CARPENTER PACIFIC RESOURCES NL

ABN 99 000 031 292

ANNUAL REPORT
2004

CONTENTS

CORPORATE DIRECTORY

Directors:

Michael Atkins (Chairman)
Ian Middlemas
Mark Pearce

Company Secretary:

Mark Pearce

Registered Office:

Level 9, BGC Centre
28 The Esplanade
Perth, WA 6000

Share Registry:

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth, WA 6000

Web Site Address:

www.carpenterpacific.com.au

Solicitors:

Blakiston & Crabb

Bankers:

Commonwealth Bank of Australia Limited

Auditors:

Ernst & Young

Stock Exchange Listing:

The Australian Stock Exchange Limited

Australian Stock Exchange Code: CPC

For Shareholder information contact:

Share Registry:

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45 St Georges Terrace
Perth, WA 6000
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For information on your company contact:

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OPERATIONS REVIEW

Delta Oilfield Developments Limited

Delta Oilfield Developments Limited ("Delta") was formed on 3 October 2002 as a joint venture company through which Carpenter and its associate Westgold Resources NL ("Westgold") would assess opportunities to invest in the upstream oil & gas sector.

PEP38413 Appraisal Extension Licence

In January 2003 Delta earned an undivided 5% interest in permit PEP38413 in the offshore Taranaki Basin, New Zealand by participating in the drilling of Maari-2 appraisal well (Figure 1) on the Maari Oil Field.

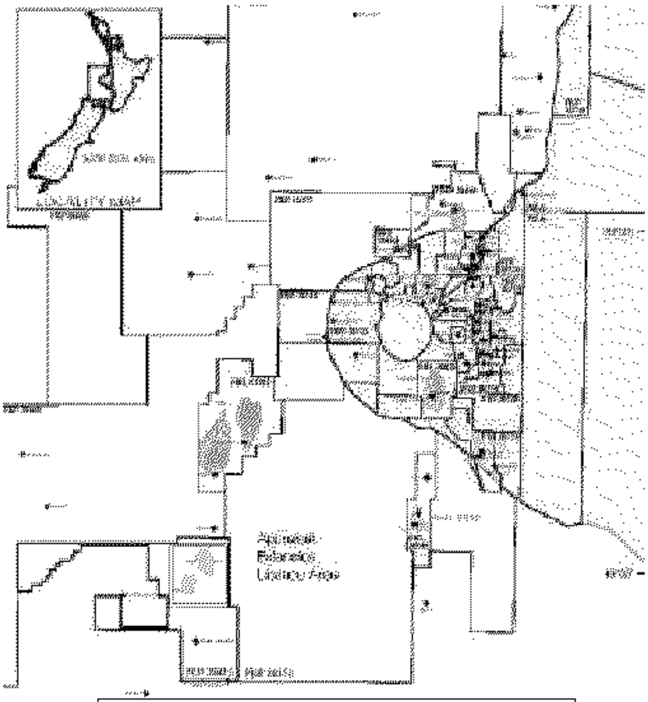

Figure 1: PEP38413 Licence Location Map.

Maari Oil Field

The Maari Oil Field, situated approximately 80km from the Taranaki coast is the largest undeveloped offshore oil field in New Zealand.

The primary oil accumulation was discovered in 1983 by the Moki-1 exploration well, which encountered a 40m live oil column in mid-Miocene sandstones of the Moki Formation and flowed at 660 barrels of oil per day on production test (Figure 2). The discovery was appraised in 1985 by the Moki-2A well, which intersected the edge of the oil pool on the south-eastern flank of the structure approximately 2.5km from Moki-1.

A second appraisal well was drilled in 1998, 800m west of Moki-1. Maari-1 intersected a 54m oil column, and was then sidetracked to enable a horizontal production test of the reservoir. Maari-1A subsequently flowed at a stabilised rate of 4,350 barrels of oil per day, demonstrating the potential benefits of horizontal drilling technology to any future development of the field.

After acquisition of a 3D seismic survey in 2000, the permit holders elected to drill an additional appraisal well, with the objective of narrowing the range of oil volumes estimated for the Moki Formation reservoir and enabling a development decision to be made.

Results of Maari-2 Appraisal Well

Maari-2 was drilled in January 2003, approximately 1.2km south of Maari-1 and 1.8km northwest of Moki-2A. The well had the specific objectives of confirming structural elevation, reservoir quality and oil-water contact position in the southern part of the field. All of these objectives were met, with top reservoir coming in 12m high to prognosis, 41m of mobile oil intersected in the Moki Formation and better than expected reservoir quality. In addition, the well confirmed a 'most likely' field-wide oil-water contact 7m deeper than previously estimated.

This led to an announcement in June 2003 that the results from Maari-2 had raised the P50 oil-in-place estimate for the Moki reservoir by approximately 45 million barrels (45%) to 136 million barrels, and the expected recoverable reserves for the field by approximately 10 million barrels to between 40 and 45 million barrels.

Additional Potential

In addition to the Moki Formation, the Maari structure also contains an oil pool in the shallower Miocene M2A Formation and a deeper oil and gas pool in the Eocene sandstones of the Mangahewa Formation (Figure 3).

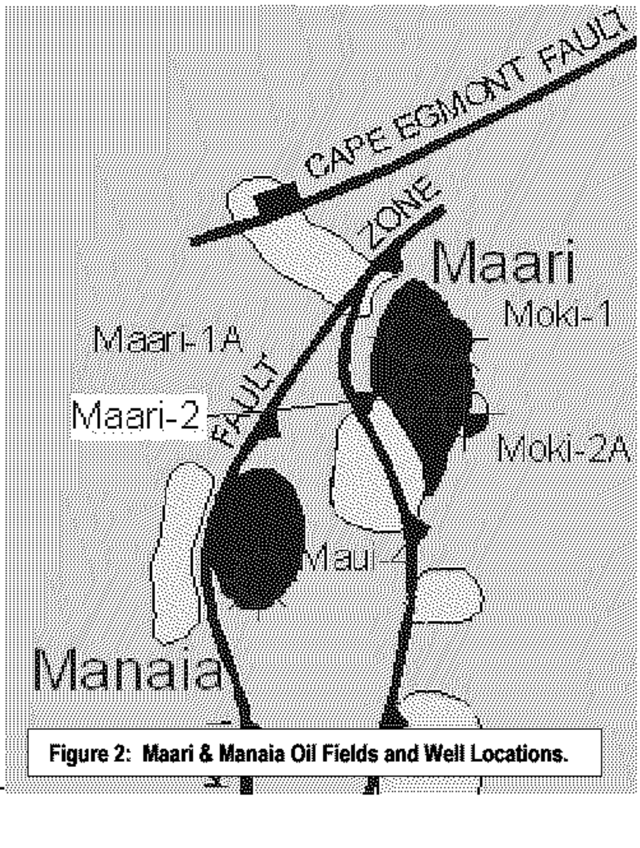

Figure 2: Maari & Manaia Oil Fields and Well Locations.

In Maari-1, the M2A section was characterised by 2m of oil pay, and the Mangahewa Formation by approximately 8m of gas and 31m of oil. Significantly, the M2A sands were found to thicken toward the Maari-2 location, with the well intersecting a total of 17m of net oil in 3 intervals.

