High Court of Fiji ("Court"). These payments were made on 5 September 1999 and 5 December 1999;
(ii) the balance of the debt owing to the Unsecured Creditors to be compromised, subject to the payment of a royalty as described below; and
(iii) a royalty of 25% of the annual excess cash flow (after allowing for capital repayments and other necessary operating costs) to be paid on a pro-rata basis to all Unsecured Creditors ("Royalty").

The Scheme came into effect on the date that a certified copy of the order by the Court approving the Scheme was delivered to the Registrar of Companies for Fiji.

The Secured Creditors (ABN AMRO and ABN AMRO Bank), the Government of Fiji and certain statutorily preferred creditors are not bound by the Scheme.

If the Scheme is not terminated before 31 December 2004 it will terminate upon that date.

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

28. CONTINGENT LIABILITIES AND CONTINGENT ASSETS continued

(a) Contingent Liabilities continued

(iii) Proceedings commenced under S106 of the NSW Industrial Relations Act 1996

The former Managing Director of ICE Interactive Pty Ltd ("ICE") commenced proceedings seeking relief under S106 of the NSW Industrial Relations Act 1996 against ICE and subsequently joined Burdekin Pacific Limited ("Burdekin") and director Mr Vitale. The claim consists of $183,508.20 for the payment of the balance remaining on his original two-year employment contract, including unpaid annual leave and a pro-rata performance bonus. In addition to this Mr Braden is claiming $60,000 for the payment of a performance bonus component for the remainder of his contract term, and $91,667 compensation pursuant to lapsed options in ICE.

The Company has indemnified Mr Vitale, against liability for costs and expenses incurred in defending proceedings brought against him by Mr Braden. The Directors believe that the Company and Mr Vitale have good prospects in successfully defending the claim. As ICE was placed into voluntary administration on 9 July 2002 any existing claim Mr Braden has against ICE will be subject to adjudication by the joint Administrators, Messrs Vincent Smith and Bryan Hughes at Norgard Clohessy.

(b) Contingent Assets

On 24 December 2002, the Company announced that it had sold its interest in the Pinjin Joint venture to a private investor group through the sale of the shares in its then subsidiary GEL Oil Pty Ltd In addition to the cash consideration of $375,000 the consideration also comprised the following production payments totalling $517,000 to be paid as follows: -

(i) within 30 days of a decision to mine any deposit on the "Trouser Leg" suite of tenements	$292,000
(ii) within 30 days of commencement of mining at the Anglo Saxon deposit	$125,000
(iii) 6 months from date of first gold pour from Anglo Saxon deposit	$100,000

Although the future asset can be reliably measured at the reporting date it is not possible at this stage to determine if or when it is likely to become due and payable as at the date of this report there has not been a decision to mine any deposit on the "Trouser Leg" suite of tenements.

29. SUBSEQUENT EVENTS

The following events have occurred since the end of the financial year:

1. Capital Raisings

Subsequent to year end the consolidated entity has raised a total of $2,296,040 in equity funds before issue costs of approximately $163,000, through the following offers:

(a) on 27 August 2004, the Company announced a placement of 19,000,000 ordinary shares at 1.6 cents per share to raise $304,000, before issue costs;
(b) following the closure of the Public Offer pursuant to Prospectus and Supplementary Prospectus dated 9 September 2004 and 14 September 2004 respectively the Company issued 75,900,000 ordinary shares at 1.6 cents to raise $1,214,400, before issue costs; and
(c) following the closure of the Share Purchase Plan on 17 September 2004, the Company announced the issue of 48,602,500 ordinary shares at 1.6 cents raising approximately $777,640, before issue costs.

2. General Meeting Called

On 23 September 2004, the Company announced that the Directors had become aware of a letter dated 16 September sent to shareholders calling for a general meeting of shareholders to be held on 18 October 2004, seeking the removal of all directors other than Mr Martin Bennett and the appointment of three alternative directors. The meeting has been called by a group of minority shareholders who at the time of calling the meeting held 6.3% of the Company's capital (now 4.5%) and the group comprised principally the same shareholders who called the meeting to remove Mr Vitale from the Board in May 2004, but which was rejected by shareholders at that time.

