HALCYON GROUP LTD

ABN 13 086 972 429

Annual Report

For the Year Ended 30 June 2004

Corporate Directory

Directors

Craig Readhead
Non Executive Chairman

Craig Burton
Non Executive Director

Andrew Radonjic
Executive Director

Hamish Halliday
Director

Mark Bojanjac
Director

Company Secretary

Silvia Caruso

Auditors

Deloitte Touche Tohmatsu
Level 16, Central Park, 152 St George's Terrace, Perth WA 6000

Bankers

National Australia Bank,
Level 1, 50 St Georges Terrace, Perth WA 6000

Share Registry

Computershare Registry Services Pty Limited
Level 2, 45 St George's Terrace, Perth WA 6000

Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

Registered Office

Level 2, 45 Richardson Street
West Perth WA 6005

Telephone: (08) 9481 2433
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Stock Exchange Listed

Australian Stock Exchange
Code: HCY, HCYO

Website

www.halcyongroup.com.au

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1. CHAIRMAN'S REVIEW

On behalf of the Directors of Halcyon Group Limited, I am pleased to present to shareholders the Company's 2004 Annual Report.

The last 12 months has seen Halcyon grow its mineral interests as it successfully completed its transformation into an exploration company. Following settlement of the sale of the Copper Road Pty Ltd shares the Company looked to expand its mineral assets through the acquisition of the Bardoc South tenement package from Placer Dome Asia Pacific. Having built a significant land holding on the highly prospective, Bardoc Tectonic Zone, the Company is now able to focus its efforts on exploration with the aim to realise the full potential of the Bardoc Project.

Halcyon's commitment to mineral exploration over the past year has seen the Company achieve a number of objectives including:

- 100% increase in tenure within the Bardoc Project.
- Access to 13 kilometres of highly prospective sulphide nickel targets situated within the komatiites that host the Scotia Nickel Sulphide Mine (~35,000t nickel metal) located just 10kms to the north;
- The successful raising of $780,000 during the last six months through a share placement, providing adequate funding for on-going mineral exploration; and
- Access to an extensive database for on-going target generation.

Halcyon's gold exploration activities throughout the year have yielded positive drill results that suggest there is significant potential for the project to host economic gold resources.

Dramatic price rises seen recently in nickel, caused the company to assess the nickel sulphide potential of the Bardoc Project. Following an interrogation of the database the technical team concluded that the project contained a number of highly prospective nickel targets. Subsequent geophysical surveys and exploration work has identified nine targets, three of which have been selected for drill testing, with results expected in the latter half of 2004.

The coming year will see Halcyon continue to actively explore the Bardoc project for gold and sulphide nickel mineralisation, with any exploration success providing shareholders with leverage and exposure to strong gold and nickel markets. The Directors will continue to focus on adding value to the Company's assets and actively seeking additional opportunities for the Halcyon Group.

I would like to take this opportunity to thank directors, staff and consultants for their valuable contribution to the Company and our shareholders for their continued support over the past year.

Craig Readhead

Craig Readhead
Chairman

2. REVIEW OF ACTIVITIES

Bardoc Project

The Bardoc Project is centred on the historical Gold mining centre of Bardoc, located 45 kilometres north of Kalgoorlie. Following Halcyon's recent acquisition of the Bardoc South tenements from Placer Dome Asia Pacific, the Company now controls tenure over a combined area of approximately 90 square kilometres. The increased tenement holding encompasses over 25 kms of strike of the Bardoc Tectonic Zone (BTZ) and provides access to 13 kms of nickel sulphide prospective komatiites. Bardoc is also very well located with excellent proximity to both infrastructure and mineral processing facilities.

Both the geological and structural setting at Bardoc are conducive for the development of large scale gold and nickel mineralisation as is evident by the numerous mining centres in the immediate area, including the very successful Paddington Gold deposit (4Moz) and the Scotia Nickel Mine (35,000t Nickel metal). Major mineralised systems in the area are associated with the BTZ, a broad structural regime that extends over a strike length of 75 kilometres and hosts in excess of 6Moz of gold.

Gold Activities

Following an extensive data review and target generation exercise, designed to identify both regional and local exploration targets within the Bardoc Project area, the Company completed 2,341 metres of rotary air blast (RAB), 3,229m of reverse circulation (RC) and 407.6 metres of diamond core drilling. The drilling produced significant results from several prospects including Bulletin South, Excelsior and Zoroastrian, highlights of these results are detailed in Table 1.

In January 2004 Halcyon acquired the Bardoc South tenure, which encompasses the southern extension of the Aphrodite Deposit (892,000 ozs gold) and the immediate northern extension of the Broad Arrow Gold Mines (~600,000 ozs gold). This combined with the additional 63,000 ozs of gold resources has significantly enhanced the Company's gold assets.

Similarly Halcyon has conducted a detailed analysis of the Bardoc South area to delineate structurally controlled, high-grade gold targets for drill testing. A total of 7,094 metres of RAB, 1,801m of RC and 830 metres of aircore drilling was subsequently completed. This work resulted in a number of significant results from the Big Blow, Jackorite and Nerrin Nerrin prospects, highlights of which are detailed in Table 1.

Table 1. Significant assay results from drilling at the Bardoc Project for the year ended 30 June 2004

Hole No.	Prospect	Northing AGD 84	Easting AGD 84	Depth From	Interval	Gold Grade
HBUC 001	Bulletin South	6634560m	333998m	112m	1m	30.4g/t
HBUC 006	Bulletin South	6634520m	333966m	98m	5m	5.7g/t
HBUC 007	Bulletin South	6634540m	333969m	79m	2m	10.6g/t
HEXCD 003	Excelsior	6642986m	335422m	209.4m	31.2m	1.8g/t
HZOC 003	Zoroastrian	6642865m	334869m	132m	7m	4.7g/t
HJKC 003	Jackorite	6640000m	336976m	23m	11m	9.6g/t
HJKC 003	Jackorite	6640000m	336976m	51m	1m	36.3g/t
HBBC 001	Big Blow	6639320m	336444m	41m	5m	8.8g/t
HBBC 003	Big Blow	6639280m	336449m	39m	3m	8.4g/t
HNNC 002	Nerrin Nerrin	6639290m	335570m	60m	3m	11.5g/t

Note: All RC intersections are derived from 1 metre samples that have been riffled split and analysed by fire assay. Whilst Diamond Core intersections are derived from lithologically dependent sample lengths that have been cut in half and analysed by fire assay.

Nickel Sulphide Activities

Due to a strong performance in the nickel price, Halcyon decided to review the potential for nickel sulphide occurrences in the Bardoc and Bardoc South areas. A review of previous exploration activities identified a total of six target areas along the basal contact of the komatiite unit that hosts the Scotia Nickel Mine some 10 kilometres along strike.

Halcyon completed a geophysical program consisting of a ground based Electro Magnetic (EM) survey aimed at further defining the targets. The survey identified three anomalies that could potentially represent nickel sulphide mineralisation. A second follow-up program of EM was initiated in mid 2004 to finalise these targets for drill testing.

Results from the subsequent drill program were still pending at the time of this report.

In addition to the geophysical surveys, Halcyon engaged the services of an ex-CSIRO scientist to assist in on-going target generation and prioritisation. This renowned specialist in sulphide nickel mineralisation, was involved in several major discoveries including the nearby Silver Swan Nickel Mine (~115,000t tonnes of Nickel Metal-approximate value of $2 billion). The results from the combined exploration efforts have realised six new target areas that are scheduled to be infilled during the third EM program later in the year.

3. CORPORATE GOVERNANCE STATEMENT

The best practice recommendations of both the ASX Corporate Governance Council, including corporate governance practices and suggested disclosures are set out below and have been applied for the entire financial year ended 30 June 2004. Where there has been any variation from the recommendations it is because the Board believes that the company is not yet of a size, nor are its financial affairs of such complexity to justify some of those recommendations and as such those practices continue to be the subject of scrutiny of the security of the full board.

This statement outlines the main Corporate Governance practices by the Board.

3.1 BOARD OF DIRECTORS AND ITS COMMITTEES

The names of the Directors of the company in office at the date of this statement are:

Name	Position	Committees
Craig Readhead	Non-executive Chairman	Audit
Craig Burton	Non-executive Director	Audit
Hamish Halliday	Technical Director	-
Mark Bojanjac	Director	-
Andrew Radonjic *	Executive Director	-

* Appointed 11 August 2004

3.2 NOMINATION OF DIRECTORS

The composition of the Board is determined using the following principles:

- the Board should comprise at least 3 directors. This number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified;
- the Chairman of the Board should be a non-executive director;
- the Board should comprise at least two non-executive directors;
- the Board should comprise directors with an appropriate range of qualifications and expertise; and
- the Board should meet at least once every two months and ensure that all directors are made aware of, and have available all necessary information, to participate in an informed discussion on all agenda items.

The composition of the Board is reviewed on a regular basis to ensure that the Board has an appropriate mix of expertise and experience. When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills, a panel of potential candidates with the appropriate expertise and experience are identified by the Committee with advice from an external consultant. The Board then appoints the most suitable candidate who must stand for election at the general meeting of shareholders.

3.3 INDEPENDENT PROFESSIONAL ADVICE

Each director has the right to seek independent professional advice at the entity's expense. However, prior approval of the Chairman is required, which is not unreasonably withheld.

3.4 AUDIT COMMITTEE

The role of the Committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the entity. It also gives the Board of Directors additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in financial statements. Further the Committee is responsible for advising the entity on issues concerning operating the business within the parameters of the Compliance Plan so as to satisfy Australian Securities and Investments Commission licencing requirements. All members of the Committee must be non-executive directors.

The members of the Audit Committee are:
Mr C L Readhead (Chairman)
Mr C I Burton

The external auditors and the Company Secretary are invited to Audit Committee meetings at the discretion of the Committee.

3.5 DIRECTOR'S REMUNERATION AND POLICIES

The company does not presently operate a remuneration committee and the remuneration of all Directors determined by the member of the Board of Directors.

All compensation arrangements for Directors including the Managing Director are determined by the Directors after taking into account the current competitive rates prevailing in the market.

The amount of remuneration for all Directors including the full remuneration packages, comprising all monetary and non - monetary components of the Executive and Non Executive Directors, are detailed in the Directors' Report.

Executives will receive base salary, superannuation and in some cases, performance incentives. Executives and staff may be invited by the Board of Directors, to participate in the Employee Share Option Plan. These packages are reviewed on an ongoing basis and in most cases will be reviewed against predetermined performance criteria.

All remuneration to be paid to present or future executives will be valued at the cost to the company and expensed. Shares issued to executives are valued as the difference between the market price of those shares and the amount paid by the executive. Options are valued using the Black - Scholes methodology.