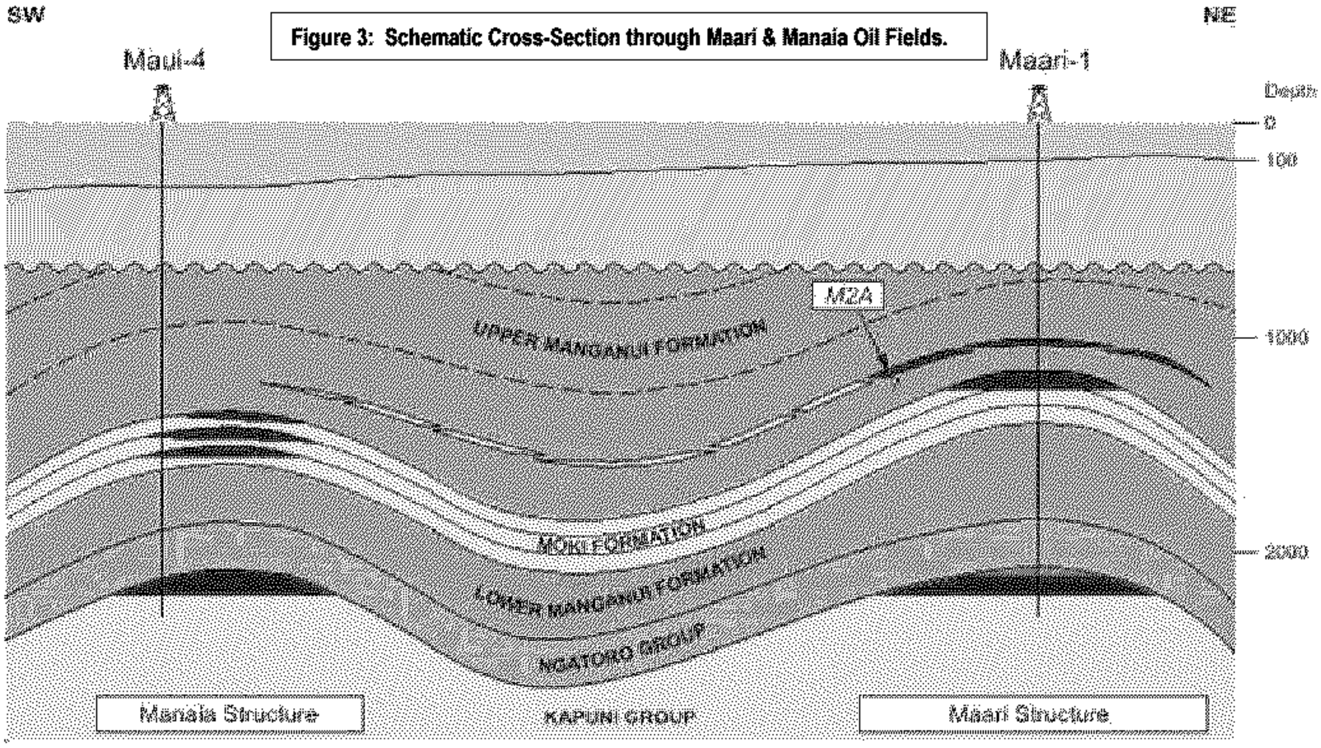

Figure 3: Schematic Cross-Section through Maari & Manaia Oil Fields.

Potential also exists in the PEP38413 licence area in the Manaia structure, located approximately 10km southwest of Maari. The Maui-4 well intersected a 42m oil column in sandstones of the Eocene Mangahewa Formation in 1970 and flowed 575 barrels of oil per day on vertical test. Oil shows also indicate that there may be a shallower oil accumulation in the Moki Formation up-dip of the well, toward the structure's crest.

Development Screening Studies

Since drilling the Maari-2 well, the Operator of PEP38413 has been conducting detailed technical studies and screening conceptual development options for the Maari Oilfield.

The primary focus of subsurface technical work has been the key areas of reserves definition, flow assurance and artificial lift. Reserves estimates for the field are based on a 3D reservoir model, with simulation sensitivities testing a range of alternatives to a 'base-case' subsurface development plan incorporating reservoir pressure maintenance through water injection, artificial lift provided by a gas-lift system, and production through long horizontal wells.

Analysis of the application of alternative artificial lift systems such as Electric Submersible and Hydraulic Submersible Pumps has shown the potential for 'power-lift' systems to supplement reservoir pressure and increase well productivity over this 'base-case' model, with potential benefits in terms of both acceleration of production and increases in technically recoverable reserves for the field.

Flow assurance studies have indicated that the waxy nature of the Maari crude can be managed during the production phase using a variety of mitigation techniques coupled with each of the development schemes currently under investigation.

The range of surface development concepts being considered for Maari includes:

1. Subsea Wellheads with a Floating Production, Storage & Offtake (FPSO) Vessel.
2. Dry Wellheads on a Minimum Facilities Platform with a FPSO Vessel.
3. Dry Wellheads on a Mobile Drilling & Production Unit with a Floating Storage and Offtake (FSO) Vessel.

Project Schedule

Increases in the scope of both surface and subsurface studies have led to delays to the original project schedule for Maari. The Joint Venture is currently aiming to select the preferred development concept for the field in Q3/Q4 2004, followed by a Technical Assurance and Front End Engineering & Design phase ("FEED"). On this basis a Final Investment Decision for the project is scheduled for early 2005. If at this time the field is deemed commercial and a decision to proceed with a development is made, first oil production is expected in the first half of 2007.

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 the entire period unless otherwise stated.

Michael Atkins *(Chairman, appointed 18 September 2003)*
Ian Middlemas *(appointed 25 August 2004)*
Mark Pearce *(appointed 25 August 2004)*
Andrew Drummond *(resigned 27 August 2004)*
Stephen Spiers *(appointed 18 September 2003; resigned 25 August 2004)*
Daniel Hill *(resigned 8 July 2004)*
Neil Doyle *(resigned 31 August 2003)*
Bernard Wrixon *(resigned 15 October 2003)*

INFORMATION ON DIRECTORS

The qualifications and experience of the present directors of the Company are as follows:

Michael Atkins

Mr Atkins is a Fellow of the Institute of Chartered Accountants in Australia, and was a founding partner of a national Chartered Accounting practice from 1979 to 1987. Since 1987 he has acted as Executive Director of, and been involved in the executive management of several publicly listed resources companies with operations in Australia, USA, South East Asia and Africa. He was Managing Director of Claremont Petroleum NL and Beach Petroleum NL during 1990 and 1991 during their reconstruction, and then remained as a non executive director until 1995. He was also founding Executive Chairman of Gallery Gold NL in 1993 until 1998, and remained a Non-executive Director until 2000.

He is currently Chairman of Montagu Capital Ltd, the holding company for Montagu Stockbrokers Pty Ltd, the non-executive chairman of Legend Mining Ltd and Westgold Resources NL.

Ian Middlemas

Mr Middlemas is a Chartered Accountant, an Associate of the Securities Institute of Australia and holds a Bachelor of Commerce degree. He worked for a large international Chartered Accounting firm before joining the Normandy Mining Group where he was a senior group executive for approximately 10 years. He has had extensive corporate and management expertise, and is currently a director of a number of publicly listed companies.

Mark Pearce

Mr Pearce is a Chartered Accountant and is a Fellow of the Institute of Chartered Secretaries who currently holds the position of Company Secretary for a number of publicly listed companies. Mr Pearce is also a director of several publicly listed companies that operate in the resources and/or industrial sector. Prior to this he was the CFO and Company Secretary for a publicly listed national manufacturer and has worked for several large international Chartered Accounting firms.

PRINCIPAL ACTIVITIES

The principal activity of the economic entity during the year was investment in oil and gas projects and the identification and the assessment of new opportunities in the oil and gas industry.

CONSOLIDATED RESULTS

	2004 $	2003 $
Profit from ordinary activities before income tax	**89,603**	126,274
Income tax	**-**	-
Profit from ordinary activities after income tax	**89,603**	126,274

The operating profit for the year is predominantly due to interest income.

EARNINGS PER SHARE

	2004 cents	2003 cents
Basic earnings per share	**0.3**	**0.4**
Diluted earnings per share	**0.3**	**0.4**

DIVIDENDS

The directors do not recommend and have not provided for the payment of a dividend.

CORPORATE STRUCTURE

The Company is limited by shares, is a no liability Company, and is incorporated and domiciled in Australia.

EMPLOYEES

The consolidated entity did not have any employees as at 30 June 2004 (2003: 2 employees).

REVIEW OF OPERATIONS

A detailed review of the activities of the economic entity is set out on pages 2 to 3.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the directors, there are no other significant changes in the state of affairs of the economic entity that occurred during the year under review not otherwise disclosed in this report or the consolidated accounts.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 6 August 2004 a shareholders meeting was held to vote on a return of capital to shareholders of 33 cents per share. This resolution was passed and on 20 August 2004 approximately $9.87 million dollars was sent to shareholders as a return of capital. The return of capital has the effect of reducing the Company's contributed equity and cash balance by this amount. The financial effect of this event has not been recognised at 30 June 2004.

There has been no other matter or circumstance that has arisen since the end of the financial year which is not otherwise dealt with in this report to the consolidated financial statements, that has significantly affected or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Other than for matters referred to elsewhere in this report, further information as to likely developments or expected future results would in the opinion of the directors be speculative and not in the best interests of the economic entity.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

The interests of the directors in the shares and options as at the date of this report held directly or by a related party are as follows:

Director	Note	Number of Ordinary Shares	Number of Options
M Atkins	(i)	2,923,539	-
I Middlemas	(ii)	3,000,000	-
M Pearce		-	-

(i) Mr Atkins is a director of Westgold Resources NL which holds 2,923,539 ordinary fully paid issued shares in the Company.

(ii) Mr Middlemas is a director of Arredo Pty Ltd which holds 3,000,000 ordinary fully paid issued shares in the Company.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's directors held during the year ended 30 June 2004, and the number of meetings attended by each director.

