LEFROY RESOURCES LIMITED

ACN 107 118 678

ANNUAL REPORT
30 JUNE 2004

LEFROY RESOURCES LIMITED

ACN 107 118 678

CORPORATE DIRECTORY

DIRECTORS	Malcolm James (Chairman) Craig Bromley Tom Kelly
COMPANY SECRETARY	Anthony Samaha
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Chairman's Letter

Dear Shareholder,

I am pleased to present the first Annual Report for Lefroy Resources Limited. The highlight of the year was the successful listing of the Company on the ASX earlier in May 2004. The Company's prospectus closed oversubscribed and raised $4.7 million.

Exploration on the Company's 100% owned Lefroy Project has commenced in earnest with airborne and ground geophysical surveys being completed and interpretation and drill target generation progressing well. Initial review of the airborne magnetic data re-confirms the existence of an exciting structure overlaying and extending beyond the previously mined Volunteer Reef. The Volunteer Reef was one of approximately 30 reefs mined in the late 1800's in the Lefroy Goldfield.

The Company has developed a digital structural model to assist in efficient exploration of the Company's projects. The model incorporates the findings of its detailed historical and open file data review and allows all future exploration data to be added on completion. Work is currently being undertaken to incorporate the most recent geophysical data into this structural model.

The Company has consolidated its land position in Northern Tasmania with applications over tenements contiguous to the Company's granted Lefroy Project tenements. These new applications bring the total landholding in the area to around 770 square kilometres.

Preparations for a drilling program to start in November are underway and the Directors of the Company hope to be in a position to report on exploration success over the summer months. The magnetic feature extending over and beyond the Volunteer Reef is an area of priority interest for the Company and we hope to be in a position to test targets within this feature in the upcoming drilling campaign.

I thank shareholders for their support and interest in the Company's projects in this first year of operations.

I look forward to an exciting drilling campaign due to commence late November.

Yours sincerely

Malcolm James

Chairman

Operations Report

INTRODUCTION

Lefroy Resources Limited ("the Company") holds a 100% owned exploration land package in the north eastern Goldfields of Tasmania. This consolidated tenement package contains at least three separate mineralised structures, the most important being the Lefroy Goldfield with a recorded production of approximately 200,000oz of gold. During the 2004 financial year the Company commenced exploration activity on key target areas focusing on the historic Lefroy Goldfield.

The Company's tenements encompass gold mineralised structures hosted by Cambrian to Devonian age rocks belonging to the Mathinna Supergroup. The region has produced more than 600 gold deposits and occurrences from which there has been historical production in excess of 1.7Moz of gold. Located approximately 20km to the southwest of the Lefroy Goldfield is the 1.8Moz Tasmania Reef at the Beaconsfield Gold Mine, which is the largest single gold producing reef in south-eastern Australia. Beaconsfield has a very similar geological setting to Lefroy.

The Company is focussed on the discovery and development of high grade lode-style gold deposits. Initial drilling is aimed at testing the potential for economic mineralisation beneath the historical workings and elsewhere within the tenements, as there remains significant potential for sub-surface high grade shoots that have gone undetected in the past.

TENEMENT ACQUISITION AND CONSOLIDATION

During the year the Company consolidated its land holding with the addition of exploration licence applications EL43/2003, EL44/2003, EL45/2003 and EL39/2004 taking its total holdings to over 770 square kilometres. The Company has successfully negotiated with the MRT (Mineral Resources Tasmania) to combine its EL Application areas into a single Project Area, for the purposes of expenditure and reporting. This is a significant step forward in securing the Company's highly prospective exploration position in the north east Goldfields of Tasmania, and places the Company as the second largest landholder in the area. It is envisaged that the detailed mapping and structural work being undertaken will establish an exploration model to be applied across these other highly prospective exploration areas.

LEFROY GOLDFIELD TARGET AREA

Background

The Lefroy Goldfield extends for at least 5 kilometres through the old gold-rush town of Lefroy, 40 kilometres north of Launceston. The Lefroy Goldfield contains many historic workings and shafts located on approximately 30 gold reefs which were mined and subsequently abandoned in the late 1800's. Records indicate that the average mined grade of the field was in excess of 30g/t Au.

As mining in the old Goldfield progressed following the numerous gold shoots to depth, the ore became sulphidic and without the benefit of advanced metallurgical technology many mines were closed as mill recoveries decreased. This factor combined with water infiltration and increasing mining costs forced the eventual closure of the field. These high-grade gold lodes and shoots are a primary target for the Company, which is focussing its initial efforts on delineating and drill testing targets around the old workings and their potential extensions.

Previous exploration between 1966 and 1985 focused on the deep alluvial lead potential of the field, and despite fairly encouraging results, there was no follow up. In 1994 the operators of the Beaconsfield Goldmine commenced testing the area for a low-grade bulk mineralisation near surface. The deep high grade lode potential was eventually tested with four diamond drill holes and two sister holes before the tenements were surrendered due to financial difficulties. Deviation of these drill holes was a problem and resulted in the targets not being properly tested. One hole did however hit a splay from a reef assaying 40cm @ 6.37g/t Au from 255.75m below the old workings.

