

**EAGLE BAY RESOURCES N.L.**

A.C.N. 051 212 429

**ANNUAL REPORT 2004**

## CORPORATE DIRECTORY

|                                                       |                                                                                                                                                                                                                                                                                                                                                                                |
|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| DIRECTORS                                             | Anthony Rechner<br>James B Craib<br>Richard E Diermayer                                                                                                                                                                                                                                                                                                                        |
| SECRETARY                                             | James Benton Craib                                                                                                                                                                                                                                                                                                                                                             |
| REGISTERED OFFICE                                     | 1 <sup>st</sup> Floor, 14 Outram Street, West Perth<br>Western Australia 6005<br><br>Telephone: (08) 9481 3322<br>Facsimile: (08) 9481 3330<br>Email: <a href="mailto:eb@indigo.net.au">eb@indigo.net.au</a><br>Web: <a href="http://www.eaglebayresources.com.au">www.eaglebayresources.com.au</a><br><br>Postal Address:<br>PO Box 913, West Perth<br>Western Australia 6872 |
| ACN                                                   | 051 212 429                                                                                                                                                                                                                                                                                                                                                                    |
| AUDITORS                                              | Stanton Partners<br>Level 1<br>1 Havelock Street West Perth<br>Western Australia 6005                                                                                                                                                                                                                                                                                          |
| BANKERS                                               | ANZ Bank<br>1275 Hay Street, West Perth<br>Western Australia 6005                                                                                                                                                                                                                                                                                                              |
| STOCK EXCHANGE                                        | The Company's shares are quoted on the official list<br>at the Australian Stock Exchange Ltd, ASX Code EBR                                                                                                                                                                                                                                                                     |
| SHARE REGISTRY                                        | Advanced Share Registry<br>Level 7, 200 Adelaide Terrace, Perth<br>Western Australia<br>Telephone (08) 9221 7288                                                                                                                                                                                                                                                               |
| SOLICITORS                                            | Blakiston & Crabb<br>Hay Street, West Perth<br>Western Australia                                                                                                                                                                                                                                                                                                               |
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## CHAIRMAN'S REPORT

Dear Shareholders

Your annual report is in a cost competitive format aimed at compliance matters only. A coloured drilling program brochure which was separately released to the Australian Stock Exchange is enclosed and we will continue to utilise this format as a more timely method of communication with shareholders.

### 1. GOLD EXPLORATION

#### **Copper/Gold Exploration**

Myall Creek Copper Deposit, South Australia  
(EBR Earning 75% Interest) and EL 3098 (EBR 100% and diluting)

Gravity Capital Ltd (GCap) completed the Falcon airborne gravity gradiometer survey over the Cultana leases and has supplied preliminary data some two months after completion of the survey. GCap has advised that BHP Billiton has provided final data and a geological/geophysical report. Preliminary interpretation indicates a broad gravity high outside of the bombing range proximal to elevated gold, copper and radioactive thorium anomalism. Within this gravity high there are a number of local vertical gravity gradient anomalies which are likely to warrant evaluation as potential drilling targets when the final data and interpretation is received.

### 2. OIL AND GAS EXPLORATION

#### **Vic/P47**

**Gippsland Basin Offshore Victoria**  
(EBR 25% Free carried interest in the drilling of Moby 1 for the first A\$5.75 million)

A Brochure on the Moby Prospect has already been released to the ASX and follows this report.

### 3. OIL EXPLORATION

#### **Vic/P41**

**Gippsland Basin Offshore Victoria**  
(EBR 100% and Diluting)

Seismic interpretation of the previous 2D surveys located the Kipling and Benchley prospects which will be further evaluated with a 3D seismic survey as vessels become available.

### 4. ULEY GRAPHITE MINE, PORT LINCOLN, SOUTH AUSTRALIA (EBR 100%)

#### **4.1 History of Company's Graphite Mine**

The Uley Graphite project contains a world class resource of high grade flake graphite. The deposit is sufficient to support a mine life in excess of 100 years. Uley is located 23km from Port Lincoln and is well served by existing infrastructure including an established deep water port. Some \$14 million has been spent on mining and the processing plant.

#### **4.2 The Current Position**

With rapid capacity increase in Chinese steel production and more robust demand for graphite expected in the near future the company's Chairman has been invited to deliver a paper on the Uley mine at the 5<sup>th</sup> International Symposium of Mining Science and Technology in October 2004 at Xuzhou by the China University of Mining and Technology.

**5. OIL AND GAS EXPLORATION**  
**Offer of CO 2003A Onshore Cooper Basin**  
(EBR 100%)

At the date of printing this report, this permit had been offered to Eagle Bay by the State of South Australia but not to date accepted.

The permit cover 1745 square kilometres and contains or is within 1km of a gas and oil pipelines. The producing fields of:

|                 |               |
|-----------------|---------------|
| Pennie          | Moolion       |
| Hart            | Moolion North |
| Mitchie         | Kudrieke      |
| Lake Macmillion |               |

are enclosed but excluded from the permit.

EBR produced a map based on seismic data which existed up to 1986 which showed (pre-drilling) the presence of all of the above producing fields (excluding Moolion North) and 5 other prospects which remain undrilled in the 12km corridor between the oil and gas transmission pipelines. These 5 undrilled prospects will form a major portion of the first year work program of 5 wells back to back. The success ratio in the Cooper Basin is currently some 44% but has been much higher in the pipeline corridor discussed above.

Yours sincerely

**A. Rechner**  
**Chairman**

## DIRECTORS' REPORT

The directors present the following report for the financial year ended 30 June 2004.

### DIRECTORS

The directors of Eagle Bay Resources N.L. at anytime during or since the end of the financial year are:

#### **Anthony Rechner BSc, MAusIMM (Chairman) a founder director since April 1991**

Mr Rechner (age 56), holds a Bachelor of Science degree in Geology and Physics from the University of Adelaide, South Australia. He is a Member of the Australasian Institute of Mining and Metallurgy with over thirty years experience in Australia and overseas working in petroleum search, mineral exploration and mining.

Mr Rechner's previous involvement as Chairman and Managing Director of Windsor Resources N.L., Brunswick N.L. and Geographe Resources Ltd resulted in these company's evolving from small explorers to major producers at Mount Percy, Galtee More and Chalice respectively. Mr Rechner was operations Manager for West Australian Petroleum and Chevron Oil in North Africa.

#### **Richard Edward Diermayer Dip. Leg. Stud. (Executive Director) a founder director since April 1991**

Mr Diermayer (age 50), who is also a current Director of Falcon Minerals Ltd, holds a Degree of Legal Studies and has an extensive background in mining law and administration from his 12 years experience as an officer with the Department of Mines in Western Australia. In 1981 he established Sentinel Exploration Services, a consultancy firm which provided a successful service to the mining industry throughout Australia in tenement management and administration, property acquisitions, project generation, native title negotiations and mineral exploration. Mr Diermayer's was previously involved as a Director of Geographe Resources during a period which saw the company evolve from a small explorer to a producer of the Chalice Mine.

#### **James Benton Craib JP CPA (Non-executive Director) a founder director since April 1991**

Mr Craib (age 66) is an accountant who is currently responsible for the accounting and Company secretarial functions of Eagle Bay Resources N.L., Falcon Minerals Ltd and Geographe Resources Ltd. He has had considerable experience as an accountant, mainly in the industrial and production sectors. His application of that experience to the requirements of the Company has been invaluable.

As at the date of this report the directors hold the following beneficial interests in the capital of the Company:

|               | Shares      |                |
|---------------|-------------|----------------|
|               | In own name | In other names |
| A Rechner     | 51          | 9,089,651      |
| R E Diermayer | —           | 2,582,315      |
| J B Craib     | 37,200      | 1,109,500      |

## SENIOR MANAGEMENT

#### **Paul Fromson (Company Secretary: Resigned effective 23rd September 2004)**

Paul Fromson is a CPA and Chartered company secretary experienced in mining and exploration companies. He holds a bachelor of commerce from the University of WA and runs his own tax and accounting practice based in Rockingham WA.

#### **James Benton Craib (Company Secretary: Appointed 23<sup>rd</sup> September 2004)**

## PRINCIPAL ACTIVITIES

The consolidated entity is actively engaged in exploration for oil and gas and continues to care for and maintain the Uley graphite mine in South Australia with a view to bringing it into commercial production. There have been no significant changes in the nature of these activities during the year.

## REVIEW OF OPERATIONS AND RESULTS

Details of the operations of the consolidated entity are set out in the Chairman's Report on page 2.

The consolidated entity incurred an after tax operating loss of \$2,760,188 (2003: Loss \$556,813).

## DIRECTORS' REPORT (Continued)

### DIVIDENDS

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year.

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The Company completed two issues of capital during the year as follows:

1. A total of 17,600,000 shares were placed at 6 cents per share.
2. A total of 22,585,489 shares were issued under a Pro Rata Issue at 6 cents per share.

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

### MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matters have arisen since 30 June 2004 that have significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2004, of the consolidated entity constituted by Eagle Bay Resources N.L. and the entities it controls from time to time; or
- (b) the results of those operations; or
- (c) the state of affairs, in financial years subsequent to 30 June 2004, of the consolidated entity other than disclosed in Note 21 to the financial statements.

### LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the consolidated entity have been set out in the accompanying Review of Operations. Further information on the likely developments and expected results of operations of the consolidated entity have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the negotiations.

### 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. There were five directors meetings during the year and the number of meetings attended by each director were:

|               |   |             |                            |
|---------------|---|-------------|----------------------------|
| A Rechner     | 5 | J B Craib   | 5                          |
| R E Diermayer | 3 | T G Salotti | 3 (Resigned December 2003) |

### ENVIRONMENTAL ISSUES

The Company's policy is to comply with all relevant legislation and best practice conventions in respect of its exploration and mining activities on the tenements it holds.

### DIRECTORS' BENEFITS

Since the date of the last Directors' Report, no director of the Company has received, or become entitled to receive, (other than a remuneration benefit included in Note 13 to the financial statements), a benefit because of a contract that:

- (a) the director; or
- (b) a firm of which the director is a member; or

**DIRECTORS' REPORT (continued)**

- (c) an entity in which the director has a substantial financial interest, has made (during the year ended 30 June 2004, or at any other time) with
- (i) the Company; or
  - (ii) an entity that the Company controlled, or a body corporate that was related to the Company, when the contract was made or when the director received, or became entitled to receive, the benefit (if any)

other than the provision of management and consultancy services through directors' private companies as disclosed in Note 13.