Total number of Board Meetings held for the year ended 30 June 2004 was 6.

Director	No. of Meetings Attended	Maximum Possible Attended
M Atkins *(appointed 18 September 2003)*	4	4
S Spiers *(appointed 18 September 2003;resigned 25 August 2004)*	3	4
A Drummond *(resigned 27 August 2004)*	6	6
D Hill *(resigned 8 July 2004)*	6	6
N Doyle *(resigned 31 August 2003)*	2	2
B Wrixon *(resigned 15 October 2003)*	2	2

In view of the size of the Company the directors do not consider it necessary to establish nomination, remuneration or audit committees to deal with subjects that the Board currently presides over.

DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

The Board as a whole is responsible for considering remuneration policies and packages applicable both to board members and senior executives of the Company. The board remuneration policy is to ensure the remuneration package properly reflects the persons duties and responsibilities, which is not linked to the performance of the Company, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Details of the nature and amount of each major element of the emoluments of each director of the Company and each of the named officers of the Company and the consolidated entity receiving the highest emolument during the financial year are:

	Annual Emoluments			Long Term Emoluments	
Director	**Base Emolument**	**Non-Cash Benefits**	**Termination Payments**	**Super Contributions**	**Total $**
M Atkins	40,894	-	-	-	40,894
S Spiers	22,517	-	-	2,027	24,544
A Drummond	25,726	-	-	2,315	28,041
D Hill	52,148	-	-	4,693	56,841
B Wrixon	4,315	-	-	388	4,703
N Doyle	34,996	-	149,500	877	185,373
Executive Officer					
M O'Clery	70,000	-	-	3,209	73,209

The terms "director" and "officer" have been treated as mutually exclusive for the purposes of this disclosure.

No options were granted to, exercised by or vested to directors during the year.

SHARE OPTIONS

At the date of this report there were 700,000 unissued ordinary shares under options. These options were issued during the previous financial year. Refer to note 13 of the financial statements for further details of the options outstanding.

No shares have been issued by virtue of the exercise of an option during the year or up to the date of this report.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

INDEMNIFICATION AND INSURANCES OF DIRECTORS AND OFFICERS

The economic entity has paid an insurance premium in respect of a contract insuring each of the directors of the Company named earlier in this report, the secretary and executive officers of the economic entity against liabilities and expenses, to the extent permitted by law, arising from claims made against them in their capacity as directors and officers of the economic entity, other than conduct involving a wilful breach of duty in relation to the economic entity. Due to confidentiality restrictions in the insurance policy the premium paid has not been disclosed.

TAX CONSOLIDATION

Effective 1 July 2003, for the purposes of income taxation, Carpenter Pacific Resources NL and its 100% owned subsidiaries have formed a tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries on a pro rata basis. In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

This report is made in accordance with a resolution of the directors.

M ATKINS
Director

Perth, 28 September 2004

CORPORATE GOVERNANCE STATEMENT

The board of directors of Carpenter Pacific Resources NL is responsible for the corporate governance of the consolidated entity. The board guides and monitors the business and affairs of Carpenter Pacific Resources NL on behalf of the shareholders by whom they are elected and to whom they are accountable.

Following the release of the Principles of Good Corporate Governance and Best Practice Recommendations by the Australian Stock Exchange Corporate Governance Council in March 2003, the Company has reviewed and amended a number of its corporate governance practices. The Corporate Governance Statement must now contain certain specific information and must disclose the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, the fact must be disclosed, together with reasons for the departure. It is likely that these practices will be modified and, where necessary, enhanced to accommodate the evolving scope and nature of the specific activities being undertaken by companies such as Carpenter.

The Company's corporate governance practices were in place throughout the year ended 30 June 2004 unless otherwise stated. A description of the Company's main corporate governance practices is set out below.

THE BOARD OF DIRECTORS

The Board of directors are responsible for setting the strategic direction and establishing and overseeing the policies and financial position of the Company and monitoring the business and affairs on behalf of its shareholders, by whom the directors are elected and to whom they are accountable. Further the Board takes responsibility specifically for:

- Appointment and removal of the Chief Executive Officer and the Company Secretary.
- Final approval of management's development of corporate strategy and performance objectives.
- Reviewing and modification of internal control with respect to internal and legal compliance and its code of conduct.
- Monitoring and evaluating senior management's performance and implementation of the Company's strategy and ensuring the appropriate resources are available to meet that strategy.
- On the appointment of directors to the Board those directors receive a letter of appointment identifying their duties and specific responsibilities, the Company's expectations of them, their remuneration and their obligations with respect to advising the Company of any compliance matters.

Independent Professional advice
Directors have the right, in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. Prior written approval of the Chairman is required, which will not be unreasonably withheld.

COMPOSITION OF THE BOARD

The Board should comprise between three and five directors. The Board should comprise directors with an appropriate range of qualifications and experience.

The Company has a Non-Executive Chairman who is not considered independent under Recommendation 2.2 but which the Board believes is appropriate at this time due to the size and scale of the Company's operations.

The roles of the Chairperson and the Chief Executive Officer are not to be exercised by the same individual and there will be a clear division of responsibility between the two.

At the date of this report none of the directors are considered to be independent. During the financial period there was one director, Andrew Drummond, who was considered an independent non-executive director for the entire financial period.

The Board has not established a nomination committee due to the size and composition of the Company and its Board. This does not comply with Recommendation 2.4 however the Board considers any new appointments of directors.

Details of the directors backgrounds are set out in the Directors' Report under the heading "Information on Directors". Directors are initially appointed by the full Board, subject to election by shareholders at the next Annual General Meeting, and, other than a Managing Director if appointed, re-election at three-yearly intervals.

Given the size of the Board and nature of its operations the Company has deemed it not necessary to set up a separate committee to establish policies on risk oversight and management.

Due to the size of the Company, and its board structure, a remuneration committee has not been established. This does not comply with Recommendation 2.5.

The Company has deemed that the costs associated with meeting the recommendations to have nomination, remuneration and audit committees outweigh the benefits to shareholders at this time given the size of the Company's board. The Company will review this position from time to time.

MONITORING OF THE BOARD'S PERFORMANCE

The performance of all directors is reviewed by the Chairman on an ongoing basis and any director whose performance is considered unsatisfactory is asked to retire. The Chairman's performance is reviewed by the other board members.

Given the size and nature of the Company's operations and its Board the Company has established limited guidelines to identify the measurable and qualitative indicators of the director's performance during the course of the year.

Those guidelines are as follows:

- Attendance at all board meetings. Missing more than three consecutive meetings without reasonable excuse will result in that director's position being reviewed.

- Attendance at the Company's shareholder meetings. Non-attendance without reasonable excuse will result in that director's position being reviewed.

CODE OF CONDUCT

A "Conflicts of Interest" register has been established for the Company and each of the directors and executive officers. In it they provide a list of those entities in which they have either a position or interest. Directors and officers are obliged to update that register relating to that information.

Where a director has either a position or interest in an entity that the Company is reviewing generally, including information that is not in the public domain, they will be excluded from board discussions involving that entity.

Where a director has either a position or interest in an entity subject to review they are prevented from trading in that entity's securities until the Company has completed its review and/or dealings with them and, where applicable, confidential information has been made public. Management will advise board members before discussions with outside parties regarding information not in the public domain in order for directors to determine their positions, if any.

Directors and key executive officers identify immediately any potential conflicts of interests via any opportunities that are strictly within the Company's business mandate that may be represented to the Company in order to act in the best interests of the Company.

The Company has implemented a policy regarding trading in the Company's securities by directors, officers and employees. The policy:

- Clearly identifies the directors, officers, employees or group of employees who are restricted from trading ("designated officers").

- Identifies and highlights the prohibitions under the law and the requirements of the policy.

- Requires subsequent confirmation of the trading that has occurred.

- Identifies trading windows or black-outs prior to any corporate announcement deemed price sensitive and when in receipt of information not publicly available.

CORPORATE REPORTING

On submission of a set of the Company's financial reports for review by the Board senior management confirms that to the best of their knowledge and ability the financial reports present a true and fair view in all material aspects of the Company's financial condition and that operational results are in accordance with relevant accounting standards.

Further, the statement made by senior management regarding the integrity of the financial statements also includes a statement regarding risk management and internal compliance and control which influence the policies adopted by the Board.

Audit Committee
Given the size of the Company's Board and its current structure the Board has not established an audit committee at this time. This is not in accordance with Recommendation 4.2. However this will be reconsidered should the size and/or nature of the Company's operations change.