Data Review, GIS and Structural Interpretation

The Company's data review and desktop study indicates that the Goldfield had not been systematically explored in the past. Mineralisation at the Lefroy Goldfield is open at depth and there is strong potential for unmined resources below the old mines. There is also a high probability for undiscovered reefs to occur that are not expressed at surface. These reefs may now be detected using modern exploration methods not previously available.

Operations Report

The Company has completed a detailed historical and open file company data compilation and GIS (Geographic Information System) review of the Lefroy Goldfield, combining the information into 2D and 3D environment. Due to the structural controls on mineralisation and their complexity, previous workers at Lefroy have recognised the need for detailed structural work to be carried out. Dr. Richard Keele, a Tasmanian based structural geologist, has developed a robust structural model for mineralisation which will be applied to a detailed interpretation of the newly acquired airborne data (below). The Company's structural model and follow on interpretation currently underway will for the first time provide the necessary understanding to efficiently explore the Lefroy Goldfield and better define targets for effective drilling.

Drill targets resulting from these activities are planned to be systematically tested by 5,000 metres of RC drilling starting in November 2004. The GIS database, structural model and interpretation work incorporates all of the available information and will be added to and updated on an ongoing basis with exploration data as it comes to hand.

Geophysical Surveys

A low level airborne survey has been completed for approximately 1,800 line kilometres over the Lefroy Goldfield and its surrounds. The survey was flown at 50 metre line spacing and has provided greatly improved resolution when compared to the existing State Government data acquired at 200m line spacing as part of the Western Tasmanian Regional Mineral Program (WTRMP). This geophysical information (aeromagnetics, radiometrics and DTM) has provided valuable detailed structural information to assist in drill targeting in 2004 and 2005.

Three separate ground geophysical technologies, Gradient Array IP, EM and CSAMT have been trialled over selected old workings near the town of Lefroy. Preliminary results indicate that CSAMT may hold promise, with resistive responses identified below some of the old workings. Subject to a successful review of these techniques follow on work is planned for October / November 2004.

VOLUNTEER GEOPHYSICAL TARGET AREA

The Volunteer Reef is located at the southern end of the Lefroy Goldfield. Historically the reef produced approximately 45,000oz of gold at very high grades. The WTRMP aeromagnetic data shows a persistent regional anomaly associated with the Volunteer Reef. The recently acquired 50 metre spaced high resolution aeromagnetic data has re-confirmed the existence of this feature, which represents an exciting potential drill target for 2005.

Directors' Report

The Directors of Lefroy Resources Limited ("the Company") submit their report for the period ended 30 June 2004.

DIRECTORS

The names and details of the Directors of the Company in office during the period from the date of incorporation on 20 November 2003 and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Malcolm James, B.Bus, CPA, FAICD, MAusIMM (Non-Executive Chairman)

Mr James joined the board on 17 February 2004. He has completed a Bachelor of Business at RMIT University and is an experienced accountant, with over 25 years experience in merchant banking, engineering, manufacturing, financing and resources. Mr James is currently a director of Tianshan Gold Ltd, Siberia Mining Corporation Ltd, Hibernia Gold Limited, Peninsula Minerals Ltd, and Eureka Mining Plc.

Mr James is Chairman of the Company's Remuneration Committee and a member of the Company's Audit Committee.

Mr Craig Bromley, B.Com. (Non-Executive Director)

Mr Bromley has worked in the finance industry for more than 20 years. He holds a Bachelor of Commerce degree from the University of Western Australia. In 1983 Mr Bromley began a career in stockbroking with a local firm and later gained extensive experience in all facets of the industry working for a major international investment house. For the last ten years Mr Bromley has focused primarily on corporate finance and capital raisings and was a director of Montagu Stockbrokers Pty Ltd from 1998 to February 2003.

Mr Bromley is a member of the Company's Remuneration Committee.

Mr Thomas Kelly, B.Bus. AAIFB (Non-Executive Director)

Mr Kelly has more than 12 years corporate experience over a wide range of industries and projects. Mr Kelly holds a Bachelor Degree in Business and is a Senior Associate of the Australasian Institute of Banking and Finance. Mr Kelly was previously an Executive Officer of Corporate Services for a prominent West Australian stockbroking firm. More recently Mr Kelly has been involved with a number of publicly listed company restructures and venture capital style project start-ups. Mr Kelly is also a director of Royal Harry Gold Mines NL.

Mr Kelly is Chairman of the Company's Audit Committee.

Mr John Canaris B.Sc (Hons)

Mr Canaris resigned as a director of the Company on 17 February 2004 to take up the position of the Chief Executive Officer of the Company.

CHIEF EXECUTIVE OFFICER

Mr John Canaris B.Sc (Hons)

Mr Canaris is a geologist with more than 10 years experience in the resource exploration industry. Mr Canaris holds a Bachelor of Science Degree in Geology with Honours in Geomorphology from the University of Adelaide. Mr Canaris's wide-ranging experience encompasses both minerals and hydrocarbon exploration in Australia. Mr Canaris has worked extensively in Australia as exploration geologist and internationally in a business development role for World Geoscience Corporation and Fugro Airborne surveys, bringing him in contact with all aspects and techniques in airborne survey and remote mapping.

COMPANY SECRETARY

Mr Anthony Samaha B.Com, B.Econ, A.C.A.