**DIRECTORS' REMUNERATION POLICY**

- (a) The policy of the Company is to pay remuneration of directors and senior executives in cash and in amounts in line with employment market conditions relevant in the mining industry. Minor amounts of employee fringe benefits in the form of employee meals and entertainment are provided as a part of the executives way of conducting business.
- (b) The Company's performance, and hence that of its directors and executives, is measured in terms of:
1. Company share price growth;
  2. Cash raised;
  3. Exploration carried out; and
  4. Farm-in expenditure attracted.

| <b>Directors &amp; Highest Paid Executives' Remuneration</b>  |                               |            |              |                        |                     |               |                |              |
|---------------------------------------------------------------|-------------------------------|------------|--------------|------------------------|---------------------|---------------|----------------|--------------|
|                                                               | <b>PRIMARY</b>                |            |              | <b>POST EMPLOYMENT</b> |                     | <b>EQUITY</b> |                | <b>TOTAL</b> |
|                                                               | Salary, Fees & Superannuation | Cash Bonus | Non-Monetary | Super-annuation        | Retirement Benefits | Options       | Other Benefits | \$           |
| <b>Directors</b>                                              |                               |            |              |                        |                     |               |                |              |
| Anthony Rechner - Executive Chairman                          |                               |            |              |                        |                     |               |                |              |
| 2004                                                          | 204,000                       | -          | 10,093       | -                      | -                   | -             | -              | 214,093      |
| 2003                                                          | 204,000                       | -          | 5,159        | -                      | -                   | -             | -              | 209,159      |
| Richard Diermayer - Managing Director                         |                               |            |              |                        |                     |               |                |              |
| 2004                                                          | 78,000                        | -          | 441          | -                      | -                   | -             | -              | 78,441       |
| 2003                                                          | 78,000                        | -          | 939          | -                      | -                   | -             | -              | 78,939       |
| Jim Craib - Non Executive Director                            |                               |            |              |                        |                     |               |                |              |
| 2004                                                          | 15,000                        | -          | -            | -                      | -                   | -             | -              | 15,000       |
| 2003                                                          | 15,000                        | -          | -            | -                      | -                   | -             | -              | 15,000       |
| Terri Salotti - Non Executive Director<br>(Resigned Dec 2003) |                               |            |              |                        |                     |               |                |              |
| 2004                                                          | 7,500                         | -          | -            | -                      | -                   | -             | -              | 7,500        |
| 2003                                                          | 15,000                        | -          | -            | -                      | -                   | -             | -              | 15,000       |
| <b>Total Remuneration Directors</b>                           |                               |            |              |                        |                     |               |                |              |
| 2004                                                          | 304,500                       | -          | 10,534       | -                      | -                   | -             | -              | 315,034      |
| 2003                                                          | 312,000                       | -          | 6,098        | -                      | -                   | -             | -              | 318,098      |
| <b>Highest Paid Executives</b>                                |                               |            |              |                        |                     |               |                |              |
| Paul Fromson - Company Secretary                              |                               |            |              |                        |                     |               |                |              |
| 2004                                                          | 29,513                        | -          | -            | -                      | -                   | -             | -              | 29,513       |
| 2003                                                          | 36,037                        | -          | -            | -                      | -                   | -             | -              | 36,037       |

**Options**

During the year, no options have been granted over unissued shares by the company or controlled entity to directors or executives as part of their remuneration.

As at the date of this report, there is only one option holder being Mr Milton Schmedje who holds 100,000 unlisted options exercisable at 39 cents on or before 24 November 2005.

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

**DIRECTORS' REPORT** (continued)

***INDEMNIFICATION***

There are indemnities for directors however, there are no insurances in regard to their positions.

Signed in accordance with a resolution of the directors dated this 29<sup>th</sup> day of September 2004.

A. RECHNER  
Director

## CORPORATE GOVERNANCE STATEMENT

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Eagle Bay Resource NL ("the Company") have adhered to the principles of corporate governance. A description of the main corporate governance practices is set out below. Unless otherwise stated, the practices were in place for the entire year.

### Board of Directors

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

As the Board acts on behalf of shareholders, it seeks to identify the expectations of shareholders, as well as other ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The primary responsibility of the Board include:

- formulation and approval of the strategic direction, objectives and goals of the Company;
- monitoring the financial performance of the Company, including approval of the Company's financial statements;
- ensuring that adequate internal control systems and procedures exists and that compliance with these systems and procedures is maintained;
- the identification of significant business risks and ensuring that such risks are adequately managed;
- the review of performance and remuneration of Executive Directors; and
- the establishment and maintenance of appropriate ethical standards.

The responsibility for the operation and administration of the Company is carried out by two of the Directors, who operate in an executive capacity, supported by senior professional staff. The Board ensures that this team is suitably qualified and experienced to discharge their responsibilities, and assesses on an ongoing basis the performance of the management team, to ensure that management's objectives and activities are aligned with the expectations and risks identified by the board.

The Directors of the Company are as follows:

#### **Anthony Rechner, BSc, MAusIMM (Executive Chairman) – a director since 10<sup>th</sup> April 1991**

Mr Rechner (age 56), holds a Bachelor of Science degree in Geology and Physics from the University of Adelaide, South Australia. He is a Member of the Australasian Institute of Mining and Metallurgy with over thirty years experience in Australia and overseas working in petroleum search, mineral exploration and mining.

Mr Rechner's previous involvement as Chairman and Managing Director of Windsor Resources N.L., Brunswick N.L. and Geographe Resources Ltd resulted in these companies evolving from small explorers to major producers at Mount Percy, Galtee More and Chalice respectively. Mr Rechner was operations Manager for West Australian Petroleum and Chevron Oil in North Africa and is currently Chairman of Falcon Minerals Ltd.

#### **Richard Edward Diermayer (Executive Director) – a director since 3<sup>rd</sup> March 1994**

Mr Diermayer (age 51) holds a Degree of Legal Studies and has an extensive background in mining law and administration from his 12 years experience as an officer with the Department of Industry and Resources in Western Australia. Mr Diermayer was previously a Director of Geographe Resources Ltd, which was involved, in the rich Chalice gold mine. During 1981 he established Sentinel Exploration Services, a consultancy firm that provided services to the mining industry throughout Australia in tenement management and administration, property acquisitions, project generation, native title negotiations and mineral exploration. Mr Diermayer is also a director of Falcon Minerals Ltd.

#### **James Benton Craib JP CPA (Non-executive Director) – a director since 10<sup>th</sup> April 1991**

Mr Craib (age 66) is an accountant who was previously responsible for the accounting and company secretarial functions of Eagle Bay Resources N.L., Falcon Minerals Ltd and Geographe Resources Ltd. He has had considerable experience as an accountant, mainly in the industrial and production sectors. His application of that experience to the requirements of the Company has been invaluable. Mr Craib is also a director of Falcon Minerals Ltd.

### Independent Directors

Under ASX guidelines none of the current board is considered to be independent directors. Mr Rechner and Mr Diermayer are both executive directors and Mr Craib is a former employee of the company and the ASX guidelines deem them not to be independent by virtue of their positions or former positions. The Board is satisfied that the structure of the Board is appropriate for the size of the company and the nature of its operations and is a cost effective structure for managing the company.

## **Communication to Market & Shareholders**

The Board of Directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors and the Company. Information is communicated to shareholders and the market through:

- the Annual Report which is distributed to all shareholders;
- other periodic reports which are lodged with ASX and available for shareholder scrutiny;
- other announcements made in accordance with ASX Listing Rules;
- special purpose information memoranda issued to shareholders as appropriate; and
- the Annual General Meeting and other meetings called to obtain approval for board action as appropriate.

## **Board Composition**

When the need for a new director is identified, selection is based on the skills and experience of prospective directors, having regard to the present and future needs of the Company. Any director so appointed must then stand for election at the next Annual General Meeting of the Company.

## **Terms of Appointment as a Director**

The constitution of the Company provides that a Director other than the Managing Director may not retain office for more than three calendar years or beyond the third annual general meeting following his or her election, whichever is longer, without submitting for re-election. One third of the Directors must retire each year and are eligible for re-election. The Directors who retire by rotation at each annual general meeting are those with the longest length of time in office since their appointment or last election.

## **Board Committees**

In view of the size of the Company and the nature of its activities, the Board has considered that establishing formally constituted committees for audit, board nominations and remuneration would contribute little to its effective management. Accordingly audit matters, the nomination of new Directors and the setting, or review, of remuneration levels of Directors and senior executives are reviewed by the Board as a whole and approved by resolution of the Board (with abstentions from relevant Directors where there is a conflict of interest). Where the Board considers that particular expertise or information is required, which is not available from within their number, appropriate external advice may be taken and reviewed prior to a final decision being made by the Board.

## **Remuneration**

Remuneration and other terms of employment of executives, including executive directors, are reviewed periodically by the Board having regard to performance, relevant comparative information and, where necessary, independent expert advice. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Company's operations.

The terms of engagement and remuneration of executive directors is reviewed periodically by the Board, with recommendations being made by the non-executive director. Where the remuneration of a particular executive director is to be considered, the director concerned does not participate in the discussion or decision-making.

## **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 approval of the Chairman is required, which will not be unreasonably withheld.

## **Share Trading**

Dealings are not permitted at any time whilst in the possession of price sensitive information not already available to the market. In addition, the Corporations Act 2001 prohibits the purchase or sale of securities whilst a person is in possession of inside information.

### **Code of Conduct**

In view of the size of the Company and the nature of its activities, the Board has considered that an informal code of conduct is appropriate to guide executives, management and employees in carrying out their duties and responsibilities.

### **External Auditors**

In late 2003 the Board reviewed the appointment of the external auditor and conducted a tender process for the appointment of the external auditor. As a result the company sought and obtained shareholder approval and changed its external auditor to Stanton Partners. The previous auditors had been in place for approximately 5 years and had conducted thorough and professional audits however the Board considered that a change after a 5 year term would contribute to good corporate governance.

*ASX Core Principles of Corporate Governance and ASX Guidelines*

Australian Stock Exchange Ltd (ASX) has published 10 core principles of corporate governance which it believes underlie good corporate governance together with guidelines to satisfy those core principles. Under ASX listing rules, listed companies are required to provide a statement in their annual reports outlining the extent to which they have followed these best practice guidelines. In the following table the ASX core principles and guidelines are listed in the left hand column, and the company's comment/response is listed in the right hand column.