CONTINUOUS DISCLOSURE AND SHAREHOLDER COMMUNICATION

The board of directors aim to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the directors. Information is communicated to shareholders through:

- the annual report which is distributed to all shareholders.
- half yearly, quarterly reports and all Australian Stock Exchange announcements which are posted on the Company's website.
- the annual general meeting and other meetings so called to obtain approval for board action as appropriate.
- compliance with the continuous disclosure requirements of the Australian Stock Exchange Listing Rules.

Due to the size of the Company and the structure of the Board a remuneration committee has not been established. The Board as a whole determines appropriate remuneration levels for directors and senior executives.

Overall Director Remuneration
Shareholders must approve the framework for any equity schemes and if a director is recommended for being able to participate in an equity scheme, this participation must be approved by the shareholders.

Non-Executive Remuneration
Shareholders approve the maximum aggregate remuneration for non-executive directors. The maximum aggregate remuneration approved for non-executive directors is currently $200,000.

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2004

	Note	Consolidated		Parent	
		2004	2003	**2004**	2003
		$	$	**$**	$
Revenues from Ordinary Activities	2	**763,467**	4,361,776	**763,467**	4,361,776
Depreciation & amortisation expenses	3(a)	**(1,558)**	(1,558)	**(1,558)**	(1,558)
Management fees expense		**(168,324)**	(184,868)	**(168,324)**	(184,868)
Salaries and employee benefits expenses		**(313,142)**	(522,924)	**(313,142)**	(522,924)
Legal and professional fees		**(36,866)**	(27,798)	**(36,866)**	(27,798)
Administration expenses		**(153,974)**	(263,643)	**(153,974)**	(263,643)
Other expenses from ordinary activities	3(c)	**-**	(3,234,711)	**-**	(3,234,711)
Profit from ordinary activities before income tax expense		**89,603**	126,274	**89,603**	126,274
Income tax expense relating to ordinary activities	4	**-**	-	**-**	-
Net Profit Attributable to Members of Carpenter Pacific Resources NL		**89,603**	126,274	**89,603**	126,274
Basic earnings per share (cents per share)	21	**0.3**	0.4		
Diluted earnings per share (cents per share)	21	**0.3**	0.4		

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2004

	Note	Consolidated		Parent	
		2004	2003	**2004**	2003
		$	$	**$**	$
CURRENT ASSETS					
Cash assets		**429,240**	1,472,331	**429,240**	1,472,331
Receivables	5	**11,511,401**	10,944,312	**11,511,401**	10,944,312
Other Financial Assets	6	**140,625**	140,625	**140,625**	140,625
Other	7	**4,385**	1,032	**4,385**	1,032
Total Current Assets		**12,085,651**	12,558,300	**12,085,651**	12,558,300
NON-CURRENT ASSETS					
Receivables	8	**2,044,630**	1,440,398	**2,044,630**	1,440,398
Other Financial Assets	9	**-**	-	**3**	3
Investments Accounted for Using the Equity Method	10	**-**	-	**-**	-
Plant & Equipment	11	**4,518**	6,076	**4,518**	6,076
Total Non-Current Assets		**2,049,148**	1,446,474	**2,049,151**	1,446,477
TOTAL ASSETS		**14,134,799**	14,004,774	**14,134,802**	14,004,777
CURRENT LIABILITIES					
Payables	12	**104,226**	63,804	**104,225**	63,803
Total Current Liabilities		**104,226**	63,804	**104,225**	63,803
TOTAL LIABILITIES		**104,226**	63,804	**104,225**	63,803
NET ASSETS		**14,030,573**	13,940,970	**14,030,577**	13,940,974
EQUITY					
Contributed equity	13	**53,118,745**	53,118,745	**53,118,745**	53,118,745
Reserves	14	**277,610**	277,610	**277,610**	277,610
Accumulated Losses	14	**(39,365,782)**	(39,455,385)	**(39,365,778)**	(39,455,381)
TOTAL EQUITY		**14,030,573**	13,940,970	**14,030,577**	13,940,974

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2004

	Note	Consolidated		Parent	
		2004	2003	**2004**	2003
		$	$	**$**	$
Cash Flows from Operating Activities					
Payments to suppliers and employees		**(629,997)**	(1,059,486)	**(629,997)**	(1,059,486)
Interest received		**686,875**	511,815	**686,875**	511,815
Net Cash Flows From/(Used in) Operating Activities	20(a)	**56,878**	(547,671)	**56,878**	(547,671)
Cash Flows from Investing Activities					
Loans to joint venture entity		**(507,969)**	(1,391,029)	**(507,969)**	(1,391,029)
Funds transferred from/(to) short term deposits		**(592,000)**	52,795	**(592,000)**	52,795
Payments for investments		**-**	(2,945,926)	**-**	(2,945,926)
Proceeds from investments		**-**	3,774,593	**-**	3,774,593
Net Cash Flows Used in Investing Activities		**(1,099,969)**	(509,567)	**(1,099,969)**	(509,567)
Cash Flows from Financing Activities					
Proceeds from auction of partly paid shares		**-**	840,500	**-**	840,500
Payment of share issue costs		**-**	(3,091)	**-**	(3,091)
Net Cash Flows from Financing Activities		**-**	837,409	**-**	837,409
Net (Decrease) in Cash Held		**(1,043,091)**	(219,829)	**(1,043,091)**	(219,829)
Cash at the beginning of the financial year		**1,472,331**	1,692,549	**1,472,331**	1,692,549
Effect of exchange rate changes on cash		**-**	(389)	**-**	(389)
Cash at the end of the financial year	20(b)	**429,240**	1,472,331	**429,240**	1,472,331

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial report has been prepared as a general purpose financial report in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views). The accounting policies used are consistent with those adopted in the previous year. The financial statements have been prepared in accordance with the historical cost convention.

(b) Change in accounting policy

The accounting policies adopted are consistent with those of the previous year.

(c) Principles of Consolidation

The consolidated financial statements include the financial statements of the parent entity, Carpenter Pacific Resources NL ("Carpenter"), and its controlled entities as defined by AASB 1024. The term "economic entity" used throughout these financial statements means the parent entity and its controlled entities.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity using consistent accounting policies.

All inter-entity balances and transactions have been eliminated. Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

(d) Taxation

Income Tax
The economic entity follows the liability method, whereby the income tax expense in the statement of financial performance is matched with the accounting profit (after allowing for permanent differences). To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income the net related taxation benefit or liability calculated at current rates is disclosed as a future income tax benefit and provision for deferred income tax. The net future income tax benefit relating to tax losses and timing differences has not been brought to account as an asset as their realisation cannot be assured beyond virtual certainty.

Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

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

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

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

(e) Foreign Currency Transactions

Foreign currency items are translated to Australian currency on the following basis:

- transactions are converted at exchange rates approximating those in effect at the date of each transaction;
- amounts payable and receivable are translated at the average of the buy and sell rates available on the close of business at balance date; and

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Exchange differences are included in the statement of financial performance, as exchange gains and losses, in the period when the exchange rate changed.

(f) Investments

Investments are carried at the lower of cost or recoverable amount. The carrying amount of investments is reviewed at each reporting date by the directors to ensure it is not in excess of the recoverable amounts of the investment.

(g) Receivables

Trade receivables are recognised and carried at original invoice amount, less a provision for any uncollectable debts. Trade debtors are to be settled within 30 days and are carried at amounts due. The collectibility of debts is assessed at balance date and specific provision is made for any doubtful accounts.

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

(h) Recoverable amount

Non-current assets measured using the cost basis are not carried at an amount above their recoverable amount, and where carrying values exceed this recoverable amount assets are written down. In determining recoverable amount the expected net cash flows have not been discounted.

(i) Accounts Payable

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 Company. Trade accounts payable are normally settled within 30 days.

(j) Earnings Per Share

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share 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 or expenses during the period that would result from the dilution of potential ordinary shares;

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

(k) Plant and Equipment

Acquisition
Plant and equipment are brought to account at cost, less, where applicable, any accumulated depreciation or amortisation.

Depreciation
The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives commencing from the time the asset is held ready for use.

		2004	2003
Depreciation periods are:	Plant and equipment	3-5 years	3-5 years

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Cash and Cash Equivalents

Cash on hand, in banks and short-term deposits are stated at the lower of cost and realisable value. For the purposes of the Statement of Cash Flows, cash includes deposits at call with banks or financial institutions which are readily convertible to cash on hand within 2 working days, net of outstanding bank overdrafts.

(m) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(n) 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 revenue is recognised:

Interest
Control of the right to receive the interest payment.

Dividends
Control of the right to receive the dividend payment.

