GLENEAGLE
GOLD LIMITED
ABN 27 103 782 378

12 October 2004

The Manager
Company Announcements Office
Australian Stock Exchange
10th Floor, 20 Bond St
SYDNEY NSW 2000

By ASX Online ***Pages: 56***

Dear Sir/Madam

2004 ANNUAL REPORT

Please find attached a copy of the 2004 Annual Report which was dispatched to shareholders of Gleneagle Gold Limited today.

Yours faithfully

Kent Hunter
Company Secretary

For further information contact:

Tel: +61 8 9476 4646
Fax: +61 8 9476 4600
Web: www.gleneaglegold.com.au
Email: admin@gleneaglegold.com.au

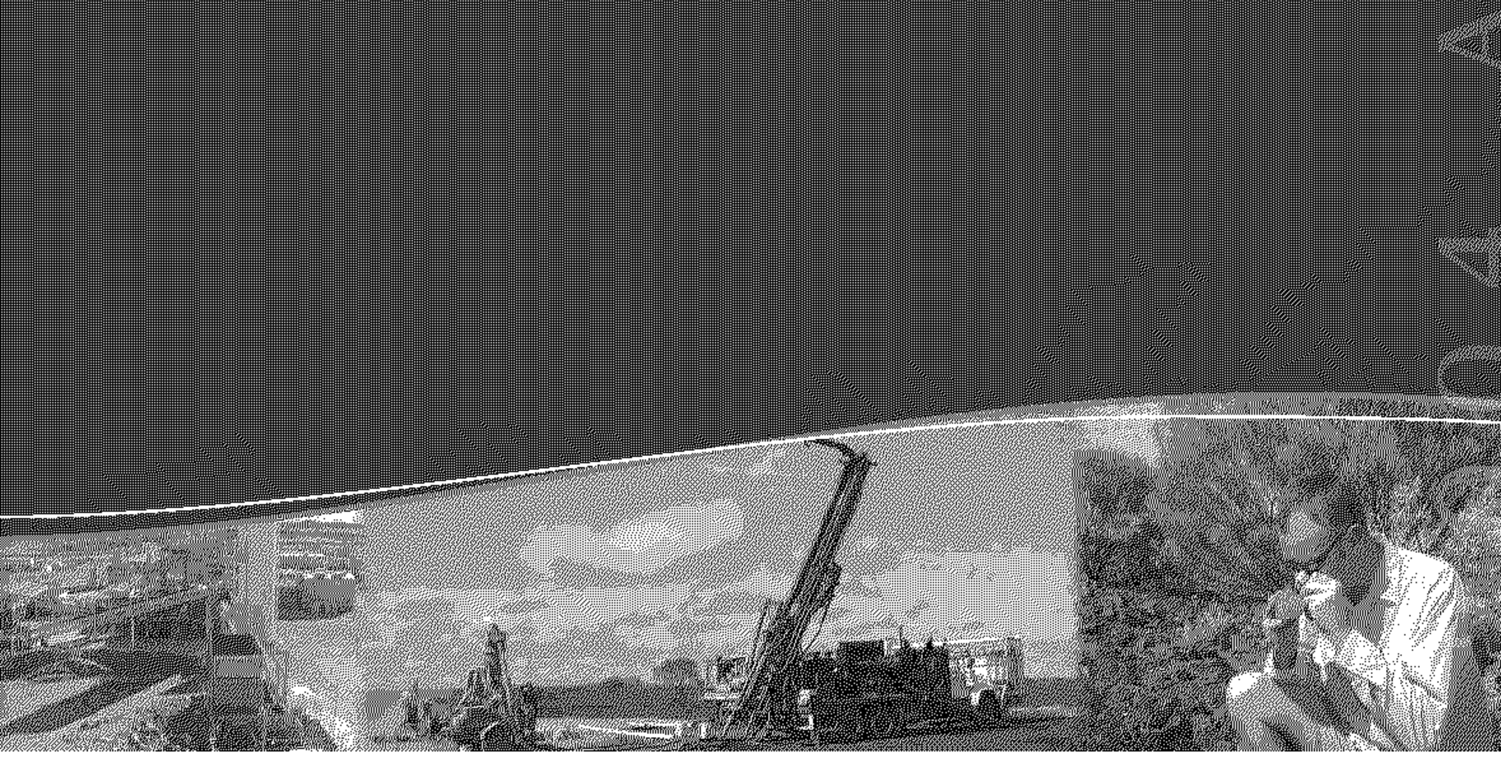
Phone: (08) 9476 4646 Fax: (08) 9476 4600
Level 2, 41-43 Ord St West Perth WA 6005
PO Box 1917 WEST PERTH WA 6872
www.gleneaglegold.com.au

GLENEAGLE

GOLD LIMITED

ABN 27 103 782 378

2004 Annual Report



CORPORATE DIRECTORY

CHAIRMAN
Tony Brennan

MANAGING DIRECTOR
Ian Prentice

NON-EXECUTIVE DIRECTORS
David Prentice
Joe Kennedy

COMPANY SECRETARY
Kent Hunter

PRINCIPAL & REGISTERED OFFICE
Level 2, 41-43 Ord Street
WEST PERTH WA 6005
Telephone: (08) 9476 4646
Facsimile: (08) 9476 4600

AUDITORS
Ord Partners
Level 2, 47 Colin Street
WEST PERTH WA 6005

SHARE REGISTRAR
Advanced Share Registry Services
Level 7, 200 Adelaide Terrace
PERTH WA 6000
Telephone: (08) 9221 7288
Facsimile: (08) 9221 7869

STOCK EXCHANGE LISTING
Australian Stock Exchange
(Home Exchange: Perth, Western Australia)
Code: GLN

BANKERS
National Australia Bank
50 St Georges Terrace
PERTH WA 6000

ANNUAL REPORT

CONTENTS

It is with great pleasure that I present to the shareholders of **Gleneagle Gold Limited** the Company's 2004 Annual Report.

The year under review, the first full year of activities since Gleneagle listed on the Australian Stock Exchange on 28 July 2003, has been highly successful. Exploration activity has largely focused on advanced targets and prospects within the immediate environs of the 1.0Mtpa Fortnum Treatment Plant, delivering considerable success.