Mr Samaha was appointed Company Secretary of Lefroy on 17 February 2004. Mr Samaha is a Chartered Accountant with over 14 years experience in providing accounting and corporate advice. He holds Bachelor of Commerce and Economics degrees from the University of Western Australia. Mr Samaha has previously held senior advisory positions in the Corporate Finance divisions of internationally affiliated accounting firms.

INTERESTS IN THE SHARES OF THE COMPANY AND RELATED BODIES CORPORATE

As at the date of this report, the interests of the Directors in the shares of the Company were:

	Ordinary Shares
M. James	241,500
C. Bromley	2,945,000
T. Kelly	2,957,501

LOSS PER SHARE

The basic loss per share of the Company for the period ended 30 June 2004 was 0.017 cents per share.

DIVIDENDS

The Company has not paid an interim dividend and the Directors of the Company have resolved not to recommend a dividend for the period ended 30 June 2004.

CORPORATE STRUCTURE

The Company is a company limited by shares and is incorporated and domiciled in Australia. The Company has no subsidiaries.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activities of the Company during the course of the period ended 30 June 2004 comprised the acquisition and evaluation of mining and exploration tenements in Tasmania.

During this period, the Company raised $4.72 million (before issue costs) through its Initial Public Offer and listed on the Australian Stock Exchange in May 2004.

EMPLOYEES

The Company had one employee as at 30 June 2004.

REVIEW AND RESULTS OF OPERATIONS

During the year the Company commenced exploration activity on key target areas within it's 100% owned exploration land package in the north eastern goldfields of Tasmania, focusing on the historic Lefroy Goldfield. The Company undertook a detailed data compilation and Geographic Information System review of the Lefroy Goldfield with information combined into a two dimensional and three dimensional environments. The Company commenced work on the development of a robust structural model to better define targets for effective drilling, given the structural complexity of the gold mineralisation.

Directors' Report

During the year the Company consolidated its land holding in the north eastern goldfields of Tasmania with the addition of exploration licence applications EL43/2003, EL44/2003, EL45/2003 and EL39/2004 taking its total holdings to over 770 square kilometres. The Company successfully negotiated with Mineral Resources Tasmania to combine its EL Application areas into a single Project Area, for the purposes of expenditure and reporting.

For the period ended 30 June 2004, the Company recorded an operating loss after income tax of $2,759. No income tax is payable.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Company during the period ended 30 June 2004 were as follows:

- In March 2004, the Company placed 5,000,000 fully paid ordinary shares at 12.5 cents per share to raise $625,000 (before issue costs) for working capital.
- Pursuant to a prospectus dated 30 March 2004 the Company allotted and issued 18,875,000 fully paid ordinary shares at 25 cents each in May 2004 to raise $4,718,750 (before issue costs) to fund working capital and the Company's planned exploration programmes in Tasmania.
- In May 2004, the Company allotted and issued 1,912,500 fully paid ordinary shares in respect to the completion of the acquisition of tenements in Tasmania.
- The Company was admitted to the Official List of the Australian Stock Exchange on 11 May 2004, with Official Quotation of fully paid ordinary shares commencing on 12 May 2004.

SIGNIFICANT EVENTS AFTER BALANCE DATE

There were no significant events after balance date.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company continues to focus on exploiting its mineral exploration interests in Tasmania. Other than as referred to in this report, further information as to likely developments in the operations of the Company and expected results of those operations would, in the opinion of the Directors, be speculative and prejudicial to the interests of the Company and its shareholders.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Board believes that the Company has adequate systems in place for the management of environmental requirements and is not aware of any breach of environmental requirements as they apply to the Company.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has made an agreement to indemnify all the Directors and officers of the Company against all losses or liabilities incurred by each Director and officer in their capacities as Directors and officers of the Company. During the period ended 30 June 2004, the Company paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for officers of the Company. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity and related joint venture companies. The total amount of insurance premiums paid has not been disclosed due to confidentiality reasons.

DIRECTORS' AND OTHER OFFICERS' EMOLUMENTS

Remuneration Policy

For the period ended 30 June 2004, the Board was responsible for determining and reviewing compensation arrangements for the Directors and executive management. The Board has established a Remuneration Committee, which operates under a charter of the Board. The Remuneration Committee is responsible for determining and reviewing compensation arrangements for the Directors and executive management. The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to industry and market conditions. In determining the nature and amount of officers' emoluments, the Remuneration Committee takes into consideration the Company's financial and operational performance.

Details of the nature and amount of each element of the emolument of each Director and Executive of the Company during the period ended 30 June 2004 are shown below. Further details on the remuneration of directors and executives are also provided in note 16 to the financial statements.

Emoluments* of Directors

	Annual Emoluments			Long Term Emoluments		
	Base Fee $	Bonus $	Other $	Options $	Superannuation $	Other $
M. James	2,000	-	-	-	180	-
C. Bromley	2,000	-	-	-	180	-
T. Kelly	2,000	-	-	-	180	-

Emoluments* of Executive Officers#

	Annual Emoluments			Long Term Emoluments		
	Base Fee $	Bonus $	Other $	Options $	Superannuation $	Other $
J. Canaris	16,666	-	-	-	-	-

Notes

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

* The elements of emoluments have been determined on the basis of the cost to the Company.

\# Executives are those directly accountable and responsible for the operational management and strategic direction of the Company.