Asset Sales
The gross proceeds of asset sales are included as revenue of the consolidated entity. The profit or loss on disposal of assets is brought to account when the control of the asset has passed to the buyer.

(o) Employee Benefits

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

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amount 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 employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to government guaranteed securities, which have terms to maturity approximating the terms of the related liability, are used.

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

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

are charged against profits on a net basis in their respective categories.

(p) Joint Ventures

Interest in the joint venture partnership is carried at the lower of the equity-accounted amount and recoverable amount in the consolidated financial report.

(q) Comparatives

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

	Consolidated 2004 $	Consolidated 2003 $	Parent 2004 $	Parent 2003 $
NOTE 2 REVENUE FROM ORDINARY ACTIVITIES				
Revenue from non-operating activities				
Interest received – other unrelated persons	**617,835**	537,814	**617,835**	537,814
– related entity (joint venture entity)	**145,632**	49,369	**145,632**	49,369
Proceeds from sale of investments	-	3,774,593	-	3,774,593
Total revenues from ordinary activities	**763,467**	4,361,776	**763,467**	4,361,776

NOTE 3 EXPENSES AND LOSSES/(GAINS)

	Consolidated 2004 $	Consolidated 2003 $	Parent 2004 $	Parent 2003 $
(a) Expenses				
Depreciation of non-current assets	**1,558**	1,558	**1,558**	1,558
Total depreciation expense	**1,558**	1,558	**1,558**	1,558
(b) Losses/(Gains)				
Net loss/(gain) from the sale of investments	-	(769,939)	-	(769,939)
Net foreign exchange loss/(gain)	-	389	-	389
(c) Significant Items				
Profit from ordinary activities before income tax expense includes the following expenses whose disclosure is relevant in explaining the financial performance of the entity:				
Provision for diminution in investments	-	215,603	-	215,603
Bad and doubtful debts	-	14,454	-	14,454
Carrying value of investments sold	-	3,004,654	-	3,004,654
	-	3,234,711	-	3,234,711

	Consolidated 2004 $	Consolidated 2003 $	Parent 2004 $	Parent 2003 $
NOTE 4 INCOME TAX				
The prima facie tax on the operating profit differs from the income tax provided in the financial statements as follows:				
Profit from ordinary activities before income tax	**89,603**	126,274	**89,603**	126,274
Prima facie income tax expense on profit from ordinary activities calculated at 30%	**26,881**	37,882	**26,881**	37,882
Tax effect of permanent differences:				
Non-deductible items	**10,331**	2,082	**10,331**	2,082
Write down of investments	-	64,681	-	64,681
Gain on sale of investments	-	(215,114)	-	(215,114)
Provision for doubtful debts	-	4,336	-	4,336
	37,212	(106,133)	**37,212**	(106,133)
Future income tax benefit not previously recognised now brought to account	**(37,212)**	-	**(37,212)**	-
Future income tax benefit not brought to account	-	106,133	-	106,133
Income tax attributable to operating profit	-	-	-	-
Estimated tax losses and deductions available	**6,663,609**	6,741,610	**6,663,609**	860,892
The future income tax benefit in respect of the above at expected future tax rate of 30% is	**1,999,083**	2,022,483	**1,999,083**	258,268

The future income tax benefits have not been brought to account at balance date as the realisation of these is not virtually certain. The benefit will only be obtained if:

(a) the relevant company derives future assessable income of a nature and of sufficient amount to enable the benefit to be realised, or the benefit can be utilised by another company in the economic entity;

(b) the relevant company and/or the economic entity continue to comply with the conditions for deductibility imposed by the law; and

(c) no change in tax legislation adversely affect the Company and/or the economic entity in realising the benefit.

Effective 1 July 2003, for the purposes of income taxation, Carpenter Pacific Resources NL and its 100% owned subsidiaries intend to form a tax consolidated group. Members of the group intend to enter into a tax sharing agreement in order to allocate income tax expense to the wholly-owned subsidiaries on a pro-rata basis. In addition, the agreement will provide for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote. The head entity of the tax consolidated group is Carpenter Pacific Resources NL.

	Consolidated		Parent	
	2004	2003	**2004**	2003
	$	$	**$**	$

NOTE 5 RECEIVABLES (CURRENT)

Short-term deposits	**11,478,744**	10,906,414	**11,478,744**	10,906,414
Sundry debtors	**32,657**	52,352	**32,657**	52,352
Less: provision for doubtful debts	**-**	(14,454)	**-**	(14,454)
	32,657	37,898	**32,657**	37,898
	11,511,401	10,944,312	**11,511,401**	10,944,312

Terms and Conditions

(i) Sundry debtors are non-interest bearing and have repayment terms between 30 and 60 days.
(ii) Short term deposits have an average maturity of 30 days and have a floating interest rate which has averaged 5.2% for the year (2003 : 4.7%).

NOTE 6 OTHER FINANCIAL ASSETS (CURRENT)

Securities quoted on prescribed stock exchange

Shares in other corporations	**187,500**	187,500	**187,500**	187,500
Less: provision for diminution	**(46,875)**	(46,875)	**(46,875)**	(46,875)
	140,625	140,625	**140,625**	140,625

The market value of quoted investments at 30 June 2004 is $187,500 (2003: $140,625).

Listed shares are readily saleable with no fixed terms. There would be no material capital gains tax payable if these assets were sold at the reporting date.

NOTE 7 OTHER CURRENT ASSETS

Prepayments	**4,385**	1,032	**4,385**	1,032

NOTE 8 RECEIVABLES (NON –CURRENT)

Related party receivables

Advances to controlled entities (a)	**-**	-	**6,083,480**	6,083,480
Provision against advances to controlled entities	**-**	-	**(6,083,480)**	(6,083,480)
	-	-	**-**	-
Loan to joint venture entity (b)	**2,044,630**	1,440,398	**2,044,630**	1,440,398

Terms and Conditions

(a) Transactions between Carpenter and its controlled entities consist of inter-company loans, upon which no interest is charged and repayment dates are unspecified.

(b) The loan to the joint venture entity, Delta Oilfield Developments Limited, attracts an interest rate based on the corporate overdraft reference rate and has no set date for repayment or terms of the loan.

The carrying value of the loan is supported by the evaluation of the Maari Oilfield Project to date.

	Consolidated 2004 $	Consolidated 2003 $	Parent 2004 $	Parent 2003 $
NOTE 9 OTHER FINANCIAL ASSETS (NON-CURRENT)				
Investments at cost comprise:				
Securities not quoted on prescribed stock exchange:				
Shares in controlled entities (Note 19)	-	-	**3**	3
Joint venture entities (see below)	-	-	-	-
Securities quoted on prescribed stock exchange:				
Shares in other corporations	**1,207,483**	1,207,483	**1,207,483**	1,207,483
Less: Provision for diminution	**(1,207,483)**	(1,207,483)	**(1,207,483)**	(1,207,483)
	-	-	-	-
	-	-	**3**	3

(a) Principal activities of listed company investments

Black Range Minerals Limited – laterite nickel exploration and evaluation

	Ownership interest held by consolidated entity 2004 %	Ownership interest held by consolidated entity 2003 %	Balance Date
Black Range Minerals Limited	**2.2**	2.2	30 June

The market value at 30 June 2004 of quoted investments was nil (2003: nil).

NOTE 10 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated 2004 $	Consolidated 2003 $	Parent 2004 $	Parent 2003 $
Investment in Joint Venture Partnership	-	-	-	-

(a) Interest in Joint Venture Partnership

Name	Balance Date	Ownership Interest held by consolidated entity 2004 %	Ownership Interest held by consolidated entity 2003 %
Delta Oilfield Developments Limited	30 June	**50**	**50**

(i) Principal activities

- Evaluating and appraising Petroleum Exploration or Production Interests, with a view to making a direct or indirect acquisition of such interests;
- Identifying and negotiating the acquisition of a direct or indirect interest in Petroleum Exploration or Production Interests, to be jointly acquired by the Shareholders;

NOTE 10 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

- Identifying and negotiating the acquisition of a direct or indirect interest in Petroleum Exploration or Production Interests, to be acquired by Delta Oilfield Developments on behalf of the Shareholders;
- Marketing itself as an entity with the capacity to acquire a direct or indirect interest in Petroleum Exploration or Production Interests, on behalf of itself or the Shareholders; and
- Screening of possible corporate opportunities.