29. SUBSEQUENT EVENTS continued

The Company has subsequently written to shareholders advising that it had taken legal advice as to the validity of the meeting and that it had been advised that the meeting has been invalidly convened and has urged shareholders to take no action in response to the Notice of General Meeting pending clarification as to whether the meeting will in fact be held.

Except for the matters discussed above, there has not been any matter or circumstance, other than as referred to in the accounts 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 these operations, or the state of affairs of the consolidated entity in financial years after the financial year.

	CONSOLIDATED	
	2004	2003
	$	$
30. EARNINGS PER SHARE		
(a) Basic earnings per share		
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net loss	**(2,819,002)**	(4,541,373)
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	**211,602,379**	109,506,355
Basic earnings per share (cents per share)	**(1.3)**	(4.1)
Diluted earnings per share (cents per share)	**(1.3)**	(4.1)

Subsequent to the end of the financial year the Company has issued 143,502,500 fully paid ordinary shares (refer note 30(1).

(b) Non dilutive options		
The following potential ordinary shares are not dilutive and therefore are excluded from the weighted average number of ordinary shares and the potential ordinary shares used in the calculation of diluted earnings per share:		
10 April 2005 Unlisted Options	**400,008**	400,008
9 January 2005 Unlisted Options	**1,500,000**	1,500,000
31 August 2005 Unlisted Options	**11,000,000**	11,000,000
31 May 2004 Directors' Options	**-**	9,090,000
15 March 2006 Directors' Options	**2,500,000**	-
15 March 2006 Unlisted Options	**2,000,000**	-
	17,400,008	21,990,008

(c) Effect of change in accounting policy

There were no changes in accounting policies that had a material impact on either basic or diluted earnings per share during the period.

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

	Notes	CONSOLIDATED		BURDEKIN PACIFIC LIMITED	
		2004 $	2003 $	2004 $	2003 $
31. AUDITORS' REMUNERATION					
Amounts received or due and receivable by Deloitte Touche Tohmatsu for:					
- an audit or review of the financial report of the entity and any other entity in the consolidated entity		**37,000**	39,500	**37,000**	39,500
- other services in relation to the entity and any other entity in the consolidated entity		**4,375**	-	**4,375**	-
Amounts received or due and receivable by auditors other than Deloitte Touche Tohmatsu for:					
- an audit of the financial report of subsidiary entities		**8,000**	7,464	**-**	-
		49,375	46,967	**41,375**	39,500

32. RELATED PARTY DISCLOSURES

Wholly owned group transactions

Loans

During the year Burdekin Pacific Limited provided loans to its wholly owned subsidiaries to fund their operations. These loans have been provided interest free with no fixed term for repayment.

Directors and personally related entity transactions

Consulting Services

(i) During the year fees totalling $17,813 were charged for geochemical and technical services that were provided by Pathfinder Exploration Pty Ltd, a company of which Dr C S Rugless is a director (2003: $18,816). These services provided were based on an agreed daily rate.

(ii) During the year fees totalling $30,500 were charged for technical services that were provided by Hardcore Geological Services, a consulting entity of which Mr C C Schaus is the principal (2003: Nil). These services were provided under a consultancy agreement based on an agreed daily rate.

(iii) Dr C S Rugless resigned from the Board on 4 June 2004 and was provided with a termination benefit of $20,000.

(iv) Professional fees totalling $14,303 were charged by Bennett & Co, a legal practice of which Mr M L Bennett is the Managing Partner for professional legal services provided to the Company. These services were provided under the firms normal professional hourly rates.

Directors' Stand-by Loan Facility

(i) Ms S J Field and Mr Vitale have continued to provide the Company and the Consolidated Entity with a stand-by loan facility of $160,000 at no fee and interest free to the Company.