The Board expects that the remuneration structure that is implemented will result in the company being able to attract and retain the best executives to manage the economic entity. It will also provide the executives with the necessary incentives to work to grow long-term shareholder value.

The Board can exercise its discretion in relation to approving incentives, bonuses and options.

There are no schemes for retirement benefits other than statutory superannuation for independent Directors and employees.

3.6 STATEMENT BY THE EXECUTIVE DIRECTOR

The Executive Director confirms to the board that the group's financial position presents a true and fair view and that the financial statements are founded on a sound system of risk management, internal compliance and control. Further, it is confirmed that the group's risk management and internal compliance is operating efficiently and effectively.

3.7 MONITORING OF THE BOARD'S PERFORMANCE AND COMMUNICATION TO SHAREHOLDERS

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the chairperson will review the performance of all directors annually. Directors whose performance is unsatisfactory will be asked to retire.

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. Information is communicated to the shareholders through:

- the annual report which is distributed to all shareholders;
- the half-yearly report which is distributed to all shareholders;
- adherence to continuous disclosure requirements; and
- the annual general meeting and other meetings so called to obtain approval for board action as appropriate.

The shareholders are responsible for voting on the appointment of Directors.

3.8 CODE OF CONDUCT

Halcyon Group Ltd is committed to the highest standards of ethical business conduct. As part of that commitment Halcyon Group Ltd has a code of conduct to guide executives, management and employees in carrying out their duties and responsibilities. The code is based on the following principles;

- Compliance with laws and regulations affecting the company's operations;
- The ASX's Corporate Governance;
- Employment practices;
- Responsibilities to the community;
- Responsibilities to the individual;
- The environment;
- Conflict of interests;
- Confidentiality;
- Ensure that shareholders and the financial community are at all times fully informed in accordance with the spirit and letter of the ASX's continuous disclosure requirements;
- Corporate opportunities arising from these for personal gain or to compete with the company;
- Protection of and proper use of the company's assets and
- Active promotion of ethical behaviour.

3.9 INSIDER TRADING

Directors and other officers are subject to restrictions under the Corporations Act relating to dealings in securities. As required by law and the entity's insider trading policy, buying or selling Halcyon Group Ltd securities is not permitted any time by any person who possesses price-sensitive information not available to the market in relation to those securities. In addition to these restrictions, the Board's policy is that Directors may only buy or sell the entity's shares or options, after notifying the Chairman, in the 48 hours after the release of a public announcement. After notifying the Board through the Chairman, Directors may then buy and sell shares in the next 48-hour period only.

At all other times the Board must receive prior notice of transactions involving Halcyon Group Ltd shares, which transactions are subject to Board veto.
Employees may similarly only buy or sell the entity's shares or options 48 hours after the release of a public announcement. After notifying the Board through the Company Secretary, employees may then buy and sell shares in the next 48-hour period only.

4 DIRECTOR'S REPORT

The directors have pleasure in submitting the annual financial report of Halcyon Group Ltd (the Company) and its controlled entities for the year ended 30 June 2004 and report as follows:

DIRECTORS

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

CRAIG READHEAD (BJuris, LLB)
Non-Executive Chairman, Age 50 – Appointed 18 April 2000

Craig is a Solicitor with in excess of 25 years experience in corporate law, with an emphasis on mergers and acquisitions, resource project development and capital raising. Craig commenced legal practise in a major Perth law firm in 1977 and became a partner in 1984. He left that firm in 1995 and is now a partner of Pullinger Readhead Lucas. He is also a director of a number of listed and unlisted companies.

CRAIG BURTON (BJuris, LLB)
Non-executive Director, Age 41– Appointed 1 July 2002

Mr Burton is a corporate solicitor by training. Over the last 10 years, Mr Burton has focussed on financing and managing resource projects, principally through public listed vehicles. He has undertaken financing activities in both Australia and Canada for resource projects located in Australia, southern Africa, Southeast Asia and central Europe, covering gold, nickel, copper, oil and diamonds.

More recently, Mr Burton established Verona Capital, a private venture capital group that invests in new or developing business ventures. He is a director of West Oil NL, Exco Resources NL, Oriel Communications Limited and Forest Rewards Limited.

HAMISH HALLIDAY (BSc Geology, MAusIMM)
Technical Director, Age 32 – Appointed 30 June 2003

Mr Halliday has extensive experience in mineral exploration throughout Australia. He has worked on a number of projects exploring for a range of commodities and has considerable experience in all aspects of technical management. Recently Mr Halliday was involved with Taipan Resources where he was instrumental in the discovery of the Paulsens Gold Deposit. Mr Halliday is also the founding Director of Adamus Resources, an Australian listed Company currently exploring the Salman Gold Project in southern Ghana, West Africa.

MARK BOJANJAC (B Comm, CA)
Director, Age 41 – Appointed 30 June 2003

Mr Bojanjac is a Chartered Accountant and holds a Bachelor of Commerce degree. Mr Bojanjac has over 15 years experience in the development of public companies specialising in the gold resource sector. He was a founding director of Gilt-Edged Mining Limited which discovered one of Australia's highest grade gold mines and was managing director of a public company which developed and financed a 2.4m oz gold resource in Mongolia.

Mr Bojanjac is also currently a director of Adamus Resources Limited and was responsible for the acquisition of the Salman Gold Project in Ghana, West Africa. As well as being a director of Gryphon Minerals Limited, he is also a director of CICH Resources Limited, currently developing a gold project in China.

ANDREW RADONJIC (BAppSc Mining Geology, MAusIMM)
Executive Director, Age 40 - Appointed 11 August 2004

Mr Radonjic is a geologist with over 20 years of experience in mining and exploration, with a specific focus on gold and nickel in the Eastern Goldfields of Western Australia. Mr Radonjic began his career at the Agnew Nickel Mine before spending 15 years in the Paddington, Mount Pleasant and Lady Bountiful Extended operations north of Kalgoorlie. He fulfilled a variety of senior roles which gave rise to three gold discoveries, totalling in excess of 3 million ounces in resources.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

During and since the end of the financial year there were no share options granted to directors of the company.

At the date of this report the directors held the following interests in shares and options:

Directors	Shares held directly	Unlisted options held indirectly
C L Readhead	-	1,500,000
C I Burton	18,000,000	-
A Radonjic	-	3,000,000

Information about shares issued on the exercise of options and options granted to directors and employees during the year is included in Note 35 to the financial statements.

OPTIONS

Executive Share Option Plan

In accordance with the provisions of the executive share option plan, as at the date of this report, executives are entitled to purchase the following ordinary shares at the following exercise prices on or before the following dates:

500,000 ordinary shares at an exercise price of $0.50 per ordinary share on or before 24 July 2005
250,000 ordinary shares at an exercise price of $1 per ordinary share on or before 24 July 2005
250,000 ordinary shares at an exercise price of $2 per ordinary share on or before 24 July 2005
250,000 ordinary shares at an exercise price of $3 per ordinary share on or before 24 July 2005
250,000 ordinary shares at an exercise price of $4 per ordinary share on or before 24 July 2005

The holders of such options do not have the right, by virtue of the option, to participate in any share issue or interest issue of any other body corporate or registered scheme.

Further details of the executive share option plan are disclosed in note 35 to the financial statements.

Other Share Options

The Company has on issue 57,251,000 listed share options over unissued shares and 19,749,600 unlisted share options over unissued shares (inclusive of the share options issued under the executive share option plan), details of which are set out in note 35 to the financial statements.

Directors' and Senior Executives' Emoluments

The Board resolved that due to the restructuring of the company and the reduction of employees, the Remuneration Committee would no longer be constituted. Responsibility for remuneration policies and packages applicable to the Board members and senior executives of the Company would be done at Board level. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Executive directors and senior executives may receive bonuses based on the achievement of specific goals related to the performance of the consolidated entity. The latter may participate in the employee share and option plans. Non-executive directors do not receive any performance related remuneration.

Details of the nature and amount of each major element of the emoluments of each director and executive officer of the Company are detailed below.

	Primary – Salary & Fees	**Post employment - Superannuation**	**Equity – Options**	**Total**
	$	**$**	**$**	**$**
Directors:				
M Bojanjac	50,400	-	-	50,400
C Burton	55,000	-	-	55,000
H Halliday	50,000	4,500	-	54,500
C Readhead	27,522	2,477	-	29,999
Executive Officer:				
A Radonjic	97,475	8,773	42,487	148,735

There are no other executive officers that are not disclosed in the table above.

Directors' Meetings

The number of directors' meetings and number of meetings attended by each of the directors of the company during the financial year are:

Director	**Directors' Meetings A**	**Directors' Meetings B**
M Bojanjac	8	7
C Burton	8	7
H Halliday	8	8
C Readhead	8	8

A - Number of meetings held during the time the director held office during the year.
B - Number of meetings attended.

There were no audit committee meetings held during the year.

The finance, nomination, risk management and environmental functions are handled by the full board of the company. The company is not of a size nor are its financial affairs of such a complexity to justify separate committees of the board of directors. This is appropriate at this stage of development and will be reviewed from time to time.

Principal Activity

The principal continuing activity of the consolidated entity at financial-year-end is the exploration for gold and sulphide nickel, and investment in the minerals exploration and development sector. The current activity is in Western Australia.

Review and Results of Operations

The Consolidated entity reported a net profit $66,339 for the financial year (2003 loss $972,537). The profit for the year is after allowing for a one off adjustment relating to the sale of Copper Road Pty Ltd during the year.

Various matters affecting the future of the consolidated entity are commented upon in the Review of Activities.

No dividend has been paid or declared by the company (2003 - nil).

Changes of state of affairs

During the year the Company sold Copper Road Pty Ltd to concentrate on its resource and mineral exploration activities (refer note 32 – Discontinuing Operations).

Subsequent events

Other than the above, there has not been any matter or circumstance that has arisen since the end of the financial year which is not otherwise dealt with in this report or in the consolidated financial statements, that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in financial years subsequent to 30 June 2004.

Likely Developments and Future Results

The consolidated entity intends to explore its mineral exploration assets and to continue to seek new investment opportunities in the minerals sector.

Further information as to likely developments in the operations of the consolidated entity and the expected results of those operations in subsequent financial years has not been included in this report because, the directors believe, on reasonable grounds, that to include such information would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental Regulations

The company's environmental obligations are regulated under both State and Federal Law. The company has a policy of complying with its environmental performance obligations. No environmental breaches have been notified to the company to the date of this report.

Insurance of Auditors and Officers

During or since the financial year the company has not indemnified or made a relevant agreement to indemnify an auditor or an officer of the company or of any related body corporate against a liability incurred as such an officer or auditor. In addition, the company has not paid or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

This report has been made in accordance with a resolution of directors made pursuant to S.298(2) of the Corporations Act 2001.