(ii) Share of the joint venture partnership's losses

	Consolidated	
	2004	2003
	$	$
Share of the joint venture partnership's losses:		
- net loss before income tax	**442,089**	456,996
- income tax expense attributable to net loss	**-**	-
- net loss after income tax	**442,089**	456,996
- loss not taken up	**(442,089)**	(456,996)
Share of joint venture partnership's net loss	**-**	-

The share of the joint venture partnership's loss has not been included in the equity-accounted carrying value of the investment, as this is nil.

(iii) Carrying amount of investment in joint venture partnership

Balance at beginning of the financial year	-	-
- share of joint venture partnership's net loss for the financial year	-	-
Carrying amount of investment in joint venture partnership at end of the financial year	-	-

(iv) Share of joint venture partnership's assets and liabilities

Current assets	**24,190**	11,094
Non-current assets	**1,131,404**	976,951
Current Liabilities	**(10,050)**	(4,642)
Non-current liabilities	**(2,044,630)**	(1,440,398)
Net deficiency in assets	**(899,086)**	(456,995)

NOTE 11 PLANT AND EQUIPMENT

	Consolidated		Parent	
	2004	2003	**2004**	2003
	$	$	**$**	$
Plant and equipment				
Cost	**8,658**	8,658	**8,658**	8,658
Accumulated depreciation	**(4,140)**	(2,582)	**(4,140)**	(2,582)
	4,518	6,076	**4,518**	6,076

	Consolidated 2004 $	Consolidated 2003 $	Parent 2004 $	Parent 2003 $
NOTE 11 PLANT AND EQUIPMENT (continued)				

(a) **Reconciliation**
Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the current financial year, parent and consolidated.

	Consolidated 2004 $	Consolidated 2003 $	Parent 2004 $	Parent 2003 $
Plant and equipment				
Carrying amount at beginning	**6,076**	7,634		
Additions	**-**	-		
Disposals	**-**	-		
Depreciation	**(1,558)**	(1,558)		
	4,518	6,076		

NOTE 12 ACCOUNTS PAYABLE (CURRENT)

	Consolidated 2004 $	Consolidated 2003 $	Parent 2004 $	Parent 2003 $
Trade creditors	**63,884**	46,005	**63,884**	46,005
Other creditors	**40,342**	17,799	**40,341**	17,798
	104,226	63,804	**104,225**	63,803

Terms and Conditions
(i) Trade creditors are non-interest bearing and are normally settled on 30 day terms.
(ii) Other creditors are non-interest bearing and have an average term of 4 months.

NOTE 13 CONTRIBUTED EQUITY

(a) **Issued and Paid Up Capital**

	Consolidated 2004 $	Consolidated 2003 $	Parent 2004 $	Parent 2003 $
Ordinary shares fully paid	**53,118,745**	53,118,745	**53,118,745**	53,118,745

(b) **Movements in issued shares for the year:**

	2004 $	2003 $	2004 No.	2003 No.
Opening Balance	**53,118,745**	52,281,336	**29,906,552**	27,156,552
Auction/Issue of partly paid shares	**-**	840,500	**-**	2,750,000
less: Issue costs	**-**	(3,091)	**-**	-
Closing balance	**53,118,745**	53,118,745	**29,906,552**	29,906,552

(c) **Options over Ordinary Shares:**

On 28 November 2002 1,000,000 options were issued to directors and executives over ordinary shares as approved by shareholders in general meeting, vesting from the date of issue and expiring on 28 November 2005. The options have an exercise price of $0.40. During the year 300,000 of these options expired. At the end of the year there were 700,000 (2003:1,000,000) unissued ordinary shares in respect of which options were outstanding.

(d) **Terms and Conditions of contributed equity:**

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

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

	Note	Consolidated 2004 $	Consolidated 2003 $	Parent 2004 $	Parent 2003 $
NOTE 14 RESERVES AND ACCUMULATED LOSSES					
Capital profits	(a)	**277,610**	277,610	**277,610**	277,610
Accumulated losses	(b)	**39,365,782**	39,455,385	**39,365,778**	39,455,381
(a) Capital Profits Reserve					
Nature and purpose of reserve The capital profits reserve is used to accumulate realised capital profits. The reserve can be used to pay dividends or issue bonus shares.					
Balance at beginning of year		**277,610**	277,610	**277,610**	277,610
Movements in reserve		**-**	-	**-**	-
Balance at end of year		**277,610**	277,610	**277,610**	277,610
(b) Accumulated losses					
Balance at beginning of year		**39,455,385**	39,581,659	**39,455,381**	39,581,655
Net (profit) attributable to members of Carpenter Pacific Resources NL		**(89,603)**	(126,274)	**(89,603)**	(126,274)
Balance at end of year		**39,365,782**	39,455,385	**39,365,778**	39,455,381

NOTE 15 DIRECTORS' AND EXECUTIVES' DISCLOSURES

(a) **Details of Specified Directors and Specified Executives**

(i) **Specified directors**

M Atkins	Chairman (non-executive)	appointed 18 September 2003
A Drummond	Director (non-executive)	
S Spiers	Director (non-executive)	appointed 18 September 2003
D Hill	Director (non-executive)	
B Wrixon	Director (non-executive)	resigned 15 October 2003
N Doyle	Managing Director	resigned 31 August 2003

(ii) **Specified executives**

M O'Clery	Chief Executive Officer, appointed 25 November 2003
A Chapman	Company Secretary

(b) **Remuneration of Specified Directors and Specified Executives**

(i) The Board as a whole is responsible for considering remuneration policies and packages applicable both to board members and senior executives of the Company. The board remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities, which is not linked to the performance of the Company, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Details of the nature and amount of each major element of the emoluments of each director of the Company and each of the named officers of the Company and the associated entity receiving the highest emolument during the financial year are:

NOTE 15 DIRECTORS' AND EXECUTIVES' DISCLOSURES (continued)

(ii) **Remuneration of Specified Directors and Specified Executives**

	Primary			Post Employment	Equity	
Specified Directors	**Salary & Fees**	**Non Monetary Benefits**	**Termination Payments**	**Superannuation**	**Options**	**Total**
M Atkins						
2004	40,894	-	-	-	-	40,894
A Drummond						
2004	25,726	-	-	2,315	-	28,041
2003	15,000	-	-	-	18,800	33,800
S Spiers						
2004	22,517	-	-	2,027	-	24,544
D Hill						
2004	52,148	-	-	4,693	-	56,841
2003	84,000	-	-	7,560	28,200	119,760
B Wrixon						
2004	4,315	-	-	388	-	4,703
2003	15,000	-	-	1,350	-	16,350
N Doyle						
2004	34,996	-	149,500	877	-	185,373
2003	163,868	-	-	10,099	28,200	202,167
Total Remuneration Specified Directors						
2004	180,596	-	149,500	10,300	-	340,396
2003	277,868	-	-	19,009	75,200	372,077
Specified Executives						
Mark O'Clery						
2004	70,000	-	-	3,209	-	73,209
Andrew Chapman#						
2004	-	-	-	-	-	-
2003	-	-	-	-	18,800	18,800
Total Remuneration Specified Executives						
2004	70,000	-	-	3,209	-	73,209
2003	-	-	-	-	18,800	18,800

* Group totals in respect of the financial year ended 30 June 2003 do not necessarily equal the sum of the amounts disclosed for 2003 for individuals specified for 2004, as different individuals were specified in 2003.

\# Mr Chapman is employed by Saracen Management Pty Ltd ("SarMan"). SarMan provides various services and facilities as detailed in Note 18. The Company is unable to determine the proportion of the amount paid to SarMan which is remuneration paid to Mr Chapman.

(iii) **Remuneration Options : Granted, Vested or Exercised During the Year**

No options were granted, vested or exercised to or by specified directors and specified executives during the year.

NOTE 15 DIRECTORS' AND EXECUTIVES DISCLOSURES (continued)

(c) **Option holdings of specified directors and specified executives**

	Balance at beginning of period 1 July 2003	Granted as Remuneration	Options Exercised	Options Expired	Balance at the end of Period 30 June 2004	Vested at 30 June 2004 Total	Not Exercisable	Exercisable
Specified Directors								
M Atkins	-	-	-	-	-	-	-	-
A Drummond	200,000	-	-	-	200,000	200,000	-	200,000
S Spiers	-	-	-	-	-	-	-	-
D Hill	300,000	-	-	-	300,000	300,000	-	300,000
B Wrixon	-	-	-	-	-	-	-	-
N Doyle	300,000	-	-	(300,000)	-	-	-	-
Specified Executives								
M O'Clery	-	-	-	-	-	-	-	-
A Chapman	200,000	-	-	-	200,000	200,000	-	200,000
Total	1,000,000	-	-	(300,000)	700,000	700,000	-	700,000

(d) **Shareholdings of Specified Directors and Specified Executives**

		Balance at 1 July 2003	Granted as Remuneration	Exercise of Options	Net Change Other	Balance at 30 June 2004
Specified Directors						
M Atkins		-	-	-	8,873,539	8,873,539
A Drummond		15,000	-	-	-	15,000
S Spiers	(i),(ii)	9,073,539	-	-	-	9,073,539
D Hill	(i),(ii)	9,073,539	-	-	-	9,073,539
B Wrixon		8,875,539	-	-	(8,875,539)	-
N Doyle		8,873,539	-	-	(8,873,539)	-
Specified Executives						
M O'Clery		-	-	-	-	-
A Chapman		-	-	-	-	-
Total		35,911,156	-	-	(8,875,539)	27,035,617

All equity transactions with specified directors and specified executives other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arms length.