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

32. RELATED PARTY DISCLOSURES continued

Equity instruments of directors

Movements in directors' equity holdings and Interests at balance date

Interests in the equity instruments of Burdekin Pacific Limited held by directors of the reporting entity and their personally-related entities at balance date:

Directors' Holdings	Fully Paid Ordinary Shares					
	2003 Opening Balance	Shares Already Held at Time of Appointment	On Market Purchases and Participation in Share Offers	On Market Disposals	Change on Resignation of Director	2004 Closing Balance
	Number	Number	Number	Number	Number	Number
Mr M L Bennett	-	10	-	-	-	**10**
Mr J G Vitale	2,366,545	-	5,079,045	(378,152)	-	**7,067,438**
Ms S J Field	2,452,500	-	2,452,500	(10)	-	**4,904,990**
Dr C S Rugless	2,233,634	-	2,768,634	-	(5,002,268)	**-**
Mr C C Schaus	-	300,000	2,300,000	(1,200,000)	(1,400,000)	**-**
	7,052,679	**300,010**	**12,600,179**	**(1,578,162)**	**(6,402,260)**	**11,972,438**

Directors' Holdings	Directors' Options over Ordinary Shares			
	2003 Opening Balance	Granted as Remuneration [1]	Lapsed on 31 May 2004 [1]	2004 Closing Balance
	Number	Number	Number	Number
Mr M L Bennett	-	-	-	**-**
Mr J G Vitale	5,450,000	-	(5,450,000)	**-**
Ms S J Field	1,820,000	-	(1,820,000)	**-**
Dr C S Rugless	1,820,000	-	(1,820,000)	**-**
Mr C C Schaus	-	2,500,000	-	**2,500,000** [2]
	9,090,000	**2,500,000**	**(9,090,000)**	**2,500,000**

(1) Refer detail at Note 22(c) and 6(a).

(2) Subsequently lapsed on 4 September 2004 (see table) below

Detail of Directors' Options Exercised, Lapsed and Un-exercisable at balance date

Director	Exercised	Lapsed	Vested but un-exercisable
	Number	Number	Number
Mr M L Bennett	-	-	-
Mr J G Vitale	-	5,450,000	-
Ms S J Field	-	1,820,000	-
Dr C S Rugless	-	1,820,000	-
Mr C C Schaus	-	-	2,500,000
	-	**9,090,000**	**2,500,000**

There have been no other transactions concerning equity instruments during the financial year with directors or their personally related entities or specified executives. All equity dealing with directors have been entered into with terms and conditions no more favourable than those that the entity would have adopted if dealing at arm's length.

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

32. RELATED PARTY DISCLOSURES continued

Movements in specified executives' equity holdings and Interests at balance date

	Fully Paid Ordinary Shares				
Specified Executives' Holdings	**2003 Opening Balance**	**Participation in Placement pursuant to Prospectus dated 22 October 2003**	**On Market Purchase**	**On Market Disposals**	**2004 Closing Balance**
	Number	**Number**	**Number**	**Number**	**Number**
Mr C R Hall	-	500,000	-	-	**500,000**
	-	**500,000**	**-**	**-**	**500,000**

33. SEGMENT INFORMATION

Segment Products and location

The consolidated entity's operating companies are organised and managed separately according to their business segment. As reported in 2002, the Company now operates in only one significant industry segment being mining exploration.

Geographically, the group operates in two predominant segments being Australia and Fiji. The consolidated entities most advanced mining and exploration asset, the Mt Kasi Gold Project is located in Fiji, however the group continues to maintain assets in Australia, currently within Western Australia.

Segment accounting policies

During the year intersegment transfers were made at cost with no margin to the subsidiary providing the service.