On behalf of the Directors

M F Bojanjac
Director

Perth, Western Australia
30 September 2004

Statement of Financial Performance
for the Financial Year ended 30 June 2004

	Note	Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
Revenue from ordinary activities	2	1,343,602	951,044	589,673	256,726
Employee benefits expense		(258,743)	(499,800)	(136,403)	(143,836)
Depreciation and amortisation expense	2	(170,875)	(371,211)	(2,378)	-
Borrowing costs	2	(14,938)	(44,904)	(1,487)	(11,060)
Allowance for doubtful debts relating to receivables from controlled entities		-	-	-	(446,606)
Other expenses from ordinary activities	2	(803,093)	(1,082,989)	(861,918)	(230,512)
Profit / (Loss) From Ordinary Activities Before Income Tax Expense		95,953	(1,047,860)	(412,513)	(575,288)
Income tax (expense) / benefit relating to ordinary activities	3	(29,614)	75,323	(29,614)	24,818
Net Profit / (Loss) Attributable to Members of the Parent Entity		66,339	(972,537)	(442,127)	(550,470)
Total Changes in Equity Other than those Resulting from Transactions with Owners as Owners		66,339	(972,537)	(442,127)	(550,470)
Earnings / (Loss) Per Share :					
Basic (cents per share)	27	0.02	(0.68)		
Diluted (cents per share)	27	0.02	(0.68)		

The above statement of financial performance should be read in conjunction with the accompanying notes on pages 16 to 42

Statement of Financial Position
as at 30 June 2004

		Consolidated		Company	
		2004	2003	2004	2003
	Note	$	$	$	$
Current Assets					
Cash assets	29	1,315,622	1,298,383	1,315,617	1,286,810
Receivables	4	116,811	191,838	103,599	54,739
Other financial assets	5	-	-	1,269,022	224,812
Other assets	6	-	14,354	-	-
Total Current Assets		1,432,433	1,504,575	2,688,238	1,566,361
Non-Current Assets					
Investments	7	-	-	900,000	900,000
Property, plant and equipment	9	12,738	463,128	12,738	-
Exploration assets	11	2,630,491	1,752,025	99,414	96,826
Deferred tax assets	8	-	-	-	-
Other assets	10	147,245	75,120	147,155	75,120
Total Non-Current Assets		2,790,474	2,290,273	1,159,307	1,071,946
Total Assets		4,222,907	3,794,848	3,847,545	2,638,307
Current Liabilities					
Payables	12	173,973	1,064,856	101,198	104,983
Interest-bearing liabilities	13	-	148,315	-	-
Tax liabilities	14	10,768	-	10,768	-
Provisions	15	-	95,850	-	80,000
Total Current Liabilities		184,741	1,309,021	111,966	184,983
Non-Current Liabilities					
Interest-bearing liabilities	17	900,000	1,138,382	900,000	900,000
Tax liabilities	18	8,078	-	8,078	-
Provisions	19	200,000	200,000	-	-
Total Non-Current Liabilities		1,108,078	1,338,382	908,078	900,000
Total Liabilities		1,292,819	2,647,403	1,020,044	1,084,983
Net Assets		2,930,088	1,147,445	2,827,501	1,553,324
Equity					
Contributed equity	20	13,407,022	11,402,683	13,407,022	11,402,683
Reserves	21	-	288,035	-	288,035
Accumulated losses	22	(10,476,934)	(10,543,273)	(10,579,521)	(10,137,394)
Total Equity		2,930,088	1,147,445	2,827,501	1,553,324

The above statement of financial performance should be read in conjunction with the accompanying notes on pages 16 to 42

Statement of Cash Flows
for the Financial Year ended 30 June 2004

		Consolidated		Company	
		2004	2003	2004	2003
	Note	$	$	$	$
Cash Flows From Operating Activities					
Receipts from customers		596,572	841,711	24,252	166,662
Payments to suppliers and employees		(1,941,673)	(1,104,117)	(2,247,107)	(465,321)
Interest received		65,324	53,568	65,321	81,972
Interest paid		(14,938)	(44,904)	(1,487)	(11,060)
Income tax paid		(10,768)	(2,692)	(10,768)	(2,692)
Net cash used in operating activities	30	(1,305,483)	(256,434)	(2,169,789)	(230,439)
Cash Flows From Investing Activities					
Payment for property, plant and equipment		(15,116)	(1,280)	(15,116)	-
Payments for businesses/entities acquired		-	(88,952)	-	(88,952)
Payments for exploration		(878,466)	(11,340)	(2,592)	-
Deposits received		-	46,938	-	46,938
Advances to related parties		-	-	-	(157,081)
Proceeds from sale of Copper Road Pty Ltd		500,000	24,250	500,000	-
Net cash used in investing activities		(393,582)	(30,384)	482,292	(199,095)
Cash Flows From Financing Activities					
Payment for share issue costs		(63,295)	(66,607)	(63,295)	(66,607)
Proceeds from issue of equity securities		1,779,599	858,766	1,779,599	858,766
Repayment of borrowings		-	(138,096)	-	-
Net cash provided by financing activities		1,716,304	654,063	1,716,304	792,159
Net Increase in Cash Held		17,239	367,245	28,807	362,625
Cash at the Beginning of the Financial Year	29	1,298,383	931,138	1,286,810	924,185
Cash at the End of the Financial Year	29	1,315,622	1,298,383	1,315,617	1,286,810

The above statements of cash flows should be read in conjunction with the accompanying notes on pages 16 to 42

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

1. Summary of Accounting Policies

1.1 (a) Financial Reporting Framework

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

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

(b) Statement of Significant Accounting Policies

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

(c) Going Concern

These financial statements have been prepared on a going concern basis. The consolidated entity has recorded a net profit of $66,339 and has had negative operating cash flows of $1,305,483 for the year ended 30 June 2004.

Notwithstanding this, the Directors are of the opinion that the consolidated entity has the ability to continue as a going concern and be able to meet its debts and commitments as and when they fall due, based on the following reasons:

- The consolidated entity has successfully raised $1,716,304 (after transaction costs) during the year via a placement of shares; and

- The consolidated entity has sufficient cash to meet the budgeted cash requirements.

(d) Principles of Consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its controlled entities as defined in Accounting Standard AASB 1024 "Consolidated Accounts". Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements. A list of controlled entities appears in note 34 to the financial statements.

The consolidated financial statements include the information and results of each controlled entity from the date on which the company obtains control and until such time as the company ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

1.2 Accounts Payable

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

1.3 Recoverable Amount of Non-current Assets

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

1.4 Depreciation of Computers, Office Equipment, Furniture and Fittings

Depreciation is calculated on a straight line basis so as to write off the net cost or other re-valued amount of each asset over its expected useful life. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The following estimated useful lives are used in the calculation of depreciation:

• Computer Equipment	3 years
• Plant & Equipment and Furniture & Fittings	3 - 4 years
• Leased Assets	3 years

1.5 Leasehold Improvements

Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful life used in the calculation of depreciation is 3 years.

1.6 Income Tax

The consolidated entity follows the policy of tax-effect accounting. The income tax expense in the statements of financial performance represents the tax on the pre-tax accounting (loss)/ profit adjusted for income and expenses never to be assessed or allowed for taxation purposes. The provision for deferred income tax liability and future income tax benefit represent the tax effect of differences between income and expense items recognised in different accounting periods for book and tax purposes at rates of tax which are expected to apply when those timing differences reverse. The future tax benefit arising from tax losses is recognised as an asset, where realisation of such a benefit is considered to be virtually certain.

1.7 Exploration, evaluation and development expenditure

Acquisition, exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

a) such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and

b) exploration and evaluation activities in the area of interest have not at balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest continuing.

The ultimate recoupment of costs related to areas of interest in the exploration and / or evaluation phase is dependent on the successful development and commercial exploitation or sale of the relevant areas.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

1.8 Leased Non-current Assets

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

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

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.
Finance lease payments are allocated between interest expense and reduction of lease liability over the term of the lease. The interest expense is determined by applying the interest rate implicit in the lease to the outstanding lease liability at the beginning of each lease payment period.

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

1.9 Employee Benefits

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

Provisions made in respect of wages and salaries, annual leave, sick leave, and other employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of other employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

Contribution made to defined benefit superannuation plans are expensed when incurred. The difference between the accrued benefits and the net market value of plan assets has not been recognised in the financial statements.

1.10 Cash

Cash includes:

- cash on hand and at call deposits which are readily convertible to cash; and
- investments in money market instruments with less than 1 month to maturity.

1.11 Earnings per Share

(i) Basic Earnings per Share

Basic earnings per share is determined by dividing the (loss)/profit after income tax attributable to members by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account any reduction in earnings per share that will probably arise from the exercise of convertible redeemable preference shares and options outstanding during the financial year.

1.12 Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include;

- interest on hire purchase liabilities; and
- finance lease charges

1.13 Revenue Recognition

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

- Rendering of services – revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

- Interest – revenue derived from interest is recognised on an accruals basis.

1.14 Receivables

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

1.15 Investments

Investments in controlled entities are recorded at cost. Other investments are recorded at cost.

1.16 Financial Instruments Issued by the Company

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

The component parts of compound instruments issued are classified separately as liabilities and equity in accordance with the substance of the contractual equity in accordance with the substance of the contractual arrangement.

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

Interest and dividends are classified as expenses or as distributions of profit consistent with the statement of financial position classification of the related debt or equity instruments or component parts of compound instruments.

1.17 Goods and Services Tax

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

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST.