|                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>ASX Principle 1: Lay Solid Foundations</b><br><i>Recognise and publish the respective roles and responsibilities of the board and management</i>                     | <b>Comment/Response by Company</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>ASX Recommendations</b><br><br>1.1 Formalise and disclose the functions reserved to the Board and those delegated to management                                      | The Board is comprised of an Executive Chairman, an Executive Director and a Non Executive Director. Management of the company is carried out by the two executive directors with little or no delegation to staff. The full board meets on a regular basis for both management and board meetings.                                                                                                                                                                                                                                                 |
| <b>ASX Principle 2: Board Structure</b><br><i>Have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties</i> | <b>Comment/Response by Company</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>ASX Recommendations</b><br><br>2.1 A majority of Board members should be independent directors                                                                       | None of the three directors are independent according to the ASX definition of independence due to two directors being executive and the non executive director being a former employee. In view of the size of the company and the nature of its activities the Board considers that the current Board is a cost effective and practical method of directing and managing the company.                                                                                                                                                             |
| 2.2 The chairperson should be an independent director                                                                                                                   | As stated above the chairman is an executive director and is not considered independent under the ASX definition. The company is mindful of the costs and availability of experienced non- executive independent chairman and is satisfied the current Board structure is appropriate for the size of the company and the nature of its activities.                                                                                                                                                                                                 |
| 2.3 The roles of chairperson and chief executive officer should not be exercised by the same individual                                                                 | As stated above the company operates with an Executive chairman and an Executive Director. The Executive Chairman fulfils the role of Chief Executive Officer.                                                                                                                                                                                                                                                                                                                                                                                      |
| 2.4 The Board should establish a nomination committee                                                                                                                   | In view of the size of the Company and the nature of its activities, the Board has considered that establishing formally constituted committees for audit, board nominations and remuneration would contribute little to its effective management. Accordingly the nomination of new Directors and the setting, or review, of remuneration levels of Directors and senior executives are reviewed by the Board as a whole and approved by resolution of the Board (with abstentions from relevant Directors where there is a conflict of interest). |

|                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.5                                                                                                                                                                                                                                                                                                                                                                                                                                        | The information indicated in Guide to reporting on Principle 2 should be provided. (See Guide Notes at end of table) | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>ASX Principle 3: Ethical and responsible decision-making</b><br><i>Actively promote ethical and responsible decision-making</i>                                                                                                                                                                                                                                                                                                         |                                                                                                                      | <b>Comment/Response by Company</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>ASX Recommendations</b><br><br>3.1 The Company should establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to the practices necessary to maintain confidence in the company's integrity, and the responsibility and accountability of individuals for reporting or investigating reports of unethical practices |                                                                                                                      | In view of the size of the Company and the nature of its activities, the Board has considered that an informal code of conduct is appropriate to guide executives, management and employees in carrying out their duties and responsibilities.                                                                                                                                                                                                                                                                                                                                      |
| 3.2                                                                                                                                                                                                                                                                                                                                                                                                                                        | Disclose the policy concerning trading in company securities by directors, officers and employees                    | The Company does not have a formal policy which sets out time restrictions on share dealings. The Company policy is that of the Corporations Law and ASX Listing Rules which state that dealings are not permitted at any time whilst in the possession of price sensitive information not already available to the market.                                                                                                                                                                                                                                                         |
| 3.3                                                                                                                                                                                                                                                                                                                                                                                                                                        | Provide the information indicated in Guide to Reporting on Principles. (See Guide Notes at end of table)             | Not applicable – see above.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>ASX Principle 4: Financial reporting integrity</b><br><i>Have a structure in place to independently verify and safeguard the integrity of the company's financial reporting</i>                                                                                                                                                                                                                                                         |                                                                                                                      | <b>Comment/Response by Company</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>ASX Recommendations</b><br><br>4.1 Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the Board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards                                              |                                                                                                                      | Due to the size and nature of the company and its activities and the size and structure of the Board, the financial reports are dealt with in some detail at full board meetings where the Executive Chairman and Company Secretary/Financial Controller would report first hand to the full board. The Board also to a certain extent relies on the auditors to ensure compliance with relevant accounting standards and gives full and complete cooperation to its auditors without absolving itself of its responsibility. The full Board takes responsibility for the accounts. |
| 4.2                                                                                                                                                                                                                                                                                                                                                                                                                                        | The Board should establish an audit committee                                                                        | In view of the size of the Company and the nature of its activities, the Board has considered that establishing formally constituted committees for audit, board nominations and remuneration would contribute little to its effective management. Accordingly audit matters are reviewed by the Board as a whole and approved by resolution of the Board (with abstentions from relevant Directors where there is a conflict of interest).                                                                                                                                         |

|                                                                                                                                                        |                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                         |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4.3                                                                                                                                                    | Structure the audit committee so that it consists of:<br>- Only non-executive directors<br>- A majority of independent directors<br>- An independent chairperson who is not the chairperson of the Board<br>- At least three members | Not applicable – see above.                                                                                                                                                                                                             |
| 4.4                                                                                                                                                    | Create a formal operating charter for the audit committee                                                                                                                                                                            | Not applicable – see above.                                                                                                                                                                                                             |
| 4.5                                                                                                                                                    | Understand and provide the information indicated in the Guide to reporting on Principle 4. (See Guide Notes at end of table)                                                                                                         | Not applicable – see above.                                                                                                                                                                                                             |
| <b>ASX Principle 5: Timely and balanced disclosure</b><br><i>Promote timely and balanced disclosure of all material matters concerning the company</i> |                                                                                                                                                                                                                                      | <b>Comment/Response by Company</b>                                                                                                                                                                                                      |
| <b>ASX Recommendations</b>                                                                                                                             |                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                         |
| 5.1                                                                                                                                                    | Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance                                  | Due to its size and structure the Board is able to meet on a regular basis for both management and board meetings to ensure compliance with ASX Listing Rule disclosure requirements. The full Board is accountable for ASX compliance. |
| 5.2                                                                                                                                                    | Understand and provide the information indicated in the Guide to Reporting on Principle 5. (See Guide Notes at end of table)                                                                                                         | See above.                                                                                                                                                                                                                              |
| <b>ASX Principle 6: Shareholder rights</b><br><i>Respect the rights of shareholders and facilitate the effective exercise of those rights</i>          |                                                                                                                                                                                                                                      | <b>Comment/Response by Company</b>                                                                                                                                                                                                      |
| <b>ASX Recommendations</b>                                                                                                                             |                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                         |
| 6.1                                                                                                                                                    | Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings                                                                         | See the section on Communication to Market and Shareholders.                                                                                                                                                                            |
| 6.2                                                                                                                                                    | Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the audit and the preparation and content, of the auditor's report                                          | It is company policy that the auditor attend the AGM and part of the agenda is the tabling of the accounts and inviting shareholders to ask the directors or the auditor any questions about the report including the audit report.     |
| <b>ASX Principle 7: Risk Management</b><br><i>Establish a sound system of risk oversight and management and internal control</i>                       |                                                                                                                                                                                                                                      | <b>Comment/Response by Company</b>                                                                                                                                                                                                      |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>ASX Recommendations</b></p> <p>7.1 The Board or appropriate board committee should establish policies on risk oversight and management</p>                                                                                                                                                                                                                                                                                                                                                                                                                              | <p>In view of the size of the Company and the nature of its activities, the Board has considered that establishing formally constituted committees would contribute little to its effective management. Accordingly risk oversight and management issues and policies are reviewed by the Board as a whole and approved by resolution of the Board (with abstentions from relevant Directors where there is a conflict of interest).</p>                                                                                                                                     |
| <p>7.2 The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the Board in writing that:</p> <p>7.2.1 the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board</p> <p>7.2.2 the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects</p> | <p>Due to the size and nature of the company and its activities and the size and structure of the Board, risk management and internal compliance and controls are dealt with by the full Board at its regular management and Board meetings. A written report is not provided because the executive directors would basically be reporting to themselves. The non executive director meets face to face with senior staff individually on a regular basis to satisfy himself directly that risk management and internal compliance is being attended to.</p> <p>As above</p> |
| <p>7.3 Information indicated in the Guide to Reporting on Principle 7 should be understood and provided. (See Guide Notes at end of table)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                | <p>Not applicable for reasons stated above</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <p><b>ASX Principle 8: Enhanced Performance</b><br/><i>Fairly review and actively encourage enhanced board and management effectiveness</i></p>                                                                                                                                                                                                                                                                                                                                                                                                                               | <p><b>Comment/Response by Company</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <p><b>ASX Recommendations</b></p> <p>8.1 Disclose the process for performance evaluation of the Board, its committees and individual directors, and key executives</p>                                                                                                                                                                                                                                                                                                                                                                                                        | <p>Due to the size and structure of the Board a formal evaluation process is not conducted.</p> <p>The Company operates with only one full time employee and that person operates in an administrative capacity. The company uses consultants for geological and company secretarial functions and pays market rates for experienced professionals.</p>                                                                                                                                                                                                                      |
| <p><b>ASX Principle 9: Remunerate fairly</b><br/><i>Ensure that the level and composition of remuneration is sufficient and reasonable and its relationship to corporate and individual performance is defined</i></p>                                                                                                                                                                                                                                                                                                                                                        | <p><b>Comment/Response by Company</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <p><b>ASX Recommendations</b></p> <p>9.1 Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of these policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.</p>                                                                                                                                                                                                                                                                      | <p>The company does not have a remuneration policy other than to ensure that Directors, staff and consultants are paid market rates in accordance with their qualifications, experience and contribution to the company. Directors' remuneration for both executive and non executive directors is compared to other "junior explorers" as a guide to industry rates.</p> <p>There are no schemes of retirement benefits.</p>                                                                                                                                                |

|                                                                                                                                      |                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 9.2                                                                                                                                  | The Board should establish a remuneration committee                                                                                 | In view of the size of the Company and the nature of its activities, the Board has considered that establishing formally constituted committees for audit, board nominations and remuneration would contribute little to its effective management. Accordingly remuneration matters are reviewed by the Board as a whole and approved by resolution of the Board (with abstentions from relevant Directors where there is a conflict of interest). |
| 9.3                                                                                                                                  | The structure of non-executive directors' remuneration should be clearly distinguished from that of executives                      | Executive directors are paid consulting fees to entities which they control and these consulting arrangements are governed by formal contracts. Directors' fees are paid separately to all Directors. The different types of remuneration including fringe benefits, superannuation, consulting fees and directors' fees are all clearly outlined in the Annual Report.                                                                            |
| 9.4                                                                                                                                  | Ensure equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders              | No Directors, executives or staff has any equity based remuneration.                                                                                                                                                                                                                                                                                                                                                                               |
| 9.5                                                                                                                                  | Ensure information indicated in ASX Guide to Reporting on Principle 9 is understood and provided. (See Guide Notes at end of table) | See above                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>ASX Principle 10: Interest of Stakeholders</b><br><i>Recognise the legal and other obligations of all legitimate stakeholders</i> |                                                                                                                                     | <b>Comment/Response by Company</b>                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>ASX Recommendations</b>                                                                                                           |                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 10.1                                                                                                                                 | Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders            | In view of the size of the Company and the nature of its activities, the Board has considered that an informal code of conduct is appropriate to guide executives, management and employees in carrying out their duties and responsibilities.                                                                                                                                                                                                     |

## ASX Guide to Reporting on Principles

ASX rules requires that the following material should be included in the corporate governance section of the annual report:

- Principles 1 to 10 inclusive - an explanation of any departure from best practice recommendations 1.1 to 10.1
- Principle 2 - the skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report.
- Principle 2 - The names of the directors considered by the board to constitute independent directors and the company's materiality thresholds.
- Principle 2 - A statement as to whether there is a procedure agreed by the board for directors to take independent professional advice at the expense of the company.
- Principle 2 - The term of office held by each director in office at the date of the annual report
- Principle 2 - The names of members of the nomination committee and their attendance at meetings of the committee.
- Principle 4 - Details of the names and qualifications of those appointed to the audit committee, or, where an audit committee has not been formed, those who fulfill the functions of an audit committee.
- Principle 4 - The number of meetings of the audit committee and the names of the attendees.
- Principle 8 - Whether a performance evaluation for the board and its members has taken place in the reporting period and how it was conducted.
- Principle 9 - Disclosure of the company's remuneration policies referred to in best practice recommendation 9.1 and in Box 9.1.
- Principle 9 - The names of the members of the remuneration committee and their attendance at meetings of the committee.
- Principle 9 - The existence and terms of any schemes for retirement benefits, other than statutory superannuation, for non-executive directors.