Geographical segment	**Australia**		**Fiji**		**Consolidated**	
	2004 $	**2003 $**	**2004 $**	**2003 $**	**2004 $**	**2004 $**
Revenue						
Other revenues from customers outside the consolidated entity	**75,515**	1,200,879	**-**	-	**75,515**	1,200,879
Inter-segment revenues	**-**	-	**-**	-	**-**	-
Total segment revenue	**75,515**	1,200,879	**-**	-		
Unallocated revenue					**1,346,009**	-
Total consolidated revenue					**1,421,524**	1,200,879
Results						
Segment result	**(2,266,111)**	(4,103,105)	**(552,891)**	(438,268)		
Unallocated expenses					**-**	-
Consolidated entity operating loss					**(2,891,002)**	(4,541,373)
Assets						
Segment assets	**1,331,443**	2,398,645	**6,279,587**	5,550,595	**7,611,030**	7,949,240
Liabilities						
Segment Liabilities	**6,088,355**	7,143,156	**1,183,430**	1,094,826	**7,271,785**	8,237,982

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

33. SEGMENT INFORMATION continued

Geographical segment	Australia		Fiji		Consolidated	
	2004 $	2003 $	2004 $	2003 $	2004 $	2004 $
Other segment information						
Depreciation						
Amortisation	**7,764**	18,892	**-**	2,080	**7,764**	20,972
	-	-	**-**		**-**	-
Non cash expenses other than depreciation and amortisation						
Acquisition of assets	**10,409**	-	**46,639**	-	**57,048**	-
Plant and equipment written down to recoverable amount	**5,335**	54,550	**-**	-	**5,335**	54,550
Recoverable write down of investments	**-**	2,236,942	**-**	-	**-**	2,236,942
Provision for non recovery of loans	**56,073**	87,949	**-**	-	**56,073**	87,949

34 FINANCIAL INSTRUMENTS

34(a) Net fair values

The carrying value of all financial assets and liabilities approximates their net fair value. Net fair value has been determined by reference to quoted market prices where available or discounted expected cash flows.

34(b) Credit risk exposure

The credit risk exposure of the Consolidated Entity to financial assets, excluding investments in shares, which have been recognised on the balance sheet, is generally the carrying amount, net of any provisions for doubtful debts.

Following the political unrest in Fiji in May 2000, the conditions in Fiji have now stabilized following democratic elections held in September 2001 and this trend has continued during the current year.

There are no derivative financial instruments at balance date.

Concentration of credit risk

The Consolidated Entity consists currently of the Mt Kasi Gold Project in Fiji and where drilling is currently taking place, and a number of mineral and exploration tenements located within Australia. Consequently no trade receivables are being generated as a part of operations.

34(c) Hedging Instruments

At 30 June 2004 neither Burdekin Pacific Limited nor any of its subsidiaries had entered into any foreign currency forward exchange or forward gold contracts.

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

34. FINANCIAL INSTRUMENTS

34 (d) Interest rate risk

The consolidated entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at balance date are as follows:

Financial Instruments	Notes	Floating interest rate		Fixed interest rate maturing in: 1 year or less		Fixed interest rate maturing in: Over 1 to 5 years		Non-interest bearing		Total carrying amount as per the balance sheet		Weighted average effective interest rate	
		2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
		$	$	$	$	$	$	$	$	$	$	%	%
(i) Financial Assets													
Cash assets		**537,370**	309,214	-	-	-	-	**12,014**	2,450	**549,384**	311,664	**4.55**	0.01
Receivables							-						
- trade & other		-	-	-	-	-	-	**89,823**	103,388	**89,823**	103,388	**N/A**	N/A
- personally related entities		-	-	-	-	-	-	**2,197**	2,197	**2,197**	2,197	**N/A**	N/A
Short term deposits		-	-	-	280,000	-	-	**65,946**	60,183	**345,946**	340,183	**2.30**	2.60
Listed shares		-	-	-	-	-	-	-	1,263,058	-	1,263,058	**N/A**	N/A
Total financial assets		**537,370**	309,214		280,000	-	-	**169,980**	1,431,276		2,020,490	**3.13**	0.36
(ii) Financial liabilities													
Trade creditors		-	-		-	-	-	**359,763**	556,886	**359,763**	556,886	**N/A**	N/A
Other creditors		-	-		-	-	-	**1,089,355**	1,370,014	**1,089,355**	1,370,014	**N/A**	N/A
Employee entitlements		-	-		-	-	-	**68,442**	220,892	**68,442**	220,892	**N/A**	N/A
Interest-bearing liabilities		-	-	**3,911,934**	377,849	-	3,900,000	**324,000**	324,000	**4,235,934**	4,601,849	**9.76**	9.74
Total financial liabilities			-	**3,911,934**	377,849	-	3,900,000	**1,841,560**	2,471,792	**5,753,494**	6,749,641	**6.64**	6.17