DIRECTORS' MEETINGS

The number of meetings of Directors held during the period ended 30 June 2004 and the number of meetings attended by each Director were as follows:

	Directors' Meetings	Meetings of Committees Audit**	Remuneration**
Number of meetings held:	5	-	-
Number of meetings attended:			
M. James	2^	-	-
C. Bromley	5	-	-
T. Kelly	5	-	-
J. Canaris	3*	-	-

Directors' Report

Notes

^ M. James attended all director's meetings held since his appointment to the Board.

* J. Canaris attended all director's meetings held prior to his resignation from the Board.

** As the Company listed in May 2004, Audit and Remuneration Committee meetings were held subsequent to balance date.

As at the date of this report, the Company had an Audit Committee and a Remuneration Committee of the Board of Directors. No meetings of the Audit Committee and Remuneration Committee were held during the period ended 30 June 2004, with formation of these Committees taking place during May 2004.

Signed in accordance with a resolution of the Directors.

M. James
Chairman

Perth, 29 September, 2004

Corporate Governance Statement

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

In accordance with the Australian Stock Exchange Corporate Governance Council's ("the Council") "Principles of Good Corporate Governance and Best Practice Recommendations" ("the Recommendations"), the Corporate Governance Statement contains certain specific information and must disclose the extent to which the company has followed the guidelines during the period. Where a recommendation has not been followed, that fact must be disclosed, together with the reasons for the departure. The Company's Corporate Governance Statement is structured with reference to the Corporate Governance Council's principles and recommendations, which are as follows:

Principle 1.	Lay solid foundations for management and oversight
Principle 2.	Structure the board to add value
Principle 3.	Promote ethical and responsible decision making
Principle 4.	Safeguard integrity in financial reporting
Principle 5.	Make timely and balanced disclosure
Principle 6.	Respect the rights of shareholders
Principle 7.	Recognise and manage risk
Principle 8.	Encourage enhanced performance
Principle 9.	Remunerate fairly and responsibly
Principle 10.	Recognise the legitimate interests of stakeholders

Structure of Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Directors' Report. Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgement.

In the context of director independence, "materiality" is considered from both the Company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the director in question to shape the direction of the Company's loyalty.

The Board has applied the following definition of an Independent Director:

"An Independent Director is a director who is not a member of management, is a non-executive director and who:

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

In accordance with the definition of independence above, Mr James is considered an Independent Director.

Corporate Governance Statement

There are procedures in place, as agreed by the Board, to enable Directors to seek independent professional advice on issues arising in the course of their duties at the Company's expense.

The term in office held by each director in office at the date of this report is as follows:

	Term in Office
M. James	7 months
C. Bromley	9 months
T. Kelly	9 months

Nomination Committee

The Board has formally adopted a Nomination Committee Charter but given the present size of the Company, has not formed a separate Committee. Instead the function will be undertaken by the full Board in accordance with the policies and procedures outlined in the Nomination Committee Charter. At such time when the Company is of sufficient size a separate Nomination Committee will be formed.

Audit Committee

The Board established an Audit Committee, which operates under a charter of the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial and non-information. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control of the economic entity to the Audit Committee.

The members of the Audit Committee at 30 June 2004 and the date of this report were:

T. Kelly - Chairman
M. James

Qualifications of audit committee members:

Mr Kelly is Chair of the Audit Committee. He has more than 12 years corporate experience over a wide range of industries and holds a Bachelor Degree in Business and is a Senior Associate of the Australasian Institute of Banking and Finance.

Mr. James is a Certified Practicing Accountant and has over 25 years experience in merchant banking, engineering, manufacturing and resources.

The Audit Committee also invites a member of its Auditor, Somes & Cooke to attend its meetings.

No meetings of the Audit Committee were held during the year with formation of the Committee taking place during May 2004.

Performance

During the reporting period the Company did not formally evaluate each Director and the key executive. The Chairman will undertake an annual assessment of the performance of the individual Directors and the key executive and will meet privately with each Director and key executive to discuss this assessment.

Remuneration

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executives by remunerating Directors and executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving the objective the Board links the nature and amount of executive and directors' emoluments to the company's financial and operational performance. The expected outcome of this remuneration structure is:

- Retention and Motivation of Directors and key executives
- Attraction of quality management to the Company
- Performance incentives which allow executives to share the rewards of the success of the Company

For details of remuneration of Directors and Executives during the year refer to the Directors' Report.

The Board is responsible for determining and reviewing compensation arrangements for the Directors themselves and the chief executive officer. The Board has established a Remuneration Committee, comprising two non-executive Directors. The members of the Remuneration Committee at 30 June 2004 and the date of this report were:

M. James - Chairman
C. Bromley

No meetings of the Remuneration Committee were held during the period ended 30 June 2004, with formation of the Committee taking place during May 2004.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

Disclosure of Non-Compliance with ASX Corporate Governance Council Recommendations

During the financial year the Company has complied with each of the ASX Corporate Governance Council ("the Council") Recommendations, other than in relation to the matters specified below:

Best Practice Recommendation	Notification of Departure	Explanation of Departure
2.1	The majority of the Board are not independent directors.	Mr Bromley and Mr Kelly are not considered to be independent when applying the Council's definition of independence by virtue of the fact that they both indirectly have interests in substantial shareholdings of the Company. Mr Bromley and Mr Kelly are founding directors and promoters of the Company, a situation not uncommon in exploration companies of this size.
2.4	The Company does not have a Nomination Committee	The role of the Nomination Committee has been assumed by the full Board, given the current size of the Company.
4.3	The Audit Committee does not consist of a majority of independent directors and does not comprise at least three members.	The Audit Committee comprises only two members, given the Board comprises three directors and the current size of the Company. Mr Kelly is one of the two members of the Audit Committee and is not considered to be independent when applying the Council's definition of independence.
8.1	A Board performance review was not conducted during the year	The current Directors have only been in office part of the year. An assessment of performance will be conducted during the 2004/05 financial year.