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

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

1.18 Acquisition of Assets

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

Notes to the Financial Statements	Consolidated		Company	
	2004	**2003**	**2004**	**2003**
	$	**$**	**$**	**$**
2 (a) Profit / (Loss) From Ordinary Activities				
Profit / (Loss) from ordinary activities before income tax includes the following items of revenue and expense:				
Operating Revenue				
Sales revenue				
Rendering of services	465,072	875,968	24,352	174,754
Interest revenue				
Other entities	65,324	50,826	65,321	81,972
	530,396	926,794	89,673	256,726
(b) Non-Operating Revenue				
Proceeds on sale of assets:				
Property, plant and equipment	-	24,250	-	-
Proceeds from sale of Copper Road Pty Ltd Shares	500,000	-	500,000	-
Net liabilities of Copper Road Pty Ltd at date of disposal	313,206	-	-	-
	1,343,602	951,044	589,673	256,726
(c) Expenses				
Allowance for doubtful debts relating to receivables from controlled entities	-	-	-	446,606
	-	-	-	446,606
Advertising	6,965	49,990	-	1,010
Computer lease expenses	85,645	345,633	-	-
Consulting Fees	95,779	31,889	52,170	-
Cost of sale of Copper Road Pty Ltd	-	-	313,112	-
Electricity	40,401	83,794	-	-
Internet access	117,679	123,434	14,443	-
Legal fees	317,011	132,574	317,011	132,554
Other expenses from ordinary activities	97,088	249,017	165,182	96,921
Rent	41,548	65,674	-	-
Travel expenses	977	984	-	27
Expenses from ordinary activities	803,093	1,082,989	861,918	230,512
Borrowing Costs				
Interest:				
Other entities	2,510	11,060	1,487	11,060
Finance lease finance charges	12,428	33,844	-	-
	14,938	44,904	1,487	11,060

	Consolidated		Company	
	2004	2003	2004	2003
	$	$	$	$
Net bad and doubtful debts arising from:				
Other entities	-	5,086	-	-
Wholly-owned controlled entities	-	-	-	446,606
	-	5,086	-	446,606
Depreciation of non-current assets:				
Hire purchase assets	85,320	185,230	-	-
Plant and equipment	51,845	107,557	2,378	-
Computer equipment	31,559	74,596	-	-
Leasehold improvements	494	983	-	-
Furniture & fittings	1,657	2,845	-	-
	170,875	371,211	2,378	-
Operating lease rental expenses:				
Minimum lease payments	-	457,717	-	-
Sale of Assets:				
Sales of assets in the ordinary course of business have given rise to the following profits and losses:				
Net Profits				
Sale of Copper Road Pty Ltd	813,206	-	186,888	-
Property, plant & equipment	-	24,250	-	-
	813,206	24,250	186,888	-

3 Income Tax

	Consolidated 2004 $	Consolidated 2003 $	Company 2004 $	Company 2003 $
Profit / (Loss) from ordinary activities before income tax	95,953	(1,047,860)	(412,513)	(575,288)
Prima facie income tax benefit calculated at 30% on the operating loss	28,786	(314,358)	(123,754)	(172,586)
Increase in income tax expense due to:-				
Permanent differences - legal fees	95,103	11,666	95,103	144,569
Permanent differences - non assessable income on disposal of controlled entity	(187,895)	-	-	-
Non deductible payments	29,614	-	29,614	-
Tax losses not brought to account as future income tax benefits	64,006	227,369	28,651	3,199
Income tax expense / (benefit)	29,614	(75,323)	29,614	(24,818)
Future income tax benefits not brought to account as assets:				
Tax losses - revenue	523,124	1,300,204	523,124	458,916
Tax losses - capital	-	35,563	-	35,563
Timing differences	-	426,786	-	1,254,569
	523,124	1,762,553	523,124	1,749,048

The taxation benefits of tax losses and timing differences not brought to account will only be obtained if:

- assessable income is derived of a nature and of amount sufficient to enable the benefit from the deductions to be realised;
- conditions for deductibility imposed by the law are complied with; and
- no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

Tax Consolidation System

Legislation to allow groups, comprising a parent entity and its Australian resident wholly owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantially enacted on 21 October 2002. The company and it's wholly owned Australian resident entities are eligible to consolidate for tax purposes under this legislation and the directors of these entities consider it likely that they will elect to implement the tax consolidation system in due course.

However, at the date of this report the directors have not yet finalised an assessment of the financial effect that implementation may have on the company and the consolidated entity. Accordingly, the directors have not made a formal decision whether or not to implement the tax consolidation system, and if so, the date the implementation would occur.

As a result, only the financial effects of the mandatory aspects of the enabling legislation has been recognised in the financial statements and no adjustment has been made to recognise the financial effects that may result from the implementation of the tax consolidation system.

In the event that the tax consolidation is implemented, the company is likely to become the 'head entity' of the tax-consolidated group, and has agreed to compensate each wholly owned subsidiary for the carrying amount of it's deferred tax balances. Where this agreement has resulted in onerous contract, the head entity has recognised a provision and income tax expense.

		Consolidated		Company	
		2004	**2003**	**2004**	**2003**
		$	**$**	**$**	**$**
4	**Current Receivables**				
	Trade Receivables	91,328	163,454	91,328	43,024
	Allowance for doubtful debts	-	(4,639)	-	-
		91,328	158,815	91,328	43,024
	Goods and services tax (GST recoverable)	25,483	33,023	12,271	11,715
		116,811	191,838	103,599	54,739
5	**Other Current Financial Assets**				
	Amount due from controlled entities - subordinated	-	-	487,548	446,606
	Allowance for doubtful debts relating to receivables from controlled entities	-	-	(446,606)	(446,606)
		-	-	40,942	-
	Recoverable amount due from controlled entities				
	- secured			-	169,612
	- unsecured	-	-	1,228,080	55,200
		-	-	1,269,022	224,812

		Consolidated		Company	
		2004	2003	2004	2003
		$	$	$	$
6	**Other Current Assets**				
	Prepayments	-	14,354	-	-
		-	14,354	-	-
7	**Non-Current Investments**				
	Investments in Controlled Entities at cost:				
	Bardoc Tectonic Zone Pty Ltd	-	-	900,000	900,000
		-	-	900,000	900,000

The investment in Aberfoyle Gold Pty Ltd is recorded in the Company's books at nil consideration.

8	**Deferred Tax Assets**				
	Future income tax benefits				
	Timing Differences	-	-	-	-

	Consolidated					
9 Property, Plant and Equipment	**Hire Purchase Assets (a)**	**Plant and Equipment (b)**	**Computer Equipment (b)**	**Leasehold Improvements (b)**	**Furniture & Fittings (b)**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Gross Carrying Amount						
Balance at 30 June 2003	696,213	365,846	216,819	2,950	15,478	1,297,306
Additions	-	15,116	-	-	-	15,116
Disposals	(696,213)	(365,846)	(216,819)	(2,950)	(15,478)	(1,297,306)
Balance at 30 June 2004	-	15,116	-	-	-	15,116
Accumulated Depreciation						
Balance at 30 June 2003	(405,205)	(244,835)	(175,614)	(2,370)	(6,154)	(834,178)
Depreciation expense	(85,320)	(51,845)	(31,559)	(494)	(1,657)	(170,875)
Disposals	490,525	294,302	207,173	2,864	7,811	1,002,675
Balance at 30 June 2004	-	2,378	-	-	-	2,378
Net Book Value						
As at 30 June 2003	291,008	121,011	41,205	580	9,324	463,128
As at 30 June 2004	-	12,738	-	-	-	12,738

9 Property, Plant and Equipment (continued)

	Company	
	Plant and Equipment (b)	Total
	$	$
Gross Carrying Amount		
Balance at 30 June 2003	-	-
Additions	15,116	15,116
Balance at 30 June 2004	15,116	15,116
Accumulated Depreciation		
Balance at 30 June 2003	-	-
Depreciation expense	2,378	2,378
Balance at 30 June 2004	2,378	2,378
Net Book Value		
As at 30 June 2003	-	-
As at 30 June 2004	12,738	12,738

(a) At recoverable amount
(b) At cost

Aggregate depreciation allocated during the year is recognised as an expense and disclosed in Note 2 of the Financial Statements.

	Consolidated		Company	
	2004	**2003**	**2004**	**2003**
	$	**$**	**$**	**$**
10 Other Non-Current Assets				
Deposits Paid	-	3,459	-	3,459
Deposits secured by bank guarantees	147,245		147,155	71,661
	147,245	75,120	147,155	75,120
11 Non-Current Exploration Assets				
Tenement acquisition at cost				
Balance as at the start of the financial year	1,740,685	-	96,826	-
Additions	2,588	1,740,685	2,588	96,826
Balance as at the end of the financial year	1,743,273	1,740,685	99,414	96,826
Exploration expenditure at cost				
Balance at the start of the financial year	11,340	-	-	-
Additions	875,878	11,340	-	-
Balance as at the end of the financial year	887,218	11,340	-	-
Total Exploration Interests	2,630,491	1,752,025	99,414	96,826

The ultimate recoupment of the value of assets is dependent upon their successful development and commercial exploitation, or alternatively their respective sale.

The company's exploration properties may be subject to claims under native title or contain sacred sites or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration and/or mining restrictions.

		Consolidated		Company	
		2004	2003	2004	2003
		$	$	$	$
12	**Current Payables**				
	Trade payables	159,624	410,593	86,964	40,004
	Deferred consideration on acquisition	-	551,733	-	51,733
	Goods and Services Tax (GST) payable	1,518	20,963	1,403	2,165
	Sundry payables and accruals	12,831	19,723	12,831	11,081
	Income received in advance	-	61,844	-	-
		173,973	1,064,856	101,198	104,983
13	**Current Interest-Bearing Liabilities**				
	Secured:				
	Hire purchase liabilities (note 23)	-	148,315	-	-
	Secured by assets under lease or hire purchase.				
14	**Current Tax Liabilities**				
	Income tax payable	10,768	-	10,768	-
15	**Current Provisions**				
	Employee entitlements				
	Balance at beginning of the year	15,850	-	-	-
	Employee entitlements provided	-	15,850	-	-
	Employee entitlements reversed	(15,850)	-	-	-
	Balance at end of the year	-	15,850	-	-
	Provision for legal fees				
	Balance at beginning of the year	80,000	80,000	80,000	80,000
	Reversal of provision	(80,000)	-	(80,000)	-
	Balance at end of the year	-	80,000	-	80,000
	Total provisions	**-**	**95,850**	**-**	**80,000**

16 Employee Benefits

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

Provision for employee benefits:				
Employee entitlements (note 15)	-	15,850	-	-
Accrued wages (i)	1,765	919	1,765	-
Accrued group tax (i)	11,300	35,416	11,300	5,068
	13,065	52,185	13,065	5,068
Number of employees at end of financial year	4	6	4	1

(i) Accrued wages and group tax are included in the current trade payables balance as disclosed in note 12 to the financial report.

	Consolidated 2004	Consolidated 2003	Company 2004	Company 2003
17 Non-Current Interest-Bearing Liabilities				
Hire purchase liabilities (note 23)	-	238,382	-	-
Convertible Redeemable Preference Shares (i)	900,000	900,000	900,000	900,000
	900,000	1,138,382	900,000	900,000

(i) 90,000,000 Convertible Redeemable Preference Shares (non cumulative) were issued during the last financial year. This liability is secured by the assets of Bardoc Tectonic Zone Pty Ltd. The 90,000,000 convertible redeemable preference shares were issued at a price of 1 cent per share and are convertible into ordinary shares at a conversion price of 1 cent each within 3 years of the date of issue being 30 June 2003. On 12 August 2004 the shares were officially released from escrow.