Highlights for the year have included:

- Doubling of global resources from 326,900oz to 646,900oz at a total discovery cost of around $6.00 per ounce.
- Increased land holding in the prospective Peak Hill Goldfield by over 25% to in excess of 1,600km^2.
- In excess of 70% of expenditure spent on drilling associated costs.
- Completion of over 20,000m of drilling, including 17,000m of RC and 700m of Diamond drilling.

Subsequent to the year end Gleneagle reported the findings of its scoping study into the resumption of mining at the Fortnum Gold Project. This study confirmed the viability of the project, with very low start up capital of $2 – 3 million required to resume production at an indicated rate of 60,000 to 70,000 ounces per annum. A project of this scope is estimated to generate in the order of $15 – 16 million operating cashflow over an initial two years from revenue in excess of $70 million.

The cash flow from the proposed re-commissioning of the Fortnum treatment plant has the potential to fund up to three years of aggressive exploration, with the success of drilling over the past year having confirmed the Company's aggressive exploration strategy and its confidence in the prospectivity of the Peak Hill Goldfield. Gleneagle is committed to the use of modern geological, geophysical and geochemical techniques to unlock the exploration potential of this under explored region.

I would like to take this opportunity to thank the shareholders for their ongoing support and in particular for the support given for the Company's May 2004 rights issue. I would also like to thank the staff and my fellow directors of Gleneagle for their efforts throughout the past year and look forward with great enthusiasm to the year ahead.

Tony Brennan
Chairman

Project Review

Gleneagle Gold Limited is focused on the exploration and development of its highly prospective landholding in the Peak Hill Goldfield of Western Australia. The Company currently controls in excess of 1,600km^2 of the goldfield, including the well maintained 1.0Mtpa Fortnum treatment plant and an upgraded resource base in excess of 650,000oz. Ownership of the Fortnum treatment plant provides Gleneagle with a competitive advantage over other explorers in the district.

The Peak Hill Goldfield, located about 850 kilometres north of Perth, boasts modern production in excess of 1.6 million ounces. The Company's landholding in the goldfield is divided into three project areas: the 100% owned Fortnum Gold Project in the immediate environs of the Fortnum treatment plant, the 80 – 100% owned Peak Hill Regional Gold Project and the Wembley Gold Project Joint Venture, in which Gleneagle is earning an 80% interest. The Company acquired the majority of its Peak Hill Goldfield landholding through the exercise of a series of options upon listing on the ASX in late July 2003.

Gleneagle's exploration portfolio in the Peak Hill Goldfield contains a full suite of projects ranging from resources and advanced, drill-ready targets to earlier stage conceptual targets, whilst regional review and assessment continues to generate exploration targets and consolidate ownership of the goldfield.

The Company's exploration activity in its first year has largely focused on advanced targets and prospects within the immediate environs of the Fortnum treatment plant, with over 20,000m of drilling completed in this period and in excess of 70% of expenditure spent on drilling associated costs.

This high level of activity has delivered considerable success as demonstrated by the increase in global resources from 326,900oz at this time last year to the current position of 646,900oz, with the resource increase being achieved at a total discovery cost of around $6.00 per ounce. All of the Company's current resources are located on granted Mining Leases.

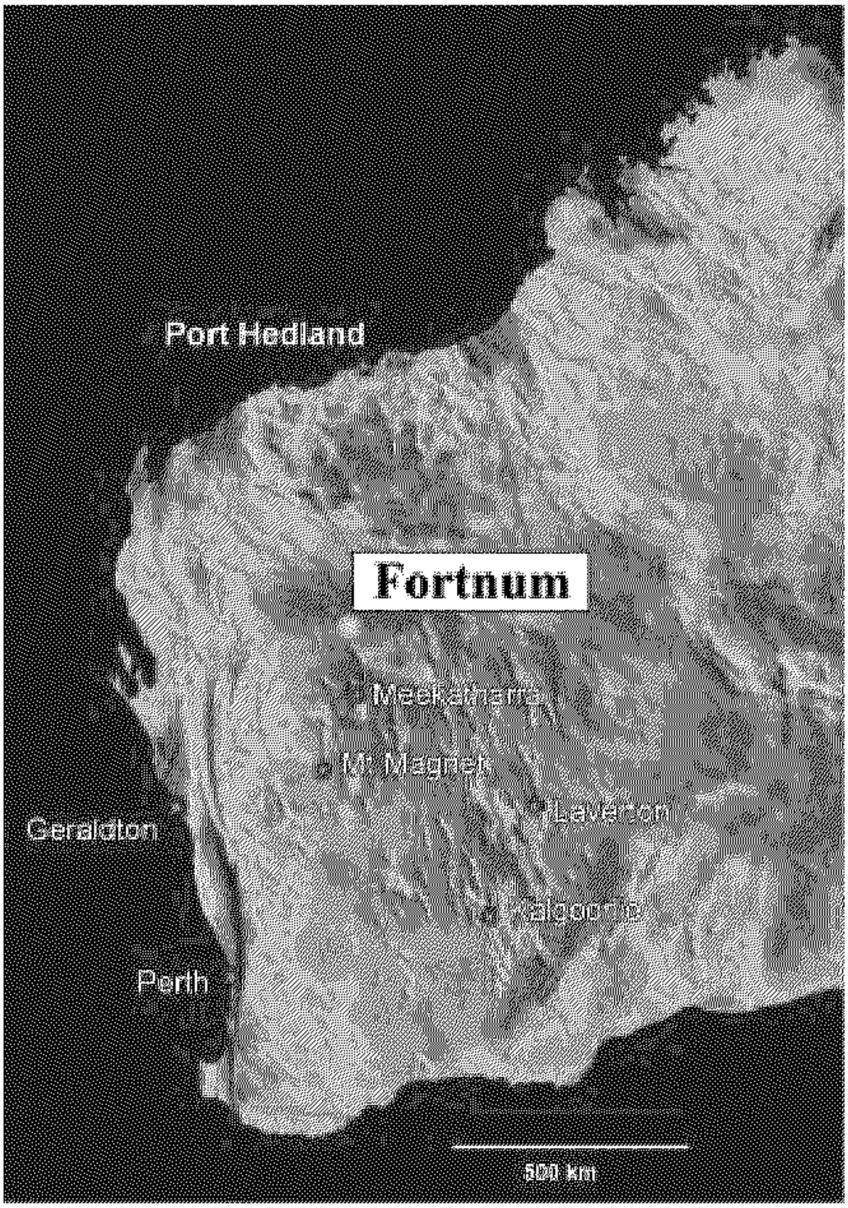
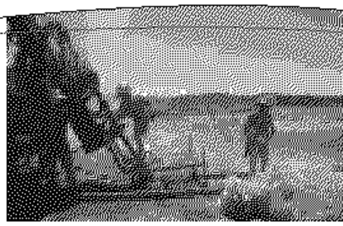