(i) Mr Atkins, Mr Spiers and Mr Hill are directors of Westgold Resources NL, company which holds 8,873,539 (2003: 8,873,539) fully paid ordinary shares in the Company. Mr Wrixon and Mr Doyle resigned as directors of Westgold Resources NL during the year.
(ii) Mr Hill and Mr Spiers are directors of Expectation Pty Ltd, a company which holds 200,000 fully paid shares in the Company.

NOTE 16 SEGMENT INFORMATION

The economic entity's operations are predominantly in one business and geographic segment being acquiring interests in the upstream oil and gas industry in New Zealand.

NOTE 17 CAPITAL EXPENDITURE COMMITMENTS

The economic entity has no capital expenditure commitments to perform minimum exploration works and/or to expend minimum amounts of money on such works in designated exploration areas as it holds no exploration tenements.

In order to maintain its interest in the Maari Oilfield Project the economic entity has agreed to meet its joint venture commitments via Delta Oilfield Developments Limited based on approved joint venture budgets. The remaining balance of the approved budget at 30 June 2004 is $122,000. Project costs beyond that date have yet to be estimated or approved by the joint venture parties.

NOTE 18 RELATED PARTIES

Transactions within the Wholly Owned Group
The wholly-owned group consists of Carpenter Pacific Resources NL and other companies, as disclosed in Note 19 to these financial statements.

Ultimate Parent
The ultimate holding company of the economic entity is Carpenter Pacific Resources NL.

Other Related Party Transactions
In June 1998, Carpenter entered into an agreement with Saracen Management Pty Ltd ("SarMan"), at that time a wholly owned subsidiary of Saracen Mineral Holdings Ltd ("Saracen"), for the provision of management and technical services, office facilities and administration support to Carpenter. A new agreement was made during the financial year when SarMan was purchased by Westgold Resources NL to provide the same services. During the year the economic entity paid fees of $168,324 (2003 : $184,868) for these services. These fees were determined at cost. At balance date the balance payable to SarMan was $12,199 (2003 : $14,025). Mr Wrixon is and Mr Hill was a director of Saracen. Mr Hill, Mr Spiers and Mr Atkins are directors of Westgold Resources NL.

NOTE 19 CONTROLLED ENTITIES

The consolidated financial statements at 30 June 2004 include the following controlled entities. The financial year of all controlled entities are the same as that of the parent entity.

Name of Controlled Entity	Place of Incorporation/Formation	% of Shares Held 2004	% of Shares Held 2003
Brisa Pty Limited	Australia	**100**	100
Carpenter Pacific Energy Pty Ltd	Australia	**100**	100

	Consolidated		Parent	
	2004	2003	**2004**	2003
	$	$	**$**	$
NOTE 20 NOTES TO THE STATEMENT OF CASH FLOWS				
(a) Reconciliation of the Net Profit After Income Tax to the Net Cash Flows from Operations.				
Net Profit	**89,603**	126,274	**89,603**	126,274
Depreciation	**1,558**	1,558	**1,558**	1,558
Net foreign currency losses	-	389	-	389
Net (profit) on sale of investments	-	(769,939)	-	(769,939)
Write-down cost of investments	-	215,603	-	215,603
Bad and doubtful debts	-	14,454	-	14,454
Change in operating assets and liabilities				
(Increase)/decrease in receivables	**(71,353)**	(85,872)	**(71,353)**	(85,872)
Decrease/(increase) in prepayments	**(3,353)**	3,042	**(3,352)**	3,042
(Decrease)/increase in accounts payable	**40,423**	(43,715)	**40,422**	(43,715)
(Decrease)/increase in provisions	-	(9,465)	-	(9,465)
Net cash flows used in operating activities	**56,878**	(547,671)	**56,878**	(547,671)
(b) Reconciliation of Cash				
Cash comprises:				
Cash at bank	**429,240**	1,472,331	**429,240**	1,472,331

NOTE 21 EARNINGS PER SHARE

The following reflects the income and share data used in the calculations of basic and dilutive earnings per share. Details of options which are not considered dilutive in nature are set out in note 13.

	2004	2003
	$	$
Net Profit	**89,603**	126,274
Weighted average number of ordinary shares used to calculate basic earnings per share and diluted earnings per share.	**29,906,552**	28,630,125

NOTE 22 FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The economic entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below.

Financial Instruments	Floating interest rate 2004 $	Fixed interest rate maturing in one year or less 2004 $	Non-interest bearing 2004 $	Total carrying amount as per the balance sheet 2004 $	Weighted average effective interest Rate 2004 %
Financial Assets					
Cash assets	**429,240**	-	-	**429,240**	**4.60**
Short term deposits	-	**11,478,744**	-	**11,478,744**	**5.20**
Other receivables	**2,077,287**	-	-	**2,077,287**	**8.50**
Investments – listed	-	-	**140,625**	**140,625**	**N/A**
Total Financial Assets	**2,506,527**	**11,478,744**	**140,625**	**14,125,896**	-
Financial Liabilities					
Accounts payable	-	-	**104,226**	**104,226**	**N/A**
Total Financial Liabilities	-	-	**104,226**	**104,226**	-
	2003 $	**2003 $**	**2003 $**	**2003 $**	**2003 %**
Financial Assets					
Cash assets	1,472,331	-	-	1,472,331	4.40
Short term deposits	-	10,906,414	-	10,906,414	4.70
Other receivables	1,478,296	-	-	1,478,296	8.50
Investments – listed	-	-	140,625	140,625	N/A
Total Financial Assets	2,950,627	10,906,414	140,625	13,997,666	-
Financial Liabilities					
Accounts payable	-	-	63,804	63,804	N/A
Total Financial Liabilities	-	-	63,804	63,804	-

The interest exposure arises mainly from assets and liabilities bearing floating interest rates. Other assets and liabilities subject to fixed interest rates are expected to be held to maturity.

(b) Net Fair Values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at the balance date, are as follows:

	Total carrying amount as per the statement of financial position		Aggregate net fair value (i)	
	2004 $	2003 $	**2004 $**	2003 $
Financial Assets				
Cash assets	**429,240**	1,472,331	**429,240**	1,472,331
Short term deposits	**11,478,744**	10,906,414	**11,478,744**	10,906,414
Other receivables	**2,077,287**	1,478,296	**2,077,287**	1,478,296
Investments – listed	**140,625**	140,625	**187,500**	140,625
Total financial assets	**14,125,896**	13,997,666	**14,172,771**	13,997,666
Financial Liabilities				
Trade creditors	**104,226**	63,804	**104,226**	63,804
Total financial liabilities	**104,226**	63,804	**104,226**	63,804

NOTE 22 FINANCIAL INSTRUMENTS (continued)

(i) The following methods and assumptions are used to determine the net fair values of financial assets and liabilities.

Recognised financial instruments

Cash, cash equivalents and short-term investments: The carrying amount approximates fair value because of their short-term to maturity.

Trade debtors and creditors: The carrying amount approximates fair value.

Investments: For financial instruments traded in organised financial markets, fair value is the current quoted market bid price for an asset or offer price for a liability, adjusted for transaction costs necessary to realise the asset or settle the liability.

(c) Credit Risk Exposures

The consolidated entity's maximum exposures to credit risk at balance date in both financial years in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the balance select.