Statement of Financial Performance

FOR THE PERIOD ENDED 30 JUNE 2004

	Notes	2004 $
REVENUES FROM ORDINARY ACTIVITIES	2	47,121
Employee benefits expense		(32,305)
Depreciation and amortisation expenses	3	(582)
Other expenses from ordinary activities		(16,993)
LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		(2,759)
Income tax expense relating to Ordinary Activities	4	-
NET LOSS ATTRIBUTABLE TO MEMBERS OF LEFROY RESOURCES LIMITED		**(2,759)**
Basic loss per share (cents per share)	15	(0.017)

Statement of Financial Position

AS AT 30 JUNE 2004

	Notes	2004 $
CURRENT ASSETS		
Cash assets	5	4,808,634
Receivables	6	34,923
Other	7	1,953
TOTAL CURRENT ASSETS		4,845,510
NON CURRENT ASSETS		
Plant and equipment	8	21,692
Exploration and evaluation expenditure	9	652,338
TOTAL NON CURRENT ASSETS		674,030
TOTAL ASSETS		5,519,540
CURRENT LIABILITIES		
Accounts payables	10	38,462
TOTAL CURRENT LIABILITIES		38,462
TOTAL LIABILITIES		38,462
NET ASSETS		**5,481,078**
EQUITY		
Contributed equity	11	5,483,837
Retained losses	12	(2,759)
TOTAL EQUITY		**5,481,078**

Statement of Cash Flows

FOR THE PERIOD ENDED 30 JUNE 2004

	Notes	2004 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers		-
Payments to suppliers and employees		(31,213)
Interest received		47,121
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	13 (a)	**15,908**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment		(23,426)
Payments for exploration and evaluation		(189,560)
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		**(212,986)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	11	5,363,926
Share issue costs	11	(358,214)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**5,005,712**
NET INCREASE/(DECREASE) IN CASH HELD		**4,808,634**
Add opening cash brought forward		-
CLOSING CASH CARRIED FORWARD	13 (b)	**4,808,634**

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

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

The financial report has been prepared in accordance with the historical cost convention.

b) Cash and cash equivalents

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

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within two working days, net of outstanding bank overdrafts.

c) Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

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

d) Recoverable amount

Non-current assets measured using the cost basis are not carried at an amount above their recoverable amount, and where a carrying value exceeds this recoverable amount, the asset is written down. In determining recoverable amount, the expected net cash flows have not been discounted to their present value.

e) Property, plant and equipment

Cost and valuation

Property, plant and equipment are measured at cost.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, other than freehold land.

Major depreciation periods are:	2004
Leasehold improvements:	8 years
Plant and equipment:	
- office plant & equipment	3-5 years
- plant & equipment under lease	8 years

f) Exploration, evaluation, development and restoration costs

Costs carried forward

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

Grants and subsidies are offset against costs as incurred.

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

Amortisation

Costs on productive areas are amortised over the life of the area of interest to which such costs relate on the production output basis.

Restoration costs

Restoration costs that are expected to be incurred are provided for as part of the cost of the exploration, evaluation, development, construction or production phases that give rise to the need for restoration. Accordingly, these costs are recognised gradually over the life of the facility as these phases occur. The costs include obligations relating to reclamation, waste site closure, plant closure, and other costs associated with the restoration of the site. These estimates of the restoration obligations are based on anticipated technology and legal requirements and future costs, which have been discounted to their present value. Any changes in the estimates are adjusted on a retrospective basis. In determining the restoration obligations, the entity has assumed no significant changes will occur in the relevant Federal and State legislation in relation to restoration of such mines in the future.

g) Payables

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

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

h) Interest-bearing liabilities

All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

Finance lease liability is determined in accordance with the requirements of AASB 1008 "Leases".

i) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

j) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

k) Revenue recognition

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

Interest

Control of the right to receive the interest payment.

l) Taxes

Income taxes

Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

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

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

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

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

m) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date.

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

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

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

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

n) Earnings per share

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

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

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

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

o) Comparatives

Lefroy Resources Limited was incorporated on 20 November 2003. Accordingly, the disclosure of comparatives is not applicable.