	Consolidated 2004	Consolidated 2003	Company 2004	Company 2003
18 Non Current Tax Liabilities				
Income tax payable	8,078	-	8,078	-
19 Non Current Provisions				
Provision for rehabilitation (i)	200,000	200,000	-	-

(i) The provision for rehabilitation forms part of the cost of Bardoc Tectonic Zone Pty Ltd acquired during the last financial year.

	Consolidated 2004	Consolidated 2003	Company 2004	Company 2003
20 Contributed Equity				
Ordinary Shares				
Balance at beginning of financial year	11,402,683	10,610,524	11,402,683	10,610,524
Issue of fully paid ordinary shares	1,779,599	-	1,779,599	-
Issue of fully paid ordinary shares pursuant to rights issue	-	858,765	-	858,765
Less : Share issue costs	(63,295)	(66,606)	(63,295)	(66,606)
Transfer from Reserves	288,035	-	288,035	-
Balance at end of financial year	13,407,022	11,402,683	13,407,022	11,402,683

	Consolidated 2004	Consolidated 2003	Company 2004	Company 2003
	Number of Shares		Number of Shares	
Contributed Equity				
Ordinary Shares				
Balance at beginning of financial year	200,378,581	114,502,000	200,378,581	114,502,000
Issue of fully paid ordinary shares	113,000,000	-	113,000,000	-
Issue of fully paid ordinary shares pursuant to rights issue	-	85,876,581	-	85,876,581
Balance at end of financial year	313,378,581	200,378,581	313,378,581	200,378,581

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

		Consolidated		Company	
		2004	2003	2004	2003
		$	$	$	$
21	**Reserves**				
	Share options reserve at beginning of year	288,035	288,035	288,035	288,035
	Options transferred to contributed equity	(288,035)	-	(288,035)	-
	Share options reserve at end of year	-	288,035	-	288,035
22	**Accumulated Losses**				
	Balance at beginning of financial year	(10,543,273)	(9,570,736)	(10,137,394)	(9,586,924)
	Net profit / (loss)	66,339	(972,537)	(442,127)	(550,470)
	Balance at end of financial year	(10,476,934)	(10,543,273)	(10,579,521)	(10,137,394)

23 Lease Commitments

(i) Hire Purchase Leases

Hire purchase leases relate to computer equipment with lease terms of between 2 to 5 years. With the sale of Copper Road Pty Ltd during the year all lease commitments were eliminated.

	Consolidated		Company	
	2004	2003	2004	2003
	$	$	$	$
Not later than one year	-	171,669	-	-
Later than one year but not later than five years	-	254,275	-	-
	-	425,944	-	-
Less future finance charges	-	(39,247)	-	-
	-	386,697	-	-
Included in the financial statements as:				
Current Interest-Bearing Liabilities (Note 13)	-	148,315	-	-
Non-Current Interest-Bearing Liabilities (Note 17)	-	238,382	-	-
	-	386,697	-	-

(ii) Operating Leases

The Cisco Capital leases consist of 5 remaining lease schedules and a master lease agreement. The remaining schedules commenced at varying times from October 2000 to May 2001 and have terms of 36 months. With the sale of Copper Road Pty Ltd during the year all operating lease commitments were eliminated.

	Consolidated		Company	
	2004	2003	2004	2003
	$	$	$	$
Not later than one year	-	272,357	-	-
Later than one year but not later than five years	-	137,487	-	-
	-	409,844	-	-

24 Commitments

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

	Consolidated		Company	
	2004	2003	2004	2003
	$	$	$	$
Not later than one year	723,160	423,400	-	-
Later than one year, but not later than five years	2,892,640	722,000	-	-
Later than five years	-	-	-	-

If the consolidated entity decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the balance sheet may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

Joint Venture Commitments

The consolidated entity has joint venture commitments on two tenements within the Bardoc South Project, both of which are accounted for under the exploration expenditure commitments stated above.

25 Financial Instruments

i) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

ii) Credit Risk Exposures

Credit risk represents the loss that would be recognised if the counterparties will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The consolidated entity measures credit risk on a fair value basis.

The consolidated entity does not have any significant credit risk to any single counterparty or any group of counterparties having similar characteristics.

The credit risk on financial assets, excluding investments, of the consolidated entity which have been recognised on the balance sheet, is the carrying amount, net of any provision for doubtful debts.

The consolidated entity minimises concentrations of credit risk by undertaking transactions with a large number of customers.

iii) 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:

25 Financial Instruments (continued)

The following table details the economic entity's exposure to interest rate risk as at 30 June 2004:

			Fixed Interest Rate Maturing in				2004
	Weighted average	**Floating interest rate $**	**1 year or less**	**Over 1 year less than 5 years**	**More than 5 years**	**Non-Interest bearing**	**Total $**
Financial Assets							
Cash	4.86%	1,315,122	-	-	-	500	1,315,622
Receivables	-	-	-	-	-	116,811	116,811
Total	-	1,315,122	-	-	-	117,311	1,432,433
Financial Liabilities							
Accounts payable	-	-	-	-	-	173,973	173,973
Convertible notes	6%	-	-	900,000	-	-	900,000
Current tax liabilities	-	-	-	-	-	10,768	10,768
Employee benefits	-	-	-	-	-	-	-
Non current provisions	-	-	-	-	-	200,000	200,000
Lease and hire purchase liabilities	-	-	-	-	-	-	-
Total	-	-	-	900,000	-	384,741	1,284,741

The following table details the economic entity's exposure to interest rate risk as at 30 June 2003:

			Fixed Interest Rate Maturing in				2003
	Weighted average	**Floating interest rate $**	**1 year or less**	**Over 1 year less than 5 years**	**More than 5 years**	**Non-Interest bearing**	**Total $**
Financial Assets							
Cash	5.0%	1,297,683	-	-	-	700	1,298,383
Receivables	-	-	-	-	-	191,838	191,838
Total	-	1,297,683	-	-	-	192,538	1,490,221
Financial Liabilities							
Accounts payable	-	-	-	-	-	1,064,856	1,064,856
Convertible Notes	6.0%	-	-	900,000	-	-	900,000
Provisions	-	-	-	-	-	80,000	80,000
Employee benefits	-	-	-	-	-	15,850	15,850
Non current provisions	-	-	-	-	-	200,000	200,000
Lease and hire purchase liabilities	7.3%	-	148,315	238,382	-	-	386,697
Total	-	-	148,315	1,138,382	-	1,360,706	2,647,403

iv) Net Fair Value
The carrying amount of financial assets and liabilities recorded in the financial statements represents their respective fair values determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

26 Related Party Transactions

(i) Directors
The names of persons who were directors of Halcyon Group Ltd at any time during the financial year are: C L Readhead, C I Burton, M T Bojanjac and H P Halliday.

(ii) Remuneration
Information on remuneration of directors is disclosed in note 33. There are no loans granted to directors.

(iii) Directors' Transactions in Shares and Options
Aggregate numbers of shares and share options of Halcyon Group Ltd held directly by directors of the company or their personally-related entities from the company at balance date:

	2004	2003
Ordinary shares	18,000,000	26,250,000
Listed options	-	-
Director share options	-	-

Aggregate numbers of shares and share options of Halcyon Group Ltd held indirectly or beneficially by directors of the company and / or their personally-related entities at balance date:

	2004	2003
Ordinary shares	-	-
Listed options	-	6,500,000
Director share options	1,500,000	1,500,000

(iv) Share Options
Share options granted to directors and specified executives
The number of options over ordinary shares in the company held during the financial year by each director and specified executive, including their personally-related entities, are set out below:

Name	Balance at the start of the year	Granted during the year as remuneration	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
A. Radonjic	-	3,000,000	-	-	3,000,000	3,000,000
Total	**-**	**3,000,000**	**-**	**-**	**3,000,000**	**3,000,000**

(v) Other Transactions of Directors, Executives and their personally-related entities
Aggregate amounts included in the determination of operating (loss) / profit before income tax that resulted from transactions with directors and specified executives or their personally-related entities were as follows:

	Consolidated		Company	
	2004	2003	2004	2003
	$	$	$	$
Directors Fee Paid (see Note 33)	(132,522)	(147,575)	(132,522)	(112,289)
Consulting Fees from Forest Corporate (Mark Bojanjac)	(50,400)	-	(50,400)	-
Legal services from Pullinger Readhead Lucas (Craig Readhead)	(19,370)	(18,723)	(19,370)	(18,723)
Total	**(202,292)**	**(166,298)**	**(202,292)**	**(131,012)**

26 Related Party Transactions (continued)

(v) Other Transactions of Directors, Specified Executives and their personally-related entities (continued)

	Consolidated		Company	
	2004	2003	2004	2003
	$	$	$	$
The following amounts were payable to personally-related entities as at the reporting date:	65,120	13,861	65,120	13,861
The following amounts were receivable from personally-related entities as at the reporting date:	742	742	742	-

Transactions with Forest Corporate and Pullinger Readhead Lucas during the year ended 30 June 2004 consisted of the provision of services to related parties on an arms length basis. Such transactions are on an hourly rate based on market values.

(vi) Transactions with the Wholly Owned Group

During the year Copper Road Pty Ltd has provided internet and web related services to and received accounting and administration services from the parent entity, Halcyon Group Ltd. The internet and web related services were provided at arms length and there were no charges for the accounting and administration services.

During the financial year Halcyon Group Ltd advanced $0 (2003 - $217,274) to and received $0 (2003 - $50,313) from Copper Road Pty Ltd. There is no repayment date or interest charged on the subordinated inter-company account. Amounts receivable from and payable to entities in the wholly owned group are disclosed in Note 5.

(vii) Movement in Directors and Specified Executives holdings

The details of the movement in Directors and Specified Executives options during the year are as follows:-

i) Balance at beginning of the financial year

Options - Series	Number	Grant Date	Expiry/ Exercise Date	Exercise Price $
C Readhead	500,000	24 July 2000	24 July 2005	0.50
C Readhead	250,000	24 July 2000	24 July 2005	1.00
C Readhead	250,000	24 July 2000	24 July 2005	2.00
C Readhead	250,000	24 July 2000	24 July 2005	3.00
C Readhead	250,000	24 July 2000	24 July 2005	4.00
C Burton	11,500,000	4 March 2003	31 March 2005	0.03
Total number of options	**13,000,000**			

ii) Granted during the financial year

Options - Series	Number	Grant Date	Expiry/ Exercise Date	Exercise Price $
A Radonjic	3,000,000	4 September 03	4 September 08	0.025
Total number of options	**3,000,000**			

The options have been received for nil consideration and vested during the year.