ASX guidelines also recommend that the following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:

- Principle 1 - a statement of matters reserved for the board or a summary of the board charter or a statement of delegated authority to management.
- Principle 2 - A description of the procedure for the selection and appointment of new directors to the board.
- Principle 2 - The charter of the nomination committee or a summary of the role, rights, responsibilities and membership requirements for that committee.
- Principle 2 - The nomination committee's policy for the appointment of directors.
- Principle 3 - Any applicable code of conduct or a summary of its main provisions. This disclosure may be the same as that required under principle 10.
- Principle 3 - The trading policy or a summary of its main provisions.
- Principle 4 - The audit committee charter.
- Principle 4 - Information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.
- Principle 5 - A summary of the policies and procedures designed to guide compliance with Listing Rule disclosure requirements.
- Principle 6 - A description of the arrangements the company has to promote communication with shareholders.
- Principle 7 - A description of the company's risk management policy and internal compliance and control system.
- Principle 8 - A description of the process for performance evaluation of the board, its committees and individual directors, and key executives.
- Principle 9 - The charter of the remuneration committee or a summary of the role, rights, responsibilities and membership requirements for that committee.
- Principle 10 - Any applicable code of conduct or a summary of its main provisions.



## STANTON PARTNERS

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### INDEPENDENT AUDIT REPORT

#### TO THE MEMBERS OF EAGLE BAY RESOURCES N.L.

#### 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 director's declaration for Eagle Bay Resources N.L. (the Company) and the consolidated entity for the year ended 30 June 2004. The consolidated entity comprises both the company and the entities it controlled during the 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 conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to 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 control, 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 assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of 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.

### INDEPENDENCE

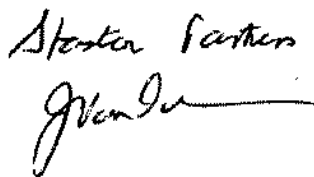
In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

### AUDIT OPINION

In our opinion, the financial report of Eagle Bay Resources N.L. is in accordance with:

- a) the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2004 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia.

### STANTON PARTNERS



**J P Van Dieren**  
Partner

Perth, Western Australia  
29 September 2004

## **DIRECTORS' DECLARATION**

In the opinion of the directors of Eagle Bay Resources N.L.

- (a) The accompanying financial statements and notes are in accordance with the Corporations Act 2001, comply with the accounting standards and give 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.
- (b) At the date of this declaration 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.

A. RECHNER  
Director

J. B. CRAIB  
Director

Perth, Western Australia  
29<sup>th</sup> September 2004.

**STATEMENTS OF FINANCIAL PERFORMANCE FOR THE YEAR  
ENDED 30 JUNE 2004**

|                                                                                            |    | <b>CONSOLIDATED</b> |             | <b>PARENT ENTITY</b> |             |
|--------------------------------------------------------------------------------------------|----|---------------------|-------------|----------------------|-------------|
|                                                                                            |    | <b>2004</b>         | <b>2003</b> | <b>2004</b>          | <b>2003</b> |
|                                                                                            |    | <b>\$</b>           | <b>\$</b>   | <b>\$</b>            | <b>\$</b>   |
| Revenue from ordinary activities                                                           | 2  | <b>134,798</b>      | 36,051      | <b>94,798</b>        | 30,051      |
| Expenses from ordinary activities                                                          | 3  | <b>(2,894,986)</b>  | (592,864)   | <b>(2,843,441)</b>   | (555,485)   |
| (Loss) from ordinary activities before income tax expense                                  |    | <b>(2,760,188)</b>  | (556,813)   | <b>(2,748,643)</b>   | (525,434)   |
| Income tax expense relating to ordinary activities                                         | 4  | <b>-</b>            | -           | <b>-</b>             | -           |
| (Loss) from ordinary activities after related income tax expense                           |    | <b>(2,760,188)</b>  | (556,813)   | <b>(2,748,643)</b>   | (525,434)   |
| Net (loss) attributable to members of parent Equity                                        |    | <b>(2,760,188)</b>  | (556,813)   | <b>(2,748,643)</b>   | (525,434)   |
| Total changes in equity other than those resulting from transactions with owners as owners |    | <b>(2,760,188)</b>  | (556,813)   | <b>(2,748,643)</b>   | (525,434)   |
|                                                                                            |    |                     |             |                      |             |
| Basic Loss per share                                                                       | 23 | (1.92)              | (0.68)      |                      |             |

Diluted loss per share is not disclosed as it does not show an inferior position.

The above statements of financial performance should be read in conjunction with the accompanying notes.

## STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2004

|                                         |    | CONSOLIDATED     |                  | PARENT ENTITY    |                  |
|-----------------------------------------|----|------------------|------------------|------------------|------------------|
|                                         |    | 2004             | 2003             | 2004             | 2003             |
|                                         |    | \$               | \$               | \$               | \$               |
| <b>CURRENT ASSETS</b>                   |    |                  |                  |                  |                  |
| Cash assets                             |    | 2,527,323        | 765,432          | 2,515,906        | 762,172          |
| Receivables                             | 5  | 12,496           | 20,506           | 12,496           | 20,158           |
| <b>TOTAL CURRENT ASSETS</b>             |    | <b>2,539,819</b> | <b>785,938</b>   | <b>2,528,402</b> | <b>782,330</b>   |
| <b>NON-CURRENT ASSETS</b>               |    |                  |                  |                  |                  |
| Receivables                             | 5  | -                | -                | -                | -                |
| Other financial assets                  | 6  | -                | -                | -                | 100,000          |
| Property, plant & equipment             | 7  | 74,851           | 206,018          | 26,858           | 40,797           |
| Exploration expenditure carried forward | 8  | -                | 1,919,989        | -                | 1,919,989        |
| <b>TOTAL NON-CURRENT ASSETS</b>         |    | <b>74,851</b>    | <b>2,126,007</b> | <b>26,858</b>    | <b>2,060,786</b> |
| <b>TOTAL ASSETS</b>                     |    | <b>2,614,670</b> | <b>2,911,945</b> | <b>2,555,260</b> | <b>2,843,116</b> |
| <b>CURRENT LIABILITIES</b>              |    |                  |                  |                  |                  |
| Payables                                | 9  | 248,211          | 63,728           | 242,077          | 63,077           |
| Interest bearing liabilities            | 10 | -                | 3,357            | -                | -                |
| <b>TOTAL CURRENT LIABILITIES</b>        |    | <b>248,211</b>   | <b>67,085</b>    | <b>242,077</b>   | <b>63,077</b>    |
| <b>NET ASSETS</b>                       |    | <b>2,366,459</b> | <b>2,844,860</b> | <b>2,313,183</b> | <b>2,780,039</b> |
| <b>EQUITY</b>                           |    |                  |                  |                  |                  |
| Contributed equity                      | 11 | 16,511,656       | 14,229,869       | 16,511,656       | 14,229,869       |
| Accumulated losses                      | 12 | (14,145,197)     | (11,385,009)     | (14,198,473)     | (11,449,830)     |
| <b>TOTAL EQUITY</b>                     | 12 | <b>2,366,459</b> | <b>2,844,860</b> | <b>2,313,183</b> | <b>2,780,039</b> |

The above statements of financial position should be read in conjunction with the accompanying notes.

## STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2004

|                                                      | CONSOLIDATED     |                | PARENT ENTITY    |                |
|------------------------------------------------------|------------------|----------------|------------------|----------------|
|                                                      | 2004             | 2003           | 2004             | 2003           |
|                                                      | \$               | \$             | \$               | \$             |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>          |                  |                |                  |                |
| Payments to suppliers and employees                  | (658,660)        | (907,220)      | (591,650)        | (780,122)      |
| Interest received – other persons                    | 94,798           | 19,742         | 94,798           | 19,742         |
| Other income receipts                                | -                | 10,309         | -                | 10,309         |
| GST (paid)/refund                                    | 12,561           | (5,058)        | 8,752            | (5,255)        |
| Net cash outflow from operating activities (Note b)  | (551,301)        | (882,227)      | (488,100)        | (755,326)      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>          |                  |                |                  |                |
| Proceeds from sale of plant                          | 40,000           | 6,000          | -                | -              |
| Capital works in progress and purchases of plant     | (5,238)          | -              | (4,611)          | -              |
| Loans to controlled entities                         | -                | -              | (35,342)         | (97,881)       |
| Net cash inflow/(outflow) from investing activities  | 34,762           | 6,000          | (39,953)         | (97,881)       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>          |                  |                |                  |                |
| Proceeds from issue of shares net of raising costs   | 2,281,787        | 1,046,608      | 2,281,787        | 1,046,608      |
| Net cash inflow from financing activities            | 2,281,787        | 1,046,608      | 2,281,787        | 1,046,608      |
| <b>NET INCREASE/(DECREASE) IN CASH</b>               | <b>1,765,248</b> | <b>170,381</b> | <b>1,753,734</b> | <b>193,401</b> |
| Cash at the beginning of the financial year (Note a) | 762,075          | 591,694        | 762,172          | 568,771        |
| Cash at the end of the financial year (Note a)       | 2,527,323        | 762,075        | 2,515,906        | 762,172        |

## NOTES

(a)

**Cash includes:**

|               |           |         |           |         |
|---------------|-----------|---------|-----------|---------|
| Overdraft     | -         | (3,357) | -         | -       |
| Cash at Bank  | 43,122    | 26,407  | 31,705    | 23,147  |
| Term Deposits | 2,484,201 | 739,025 | 2,484,201 | 739,025 |
|               | 2,527,323 | 762,075 | 2,515,906 | 762,172 |

(b)

**Reconciliation of net cash outflow from operating activities to operating (loss) after tax**

|                                                       |             |           |             |           |
|-------------------------------------------------------|-------------|-----------|-------------|-----------|
| Operating (loss) after income tax                     | (2,760,188) | (556,813) | (2,748,643) | (525,434) |
| Exploration expenditure written off                   | 2,395,950   | 132,709   | 2,395,950   | 132,709   |
| Profit on sale of plant                               | (40,000)    | (6,000)   | -           | -         |
| Increase in provision for diminution of mine property | 100,000     | -         | -           | -         |
| Depreciation                                          | 36,405      | 28,418    | 18,550      | 17,458    |
| Exploration expenditure incurred                      | (296,735)   | (401,578) | (296,735)   | (401,578) |
| Movement in provision for employee entitlements       | -           | (29,962)  | -           | (29,962)  |
| Provision against loans to controlled entities        | -           | -         | 135,342     | 97,881    |
| Increase/(Decrease) in creditors                      | 705         | (43,943)  | (1,316)     | (41,145)  |
| (Increase)/Decrease in GST receivable                 | 12,562      | (5,058)   | 8,752       | (5,255)   |
| Net cash outflow from operating activities            | (551,301)   | (882,227) | (488,100)   | (755,326) |

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a general purpose financial report which has been drawn up in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus views and the Corporations Act 2001.