Figure 1: Fortnum Location Plan



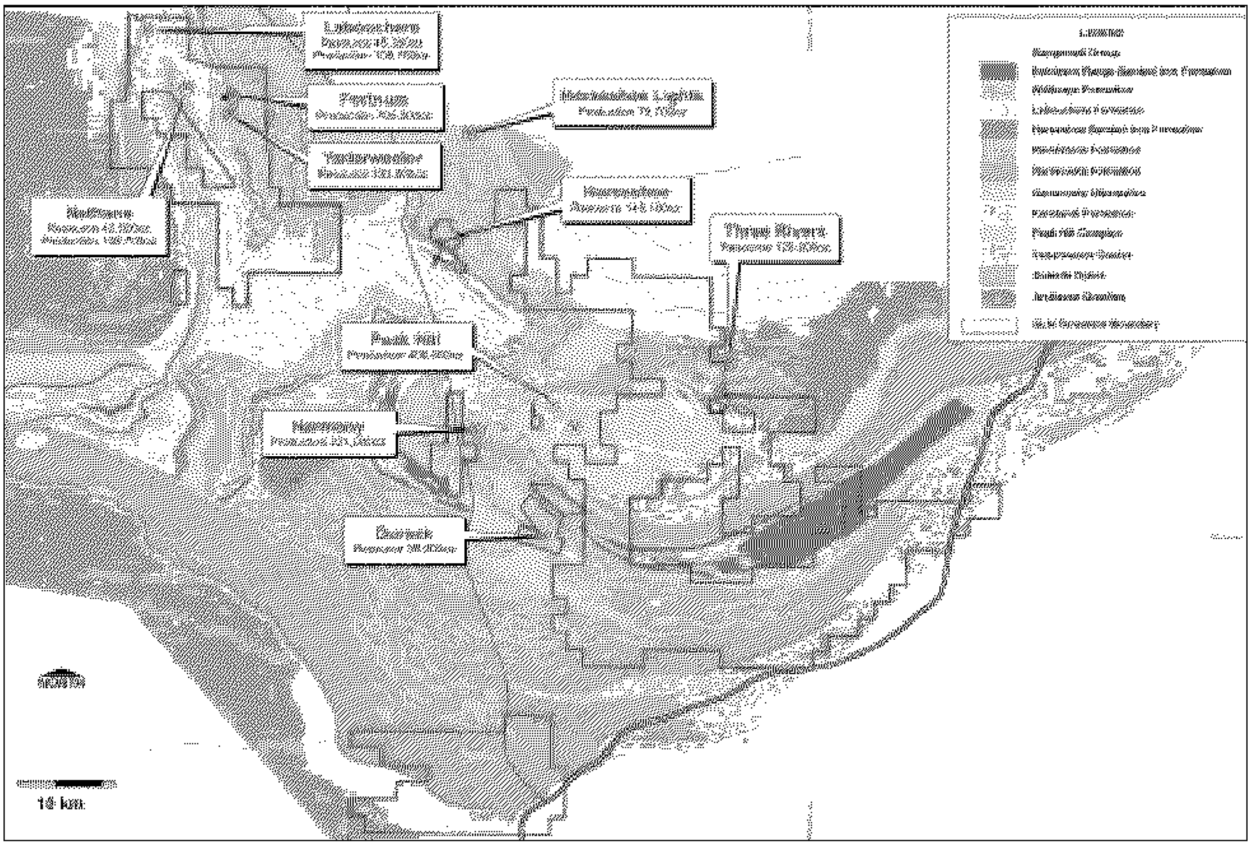


Figure 2: Peak Hill Goldfield Project Location

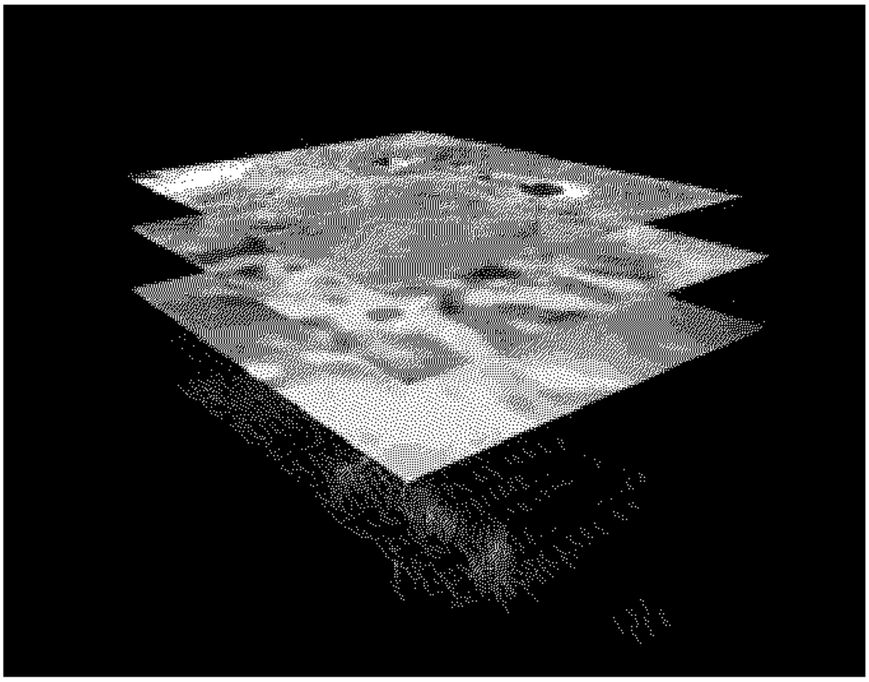


Figure 3: Toms 3D Data Perspective

The Company's strategy is to re-commission its wholly owned 1.0Mtpa Fortnum treatment plant to support self-funded aggressive exploration of its highly prospective landholding in the Peak Hill Goldfield. Gleneagle is committed to the use of modern geological, geophysical and geochemical techniques, with particular emphasis on developing a three dimensional regional geological model to unlock the exploration potential of this under explored region.