26 Related Party Transactions (continued)

ii) Transferred / paid during the financial year

Options - Series	Number	Grant Date	Expiry/ Exercise Date	Exercise Price $
C Burton	11,500,000	4 March 2003	31 March 2005	0.03
Total number of options	**11,500,000**			

iii) Balance at end of the financial year

Options - Series	Number	Grant Date	Expiry/ Exercise Date	Exercise Price $
C Readhead	500,000	24 July 2000	24 July 2005	0.50
C Readhead	250,000	24 July 2000	24 July 2005	1.00
C Readhead	250,000	24 July 2000	24 July 2005	2.00
C Readhead	250,000	24 July 2000	24 July 2005	3.00
C Readhead	250,000	24 July 2000	24 July 2005	4.00
A Radonjic	3,000,000	4 September 2003	4 September 2008	0.025
Total number of options	**4,500,000**			

The details of the movement in ordinary shares held by Directors and Specified Executives during the year are as follows:-

a) Balance at beginning of the financial year

Shares - Series	Number	Grant Date
C Burton	26,250,000	15 August 2002
Total number of shares	**26,250,000**	

b) Transferred / disposed during the financial year

Shares – Series	Number	Grant Date
C Burton	8,250,000	15 August 2002
Total number of shares	**8,250,000**	

c) Balance at end of the financial year

Shares - Series	Number	Grant Date
C Burton	18,000,000	15 August 2002
Total number of shares	**18,000,000**	

		Consolidated	
		2004 Cents per share	2003 Cents per share
27	**Earnings per Share**		
	Basic earnings / (loss) per share	0.02 cents	(0.68 cents)
	Diluted earnings / (loss) per share	0.02 cents	(0.68 cents)
		2004	**2003**
		$	**$**
	Earnings / (loss)	66,339	(972,537)
		2004	**2003**
		Number	**Number**
	(a) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share	286,200,499	143,127,527
	The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share:		
	Listed options	57,251,000	59,664,615
	Unlisted options	19,749,600	56,079,600
	Convertible redeemable preference shares	90,000,000	90,000,000
		167,000,600	205,744,215

		Consolidated		Company	
		2004 $	2003 $	2004 $	2003 $
28	**Remuneration of Auditors**				
	Amounts received, or due and receivable by the auditors for:				
	(i) Auditing/ reviewing the financial report of Halcyon Group Ltd.	27,000	21,500	27,000	21,500
	(ii) Other services	9,123	29,115	9,123	29,115

		Consolidated		Company	
		2004 $	2003 $	2004 $	2003 $
29	**Reconciliation of Cash**				
	Cash as shown in the statement of cash flows is reconciled to the statement of financial position as follows:				
	Cash	1,315,622	1,298,383	1,315,617	1,286,810

		Consolidated		Company	
		2004	2003	2004	2003
		$	$	$	$
30 a	**Reconciliation of Profit / (Loss) from Ordinary Activities After Income Tax to Net Cash Flows from Operating Activities**				
	Profit / (loss) from ordinary activities after income tax	66,339	(972,537)	(442,127)	(550,470)
	Non cash flows included in loss from ordinary activities:				
	Depreciation	170,875	371,211	2,378	-
	Allowance for doubtful debts relating to receivables from controlled entities	-	-	-	446,606
	Deconsolidation of Copper Road Pty Ltd	(205,369)	(24,250)	(500,000)	-
	Changes in assets and liabilities				
	- Trade debtors	75,027	(29,603)	(48,860)	(41,289)
	- Other debtors	14,354	269,330	(1,044,210)	14,781
	- Other assets	(72,125)	-	(72,035)	-
	- Tax provisions	18,846	(75,323)	18,846	(24,818)
	- Provisions	(95,850)	-	(80,000)	-
	- Other provisions	-	57,148	-	28,408
	- Trade creditors and accruals	(1,277,580)	147,590	(3,781)	(103,657)
	Net cash provided by/(used in) operating activities	(1,305,483)	(256,434)	(2,169,789)	(230,439)

30 b	**Businesses Acquired**	
	During the year one entity, Aberfoyle Gold Pty Ltd, was acquired	
	Consideration	-
	Fair value	-
30 c	**Businesses Disposed**	
	During the year one entity, Copper Road Pty Ltd, was disposed	
	Consideration paid in cash	500,000
	Book value of net assets sold	313,112

No other assets and liabilities of Copper Road Pty Ltd were held at date of sale. The book value represents the intercompany loan remaining on deconsolidation - (refer note 32 – Discontinuing Operations)

31 Contingent liabilities and contingent assets

Contingent liabilities

As at the date this report is made out, there were no contingent liabilities not disclosed elsewhere in this report.

Contingent assets

As at the date this report is made out, there were no contingent assets not disclosed elsewhere in this report.

32 Discontinuing Operations

On 29 January 2004, the Board of Directors announced the disposal of Copper Road Pty Ltd (which holds the PerthiX business). The disposal is consistent with the consolidated entity's long-term policy to focus its activities in the resource and mineral exploration activities, and particularly the expanded Bardoc gold and nickel projects. Formal control of Copper Road Pty Ltd passed to the acquirer (E-Span Solutions Pty Ltd) through the sale of Copper Road Pty Ltd shares on the 30 January 2004. The disposal was completed on 10 March 2004.

Loans previously utilised to fund the operations of Copper Road Pty Ltd were settled from the proceeds of the disposal. The net one off adjustment resulting from the deconsolidation of Copper Road Pty Ltd amounted to $1,126,318. The book gain realised on the sale amounted to $186,888.

Details of the financial performance and cash flows of Copper Road Pty Ltd for the period from 1 July 2003 to 29 January 2004 are as follows:

	Period Ended January 2004 $	Year Ended June 2003 $
Financial Performance		
Revenue from ordinary activities	440,724	725,463
Expenses from ordinary activities	(558,569)	(1,601,463)
Net loss from ordinary activities	(117,845)	(876,000)
Income tax expense relating to ordinary activities	-	-
Net loss	(117,845)	(876,000)
Cash Flows		
Net cash flows from operating activities	(6,600)	(4,619)

33 Directors' Remuneration

The objective of the company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage / alignment of executive compensation
- Transparency
- Capital management.

The company has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

33 Directors' Remuneration (continued)

Details of the remuneration of each director are set out below:

	Primary			Post Employment			Equity		
Specified Directors	**Salary & Fees $**	**Bonus $**	**Non-Monetary $**	**Super-annuation $**	**Benefits $**	**Other $**	**Options $**	**Other Benefits $**	**Total $**
C. Readhead (Chairman)									
2003	34,191	-	-	2,498	-	-	-	-	36,689
2004	27,522	-	-	2,477	-	-	-	-	29,999
C. Burton (Non-executive Director)									
2003	60,000	-	-	-	-	-	-	-	60,000
2004	55,000	-	-	-	-	-	-	-	55,000
H. Halliday (Technical Director)									
2003	-	-	-	-	-	-	-	-	-
2004	50,000	-	-	4,500	-	-	-	-	54,500
M. Bojanjac (Director)									
2003	-	-	-	-	-	-	-	-	-
2004	50,400	-	-	-	-	-	-	-	50,400
Total Remuneration: Specified Directors									
2003	**94,191**	**-**	**-**	**2,498**	**-**	**-**	**-**	**-**	**96,689**
2004	**182,922**	**-**	**-**	**6,977**	**-**	**-**	**-**	**-**	**189,899**

	Primary			Post Employment			Equity		
Specified Executives	**Salary & Fees $**	**Bonus $**	**Non-Monetary $**	**Super-annuation $**	**Benefits $**	**Other $**	**Options $**	**Other Benefits $**	**Total $**
A. Radonjic (Technical Manager)									
2003	8,160	-	-	734	-	-	-	-	8,894
2004	97,475	-	-	8,773	-	-	*42,487	-	148,735
Total Remuneration: Specified Executives									
2003	8,160	-	-	734	-	-	-	-	8,894
2004	97,475	-	-	8,773	-	-	42,487	-	148,735

* Options were valued using the Black Scholes Methodology. These options were fully vested during the period.

33 (a) Remuneration Options

The terms and conditions of each grant of options affecting remuneration in this or future reporting periods are as follows:

		Terms and Conditions for each Grant					
Halcyon Group Limited	**Vested Number**	**Granted Number**	**Grant Date**	**Value per Option**	**Exercise Price $**	**Expiry Date**	**Amount Paid**
Specified Executives							
A. Radonjic	3,000,000	3,000,000	04/09/03	$0.0142	$0.025	04/09/08	-

33 (b) Unlisted options held by Specified Directors and Specified Executives in Halcyon Group Ltd

	Balance 1 July 03	Granted as remuneration	Options exercised	Net change	Balance 30 June 04	Vested at 30 June 04	Vested and exercisable
Specified Directors							
C. Readhead	1,500,000	-	-	-	1,500,000	1,500,000	1,500,000
C. Burton	11,500,000	-	-	(11,500,000)	-	-	-
H. Halliday	-	-	-	-	-	-	-
M. Bojanjac	-	-	-	-	-	-	-
Total	**13,000,000**	**-**	**-**	**(11,500,000)**	**1,500,000**	**1,500,000**	**1,500,000**
Specified Executives							
A. Radonjic	-	3,000,000	-	-	3,000,000	3,000,000	3,000,000
Total	**-**	**3,000,000**	**-**	**-**	**3,000,000**	**3,000,000**	**3,000,000**

No options were held nominally.
Options granted to A Radonjic were fully vested during the period.

33 (c) Ordinary Shares held by Directors and Specified Executives in Halcyon Group Ltd

	Balance 1 July 03	Granted as remuneration	Options exercised	Net change	Balance 30 June 04
Specified Directors					
C. Readhead	-	-	-	-	-
C. Burton	26,250,000	-	-	(8,250,000)	18,000,000
H. Halliday	-	-	-	-	-
M. Bojanjac	-	-	-	-	-
Total	**26,250,000**	**-**	**-**	**(8,250,000)**	**18,000,000**
Specified Executives					
A. Radonjic	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

34 Controlled Entities

The following were controlled entities at balance date and have been included in the consolidated financial statements.

All shares held are ordinary shares.

Name	Country of Incorporation	Percentage Interest Held 2004	2003	Date Acquired/ Incorporated
Parent entity:				
Halcyon Group Ltd	Australia			
Its controlled entities being :				
Bardoc Tectonic Zone Pty Ltd	Australia	100	100	12 April 2003
Aberfoyle Gold Pty Ltd	Australia	100	-	30 October 2003
Copper Road Pty Ltd (i)	Australia	-	100	27 March 2000

(i) Copper Road Pty Ltd shares were sold on 30 January 2004 (refer note 32 - Discontinuing Operations)

35 Employee Entitlements

(a) Share Option Plans

Directors and Employees

Directors and employee options are issued pursuant to the DaytraderHQ Employee Share Option Plan ("ESOP"). The Board may determine the eligibility of persons and their entitlement having regard to each person's contribution and potential contribution to the company and any other relevant matters. Unless the Directors otherwise determine, any options issued under the ESOP will vest in the following time periods:

(i) at the end of 12 months from the date of issue of the relevant options, 40% of the options issued will vest; and

(ii) at the end of 24 months from the date of issue of the relevant options, a further 60% of the options issued will vest.