Notes to Financial Statements

		2004 $
2.	**REVENUE FROM ORDINARY ACTIVITIES**	
	Interest - other persons/corporations	47,121
	Total revenues from ordinary activities	**47,121**
3.	**EXPENSES FROM ORDINARY ACTIVITIES**	
	Employee benefits expense	32,305
	Depreciation of plant & equipment	582
	Other expenses	16,993
	Total expenses from ordinary activities	**49,880**
4.	**INCOME TAX**	
	The income tax benefit for the period ended 30 June 2004 differs from the amount calculated on the loss. The differences are reconciled as follows:	
	Loss on ordinary activities before income tax	(2,759)
	Tax benefit calculated @ 30%	(828)
	Tax effect of permanent differences	
	Income tax benefit not brought to account	828
	Income tax expense attributable to loss from ordinary activities	-
	Income tax losses	
	Future income tax benefit arising from tax losses not brought to account at reporting date as realisation of the benefit is not regarded as virtually certain	(828)
5.	**CASH ASSETS**	
	Cash at Bank	355,456
	Commercial Bank Bills	4,453,178
		4,808,634
6.	**RECEIVABLES (CURRENT)**	
	Goods and services taxation receivable (i)	34,923
		34,923

Terms and conditions:

(i) Goods and services taxation is non-interest bearing and generally on 14 day terms at the end of each quarter.

Notes to Financial Statements

		2004 $
7. OTHER (CURRENT)		
Withholding credits		1,953
		1,953
8. PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment		
Office equipment at cost		22,274
Accumulated depreciation		(582)
		21,692
9. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE		
Exploration and evaluation expenditure carried forward in respect of mining areas of interest:		
Pre-production:		
Exploration and evaluation phases		652,338
		652,338
10. PAYABLES (CURRENT)		
Trade creditors	(i)	33,761
Other creditors		4,701
		38,462

Terms and conditions:

(i) Trade creditors are non-interest bearing and are normally settled on 30 day terms.

11. CONTRIBUTED EQUITY

	2004 NUMBER OF SHARES	2004 $
(a) Issued and paid up capital		
Ordinary shares fully paid	**35,875,001**	**5,483,837**
(b) Movements in shares on issue		
Beginning of period	-	-
Issued during the period	35,875,001	5,842,051
Less: Transaction costs arising on share issue		358,214
As at 30 June 2004	**35,875,001**	**5,483,837**

11. CONTRIBUTED EQUITY cont'd

(c) Terms and conditions of contributed equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

	2004 $
12. ACCUMULATED LOSSES	
Accumulated losses movement:	
Balance at the beginning of period	-
Net (loss) attributable to members of Lefroy Resources Limited	(2,759)
Accumulated losses at 30 June 2004	**(2,759)**
13. STATEMENT OF CASH FLOWS	
(a) Reconciliation of the Net Loss After Tax to the Net Cash Flows from Operations	
Net loss	(2,759)
Non-Cash Items:	
Depreciation of non-current assets	582
Changes in assets and liabilities:	
(Increase)/decrease in goods and services tax receivable	(111)
(Decrease)/increase in trade and other creditors	18,196
Net cash flow used in operating activities	**15,908**
(b) Reconciliation of Cash	
Cash balance comprises:	
– cash assets	4,808,634
Closing cash balance	**4,808,634**
(c) Non-Cash Investing Activities	
Acquisition of tenements by means of issuing shares as part of the consideration :	**478,125**

Notes to Financial Statements

	2004 $

14. EXPENDITURE COMMITMENTS

(a) Mineral Tenement Leases

- not later than one year	64,250
- later than one year but not later than five years	78,000

This expenditure will only be incurred should the Company retain its existing level of interest in its various mineral tenement leases, and includes tenements not yet granted.

(b) Operating Lease

Lease with respect to office premises - within 1 year	10,920

15. LOSS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

Net loss	(2,759)
Adjustments	-
Earnings used in calculating basic and diluted earnings per share	(2,759)

	NUMBER OF SHARES
Weighted average number of ordinary shares used in calculating basic earnings per share	15,760,212

16. AUDITOR'S REMUNERATION

Amounts received or due and receivable by Somes & Cooke for:

– an audit or review of the financial report of the Company	6,919
– other services in relation to the Company	-
	6,919

17. DIRECTOR AND EXECUTIVE DISCLOSURE

(a) Details of Specified Directors and Specified Executives

(i) Specified directors

M. James	Chairman (non-executive): appointed 17 February 2004
C. Bromley	Director (non-executive): appointed 20 November 2003
T. Kelly	Director (non-executive): appointed 20 November 2003
J. Canaris	Director (non-executive): resigned 17 February 2004

(ii) Specified executives

J. Canaris	Chief Executive Officer

Notes to Financial Statements

17. DIRECTOR AND EXECUTIVE DISCLOSURE cont'd

(b) Remuneration of Specified Directors and Specified Executives

(i) Remuneration Policy

For the period ended 30 June 2004, the Board was responsible for determining and reviewing compensation arrangements for the Directors and executive management. The Board has established a Remuneration Committee, which operates under a charter of the Board. The Remuneration Committee is responsible for determining and reviewing compensation arrangements for the Directors and executive management. The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to industry and market conditions. In determining the nature and amount of officers' emoluments, the Remuneration Committee takes into consideration the Company's financial and operational performance.