Scoping Study

Gleneagle recently completed a scoping study to determine the key parameters required for a resumption of mining at the Fortnum Gold Project and the recommissioning of the Fortnum treatment plant. This study confirmed the viability of the Fortnum Gold Project and defined a timeline to first production.

The Company assessed the potential economics of the Fortnum Gold Project based on resources contained within optimised pit shells at a A$550/oz gold price. A production rate of 60,000 to 70,000 ounces per annum has been assumed, indicating an initial operation capable of generating in the order of $15 – 16 million operating cashflow over two years from revenue of in excess of $70 million. Start up capital expenditure has been estimated at $2 – 3 million, including approximately $1.0 million required for the recommissioning of the Fortnum treatment plant. Initial ore sources are expected to be the Toms and Yarlarweelor deposits.

A work program is underway on the Fortnum project including further drilling at the Toms deposit, resource upgrades and final pit design work. It is expected that this work will be completed such that production can commence during the first half of 2005.

A series of resources and advanced targets in the Fortnum area have the potential to deliver at least a third year of production prior to any further exploration success.

Gleneagle expects that the capital required to recommission the Fortnum treatment plant will be fully debt-funded, with a decision on project funding to be made by the end of calendar year 2004.

The findings of the scoping study represent a major step toward the Company's goal of using cash flow from gold production to fund ongoing aggressive

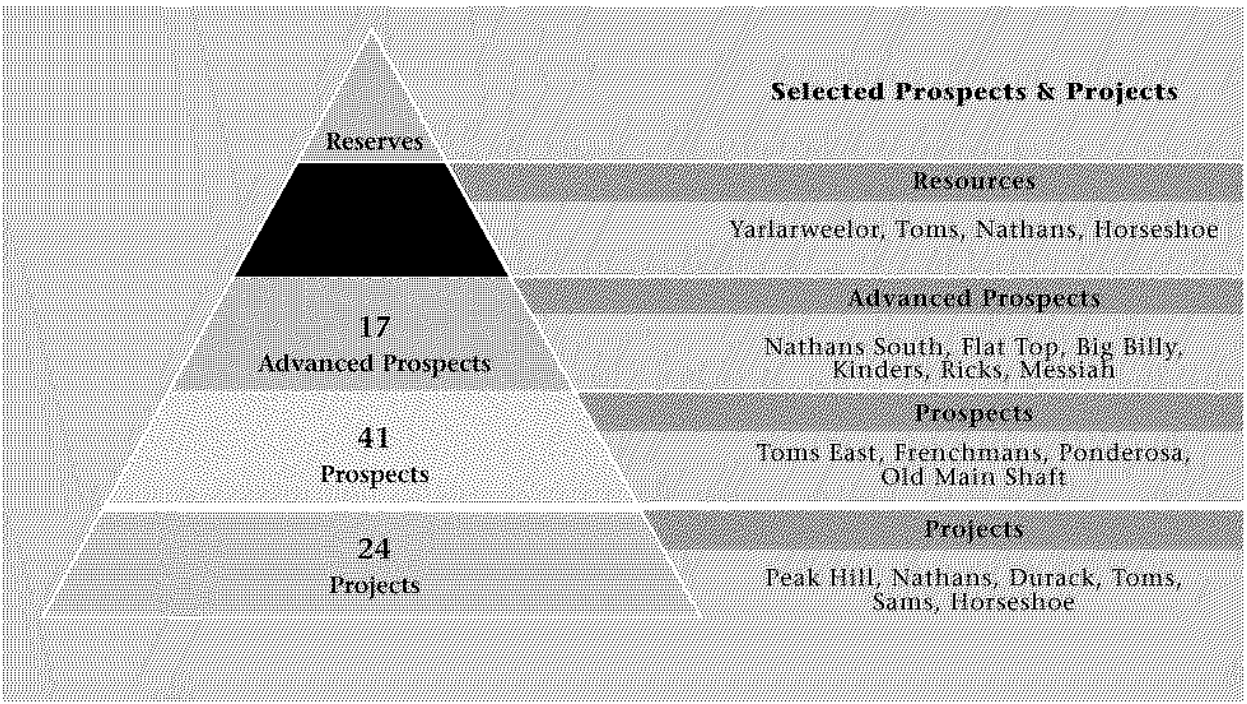
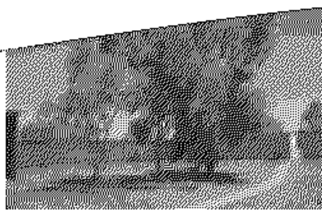
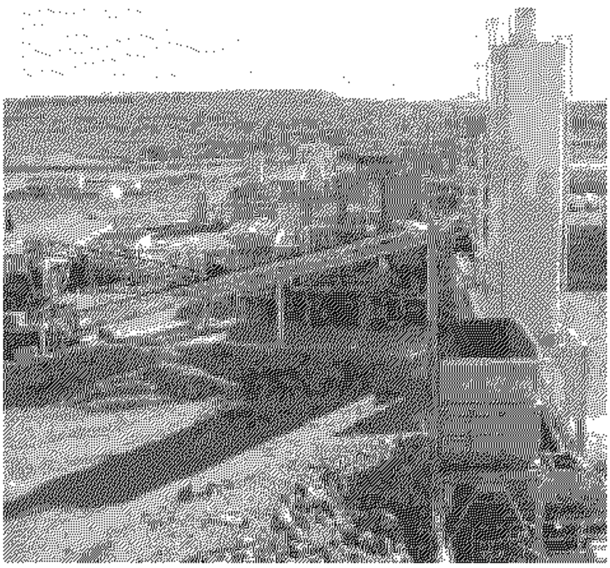


Table 1: Prospect Status





exploration programs on Gleneagle's highly prospective landholdings in the Peak Hill Goldfield, with potential for up to three years of fully funded exploration to be delivered from Fortnum cashflow.