The financial report has been prepared on an accruals basis and in accordance with the historical cost convention, except for certain assets which, as noted, are at directors' valuation. The accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy, consistent with those of previous years. Comparative information is reclassified where appropriate to enhance comparability.

#### a) Principles of consolidation

The consolidated financial report combines the financial report of the Company, being the parent entity, and its controlled entities ("the consolidated entity").

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.

The balances, and effects of transactions, between controlled entities included in the consolidated financial report have been eliminated.

#### b) Principles of going concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The going concern of the Company is dependent upon the Company obtaining additional funds through successful capital raisings and/or the future profitability of the Company.

#### c) Revenue recognition

##### *Interest Income*

Interest income is recognised as it accrues.

##### *Asset sales*

The gross proceeds of asset sales not originally purchased for the intention of resale are included as revenue at the date an unconditional contract of sale is signed.

#### d) Exploration and Evaluation Expenditure

Exploration, evaluation and relevant acquisition costs are accumulated separately for each area of interest. They comprise acquisition costs, direct exploration and evaluation costs and an appropriate portion of related overhead expenditure. They do not include general overhead or administrative expenditure not having a specific nexus with a particular area of interest.

Costs of this nature are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- i) such costs are expected to be recouped through successful development and exploitation or from sale of the area; or
- ii) exploration and evaluation activities in the area have not at balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Exploration and evaluation expenditure which does not satisfy this criteria is written off.

Ultimate recoupment of capitalised expenditure in respect of areas in the exploration and/or evaluation stage is dependent upon successful development and commercial exploitation or alternatively sale, of the respective areas.

Once a decision has been taken to proceed with mine development, all past and future exploration expenditure in respect of that area of interest is aggregated and reclassified as Mine Properties.

#### e) Mine Properties

Mine properties represent the accumulation of all exploration, evaluation, and development expenditure incurred by or on behalf of the entity in relation to areas of interest in which a decision to commence mining of a mineral resource has been taken.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004 (CONTINUED)

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Where further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the cost of that mine property, only when substantial economic benefits are thereby established, otherwise such expenditure is classified as part of the cost of production.

The net carrying value of each mine property is reviewed regularly and, to the extent to which this value exceeds its recoverable amount, that excess is fully provided against in the financial year in which this is determined. The expected net cash flows included in determining recoverable amount are not discounted to their present value.

#### f) **Acquisition of Assets**

The cost method of accounting is used for acquisition of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition. On acquisition of an investment in a controlled entity the identifiable net assets are measured at their fair value. The excess of the fair value of the purchase consideration over the fair value of identifiable net assets acquired (ie goodwill) is amortised over the period during which the related benefits are expected to arise.

#### g) **Cash**

For the purpose of the statement of cash flows, cash includes deposits at call, which are readily convertible to cash on hand and which are used in the cash management function on the day to day basis, net of outstanding bank overdrafts and term deposits with 3 months or less to maturity.

#### h) **Earnings per Share**

Basic earnings per share is determined by dividing the operating profit or loss after income tax by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

#### i) **Recoverable Amount**

The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows arising from its continued use and subsequent disposal. The expected net cash flows included in determining recoverable amounts of non-current assets are not discounted to their present value.

#### j) **Property, plant and equipment**

Plant and equipment is stated at cost.

Motor vehicles are depreciated on a straight line basis at 15%. Plant and equipment is depreciated using both the straight line and diminishing value methods at rates between 7% and 27%.

#### k) **Investments**

Monies not immediately required are placed on short term deposits with banks.

##### **Current**

Investments in marketable securities are stated at the lower of cost and current market value determined on an individual investment basis.

##### **Non Current**

Investments in other companies are carried at lower of cost and recoverable amount, being a directors' valuation based on net assets of the investee at time of valuation.

#### l) **Accounts Payable**

Accounts payable represent the principal amounts outstanding at balance date plus, where applicable, any accrued interest.

#### m) **Receivables**

Trade accounts receivable, amounts due from related parties and other receivables represent the principal amounts due at balance date plus accrued interest and less, where applicable, any unearned income and provisions for doubtful accounts.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004 (CONTINUED)**
**n) Income Tax**

Income tax has been brought to account using a method of tax effect accounting whereby income tax expense for the period is calculated on the accounting profit after adjusting for items which, as a result of their treatment under income tax legislation, create permanent differences between that profit and the taxable income. The tax effect of timing differences which arises from the recognition in the accounts of the items of revenue and expenses in periods different from those in which they are assessable or allowable for income tax purposes, are represented in the statement of financial position as "future income tax benefits" or "provision for deferred income tax", as the case may be at current tax rates. A future income tax benefit is only being carried forward as an asset where realisation of the benefit can be regarded as being assured beyond reasonable doubt.

**o) Employee Entitlements**

The following liabilities arising in respect of employee entitlements are measured at the amounts expected to be paid when the liability is settled plus related on-costs:

- Wages and salaries and annual leave regardless whether they are expected to be settled within 12 months of balance date.
- Other employee entitlements which are expected to be settled within 12 months of balance date.

**p) Comparatives**

Certain comparatives have been reclassified to be consistent with the current year's disclosures.

|                                            | <b>CONSOLIDATED</b> |               | <b>PARENT ENTITY</b> |               |
|--------------------------------------------|---------------------|---------------|----------------------|---------------|
|                                            | <b>2004</b>         | <b>2003</b>   | <b>2004</b>          | <b>2003</b>   |
|                                            | <b>\$</b>           | <b>\$</b>     | <b>\$</b>            | <b>\$</b>     |
| <b>2 REVENUES FROM ORDINARY ACTIVITIES</b> |                     |               |                      |               |
| Interest received/receivable               | 94,798              | 19,742        | 94,798               | 19,742        |
| Sundry income                              | -                   | 10,309        | -                    | 10,309        |
| Proceeds on sale of plant                  | 40,000              | 6,000         | -                    | -             |
|                                            | <b>134,798</b>      | <b>36,051</b> | <b>94,798</b>        | <b>30,051</b> |

**3 EXPENSES FROM ORDINARY ACTIVITIES**
**Classification of expenses by nature:**

|                                             |                  |                |                  |                |
|---------------------------------------------|------------------|----------------|------------------|----------------|
| Depreciation of plant & equipment           | 36,405           | 28,418         | 18,550           | 17,458         |
| Exploration expenditure written off         | 2,395,950        | 132,709        | 2,395,950        | 132,709        |
| Provision against loan to controlled entity | -                | -              | 135,342          | 97,881         |
| Operating lease rentals: premises           | 22,688           | 21,157         | 22,688           | 21,157         |
| Provision for employee entitlements         | -                | (29,962)       | -                | (29,962)       |
| Administration expenses                     | 439,943          | 440,542        | 270,911          | 316,242        |
|                                             | <b>2,894,986</b> | <b>592,864</b> | <b>2,843,441</b> | <b>555,485</b> |

**4 INCOME TAX**

- (a) The prima facie tax benefit on the operating loss differs by more than 15% from the income tax provided in the financial statements and is reconciled as follows:

|                                                          |                    |                  |                    |                  |
|----------------------------------------------------------|--------------------|------------------|--------------------|------------------|
| <b>Operating loss before income tax</b>                  | <b>(2,760,188)</b> | <b>(556,813)</b> | <b>(2,748,643)</b> | <b>(525,434)</b> |
| Prima facie tax benefit at 30% (2003: 30%)               | <b>(828,056)</b>   | <b>(167,044)</b> | <b>(824,593)</b>   | <b>(157,630)</b> |
| <b>Tax effect of permanent differences:</b>              |                    |                  |                    |                  |
| Non-deductible expenditure                               | 950                | 653              | 950                | 653              |
| Provision against loans to controlled entities           | -                  | -                | 40,603             | 29,364           |
| <b>Other tax benefits not recognised:</b>                |                    |                  |                    |                  |
| Tax benefit of revenue losses not recognised             | 827,106            | 166,391          | 783,040            | 127,613          |
| <b>Income tax benefit attributable to operating loss</b> | <b>-</b>           | <b>-</b>         | <b>-</b>           | <b>-</b>         |

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004 (CONTINUED)**

**4 INCOME TAX (Continued)**

- (c) As at 30 June 2004 the consolidated entity had estimated gross revenue tax losses of \$21,600,048 (2003: \$18,497,036) and estimated gross capital losses of \$3,087,443 (2003: \$3,087,443) available to offset against future taxable income. These tax losses have not been brought to account as the benefit cannot be regarded as being virtually certain of realisation.
- (d) The benefit of tax losses will only be obtained if:
- (i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
  - (ii) the consolidated entity continues to comply with the conditions for deductibility imposed by the tax legislation; and
  - (i) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

|                                                               | CONSOLIDATED     |                  | PARENT ENTITY |                |
|---------------------------------------------------------------|------------------|------------------|---------------|----------------|
|                                                               | 2004             | 2003             | 2004          | 2003           |
|                                                               | \$               | \$               | \$            | \$             |
| <b>5 RECEIVABLES</b>                                          |                  |                  |               |                |
| <b>Current</b>                                                |                  |                  |               |                |
| GST Refund due                                                | 11,406           | 20,506           | 11,406        | 20,158         |
| Monies due from director related entity                       | 1,090            | -                | 1,090         | -              |
|                                                               | <b>12,496</b>    | <b>20,506</b>    | <b>12,496</b> | <b>20,158</b>  |
| <b>Non-Current</b>                                            |                  |                  |               |                |
| Loans to controlled entities                                  | -                | -                | 4,566,588     | 4,531,246      |
| Less provision for non-recovery                               | -                | -                | (4,566,588)   | (4,531,246)    |
|                                                               | <b>-</b>         | <b>-</b>         | <b>-</b>      | <b>-</b>       |
| <b>6 NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS</b>          |                  |                  |               |                |
| Shares in controlled entities – at cost (refer Note 19)       | -                | -                | 3,228,050     | 3,228,050      |
| Less: provision for diminution in value                       | -                | -                | (3,228,050)   | (3,128,050)    |
| Total investments at Directors' valuation                     |                  |                  | <b>-</b>      | <b>100,000</b> |
| <b>7 NON-CURRENT ASSETS – PROPERTY, PLANT &amp; EQUIPMENT</b> |                  |                  |               |                |
| Plant & equipment at cost                                     | 203,670          | 219,017          | 84,264        | 100,238        |
| Less: Accumulated depreciation                                | (128,819)        | (112,999)        | (57,406)      | (59,441)       |
|                                                               | <b>74,851</b>    | <b>106,018</b>   | <b>26,858</b> | <b>40,797</b>  |
| Mine Properties at cost                                       | 3,567,448        | 3,567,448        | -             | -              |
| Capital works                                                 | 1,336,322        | 1,336,322        | -             | -              |
|                                                               | <b>4,903,770</b> | <b>4,903,770</b> | <b>-</b>      | <b>-</b>       |
| Less Provision for diminution in value                        | (4,903,770)      | (4,803,770)      | -             | -              |
|                                                               | <b>-</b>         | <b>100,000</b>   | <b>-</b>      | <b>-</b>       |
| <b>Total Property, plant and equipment</b>                    | <b>74,851</b>    | <b>206,018</b>   | <b>26,858</b> | <b>40,797</b>  |
| Movements in property, plant and equipment:                   |                  |                  |               |                |
| Balance at beginning of the year                              | 206,018          | 234,436          | 40,797        | 58,255         |
| Additions                                                     | 5,238            | -                | 4,611         | -              |
| Depreciation expense                                          | (36,405)         | (28,418)         | (18,550)      | (17,458)       |
| Provision for diminution                                      | (100,000)        | -                | -             | -              |
| Balance at end of year                                        | <b>74,851</b>    | <b>206,018</b>   | <b>26,858</b> | <b>40,797</b>  |