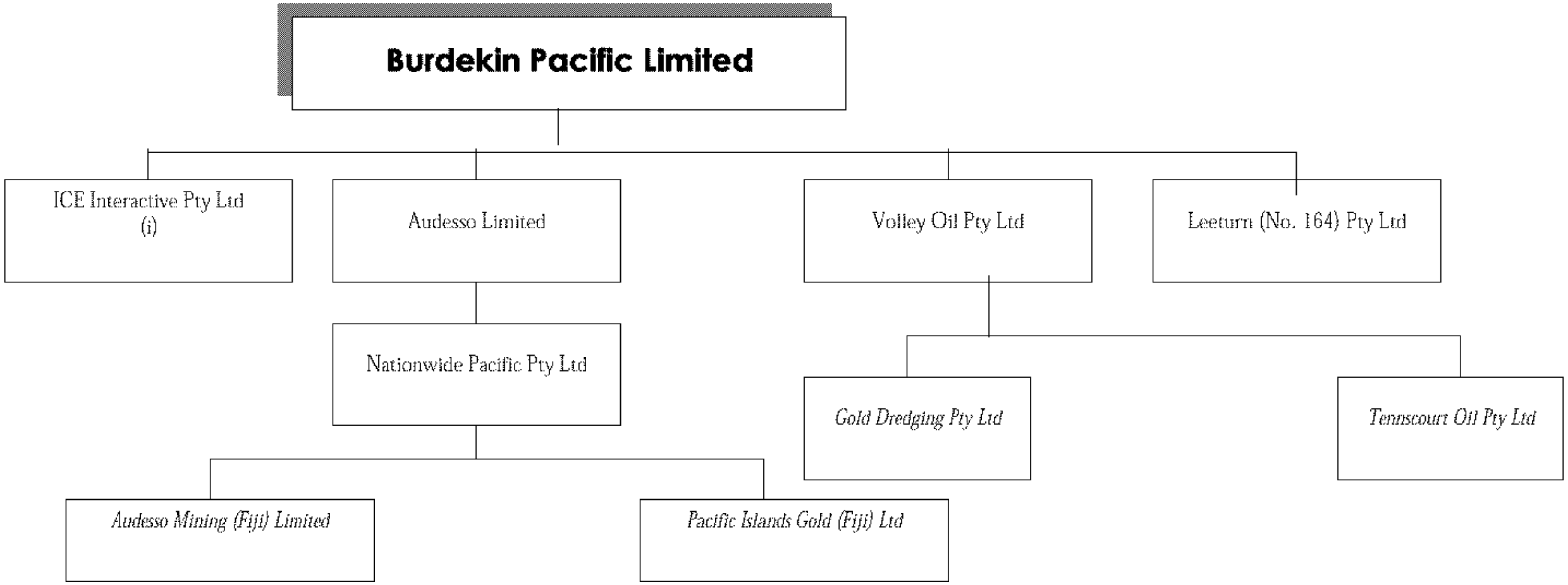
N/A - not applicable for non-interest bearing financial instruments.

(i) & (ii) Refer detail at Notes 11, 17 and 20

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

35 ADDITIONAL COMPANY INFORMATION

Burdekin Pacific Limited is a listed public company, incorporated and domiciled in Australia. Burdekin Pacific Limited is the ultimate parent entity and has prepared a consolidated financial report incorporating the entities it controlled during the financial year, which are outlined in the following illustration of the group's corporate structure. **All of the Company's subsidiaries are wholly owned**. Note there has been change in group structure from 2003



(i) **ICE Interactive Pty Ltd**
At the date of this report the company is not operating following the execution of a Deed of Company Arrangement ("DOCA") on 26 August 2002.

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

36 DISCONTINUING OPERATION

2004

There has been no discontinuance of operation during the current financial year.