FORTNUM GOLD PROJECT

The 100% owned Fortnum Gold Project is located approximately 170km north of Meekatharra and covers an area of some 94 square kilometres. The project contains a well maintained 1.0Mtpa CIP treatment plant and associated infrastructure, the majority of the group's resources and a range of advanced drill targets. The resources and infrastructure are all located on granted Mining Leases.

The immediate Fortnum environs remain highly prospective for extensions to existing resources and defined zones of mineralisation as well as the discovery of previously unrecognised structurally controlled high grade zones of mineralisation (e.g. Starlight style deposits - 612,000 tonnes @ 5.7g/t mined for 109,070 ounces). An update of the structural and geological model for the immediate Fortnum area is nearing completion, with the specific aim of assisting in targeting the discovery of further Starlight-style deposits.

Exploration Completed

A series of RC drilling programs have been completed across the Fortnum Gold Project over the course of the year. The focus of these programs has generally been the extension and infill of existing resources, with the key areas drill tested being the Yarlarweelor, Horseshoe, Nathans and Toms prospects. Some 125 holes were completed for a total of in excess of 16,000m of drilling.

A program of aircore drilling was also undertaken during the course of the year at the Flat Top, South Yarlarweelor and North Labouchere prospects. This drilling was designed to test previously defined zones of mineralisation away from the known resources at Fortnum, with 19 holes completed for 2,223m.

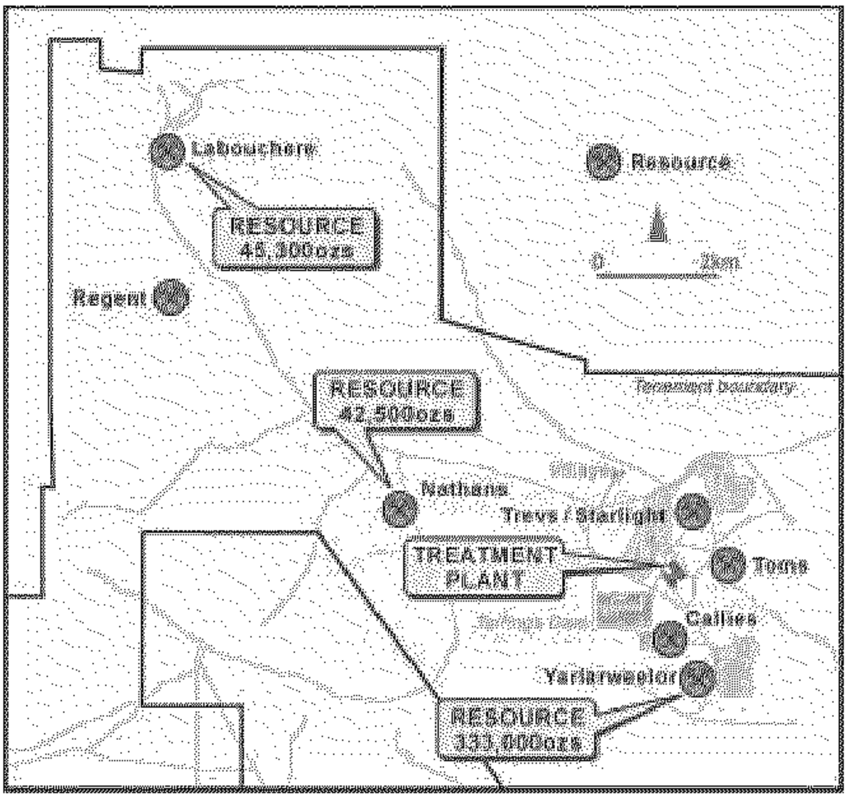


Figure 4: Fortnum Gold Project Resource Locations

Table 2 - Fortnum Drilling Statistics

Diamond Drilling		RC Drilling		Aircore Drilling		TOTAL	
Holes	Metres	Holes	Metres	Holes	Metres	Holes	Metres
6	689.6	119	15,400	30	3,388	155	19,477.6

All available geophysical data across the Fortnum Gold Project has been collated and where appropriate reprocessed to assist in the structural and geological reinterpretation of the immediate Fortnum area. The use of modern processing and geophysical methods will assist in the development of a three dimensional model of the area; thereby enhancing the Company's understanding of the controls on mineralisation.

Soil sampling was conducted over E52/1341 to test for extensions and structural repetitions of the previously mined Wilthorpe deposit.

Results

YARLARWEELOR

Infill and extensional RC drilling was completed to the south and north of the Yarlarweelor deposit (previous production 1.69Mt tonnes @ 2.79g/t for 152,000 ounces) to enable the calculation of an updated resource for this prospect. This drilling intersected a number of broad high grade zones of mineralisation, with better results of:

- 15m @ 8.08g/t from 46m
- 11m @ 9.05g/t from 116m
- 10m @ 7.20g/t from 91m

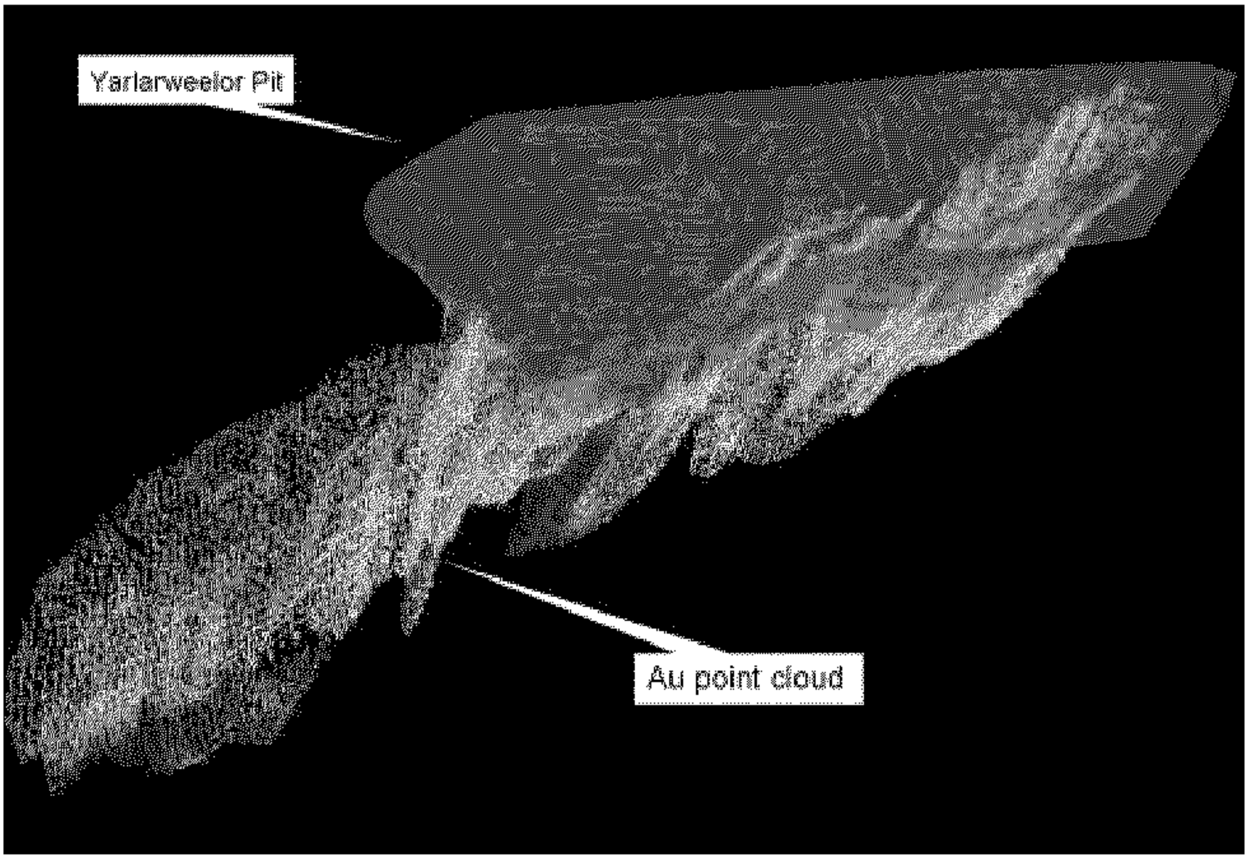


Figure 5: Yarlarweelor Deposit - Resource Model

Mineralisation at Yarlarweelor is largely hosted within a jasperoid unit contained within a broad north – south trending shear zone, with a series of semi continuous jasperoid and quartz vein zones in the northern extension and a continuous shallow south plunging jasperoid zone in the southern extension.

An updated resource of 5.2Mt @ 2.0g/t for 333,000 ounces has been defined for the Yarlarweelor deposit.

Horseshoe

RC drilling at the Horseshoe prospect (consisting of the Horseshoe, Cassidy and Pod deposits – previous production 952,000 tonnes @ 2.60g/t for 79,900 ounces) was designed to infill and extend the existing resource. The drilling was successful in confirming the width and tenor of the resource, returning better results of:

- 11m @ 4.40g/t from 123m
- 11m @ 7.43g/t from 136m

The drilling was also successful in defining a near surface hanging wall mineralised zone to the immediate south of the Horseshoe open pit, with better intersections of:

- 3.0m @ 7.36g/t from 36m
- 4.0m @ 3.92g/t from 47m

The Horseshoe prospect is hosted within an east-west trending volcanic sequence with the majority of mineralisation contained in a series of relatively steeply south west plunging shoots. The recently defined hanging wall mineralised zone is associated with the south dipping contact between siltstones and ultramafics.

A recently updated resource estimate of 1.8Mt @ 2.5g/t for 145,100 ounces has been defined for the Horseshoe prospect.

Nathans

Two phases of RC drilling were completed at the Nathans prospect (previous production 791,000 tonnes @ 2.80g/t for 67,000 ounces) to test for strike extensions of the existing resource and the potential extension of the north plunging Nathans North Shoot located beneath the north wall of the Nathans open pit. The limited drilling completed at Nathans was successful in extending the Nathans North Shoot beyond the limits of the previous resource, returning better results of:

- 11m @ 4.48g/t from 159m
- 7.0m @ 3.10g/t from 165m

The mineralisation at the Nathans North Shoot is associated with wide zones of euhedral pyrite and carbonate chlorite alteration and remains open down plunge and along strike to the north.

The Nathans prospect resource has been updated to incorporate the most recent drilling, delivering a resource estimate of 751,000 tonnes @ 1.8g/t for 42,280 ounces.

Toms

RC drilling was completed to test for extensions of the current resource at the Toms prospect (previous production 187,500 tonnes @ 2.31g/t for 13,925 ounces) and for continuity of mineralisation between the mined open pits. This drilling was extremely successful in both extending the known resource as well as defining shallow high grade mineralisation between the areas of previous mining, with better intersections of:

- 11m @ 5.55g/t from surface
- 7.0m @ 8.80g/t from 41m
- 5.0m @ 9.82g/t from 32m

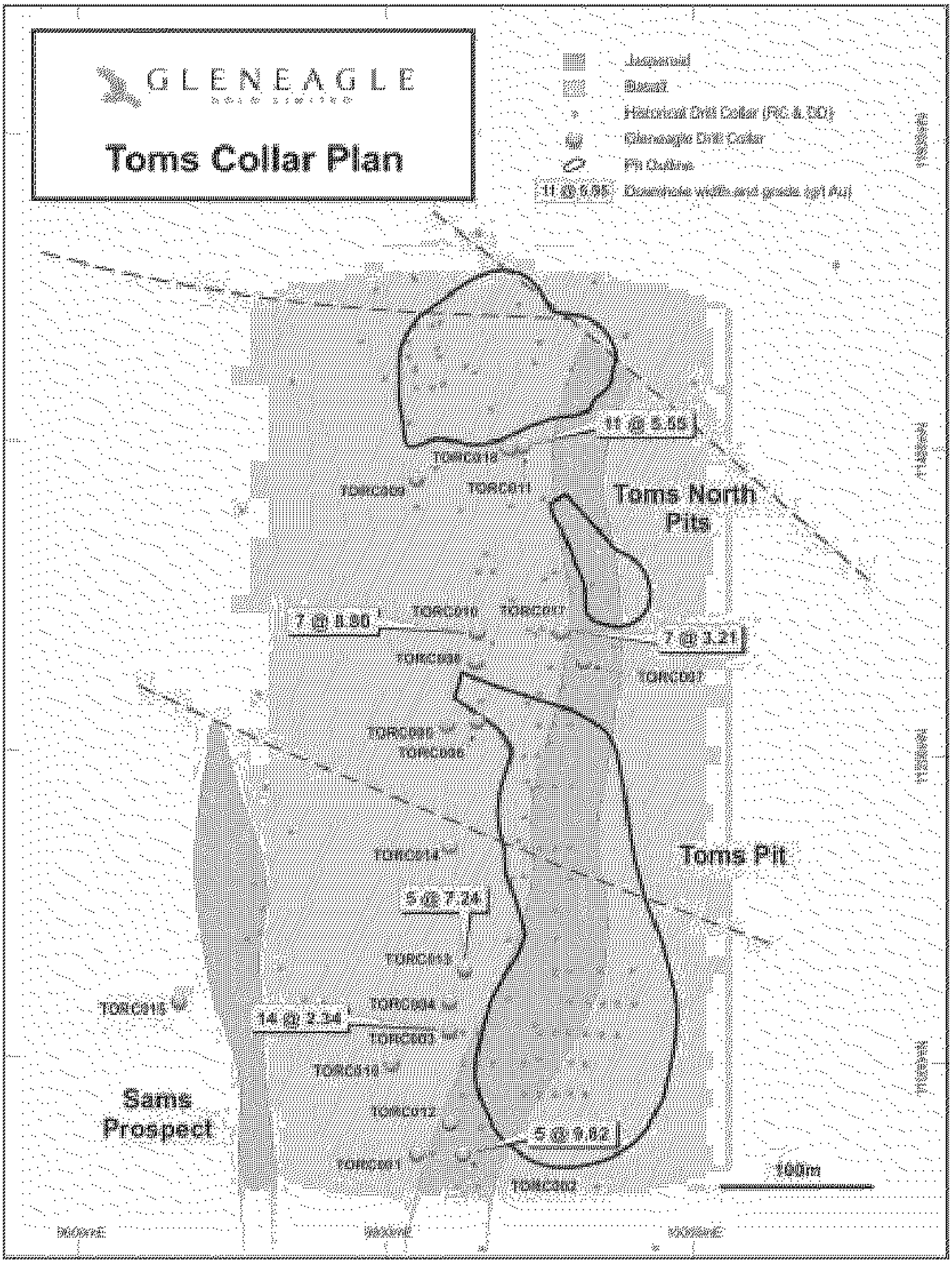
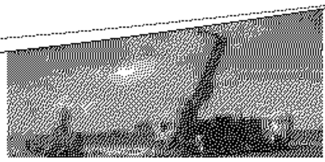


Figure 6: Toms Prospect – Drillhole Location Plan



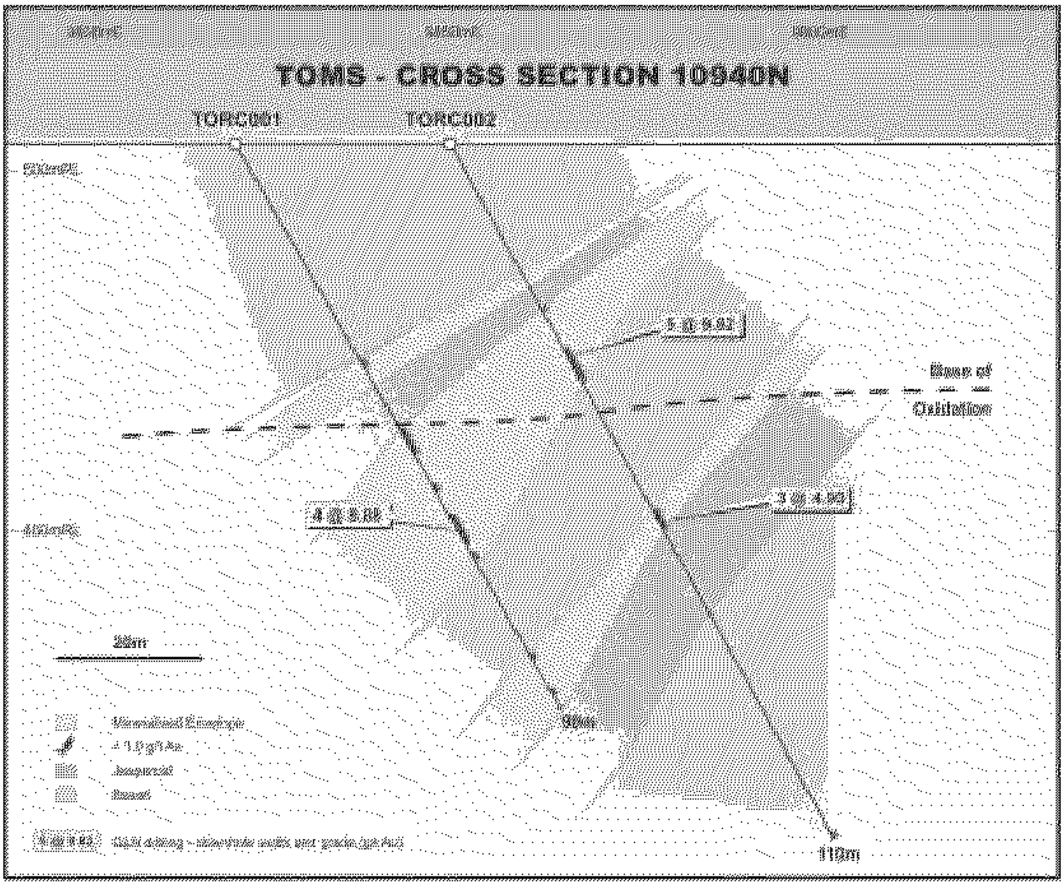


Figure 7: Toms Prospect - Drill Section 10940N

Mineralisation at Toms is hosted by altered basalt and jasperoid units and remains open along strike and down dip. Drilling is relatively sparse in sections of the deposit, whilst in areas of more detailed drilling it is generally only to an average vertical depth of 60m.