(ii) Remuneration of Specified Directors and Specified Executives

		Primary	Post Employment	Equity	Other	Total
		Salary & Fees	Superannuation			
		$	$	$	$	$
Specified Directors:						
M. James	2004	2,000	180	-	-	2,180
C. Bromley	2004	2,000	180	-	-	2,180
T. Kelly	2004	2,000	180	-	-	2,180
J. Canaris	2004	-	-	-	-	-
Total Remuneration: Specified Directors	2004	**6,000**	**540**	-	-	**6,540**
Specified Executives:						
J. Canaris	2004	16,666	-	-	-	16,666
Total Remuneration: Specified Executives	2004	**22,666**	**540**	-	-	**23,206**

(c) Shareholdings of Specified Directors and Specified Executives

Shares Held In Lefroy Resources Limited	Balance 1 July 2003		Granted As Remuneration		On Exercise Of Options		Net Change Other		Balance 30 June 2004	
	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Pref	Ord	Pref
Specified Directors:										
M. James	-	-	-	-	-	-	241,500	-	241,500	-
C. Bromley	-	-	-	-	-	-	2,945,000	-	2,945,000	-
T. Kelly	-	-	-	-	-	-	2,957,501	-	2,957,501	-
Specified Executives										
J. Canaris	-	-	-	-	-	-	500,000	-	500,000	-
Total	-	-	-	-	-	-	6,644,001	-	6,644,001	-

All equity transactions with specified directors and specified executives have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

18. RELATED PARTY DISCLOSURES

(a) Ultimate parent entity

The Company is a public company listed on the Australian Stock Exchange and does not have a parent company.

(b) Transactions with Specified Directors and Specified Executives Related Entities

Syzygy Holdings Pty Ltd, an entity associated with Mr Kelly was paid an amount of $22,050 for professional services in respect to the Company's Initial Public Offer ("IPO").

Montagu Stockbrokers Pty Ltd ("Montagu"), an entity that Mr Bromley is an authorised representative of, acted as sponsoring broker to the Company's IPO. The Company paid Montagu a management fee of $30,000 and a fee of $209,925 being 5% of the IPO applications accepted by the Company showing Montagu's stamp of $4,198,500.

Tracker Geoservices Pty Ltd ("Tracker"), an entity associated with Mr Canaris was paid an amount of $23,435 for consulting fees in respect of the Company's tenements. Tracker was paid an amount of $16,666 in respect to the provision of executive management activities of Mr Canaris, with this amount being included in specified executives' remuneration.

Hopetoun Nominees Pty Ltd ("Hopetoun"), an entity associated with Mr Bromley was paid an amount of $910 for rent in respect to the Company's principal place of business, in which Hopetoun has an ownership interest.

All of the above transactions were entered into on normal commercial terms.

19. SEGMENT INFORMATION

(a) Business segment

The Company operates in one business segment, the resources sector.

(b) Geographic segment

The Company operates in one geographic segment, Australia.

20. SUBSEQUENT EVENTS

No matters or circumstances have arisen since the period ended 30 June 2004 which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

21. FINANCIAL INSTRUMENTS

(a) Interest rate risk

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

		Fixed Interest Rate Maturing in					
	Floating interest rate	1 year or less	1 year to 5 years	More than 5 years	Non-interest bearing	Total carrying amount as per the statement of financial position	Weighted average effective interest rate
	2004	2004	2004	2004	2004	2004	2004
	$	$	$	$	$	$	%
Financial Assets							
Cash assets	355,456	4,453,177	-	-	-	4,808,634	5.36%
Receivables	-	-	-	-	34,923	34,923	n/a
Other	-	-	-	-	1,953	1,953	n/a
	355,456	4,453,177	-	-	36,876	4,845,510	
Financial Liabilities							
Payables	-	-	-	-	38,462	38,462	n/a
	-	-	-	-	38,462	38,462	
Net Financial Assets	355,456	4,453,177	-	-	(1,586)	4,807,048	

21. FINANCIAL INSTRUMENTS cont'd

(b) Net fair values

All financial assets and liabilities have been recognised at the balance date at their net fair values.

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

Recognised financial instruments

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

Trade receivables, trade creditors and dividends receivable: The carrying amount approximates fair value.

Short-term borrowings: The carrying amount approximates fair value because of their short-term to maturity.

Non-current investments/securities: For financial instruments traded in organised financial markets, fair value is the current quoted market bid price for an asset or offer price for a liability, adjusted for transaction costs necessary to realise the asset or settle the liability. For investments where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows or the underlying net asset base of the investment/security. The net fair value of the unlisted options is determined to be the difference between the market price and the exercise price of the underlying shares.

(c) Credit risk exposures

The consolidated entity's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets, other than derivatives, is the carrying amount of those assets as indicated in the statement of financial performance. The maximum credit risk exposure does not take into account the value of any collateral or other security held, in the event other entities/parties fail to perform their obligations under the financial instruments in question.

22. IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS

Lefroy Resources Limited has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (IFRS). As the Company has a June year-end, attention has been given to considering the preparation of an opening balance sheet in accordance with AASB equivalents to IFRS as at 1 July 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future, and is required when the Company prepares its first fully IFRS compliant financial report for the year ended 30 June 2006. Set out below are the key areas where accounting policies will change and may have an impact on the financial report of the Company. At this stage the Company has not been able to reliably quantify the impacts on the financial report.

Impairment of Assets

Under the Australian equivalent to IAS 36 Impairment of Assets the recoverability of an asset is determined as the higher of the net selling price and value in use. This will result in a change in the group's accounting policy, which determines the recoverable amount of an asset on the basis of the discounted cash flows. Under the new policy it is likely that impairment of assets will be recognised sooner and that the amount of write-downs will be greater. Reliable estimation of the future financial effect of this change in accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known.