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004 (CONTINUED)**

**7. NON-CURRENT ASSETS – PROPERTY, PLANT & EQUIPMENT (Continued)**

The directors have provided for a diminution of the assets comprising the Uley graphite project. The mine continues to be held on care and maintenance, with minor refurbishment being carried out pending a decision to re-commence production.

|                                                                                                  | <b>CONSOLIDATED</b> |                  | <b>PARENT ENTITY</b> |                  |
|--------------------------------------------------------------------------------------------------|---------------------|------------------|----------------------|------------------|
|                                                                                                  | <b>2004</b>         | <b>2003</b>      | <b>2004</b>          | <b>2003</b>      |
|                                                                                                  | <b>\$</b>           | <b>\$</b>        | <b>\$</b>            | <b>\$</b>        |
| <b>8 NON-CURRENT ASSETS</b>                                                                      |                     |                  |                      |                  |
| <b>Exploration expenditure incurred net of refunds</b>                                           |                     |                  |                      |                  |
| Exploration expenditure incurred net of refunds received on mineral tenements and joint ventures | 475,961             | 401,578          | 475,961              | 401,578          |
| Capitalised expenditure at the beginning of the financial year                                   | 1,919,989           | 1,651,120        | 1,919,989            | 1,651,120        |
|                                                                                                  | <u>2,395,950</u>    | <u>2,052,698</u> | <u>2,395,950</u>     | <u>2,052,698</u> |
| Less: expenditure written off to statements of financial performance                             | (2,395,950)         | (132,709)        | (2,395,950)          | (132,709)        |
|                                                                                                  | <u>-</u>            | <u>1,919,989</u> | <u>-</u>             | <u>1,919,989</u> |

Capitalised exploration expenditure, represents the accumulated cost of acquisition and subsequent cost of exploration and evaluation of the properties less amounts written off and provided for.

**9 CURRENT LIABILITIES**

**PAYABLES**

|                              |         |        |         |        |
|------------------------------|---------|--------|---------|--------|
| Other creditors and accruals | 248,211 | 63,728 | 242,077 | 63,077 |
|------------------------------|---------|--------|---------|--------|

There were two full time executive directors (2003 – two) and no employees (2003 – one) at reporting date.

**10 INTEREST BEARING LIABILITY**

|                            |   |       |   |   |
|----------------------------|---|-------|---|---|
| Bank Overdraft (Unsecured) | - | 3,357 | - | - |
|----------------------------|---|-------|---|---|

**11 CONTRIBUTED EQUITY**

|                                     | <b>2004</b>             | <b>2003</b> | <b>2004</b> | <b>2003</b> |
|-------------------------------------|-------------------------|-------------|-------------|-------------|
|                                     | <b>NUMBER OF SHARES</b> |             | <b>\$</b>   | <b>\$</b>   |
| (a) Issued up and full paid capital |                         |             |             |             |
| Ordinary Shares                     | 158,098,424             | 117,912,935 | 16,511,656  | 14,229,869  |

(b) Movements in issued and paid up ordinary capital of the Company during the past year were as follows:

|                                  | <b>NUMBER OF<br/>SHARES</b> | <b>\$</b>         |
|----------------------------------|-----------------------------|-------------------|
| Balance at the beginning of year | 117,912,935                 | 14,229,869        |
| Issues                           |                             |                   |
| – Pro Rata Issue at 6 cents each | 22,585,489                  | 1,355,129         |
| – Placement at 6 cents each      | 17,600,000                  | 1,056,000         |
| – Capital Raising Costs          | -                           | (129,342)         |
| Balance at the end of year       | <u>158,098,424</u>          | <u>16,511,656</u> |

(c) There is one option holder being Mr Milton Schmedje who holds 100,000 unlisted options exercisable at 39 cents on or before 24 November 2005.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004 (CONTINUED)**

**12 RESERVES, RETAINED PROFITS/(ACCUMULATED LOSSES) AND TOTAL EQUITY**

|                                                                              | <b>CONSOLIDATED</b> |              | <b>PARENT ENTITY</b> |              |
|------------------------------------------------------------------------------|---------------------|--------------|----------------------|--------------|
|                                                                              | <b>2004</b>         | <b>2003</b>  | <b>2004</b>          | <b>2003</b>  |
|                                                                              | <b>\$</b>           | <b>\$</b>    | <b>\$</b>            | <b>\$</b>    |
| <b>Accumulated losses:</b>                                                   |                     |              |                      |              |
| Balance at the beginning of the year                                         | (11,385,009)        | (10,828,196) | (11,449,830)         | (10,924,396) |
| Net loss attributable to members of the parent equity                        | (2,760,188)         | (556,813)    | (2,748,643)          | (525,434)    |
| Balance at the end of the year                                               | (14,145,197)        | (11,385,009) | (14,198,473)         | (11,449,830) |
| <b>Total equity:</b>                                                         |                     |              |                      |              |
| Total equity at the beginning of the year                                    | 2,844,860           | 2,355,065    | 2,780,039            | 2,258,865    |
| Total changes in equity recognised in the statement of financial performance | (2,760,188)         | (556,813)    | (2,748,643)          | (525,434)    |
| <i>Transactions with owners as owners:</i>                                   |                     |              |                      |              |
| Contributions of equity                                                      | 2,281,787           | 1,046,608    | 2,281,787            | 1,046,608    |
| Total equity at the end of the year                                          | 2,366,459           | 2,844,860    | 2,313,183            | 2,780,039    |

**13 REMUNERATION OF DIRECTORS AND SPECIFIED EXECUTIVES**

The remuneration of directors and specified executives is identified to that of directors and the highest paid executives disclosed in the directors report.

| Directors & Specified Executives Remuneration                 |                               |            |              |                 |                     |         |                |         |
|---------------------------------------------------------------|-------------------------------|------------|--------------|-----------------|---------------------|---------|----------------|---------|
|                                                               | PRIMARY                       |            |              | POST EMPLOYMENT |                     | EQUITY  | Other Benefits | TOTAL   |
|                                                               | Salary, Fees & Superannuation | Cash Bonus | Non-Monetary | Superannuation  | Retirement Benefits | Options |                | \$      |
| Directors                                                     |                               |            |              |                 |                     |         |                |         |
| Anthony Rechner - Executive Chairman                          |                               |            |              |                 |                     |         |                |         |
| 2004                                                          | 204,000                       | -          | 10,093       | -               | -                   | -       | -              | 214,093 |
| 2003                                                          | 204,000                       | -          | 5,159        | -               | -                   | -       | -              | 209,159 |
| Richard Diermayer - Managing Director                         |                               |            |              |                 |                     |         |                |         |
| 2004                                                          | 78,000                        | -          | 441          | -               | -                   | -       | -              | 78,441  |
| 2003                                                          | 78,000                        | -          | 939          | -               | -                   | -       | -              | 78,939  |
| Jim Craib - Non Executive Director                            |                               |            |              |                 |                     |         |                |         |
| 2004                                                          | 15,000                        | -          | -            | -               | -                   | -       | -              | 15,000  |
| 2003                                                          | 15,000                        | -          | -            | -               | -                   | -       | -              | 15,000  |
| Terri Salotti - Non Executive Director<br>(Resigned Dec 2003) |                               |            |              |                 |                     |         |                |         |
| 2004                                                          | 7,500                         | -          | -            | -               | -                   | -       | -              | 7,500   |
| 2003                                                          | 15,000                        | -          | -            | -               | -                   | -       | -              | 15,000  |
| Total Remuneration Directors                                  |                               |            |              |                 |                     |         |                |         |
| 2004                                                          | 304,500                       | -          | 10,534       | -               | -                   | -       | -              | 315,034 |
| 2003                                                          | 312,000                       | -          | 6,098        | -               | -                   | -       | -              | 318,098 |
| Specified Executive                                           |                               |            |              |                 |                     |         |                |         |
| Paul Fromson - Company Secretary                              |                               |            |              |                 |                     |         |                |         |
| 2004                                                          | 29,513                        | -          | -            | -               | -                   | -       | -              | 29,513  |
| 2003                                                          | 36,037                        | -          | -            | -               | -                   | -       | -              | 36,037  |
| Total Remuneration Specified Executive                        |                               |            |              |                 |                     |         |                |         |
| 2004                                                          | 29,513                        | -          | -            | -               | -                   | -       | -              | 29,513  |
| 2003                                                          | 36,037                        | -          | -            | -               | -                   | -       | -              | 36,037  |

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004 (CONTINUED)**

**13 REMUNERATION OF DIRECTORS AND SPECIFIED EXECUTIVE (Continued)**

| Number of Shares held by Directors & Specified Executive |                        |                             |                   |                  |                         |
|----------------------------------------------------------|------------------------|-----------------------------|-------------------|------------------|-------------------------|
|                                                          | Balance 1 July<br>2003 | Received as<br>Remuneration | Options Exercised | Net Change Other | Balance 30 June<br>2004 |
| <b>Directors</b>                                         |                        |                             |                   |                  |                         |
| Anthony Rechner                                          | 9,089,702              | -                           | -                 | -                | 9,089,702               |
| Richard Diermayer                                        | 2,582,315              | -                           | -                 | -                | 2,582,315               |
| Jim Craib                                                | 1,348,954              | -                           | -                 | -                | 1,348,954               |
| <b>Specified Executive</b>                               |                        |                             |                   |                  |                         |
| Paul Fromson                                             | -                      | -                           | -                 | -                | -                       |
| <b>TOTAL</b>                                             | <b>13,020,971</b>      | <b>-</b>                    | <b>-</b>          | <b>-</b>         | <b>13,020,971</b>       |

**Transactions with Directors or Director Related Entities**

Consultancy services

Messrs A Rechner and R Diermayer are respectively directors and shareholders of Tangram Pty Ltd and Frontlaw Pty Ltd (trading as Sentinel Exploration Services) respectively, which have provided exploration and administrative consultancy services to the Company on normal terms and conditions. Amounts paid to these companies during the year in respect of professional services rendered are included in remuneration of directors.

**14. REMUNERATION OF EXECUTIVES**

One executive officer, being a director, (2003: one) received remuneration in excess of \$100,000 for the year (refer Note 13 for details).