No options have lapsed during the year (2003 - nil). No options under the plan have been exercised or issued during the year (2003 - 6,000,000 options were issued and none were exercised)

(i) Balance at the Beginning of Financial Year 2004

Options - Series	No.	Vested No.	Unvested No.	Grant Date	Expiry/Exercise Date	Exercise Price $
24 July 2000	230,000	230,000	-	24 July 2000	15 October 2006	0.07
13 November 2001	250,000	250,000	-	13 November 2001	13 November 2006	0.10
13 November 2001	250,000	250,000	-	13 November 2001	13 November 2006	0.20
13 November 2001	250,000	250,000	-	13 November 2001	13 November 2006	0.40
13 November 2001	250,000	250,000	-	13 November 2001	13 November 2006	0.80
24 July 2000	3,019,600	3,019,600	-	24 July 2000	24 July 2005	0.50
24 July 2000	750,000	750,000	-	24 July 2000	24 July 2005	1.00
24 July 2000	750,000	750,000	-	24 July 2000	24 July 2005	2.00
24 July 2000	750,000	750,000	-	24 July 2000	24 July 2005	3.00
24 July 2000	750,000	750,000	-	24 July 2000	24 July 2005	4.00
24 July 2000	1,500,000	1,500,000	-	24 July 2000	24 July 2005	5.00
1 November 2002	6,000,000	6,000,000	-	1 November 2002	1 November 2007	0.03
Total	15,749,600	15,749,600	-			

(ii) Balance at the End of Year 2004

Options – Series	No.	Vested No.	Unvested No.	Grant Date	Expiry/Exercise Date	Exercise Price $
24 July 2000	230,000	230,000	-	24 July 2000	15 October 2006	0.07
13 November 2001	250,000	250,000	-	13 November 2001	13 November 2006	0.10
13 November 2001	250,000	250,000	-	13 November 2001	13 November 2006	0.20
13 November 2001	250,000	250,000	-	13 November 2001	13 November 2006	0.40
13 November 2001	250,000	250,000	-	13 November 2001	13 November 2006	0.80
24 July 2000	3,019,600	3,019,600	-	24 July 2000	24 July 2005	0.50
24 July 2000	750,000	750,000	-	24 July 2000	24 July 2005	1.00
24 July 2000	750,000	750,000	-	24 July 2000	24 July 2005	2.00
24 July 2000	750,000	750,000	-	24 July 2000	24 July 2005	3.00
24 July 2000	750,000	750,000	-	24 July 2000	24 July 2005	4.00
24 July 2000	1,500,000	1,500,000	-	24 July 2000	24 July 2005	5.00
1 November 2002	6,000,000	6,000,000	-	1 November 2002	1 November 2007	0.03
Total	15,749,600	15,749,600	-			

(iii) Employee Share Plan

The Company has established an employee share plan ("ESP") by which the Company's Board may issue shares to employees of the Company or its subsidiaries, including Executive Directors. The ESP will be administered in accordance with the terms of the ESP rules. No shares have been issued under the ESP during the year.

(b) Other Options

(i) Proprietors of Internet Infobahn

1,650,000 options were issued pursuant to the acquisition of the business of Internet Infobahn in July 2000. In July 2001, all of the Proprietors of Internet Infobahn options lapsed with the exception of 330,000 exercisable at 50 cents. The remaining options are included in note 35a (i). No other shares have been issued during the year.

(ii) Listed Options

57,251,000 listed options held by 319 option holders do not carry a right to vote and are exercisable on or before 31 March 2005 at 3 cents each. 2,413,615 listed options exercisable at 50 cents each expired on 31 January 2004.

(iii) Unlisted Options

3,000,000 options were issued to specified executives and 1,000,000 options were issued to employees in August 2003. The options are exercisable at 2.5 cents each on or before 4 September 2008 and have been issued outside of the ESOP.

(c) Total Unissued Shares under Option

The total unissued shares under option in relation to the consolidated entity are 19,749,600 including shares issuable under the employee option plan.

36 Events occurring after Balance Date

Other than the above, there has not been any matter or circumstance that has arisen since the end of the financial year which is not otherwise dealt with in this report or in the consolidated financial statements, that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in financial years subsequent to 30 June 2004.

37 Segment Information

The consolidated entity operated in one geographical segment in 2004, being Australia (2003 - Australia) and three business segments being the information technology sector and the exploration sector and the DaytraderHQ sector. (2003 - information technology sector, the exploration sector and the DaytraderHQ sector).

Segment Revenues

	External Sales		Inter-Segment (i)		Other		Total	
	2004 $	2003 $	2004 $	2003 $	2004 $	2003 $	2004 $	2003 $
Exploration	-	-	-	-	-	-	-	-
DaytraderHQ	24,352	174,755	-	-	-	-	24,352	174,755
Information Technology	759,108	725,463	-	-	-	-	759,108	725,463
Total of all segments							783,460	900,218
Eliminations							-	-
Unallocated							560,142	50,826
Consolidated							1,343,602	951,044

Segment Results

	2004 $	2003 $
Exploration	-	-
DaytraderHQ	24,352	123,000
Information Technology	69,043	(876,000)
Total of all segments	93,395	(753,000)
Unallocated	2,558	(294,860)
Profit / (Loss) from ordinary activities before income tax expense	95,953	(1,047,860)
Income tax expense/(benefit) relating to ordinary activities	(29,614)	75,323
Profit / (Loss) from ordinary activities after related income tax expense	66,339	(972,537)
Net profit / (loss)	66,339	(972,537)

Segment Assets and Liabilities

	Assets		Liabilities	
	2004 $	2003 $	2004 $	2003 $
Exploration	2,761,612	1,752,025	1,100,000	700,000
DaytraderHQ	-	43,000	-	-
Information Technology	-	628,000	-	862,418
Total of all segments		2,423,025	1,100,000	1,562,418
Unallocated	1,461,295	1,371,823	192,819	1,084,985
Consolidated	4,222,907	3,794,848	1,292,819	2,647,403

37 Segment Information (Continued)

Other Segment Information

	Exploration		DaytraderHQ		Information Technology	
	2004 $	**2003 $**	**2004 $**	**2003 $**	**2004 $**	**2003 $**
Acquisition of segment assets	15,116	1,740,685	-	-	-	-
Depreciation and amortisation of segment assets	2,378	-	-	-	168,497	371,211

Products and Services within each Business Segment

Exploration - The exploration of mining tenements within Australia
Information technology - The provision of secure location servers and controlled internet access

Information on Geographical Segments (secondary reporting format)

	Revenues from External Customers		Segment Assets		Acquisition of Segment Assets	
	2004 $	**2003 $**	**2004 $**	**2003 $**	**2004 $**	**2003 $**
Australia	1,343,602	926,794	4,222,907	3,794,848	15,116	1,740,685

38 Impact of the Adoption of Australian Equivalents of International Financial Reporting Standards

Halcyon Group Limited ("Halcyon") has commenced transitioning its accounting policies, systems and financial reporting from current Australian Accounting Standards to Australian equivalents of International Financial Reporting Standards ('A-IFRS'). The process for identification of the key impacts on the consolidated entity includes the completion of an impact assessment to identify the significant financial and systems changes required and the proposed actions to transition to A-IFRS. The consolidated entity allocated internal resources to conduct an initial impact assessment.

As Halcyon has a 30 June year end, priority has been given to the identification of initial financial impacts under AASB 1 First Time *Adoption of Australian Equivalents to International Financial Reporting Standards* and the preparation of an opening balance sheet as at 1 July 2004. This will form the basis of accounting of Australian equivalents to IFRS in the future and is required when Halcyon prepares its first comprehensive A-IFRS compliant financial report for the half year ended 31 December 2005.

Set out below are the key areas where accounting policies will need to change with the possibility of financial impacts arising on transition to A-IFRS and in future reporting periods.

Exploration Properties – Capitalisation of Exploration and Evaluation Costs

On the transition to A-IFRS the requirements of AASB 1022 *Accounting for Extractive Industries* will no longer apply with no equivalent A-IFRS pronouncement covering exploration and evaluation expenditure. The International Accounting Standards Board ('IASB') has however released an Exposure Draft for consideration and future adoption under the improvements project. In the interim period to the release of the new IFRS standard for Extractive Industries, the treatment of exploration and evaluation costs under the Consolidated entity's existing policies can be 'grandfathered' according to the proposed ED6. Consideration has been given to the requirements of the exposure draft and the exclusion of general administration and overhead costs from capitalisation. The requirement to expense general administration and overhead costs will reduce profits in future reporting periods. Further impacts are not determinable prior to the release of the new IFRS standard by the IASB.

38 Impact of the Adoption of Australian Equivalents of International Financial Reporting Standards (Continued)

Asset Impairment and Recoverable Amount

Under AASB 136 *Impairment of Assets* (Australian equivalent to IFRS), the recoverable amount of an asset or cash generating unit is determined as the higher of fair value less costs to sell and value in use. This will result in changes in the consolidated entity's current accounting policy, the determination of cash generating units and the calculation of recoverable amounts based on discounted cash flows. Under the new policy it is likely that any impairment of assets will be recognised at an earlier date and the amount of the write-down may be greater. The exposure draft on Extractive Industries proposed applying the impairment test using an expanded definition of cash generating units for exploration and evaluation assets. The IASB and AASB are currently deliberating on the application of the test to exploration and evaluation assets, specifically where there have been no external transactions to support the value of the asset. Reliable estimation of the future financial effects of this change in accounting policy is not possible as the conditions and requirements under which impairment will be assessed are yet to be determined.

Tax Effect Accounting

Under AASB 112 *Income Taxes* (Australian Equivalents to IFRS), the consolidated entity will be required to use a balance sheet liability method which focuses on the tax effects of transactions and other events that affect amounts recognised in either the Statement of Financial Position or a tax-based balance sheet. Previously, the capital gains tax effects of revalued assets were not recognised. The recognition of tax losses will change from a virtual certainty criteria to a probability requirement. The financial impact of tax effect accounting and the tax effects of transitioning to A-IRFS are yet to be quantified.

Share Based Payments

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

Business Combinations

Under A-IFRS, the purchase method of accounting must be applied where there is a business combination, however, not all acquisitions will qualify as a business combination, and as such the purchase method of accounting for these acquisitions will no longer be appropriate. In addition, the legal acquirer may not be the acquirer per A-IFRS and the consolidated accounts may consequently reflect the fair values of the legal acquirers' assets and liabilities rather than the fair value of the assets and liabilities of the legal entity acquired.