2003

36(a) Discontinuance of operation of eMAX Entertainment Pty Ltd

The Board completed its review on the financial and operating position of eMAX Entertainment Pty Ltd and as a result appointed Messrs Vincent Smith and Bryan Hughes of the Chartered Accountants Norgard Clohessy in the capacity of Voluntary Administrators to take operational control of the company on 10 September 2002 with the view to the business being sold as a going concern.

At second creditors meeting which was held on Friday 4 October 2002, it was announced that the business of eMAX had been sold as a going concern for fixed consideration of approximately $98,000 plus deferred consideration comprising a share of gross margin generated by the business over the next two years, estimated by the Administrator to be approximately $150,000.

In addition, creditors passed a unanimous resolution to implement a Deed of Company Arrangement ("DOCA"). Under the proposal, Burdekin has agreed to renounce its right to participate in dividends in relation to its pre-administration loan account – approximately $630,000, until such time that all other unsecured creditors have been paid in full. Burdekin also agreed to provide an indemnity to the Australian Taxation Office ("ATO") for $142,000 in relation to unpaid PAYG. At the date of this report the balance that remains outstanding is approximately $127,000.

Under the DOCA, it is anticipated that control of eMAX will remain with the Voluntary Administrators for up to two years during which period the deferred component of the sale of business consideration is to be collected and distributed to creditors. As a result of this eMAX has been de-consolidated effective 10 September 2002 and is no longer considered as a subsidiary of the consolidated group. It is expected that on completion of the DOCA that the company will be liquidated.

36(b) Financial performance information

The financial performance of eMAX Entertainment for the period from 1 January 2002 to 10 September 2002 is as follows:

	EMAX Entertainment Pty Ltd	
	2003	2002
	$	$
	2.5 months	6 months
Revenues from ordinary activities	162,359	409,402
Expenses from ordinary activities (including borrowing costs)	(347,964)	(882,293)
Loss before income tax benefit	(185,605)	(712,346)
Income tax relating to ordinary activities	-	-
Loss from ordinary activities after income tax	(185,605)	(712,346)

36(c) eMAX Entertainment Pty Ltd cash flows during the year

The net cash flows attributable to eMAX Entertainment Pty Ltd for the period from 1 January 2002 to10 September 2002 are as follows:

	eMAX Entertainment Pty Ltd	
	2003	2002
	$	$
	2.5 months	6 months
Operating	329,823	455,006
Investing	-	-
Financing	325,513	386,738
Net Cash Outflow	(4,310)	(68,268)

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

37 INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

Although Australia has been undertaking a harmonisation process for several years, there are still significant differences between Australian GAAP and IFRS, and conversion to IFRS will result in many changes to accounting policies and therefore a consequential impact on financial performance and position.

First-time adoption of A-IFRS

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

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

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

Share-based payment

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

As at 4 September 2004, the Consolidated Entity does not have any share options on issue which represent share-based compensation.

Income tax

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

The consolidated entity has carried forward tax losses which have not been recognised as deferred tax assets as they do not satisfy the 'virtually certain' criteria under Australian GAAP (refer note 5). Under A-IFRS, as the Consolidated Entity progresses towards production at the Mt Kasi gold project in Fiji it may be easier to recognise these tax losses as deferred taxes as they are recognised on a 'probable' recognition criteria. The impact of this difference may be to increase deferred taxes and opening retained earnings, and result in the recognition of deferred tax assets on a go-forward basis.

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

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

Plant and equipment

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

The consolidated entity currently measures its plant and equipment at cost. Under current Australian GAAP, revaluation increments and decrements within a class of assets must be set-off, however, A-IFRS requires revaluations to be tracked on an individual asset by asset basis. As the entity has not decided which option it is likely to adopt and therefore the effect cannot be determined the change in accounting policy is not expected to result in a significant adjustment based on the class of assets that currently exist.