Income Taxes

Under the Australian equivalent to IAS 12 Income Taxes, the Company will be required to use a balance sheet liability method, which focuses on the tax effects of transactions and other events that affect amounts recognised in the Statement of Financial Position or a tax-based balance sheet. Reliable estimation of the future financial effect of this change in accounting policy is impracticable at this point in time.

Deferred Exploration, Evaluation and Development Costs

No specific IFRS guidance currently exists for the treatment of exploration and evaluation expenditure. An exposure draft, ED6, has been drafted which proposes that the treatment previously used under Australian GAAP may continue to be used subject to impairment testing. If it was determined that the asset was impaired it would be immediately written off to the statement of financial performance.

Directors' Declaration

In accordance with a resolution of the Directors of Lefroy Resources Limited, I state that:

In the opinion of the Directors:

(a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:

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

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

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

T. Kelly
Director

Perth, 29 September 2004

SOMES & COOKE

CHARTERED ACCOUNTANTS

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PARTNERS

KC Somes FCA
J Cooke FCA ACIS

ASSOCIATES

Julie Burns CA
Rachelle Rose CA CFP

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF LEFROY RESOURCES LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Lefroy Resources Limited ("the company") for the period ended 30 June 2004.

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

Audit approach

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

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

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

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

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

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgment of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Audit opinion

In our opinion, the financial report of Lefroy Resources Limited is in accordance with:

(a) the *Corporations Act 2001*, including:

(i) giving a true and fair view of the financial position of Lefroy Resources Limited at 30 June 2004 and of its 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 financial reporting requirements in Australia.

Somes Cooke

Somes & Cooke

Charted Accountants

KC Somes

K C Somes

Partner

Perth

Date: 28th September 2004

ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 1 October 2004.

(a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of share are:

	Listed Ordinary Shares	
	Number of Holders	Number of Shares
1 - 1,000	1	1,000
1,001 - 5,000	3	12,480
5,001 - 10,000	111	1,102,500
10,001 - 100,000	402	13,481,472
100,001 - and over	41	21,277,549
	558	35,875,001

(b) The number of shareholders holding less than a marketable parcel of shares is 1, holding a total of 1,000 shares.

(c) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

		Listed Ordinary Shares	
		Number of Shares	Percentage of Shares
1	Apnea Holdings Pty Ltd <The Kelly Family A/C>	2,500,001	6.97%
2	Ms Susan Jacqueline Bromley	2,000,000	5.57%
3	Mr Daniel Paul Wise	1,945,000	5.42%
4	Sapphire Trading Ltd	1,400,000	3.90%
5	Dr Hendrik Nappbellevue	1,200,000	3.34%
6	Flue Holdings Pty Ltd <Bromley Superannuation A/C>	945,000	2.63%
7	Lateral Nominees Pty Ltd <Strategic Investment No2 A/C>	940,000	2.62%
8	ANZ Nominees Limited	600,000	1.67%
9	Andrea Grafle Millefiori	600,000	1.67%
10	Mr James Bremner Skinner & Mrs Janice Ivy Skinner <Topspeed Pty Ltd No 2 A/C>	600,000	1.67%
11	Mr John Pano Canaris	500,000	1.39%
12	Topspeed Pty Ltd <Skinner No 1 Super A/C>	500,000	1.39%
13	Ms Bianca Lia Wise	500,000	1.39%
14	Mr Daniel Paul Wise <Superannuation Fund A/C>	500,000	1.39%
15	Syzygy Holdings Pty Ltd <Tom Kelly Super A/C>	447,500	1.25%
16	Mr Greg Lear	437,500	1.22%
17	Mr Bernhard Ackermann	400,000	1.11%
18	Mr Mark Kennard Connell	400,000	1.11%
19	Laser Holdings Pty Ltd <Laser Holdings Pty Ltd>	400,000	1.11%
20	Greatcity Corporation Pty Ltd <The Richard Monti A/C>	351,500	0.98%
		17,166,501	47.8%

ASX Additional Information

(d) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of Shares	Percentage of Ordinary Shares
Thomas Kelly	2,957,501	8.24%
Daniel Paul Wise	2,945,000	8.21%
Craig Bromley	2,945,000	8.21%

(e) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(f) Escrowed Securities

Securities	Number	Escrow Period
Ordinary Fully Paid Shares	9,552,000	12 May 2006
Ordinary Fully Paid Shares	592,500	7 January 2005
Ordinary Fully Paid Shares	2,443,000	9 March 2005
Ordinary Fully Paid Shares	1,912,500	5 May 2005

(g) Cash Usage

Since the time of listing on the ASX, the entity has used its cash and assets in a form readily converted to cash that it had at the time of admission to the official list of the ASX in a manner which is consistent with its business objectives.

(h) Schedule of Mining Tenements

Location	Tenement	Percentage Held	Status
TASMANIA			
Lefroy Mining Lease	ML16M/91	100%	Granted
Lefroy Project Area	EL35/2001	100%	Granted
Pipers River Project Area	EL2/2002	100%	Granted
Bangor Project Area	EL28/2003	100%	Under application
Den Ranges Project Area	EL43/2003	100%	Under application
Lebrina Project Area	EL44/2003	100%	Under application
Nabowla Project Area	EL45/2003	100%	Under application
Ferny Hill	EL39/2004	100%	Under application

LEGEND

ML = Mining Lease
EL = Exploration Licence