Furthermore there are a number of recognition and measurement differences that result in relation to assets and liabilities acquired in a business combination, particularly in relation to intangible assets and restructuring provisions. Acquired contingent liabilities must also be recognised at their fair values where acquired in a business combination.

The impact of these changes in accounting policy on first time adoption will depend on whether the consolidated entity will elect to adopt the exemption available to it to not reopen past acquisitions and retrospectively account for them appropriately. On an ongoing basis, this change in policy may significantly affect the profit and loss and balance sheet, as the accounting go forward significantly differs from the manner in which such transactions are treated under current Australian GAAP.

Financial Impact

At the date of this report the consolidated entity has not been able to reliably quantify the impacts of a transition to A-IFRS on the financial report at the transition date 1 July 2004.

Directors' Declaration

The directors declare that:

a) the attached financial statements and notes thereto comply with Accounting Standards;
b) the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the company and the consolidated entity;
c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and
d) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s295(5) of the Corporations Act 2001.

On behalf of the Directors

M T Bojanjac
Director

Perth, Western Australia
30 September 2004

Deloitte.

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF HALCYON GROUP LIMITED

Scope

The financial report and directors' responsibility
The financial report comprises the statement of financial position, statement of financial performance, statement of cashflows, accompanying notes to the financial statements, and the directors' declaration for both Halcyon Group Limited (the company) and the consolidated entity, for the financial year ended 30 June 2004 as set out on pages 13 to 43. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach
We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the Corporations Act 2001 and Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

The audit opinion expressed in this report has been formed on the above basis.

Deloitte.

Independence

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

Audit Opinion

In our opinion, the financial report of Halcyon Group Limited is in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2004 and of their performance for the year ended on that date; and

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

(b) other mandatory professional reporting requirements in Australia.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

GKMcHarrie

G K McHARRIE
Partner
Chartered Accountants

Perth, Western Australia, 30 September 2004

ADDITIONAL STOCK EXCHANGE INFORMATION AS AT 31 AUGUST 2004

Additional Information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

Ordinary Share Capital

313,378,581 issued ordinary shares held by 1,656 shareholders carry one vote per share.

Options

- 57,251,000 listed options held by 332 option holders do not carry a right to vote and are exercisable on or before 31 March 2005 at 3 cents.
- 19,749,600 unlisted options issued pursuant to employee and directors incentive plans, do not carry a right to vote and are exercisable at various prices as per note 27 in the financial statements.

Substantial Holdings

The number of shares / options held by a substantial shareholder as at 31 August 2004 was:

Shareholder	Ordinary shares	Name of holder	31 March 2005 3 cent options
Wessex Holdings Limited	30,700,000	CRM Holdings Pty Ltd <The CRM A/C>	3,750,000
Mr Craig Burton <CI Burton Family A/C>	18,000,000	Ms Janet Elizabeth White	3,600,000

Distribution of shareholders and option holders (as at 31 August 2004)

(a) Analysis of numbers of shareholders and option holders by size of holding

Range of Units	Total number of Shareholders	Total number of Ordinary shares
1 - 1,000	66	41,855
1,001 - 5,000	304	1,058,470
5,001 - 10,000	212	1,653,624
10,001 - 100,000	618	30,090,272
100,001 - (MAX)	456	280,534,360
	1,656	**313,378,581**

(b) There were 759 holders holding less than a marketable parcel of ordinary shares.

(a) Twenty largest shareholders as at 31 August 2004

		Number of ordinary shares	%
1	Wessex Holdings Limited	30,700,000	9.80
2	Mr Craig Burton <CI Burton Family A/C>	18,000,000	5.74
3	Mr Brian Peter Byass	9,050,000	2.89
4	Barrios Pty Ltd	7,550,000	2.41
5	Mrs Lei Yu	6,295,000	2.01
6	Victoria Street Nominees Pty Ltd	6,250,000	1.99
7	Mr Andrew Kenneth Coope	3,500,000	1.12
8	Mr Jean-Jacques Loofs	3,420,000	1.09
9	Mr Eduardo Siao	3,100,000	0.99
10	Mr William Mcrae Clough	3,000,000	0.96
11	Humich Nominees Pty Ltd <Humich Super A/C>	3,000,000	0.96
12	Mr Philip Haydn-Slater	2,711,000	0.87
13	John Christopher Real Estate Pty Ltd	2,620,000	0.84
14	Mr Colin Earl Garnsworthy Bennett & Mrs Burnice Anne Bennett	2,600,000	0.83
15	Berne No 132 Nominees Pty Ltd	2,600,000	0.83
16	Berne No 132 Nominees Pty Ltd	2,500,000	0.80
17	Quadplex Services Pty Ltd	2,162,534	0.69
18	Mr Gary John Grogan	2,071,400	0.66
19	Ceramica Pty Ltd	2,000,000	0.64
20	Sanperez Pty Ltd	2,000,000	0.64
		115,129,934	36.76

(b) Twenty largest listed option holders (exercisable at 3 cents by 31 March 2005) as at 31 August 2004

		Number of options	%
1	CRM Holdings Pty Ltd <The CRM A/C>	3,750,000	6.55
2	Ms Janet Elizabeth White	3,600,000	6.29
3	Kingswave Nominees Pty Ltd	2,850,000	4.98
4	Grand Lakes Stud Pty Ltd	2,300,000	4.02
5	M & K Korkidas Pty Ltd <Superannuation A/C>	1,500,000	2.62
6	Mr David Christopher Kemp	1,450,000	2.53
7	John Christopher Real Estate Pty Ltd	1,400,000	2.45
8	Mr Tomislav Pepic	1,200,000	2.10
9	Prime Holdings Pty Limited	1,200,000	2.10
10	RC Dearlove Pty Ltd <RC Dearlove A/C>	1,200,000	2.10
11	Mr Roger Harris <Harris Retirement Fund A/C>	1,104,900	1.93
12	Cooby Pty Ltd	1,000,000	1.75
13	Mr Brenton Dunn & Miss Kerry Lee Stoll	1,000,000	1.75
14	Mr Anthony Colin Joyner	1,000,000	1.75
15	Sage Financial Services Pty Limited	1,000,000	1.75
16	Ms Sheena Storm	1,000,000	1.75
17	Syzygy Holding Pty Ltd	1,000,000	1.75
18	Waukegan Pty Ltd	1,000,000	1.75
19	Mr Richard Anthony Muhlack	834,681	1.46
20	Ms Carla Alexandra Lahtov	800,000	1.40
		30,189,581	52.78

UNQUOTED EQUITY SECURITIES

As at 31 August 2004 there were 19,749,600 options granted over unissued ordinary shares in the Company to its employees and directors.

VOTING RIGHTS

On a show of hands, at a General Meeting of the Company, every member present in person or by proxy shall have one vote and upon a poll each person present in person or by proxy shall have one vote for each ordinary share held.

SHAREHOLDER ENQUIRIES

You can check your details conveniently and simply through visiting our Registrar's website at www.computershare.com and clicking on the Investor Centre button. For security reasons, you then need to key in your Securityholder Reference Number (SRN) or Holder Identification Number (HIN), plus family name and postcode, to enable you to access your personal information. There may be changes you need to make to your shareholder details, such as a change of name or address, or notifying us of your tax file number. You can sign up for the Investor Centre service and make these changes online after receiving your User ID and PIN. Alternatively you can download and print any forms you need, fill them in, and send the changes back to our Registrar for immediate processing. Our registry is happy to hear your thoughts on this new service.

Any queries or feedback can be e-mailed to webinfo@computershare.com. Alternatively contact them on Telephone: 1300 557 010 Facsimile: (08) 9323 2033.

CHANGE OF ADDRESS

If you change your address, please promptly notify our Share Registrar in writing. Please quote your Shareholder Reference Number and your old address as added security. Alternatively you can utilise the online Investor Centre service.

If your shares are held on the CHESS subregister, under a sponsorship agreement with a broker or financial institution, any address change can only be effected by them as your sponsor. Please provide your sponsor with details of this change and instruct them to amend your address for all securities held under your sponsorship agreement.

SHAREHOLDER INFORMATION

For any queries about Halcyon Group Ltd please contact one of the Directors or Company Secretary.

UNCERTIFICATED SHARE REGISTER

The Share Register is wholly uncertificated. Shareholder statements are issued to you within five business days after the end of any month in which transactions are registered in respect of your shareholding.

STOCK EXCHANGE LISTING

Halcyon Group Ltd's ordinary shares and options are listed on the Australian Stock Exchange.

Schedule of Mineral Tenements
Bardoc Project

Tenement	Interest held by Halcyon
L 24/148	100%
M 24/11	100%
M 24/43	100%
M 24/83	100%
M 24/99	100%
M 24/121	100%
M 24/122	100%
M 24/135	100%
M 24/244	100%
M 24/326	100%
M 24/364	100%
M 24/854	100%
M 24/869	100%
M 24/870	100%
M 24/871	100%
M 24/886	100%
M 24/887	100%
M 24/888	100%

Bardoc Extended Project

Tenement	Interest held by Halcyon	Tenement	Interest held by Halcyon
P24/2670	100%	M24/487	100%
P24/2671	100%	M24/498	100%
P24/2672	100%	M24/510	100%
P24/2673	100%	M24/511	100%
P24/2689	100%	M24/512	100%
P24/2693	100%	M24/515	100%
P24/2695	100%	M24/516	100%
P24/2696	100%	M24/524	100%
P24/2707	100%	M24/525	100%
P24/2708	100%	M24/526	100%
P24/2709	100%	M24/621	100%
P24/2711	100%	M24/763	100%
P24/3058	100%	M24/767	100%
P24/3438	100%	M24/784	100%
P24/3442	100%	M24/788	100%
P24/3508	100%	M24/789	100%
P24/3509	100%		
P24/3510	100%		
P24/3511	100%		
P24/3512	100%		
P24/3513	100%		
P24/3514	100%		
M24/96	100%		
M24/146	100%		
M24/395	100%		
M24/405	100%		
M24/420	100%		
M24/469	100%		

Bardoc South Project

Tenement	Interest held by Halcyon
M 24/133	100%
M 24/134	100%
M 24/348	100%
M 24/471	100%
M 24/490	100%
M 24/491	100%
M 24/532	100%
M 24/638	100%
M 24/682	100%
M 24/889	100%
M 24/890	100%
M 24/891	100%
M 24/892	100%
M 24/895	100%
P 24/2495	100%
P 24/3667	95%
P 24/3668	95%
M 24/893	95%
M 24/894	95%