**15 REMUNERATION OF AUDITORS**

|                                      | CONSOLIDATED  |               | PARENT ENTITY |               |
|--------------------------------------|---------------|---------------|---------------|---------------|
|                                      | 2004          | 2003          | 2004          | 2003          |
|                                      | \$            | \$            | \$            | \$            |
| Auditors of parent entity:           |               |               |               |               |
| Audit and review of financial report | 11,577        | 15,770        | 11,577        | 15,770        |
| Other services (prior auditors)      | 8,275         | 4,078         | 8,275         | 4,078         |
|                                      | <u>19,852</u> | <u>19,848</u> | <u>19,852</u> | <u>19,848</u> |

**16. CONTINGENT LIABILITIES**

The directors are of the opinion that there are no contingent liabilities as at 30 June 2004.

**17. COMMITMENTS**

Exploration Commitments

In order to maintain current rights to tenure to exploration and mining tenements, the consolidated entity has the following discretionary exploration expenditure requirements up until expiry of leases. These obligations, which may be varied from time to time and which are subject to renegotiation upon expiry of the lease are not provided for in the financial report and are payable:

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004 (CONTINUED)**

|                                          | <b>CONSOLIDATED</b> |             | <b>PARENT ENTITY</b> |             |
|------------------------------------------|---------------------|-------------|----------------------|-------------|
|                                          | <b>2004</b>         | <b>2003</b> | <b>2004</b>          | <b>2003</b> |
|                                          | <b>\$</b>           | <b>\$</b>   | <b>\$</b>            | <b>\$</b>   |
| Not later than one year                  | <b>20,000</b>       | 20,000      | <b>20,000</b>        | 20,000      |
| After one year but less than two years   | <b>130,000</b>      | 130,000     | <b>130,000</b>       | 130,000     |
| After two years but less than five years | <b>1,375,000</b>    | 1,375,000   | <b>1,375,000</b>     | 1,375,000   |
| After five years                         | -                   | -           | -                    | -           |
|                                          | <b>1,525,000</b>    | 1,525,000   | <b>1,525,000</b>     | 1,525,000   |

Within the oil and gas industry it is common practice for companies to farm-out, transfer or sell a portion of their exploration rights to third parties or to relinquish some exploration and mining tenements altogether, and as a result obligations will be significantly reduced or extinguished altogether. During the year the Company concluded a number of farm-out agreements which resulted in the company only being responsible for a share of the work programs. The farm-in partners also expended considerable funds on the permits during the year which resulted in work programs for certain years being met. The end result is a large reduction in the Company's work program obligations with the remaining commitments summarised as follows:

1. On VIC/P41 the work programs for years one to four have been completed and the year five obligation is funded by our farm-in partner reducing our obligation to nil.
2. On VIC/P47 the year one work program has been completed and the year two and three programs farmed out. The Company will have to pay an estimated \$130,000 towards the cost of a well which must be completed by December 2004. After year three the Company may have to contribute its 25% of the \$5,500,000 work program for years four, five and six, a total of \$1,375,000.
3. In September 2004 Eagle Bay was offered a Cooper Basin Oil Exploration Permit with a 5 year expenditure of \$24.5M. No decisions to accept the permit has yet been made.

The above commitments table reflects these significant farm-in agreements entered into during the year and also the work commitments during the year and clarifies the reduction in commitments reported in the prior year.

| <b>Operating Lease Commitments</b>           | <b>CONSOLIDATED</b> |             | <b>PARENT ENTITY</b> |             |
|----------------------------------------------|---------------------|-------------|----------------------|-------------|
|                                              | <b>2004</b>         | <b>2003</b> | <b>2004</b>          | <b>2003</b> |
|                                              | <b>\$</b>           | <b>\$</b>   | <b>\$</b>            | <b>\$</b>   |
| Not later than one year                      | <b>11,275</b>       | 13,530      | <b>11,275</b>        | 13,530      |
| After one year but not later than five years | -                   | 5,638       | -                    | 5,638       |
|                                              | <b>-</b>            | 19,168      | <b>11,275</b>        | 19,168      |

There is one operating lease being a rental lease on the Company's premises. The lease expires on 30/11/2004 however there is an option to extend a further two years.

**Farm-in Arrangements**

The company has entered into a contractual arrangement to earn a 75% interest in the Myall Creek prospect. The 75% interest requires the expenditure of \$450,000 staged over a number of years. The arrangement is not a commitment as such, however, to earn the interest will require the Company to meet the expenditure threshold, which has been farmed out to Gravity Capital Ltd.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004 (CONTINUED)

18. RELATED PARTIES

Wholly-owned Group Transactions

Eagle Bay Resources N.L. provides working capital to all its wholly-owned subsidiaries aggregating \$35,342 which has been provided against during the financial year. Transactions between the parent entity and the wholly-owned subsidiaries consist of interest free unsecured loans which have no fixed repayment terms.

19. INVESTMENT IN CONTROLLED ENTITIES

Details of investments in the ordinary share capital of controlled entities is as follows:

| Name of Entity             | Place of Incorporation | Equity Holding |      | Cost of Parent Entity's Investment |                  |
|----------------------------|------------------------|----------------|------|------------------------------------|------------------|
|                            |                        | 2004           | 2003 | 2004                               | 2003             |
| <b>Parent Entity</b>       |                        | %              | \$   | \$                                 | \$               |
| Eagle Bay Resources N.L.   | Australia              |                |      | -                                  | -                |
| <b>Controlled Entities</b> |                        |                |      |                                    |                  |
| Tarcoola Gold Limited      | Australia              | 100            | 100  | 3,228,050                          | 3,228,050        |
| Eagle Bay Graphite Pty Ltd | Australia              | 100            | 100  | -                                  | -                |
|                            |                        |                |      | <b>3,228,050</b>                   | <b>3,228,050</b> |

20. PLACE OF INCORPORATION

The Company and its controlled entities are domiciled and incorporated in Australia and its principal place of business is Perth, Western Australia.

21. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to year end the company paid \$320,000 for 1.6 million shares in Moby Oil and Gas Limited. The shares have been sold and the company has recouped its investment. There have not been any matters that have arisen since 30 June 2004, that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future years.

22. SEGMENT REPORTING

The operations of the consolidated entity involve a single industry segment being that of mining and mineral exploration within Australia.

23. EARNINGS/(LOSS) PER SHARE

|                                                             | 2004                   | 2003          |
|-------------------------------------------------------------|------------------------|---------------|
|                                                             | <b>Cents per Share</b> |               |
| a) Basic loss per share                                     | (1.92)                 | (0.68)        |
| b) Net loss used in calculating                             | \$                     | \$            |
| - Basic loss per share                                      | (2,760,188)            | (556,813)     |
| Weighted average number of ordinary shares outstanding      | <b>Number</b>          | <b>Number</b> |
| c) during the year used in calculating basic loss per share | 143,566,080            | 82,153,592    |

\* Diluted loss per share is not disclosed as it does not show an inferior position.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004 (CONTINUED)**

**24. FINANCIAL INSTRUMENTS**

**a) Interest Rate Risk Exposures**

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

|                                               | <b>Floating<br/>Interest rate</b> |               | <b>Fixed Interest<br/>Less than 1 year</b> |                | <b>Non-interest<br/>Bearing</b> |                 | <b>Total</b>     |                |
|-----------------------------------------------|-----------------------------------|---------------|--------------------------------------------|----------------|---------------------------------|-----------------|------------------|----------------|
|                                               | <b>2004</b>                       | <b>2003</b>   | <b>2004</b>                                | <b>2003</b>    | <b>2004</b>                     | <b>2003</b>     | <b>2004</b>      | <b>2003</b>    |
| <b>Financial Assets</b>                       |                                   |               |                                            |                |                                 |                 |                  |                |
| Cash assets                                   | 43,122                            | 23,147        | 2,484,201                                  | 739,025        | -                               | 3,260           | 2,527,323        | 765,432        |
| Receivables                                   | -                                 | -             | -                                          | -              | 12,496                          | 20,506          | 12,496           | 20,506         |
|                                               | <b>43,122</b>                     | <b>23,147</b> | <b>2,484,201</b>                           | <b>739,025</b> | <b>12,496</b>                   | <b>23,766</b>   | <b>2,539,819</b> | <b>785,938</b> |
| <b>Interest rate</b>                          | <b>2%</b>                         | <b>2%</b>     | <b>5.25%</b>                               | <b>4.40%</b>   |                                 |                 |                  |                |
| <b>Financial<br/>Liabilities</b>              |                                   |               |                                            |                |                                 |                 |                  |                |
| Payables                                      | -                                 | -             | -                                          | -              | 248,211                         | 63,728          | 248,211          | 63,728         |
| Overdraft                                     | -                                 | 3,357         | -                                          | -              | -                               | -               | -                | 3,357          |
|                                               | <b>-</b>                          | <b>3,357</b>  | <b>-</b>                                   | <b>-</b>       | <b>248,211</b>                  | <b>63,728</b>   | <b>248,211</b>   | <b>67,085</b>  |
| <b>Interest rate</b>                          | <b>-</b>                          | <b>11.6%</b>  |                                            |                |                                 |                 |                  |                |
| <b>Net financial<br/>assets/(liabilities)</b> | <b>43,122</b>                     | <b>19,790</b> | <b>2,484,201</b>                           | <b>739,025</b> | <b>(235,715)</b>                | <b>(39,962)</b> | <b>2,291,608</b> | <b>718,853</b> |

**b) Credit Risk Exposures**

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on financial assets, excluding investments, of the Company and consolidated entity, which have been recognised on the statement of financial position, is the carrying amount, net of any provision for doubtful debts.

The Company and consolidated entity are not materially exposed to any individual overseas country or individual customer.

**c) Net Fair Values**

The financial assets and liabilities included in current assets and current liabilities in the statement of financial position are carried at amounts that approximate net fair values.

**25. THE IMPACT OF ADOPTING INTERNATIONAL ACCOUNTING STANDARDS**

The Australian Accounting Standards Board is adopting the Standards of the International Accounting Standards Board for application to reporting periods beginning on or after 1 January 2005. Pending Accounting standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' prescribes transitional provision for first-time adopters.

AASB 1047 'Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards' requires financial reports to disclose information about the impacts of any changes in accounting policies in the transition period leading up to the adoption date and will apply for June 2004 reporting.

The company has allocated internal resources and in conjunction with its auditors is assessing those accounting policies and key areas that are likely to be impacted by the transition to International Financial Reporting Standards (IFRS). As the company has a 30 June year end, priority has been given to the consideration of the impact of the Australian equivalents to the IFRS and the preparation of a balance sheet in accordance with those Australian equivalent standards as at 30 June 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future, and is required when the company prepares its first fully IFRS compliant report for the year ended 30 June 2006. As required by AASB 1047, the key accounting policies which will change and may have an impact on the financial report of the company are set out below.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004 (CONTINUED)

### *Exploration and evaluation expenditure*

In terms of the exposure drafts issued by the International Accounting Standards Board (IASB) and the Australian Accounting Standards Board (AASB) on exploration and evaluation expenditure, entities are permitted to continue their previous accounting policies but all exploration and evaluation expenditure would be subject to an annual impairment test. Under the impairment test, exploration and evaluation expenditure would be carried at recoverable value which will be determined at the higher of fair value less costs to sell, and value in use. The likely impact is that exploration and evaluation expenditure will not meet the recoverable value test and will need to be written off in the year incurred.