	Consolidated		Parent	
	2004	2003	**2004**	2003
	$	$	**$**	$
NOTE 23 REMUNERATION OF AUDITORS				
Remuneration received, or due and receivable, by the auditor of the parent entity and its affiliates for:				
- Audit and review of the financial reports of the entity and any other entities in the consolidated entity	**18,700**	18,100	**18,700**	18,100
- Other services (taxation, corporate finance advice) in relation to the entity and any other entity in the consolidated entity	**46,220**	26,730	**46,220**	26,730
	64,920	44,830	**64,920**	44,830
Remuneration received, or due and receivable, by auditors other than the auditor of the parent entity and its affiliates for:				
- Audit and review of the financial reports of the entity and any other entities in the consolidated entity	**-**	-	**-**	-
- Other services (accounting services provided by Sinton Spence) in relation to the entity and any other entity in the consolidated entity	**-**	4,654	**-**	4,654
	-	4,654	**-**	4,654

NOTE 24 SUBSEQUENT EVENTS

On 6 August 2004 a shareholders meeting was held to vote on a return of capital to shareholders of 33 cents per share. This resolution was passed and on 20 August 2004 approximately $9.87 million dollars was sent to shareholders as a return of capital. The return of capital has the effect of reducing the Company's contributed equity and cash balance by this amount. The financial effect of this transaction has not been recognised at 30 June 2004.

There has been no other matter or circumstance that has arisen since the end of the financial year which is not otherwise dealt with in this report to the consolidated financial statements, that has significantly affected or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in subsequent financial years.

NOTE 25 IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS

Carpenter Pacific Resources NL has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (IFRS) which become effective from 1 January 2005. The Company has conducted an internal assessment to isolate key areas that will be impacted by the transition to IFRS. As a result of these procedures, Carpenter Pacific Resources NL has identified impact areas and has sought to address each of the areas in order of priority. As Carpenter Pacific Resources NL has a 30 June year end, priority has been given to considering the preparation of an opening balance sheet in accordance with AASB equivalents to IFRS as at 1 July 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future, and is required when Carpenter Pacific Resources NL prepare its first fully IFRS compliant financial report for the year ended 30 June 2006. Set out below are the key areas where accounting policies will change and may have an impact on the financial report of Carpenter. At this stage the Company has not been able to quantify the impacts on the financial report.

NOTE 25 IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS (continued)

Classification of Financial Instruments

Under AASB 139 *Financial Instruments: Recognition and Measurement*, financial instruments will be required to be classified into one of five categories which will, in turn, determine the accounting treatment of the item. The classifications are loans and receivables – measured at amortised cost, financial assets held to maturity – measured at amortised cost, financial assets held for trading – measured at fair value with fair value changes charged to net profit or loss, financial assets available for sale – measured at fair value with fair value changes taken to equity and non-trading liabilities – measured at amortised cost. This will result in a change in the current accounting policy that does not classify financial instruments. Current measurement is at amortised cost. The future financial effect of this change on accounting policy is not yet known as the classification and measurement process has not yet been fully completed.

Impairment of Assets

Under AASB136 *Impairment of Assets* the recoverable amount of an asset is determined as the higher of net selling price and value in use. This will result in a change in the group's current accounting policy which determines the recoverable amount of an asset on the basis of undiscounted cash flows. Under the new policy it is likely that impairment of assets will be recognised sooner and that the amount of write-downs will be greater. Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known.

Shared based payments

Under AASB 2 *Share Based Payments*, the Company will be required to determine the fair value of options issued to employees as remuneration and recognise an expense in the Statement of Financial Performance. This standard is not limited to options and also extends to other forms of equity based remuneration. It applies to all share-based payments issued after 7 November 2002 which have not yet vested as at 1 January 2005. Reliable estimation of the future financial effects of this change in accounting policy is impracticable as the details of future equity based remuneration plans are unknown.

Income taxes

Under AASB112 Income Taxes, the Company will be required to use a balance sheet liability method which focuses on the tax effects of transactions and other events that affect amounts recognised in either the Statement of Financial Position or a tax-based balance sheet. There is not expected to be a material impact as a result of adoption of this standard.

Proceeds from Sale of Assets

Under IFRS the difference between the sales proceeds and the cost base of the assets sold is presented as a net gain or loss rather than the present separate recognition of proceeds as revenue and cost of assets sold as an expense. There will be no impact on the income statements.

Embedded Derivatives

IAS 39 (AASB 139) introduces the concept of embedded derivatives and requires the identification, recognition and measurement of derivatives embedded within contracts that a company may enter. Embedded derivatives are required to be fair valued and movements reported in the profit and loss statement. Carpenter is currently reviewing contracts to determine the extent of any embedded derivatives.

Exploration and Evaluation

Uncertainty remains in relation to accounting for extractive activities within the IFRS regime with no specific standard finalised. If the stated "grandfathering" approach embodied in ED 6 Exploration for and Evaluation of Mineral Resources and as discussed by the IASB in July 2004 is implemented then it is expected that Carpenter's existing policy of accounting for exploration and evaluation activity will comply with IFRS requirements and therefore no difference is expected to result either from the recognition of exploration and evaluation assets or from impairment testing.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Carpenter Pacific Resources NL, I state that in the opinion of the directors:

(a) The financial statements and notes of the Company and of the consolidated entity are in accordance with 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, and Corporations Regulations 2001, and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due

For and on behalf of the board.

M ATKINS
Director

Perth, 28 September 2004

INDEPENDENT AUDIT REPORT

SHAREHOLDER INFORMATION

The following additional information was applicable as at 6 September 2004.

1. SUBSTANTIAL SHAREHOLDERS

The names of the substantial shareholders and the number of shares to which they are entitled as at 6 September 2004 are:

Name	Number of Shares	Percentage %
Westgold Resources NL	3,123,539	10.44
Arredo Pty Ltd	3,000,000	10.03
Castle Springs Pty Ltd	2,350,000	7.86

2. FULLY PAID ORDINARY SHARES

(a) The number of holders of fully paid ordinary shares is 2,067. Holders of fully paid ordinary shares are entitled to one vote per fully paid ordinary share.

(b) Distribution of fully paid ordinary shareholders:

Category (Size of Holding)	No. of Fully Paid Ordinary Shareholders
1 - 1,000	651
1,001 - 5,000	922
5,001 - 10,000	242
10,001 - 100,000	211
100,001 and over	41
	2,067

(c) The number of fully paid shareholders holding less than a marketable parcel is 1,461.

(d) The 20 largest fully paid ordinary shareholders together hold 52.75% of the securities in this class.

20 LARGEST FULLY PAID ORDINARY SHAREHOLDERS

	Name	Number	Percentage
1.	Arredo Pty Ltd	3,000,000	10.03
2.	Westgold Resources NL	2,923,539	9.78
3.	Castle Springs Pty Ltd	2,350,000	7.86
4.	Piat Corp Pty Ltd	1,250,000	4.18
5.	Flue Holdings Pty Ltd	745,000	2.49
6.	Ocean View WA Pty Ltd	745,000	2.49
7.	Ronay Investments Pty Limited	588,646	1.97
8.	Mr Clive Brown	500,000	1.67
9.	C2 International LLC	478,614	1.60
10.	Terra Developments Pty Ltd (Superannuation Fund A/C)	500,000	1.67
11.	Dale Estates Pty Ltd (Dale Super A/C)	400,000	1.34
12.	Mr Anthony Poli & Mrs Milvia Poli	400,000	1.34
13.	Ian Sandover & Associates Pty Ltd (Sandover Super A/C)	289,861	0.97
14.	Mr David Brown	286,000	0.96
15.	Royal Sunset Pty Ltd	250,000	0.84
16.	Mr David John Massey (The DJ Massey Super A/C)	240,016	0.80
17.	Elstree Holdings Pty Ltd (The Dale Investment A/C)	225,000	0.75
18.	Mr Nigel Burgess	200,000	0.67
19.	Expectation Pty Ltd	200,000	0.67
20.	Mazuma Management Pty Ltd	200,000	0.67
		15,771,676	52.75

There is a total of 29,906,552 fully paid ordinary shares on issue, all of which are listed on Australian Stock Exchange Limited.

3. UNLISTED OPTIONS

(a) There are three holders of options expiring on 28 November 2005 exercisable at 7 cents each to acquire one fully paid ordinary share. The option holders do not have any voting rights.

(b) Distribution of unlisted option holders:

Category (size of holding)	Number of Unlisted 28 November 2005 Option Holders
100,001 and over	3

Name	Number	%
Daniel Hill	300,000	42.86
Andrew Drummond	200,000	28.57
Andrew Chapman	200,000	28.57
	700,000	100.00

4. REGISTERED AND PRINCIPAL OFFICE

The address of the registered and principal office is Level 9, BGC Centre, 28 The Esplanade, Perth, WA, 6000. The telephone number is (61 8) 9322 6322 and the facsimile number is (61 8) 9322 6558.

5. REGISTER OF SECURITIES

Held at the following address:
Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth, WA, 6000

Telephone: (61 8) 9323 2000
Facsimile: (61 8) 9323 2033

6. RESTRICTED SECURITIES

None of the securities on issue are Restricted Securities.