Provision for decommissioning, restoration and similar liabilities

A-IFRS specifically requires the capitalisation of costs of dismantling and removing an asset and restoring the site on which the asset was created when an asset is initially recognised. The consolidated entity currently accrues through profit and loss for the cost of dismantling and restoration over the life of the asset. Adjustments may be required to the liability recognised where an amount accrued at the date of the transition under AGAAP differs from that required under A-IFRS. The entity is also still determining the adjustments to the carrying amounts of assets that may result from these requirements.

Impairment of assets

Non-current assets are written down to recoverable amount when the asset's carrying amount exceeds recoverable amount. Historically the consolidated entity has not used discounted cash flows in determining the recoverable amount of its non-current assets, as under AGAAP it is not mandatory.

It is not practical to determine the impact of the requirement to use discounted cash flows in the determination of recoverable amount under A-IFRS for future financial periods, as any impairment will be effected by future conditions.

Financial assets and financial liabilities

Under current Australian GAAP, financial assets and financial liabilities are recognised at cost, at fair value, or at net market value. On adoption of A-IFRS, the consolidated entity will be required to classify these financial instruments into various specified categories. The classification of the instrument will effect the instrument's subsequent measurement – at amortised cost using the effective interest rate method, fair value with movements recognised through equity or fair value recognised through the profit or loss. The consolidated entity is evaluating the different options available, but has not made any determination at reporting date of the accounting to be adopted, and consequently, the impact of the change on the financial statements cannot yet be quantified.

Impairment of financial assets
The consolidated entity provides for doubtful debts using an estimate based on historical trends. Under A-IFRS, the entity will no longer be able to provide for doubtful debts on this basis, as a financial asset or group of financial assets is impaired only if there is objective evidence as a result of one ore more events that occurred after the initial recognition of the asset – that is, an incurred but not yet reported model rather than an expected loss model must be applied. Consequently, on adoption of A-IFRS, and on an ongoing basis, general provisions and expected loss models may no longer be appropriate, which may cause the carrying amount of various financial assets to increase.

Extractive Industries

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

Notes to the Financial Statements for the Financial Year Ended 30 June 2004

Contingent assets

Under current AGAAP, it is possible to recognise a contingent asset such as a claim against a supplier as an asset earlier than would be under A-IFRS. Under A-IFRS the future economic benefits associated with the claim will need to be 'virtually certain' before being recognised rather than merely 'probable' as is required under Australian GAAP.

Employee benefits

Under A-IFRS, the consolidated entity will no longer be able to recognise provisions for annual leave on a nominal basis, regardless of when the leave is expected to be taken, but will instead be required to discount the portion of annual leave liabilities expected to be taken more than twelve months from the reporting date. This change in accounting policy is likely to reduce the aggregate provision for annual leave, but unlikely to significantly affect the income statement.

Proceeds from sale of assets

The current definition of revenue requires the proceeds on sale of non-current assets be included as revenue – this has the effect of 'grossing up' the statement of financial performance. Under A-IFRS, only the net gain or loss from the sale will be recognised in profit or loss. Consequently, there will be no impact on the income statement.

Directors' Declaration

The Directors declare that:

a) the attached financial statements and notes thereto comply with Accounting Standards;
b) the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the company and the consolidated entity;
c) in the Directors' opinion the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and
d) in the Directors' opinion based on the reasons set out in the Note 1, "Going Concern Basis", 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 s 295(5) of the Corporations Act 2001.

On behalf of the Directors

J G Vitale
Director

Perth, 30 September 2004

Deloitte.

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BURDEKIN PACIFIC LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cashflows, accompanying notes to the financial statements, and the directors' declaration for both Burdekin Pacific Limited (the company) and the consolidated entity, for the financial year ended 30 June 2004 as set out on pages 18 to 66. 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.

Deloitte.

Independence

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

Audit Opinion

In our opinion, the financial report of Burdekin Pacific 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 2004 and of their performance for the year ended on that date; and

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

(b) other mandatory professional reporting requirements in Australia.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 1 'Going Concern Basis', there is significant uncertainty whether the company and the economic entity will be able to continue as going concerns and therefore whether they will realise their assets in particular the deferred exploration, evaluation and development costs, and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter M Rupp
Partner
Chartered Accountants

Perth, 30 September 2004