### *Taxation*

Under the Australian equivalent to IAS 12 "Income Taxes", a balance sheet approach will be adopted for calculating taxation, replacing the "statement of financial performance approach". This method recognizes deferred tax balances for all temporary differences arising between the carrying value of an asset or liability and its tax base. Whilst there will be enhanced disclosure of the composition of the deferred tax assets and liabilities it is not expected that there will be any significant impact in terms of the statement of financial position or performance.

### *Financial Instruments*

Under AASB 139 "Financial Instruments: Recognition and Measurement" financial instruments will be required to be classified into five categories and to be measured based on the nature of the classification. The five categories and basis of measurement are:

- Financial asset or financial liability measured at fair value through the statement of financial performance
- Held to maturity investments measured at amortised cost, subject to impairment
- Loans and receivables measured at amortised cost, subject to impairment
- Available for sale assets measured at fair value with changes in fair value measured directly in equity
- Financial liability measured at amortised cost

This will result in a change in the current accounting policy that does not classify financial instruments.

### *Impairment of Assets*

Under the Australian equivalent to IAS 36 "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 company's current accounting policy which determines recoverable amount of an asset on the basis of undiscounted cashflows. Under the new policy it is likely that the impairment of assets will be recognized sooner and the amount of write downs will be greater.

## STOCK EXCHANGE INFORMATION

The additional information set out below as it relates to shares and options was applicable at 30<sup>th</sup> September 2004.

### SHARES

#### DISTRIBUTION OF SHAREHOLDINGS

| Size of holding  | Number of Shares |
|------------------|------------------|
| 1 - 1000         | 1,026            |
| 1,001 - 5000     | 539              |
| 5,001 - 10000    | 483              |
| 10,001 - 100000  | 1,287            |
| 100,001 and over | 252              |
|                  | <u>3,587</u>     |

Number of shareholders with less than a marketable parcel of \$500 at 6c per share 1,811

### TWENTY LARGEST SHAREHOLDERS

|                                                  |            |        |
|--------------------------------------------------|------------|--------|
| 1 TPIC Ltd                                       | 11,212,858 | 8.357% |
| 2 EERC Australasia Pty Ltd (EERC S/F)            | 9,089,651  | 5.749% |
| 3 Avon Management Co Pty Ltd                     | 2,582,315  | 1.633% |
| 4 Ambergate Nominees Pty Ltd                     | 2,500,000  | 1.581% |
| 5 Mr Desmond Joseph Keegan                       | 2,350,000  | 1.486% |
| 6 TPIC Ltd Wyllie Group                          | 1,500,000  | 0.948% |
| 7 Suwarna Corporation Pty Ltd                    | 1,350,000  | 1.012% |
| 8 Mr John Norman Kerr                            | 1,340,000  | 0.771% |
| 9 Mr Robert Gordon                               | 1,309,044  | 0.764% |
| 10 Oxley Graeme Maley                            | 1,271,632  | 0.804% |
| 11 Alister John Forsyth                          | 1,250,000  | 0.790% |
| 12 ANZ Nominees Ltd                              | 1,236,756  | 0.782% |
| 13 F Terranova Investments Pty Ltd               | 1,166,667  | 0.737% |
| 14 Tarmel Pty Limited                            | 1,150,000  | 0.727% |
| 15 Candye Pty Ltd                                | 1,109,500  | 0.701% |
| 16 Ms Michele Marshall                           | 1,000,080  | 0.632% |
| 17 Mrs Birgit Smythe                             | 1,000,000  | 0.632% |
| 18 Valnera Holdings Pty Ltd                      | 1,000,000  | 0.632% |
| 19 Mrs Christine Myra Whitesman                  | 967,193    | 0.738% |
| 20 Mr Todd Anthony Wilson & Mrs Jodie Lee Wilson | 900,000    | 0.759% |

|                             |             |
|-----------------------------|-------------|
| Top 20 largest shareholders | 45,285,696  |
| Total Shares Issued         | 158,098,424 |

### SUBSTANTIAL SHAREHOLDERS

| Name                     | No of shares |
|--------------------------|--------------|
| TPIC Ltd                 | 11,212,858   |
| EERC Australasia Pty Ltd | 9,089,651    |

### VOTING RIGHTS

All ordinary shares issued by the Company carry one vote per share without restriction.

### OPTIONS

There is one Optionholder being Mr Milton Schmedje who holds 100,000 unlisted options exercisable at 39 cents on or before 24 November 2005.

# EAGLE BAY RESOURCES N.L. ANNUAL REPORT 2004

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004 (CONTINUED)

### TENEMENT SCHEDULE

| PROJECT                                    | TENEMENTS                                                                                              | EBR %       | JOINT VENTURER             |
|--------------------------------------------|--------------------------------------------------------------------------------------------------------|-------------|----------------------------|
| <b>GOLD SA</b>                             |                                                                                                        |             |                            |
|                                            | EL 2800                                                                                                | earning 75% | Minotaur & Gravity Capital |
|                                            | EL 3098                                                                                                | 100%        | Gravity Capital            |
| <b>PETROLEUM –<br/>VIC Gippsland Basin</b> |                                                                                                        |             |                            |
|                                            | VIC P41                                                                                                | 25%         | Bass Strait Oil & Gas 75%  |
|                                            | VIC P47                                                                                                |             | Bass Strait Oil & Gas      |
|                                            | Gilbert                                                                                                | 10%         | Lakes Oil NL               |
|                                            | Moby                                                                                                   | 25%         | Gravity Capital Ltd        |
| <b>GRAPHITE (SA)</b>                       |                                                                                                        |             |                            |
| <b>Uley</b>                                | ML5561                                                                                                 | 100%        |                            |
|                                            | ML5562                                                                                                 | 100%        |                            |
|                                            | RL66 and RL67                                                                                          | 100%        |                            |
|                                            | Subject to Native Title<br>Claim SC6011/98 of<br>4 July 2000                                           |             |                            |
| <b>PETROLEUM</b>                           |                                                                                                        |             |                            |
| <b>Cooper Basin</b>                        | The company has been offered CO 2003A exploration area in the onshore Cooper Basin of South Australia. |             |                            |

**EAGLE BAY RESOURCES NL**  
**ACN 051 212 429**

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**NOTICE OF ANNUAL GENERAL MEETING**

**PROXY FORM**

**EXPLANATORY MEMORANDUM**

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**Date of Meeting**

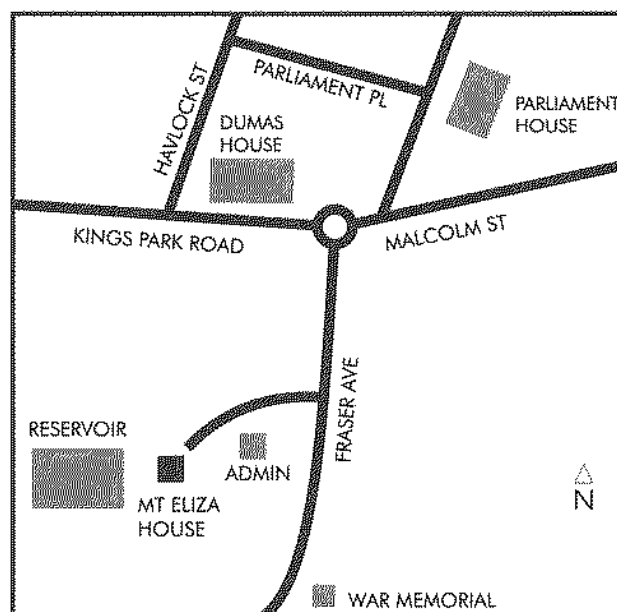
24 November 2004

**Time of Meeting**

11.00am

**Place of Meeting**

Mt Eliza House, Kings Park



# **EAGLE BAY RESOURCES NL**

ACN 051 212 429

## **NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF EAGLE BAY RESOURCES NL ("Eagle Bay") WILL BE HELD AT MT ELIZA HOUSE, KINGS PARK, WESTERN AUSTRALIA ON TUESDAY 24 NOVEMBER 2004, AT 11.00 AM.**

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### **ORDINARY BUSINESS**

**A. To receive and consider the financial statements and reports for the year ended 30 June 2004.**

**B. To elect a Director:**

**Mr R Diermayer retires by rotation in accordance with the Company's constitution and, being eligible, offers himself for re-election.**

BY ORDER OF THE BOARD

Dated 14 October 2004

Graham D Anderson  
Company Secretary

### **PROXY**

A member entitled to attend and to vote at the meeting is entitled to appoint a proxy to attend and to vote instead of the member. The proxy need not be a member of Eagle Bay. Proxy Forms must be lodged at the principal office of Eagle Bay at 14 Outram Street, West Perth, Western Australia 6005, (PO Box 913 West Perth, Western Australia 6872) not later than 48 hours before the time of the meeting.

For the determination of voting entitlements, the Directors have determined that the numbers of shares registered in the names of each member 24 hours prior to the time of the meeting will be taken, for the purposes of the meeting, to be held by the person who held them at that time.

A Proxy Form accompanies this Notice of Meeting.

# EAGLE BAY RESOURCES NL

ACN 051 212 429

14 Outram Street, West Perth, WA 6005

PO Box 913 West Perth, WA 6872

## PROXY FORM

I/We

NUMBER OF  
SHARES HELD

Of

Please fill in  
number

being a member of Eagle Bay Resources NL ("Eagle Bay") hereby appoint:

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting to be on 24 November 2004 and at any adjournment thereof.

### ORDINARY RESOLUTION

FOR

AGAINST

ABSTAIN

1. Election of R Diermayer

Dated \_\_\_\_\_ 2004

Signature of Shareholder \_\_\_\_\_

A proxy shall be signed by the appointer or his/her attorney, or if a corporation under its Common Seal or under the hand of an authorised Officer or attorney. The proxy and any Power of Attorney under which it is signed shall be deposited at the principal officer of Eagle Bay not less than 48 hours before the time of the Meeting. A proxy need not be a Member of Eagle Bay.

# **EAGLE BAY RESOURCES NL**

ACN 009 125 197

## **EXPLANATORY STATEMENT**

This Explanatory Statement is for the information of Shareholders of Eagle Bay Resources NL (Eagle Bay) in connection with Resolutions to be considered at the Annual General Meeting of Eagle Bay to be held on Tuesday, 24 November 2004 at 11.00am. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisors before voting.

### **Ordinary Business**

#### **To receive and consider the financial statements and reports for the year ended 30 June 2004.**

The Annual Report 2004 has been sent to all shareholders and will be tabled at the meeting. There is no formal resolution to accept the financial statements and reports, but provision will be made for shareholders to question the Directors and the Auditor should they wish to do so.

#### **Resolution 1 – To Re-elect R Diermayer as a Director**

Mr R Diermayer retires in accordance with the requirements of the Constitution of the Company and seeks re-election.