The definition of shallow mineralisation between the mined pits is highly encouraging as it augers well for the potential to develop one larger pit to encompass the +500m strike length of the Toms deposit.

The Toms prospect resource will be updated following a program of infill RC drilling.

Summary

The Company has been extremely successful in its exploration efforts at the Fortnum Gold Project, enhancing the projects value through the delivery of outstanding drilling results and a substantial resource increase. Significantly the Company's geological understanding of the district has developed dramatically over the course of the year, providing the opportunity to focus ongoing exploration efforts and thereby continue to enhance the value of the project.

The Fortnum Gold Project provides the base upon which Gleneagle will be able to mount its growth strategy, utilising the high quality infrastructure assets and resource inventory to generate significant cashflow to fund ongoing aggressive exploration.

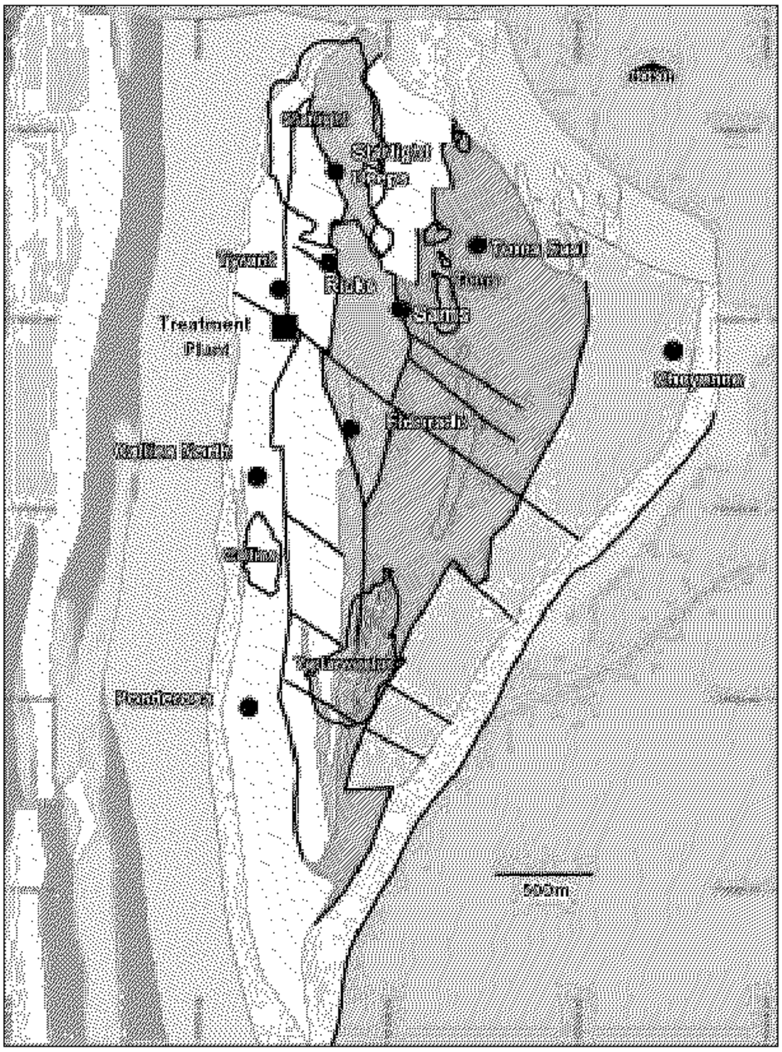


Figure 8: Fortnum Central - Geological Interpretation

The limited drilling at depth provides scope for the delineation of high grade apparently sub vertical mineralised zones beneath the current resource, whilst there is potential for the definition of modest size high grade near surface mineralised zones within the resource. The broader Wembley area remains prospective for repetitions of Durack – Outback style mineralisation.

WEMBLEY GOLD PROJECT

The Wembley Gold Project consists of a Mining Lease and Mining Lease Application in which the Company has the right to earn an 80% interest plus five 100% owned Prospecting Licence Applications located approximately 65km south east of the Fortnum Gold Project.

A resource of 557,000 tonnes at 2.18 g/t for 39,000 ounces has been defined by previous explorers for the combined Durack – Outback mineralised centres, which are contained within the central Mining Lease. Drilling of these prospects is generally limited to a vertical depth of 50 to 60 metres, with sparse drilling extending to vertical depths of some 100 metres.

Exploration Completed

Infill RC drilling has been completed to assess the geometry, grade and size potential of the near surface mineralised zones at Durack – Outback, whilst strategic deeper RC holes were drilled to test the depth extension of interpreted high grade lodes. A total of 15 holes were completed for 1,578m.

Geological mapping and data collation is in progress with the aim of further identifying controls on mineralisation at Durack – Outback and to assist in the definition of regional targets and potential repetitions of Durack – Outback style mineralisation.

Results

The RC drilling completed at Durack – Outback was very successful, with 11 of the 15 holes returning intersections greater than 2.0g/t. The drilling confirmed the presence of high grade near surface mineralisation and highlighted the potential for the delineation of a series of high grade shoots extending beneath the resource, with better results of:

- 12m @ 8.04g/t from 87m
  - including 3.0m @ 25.9g/t from 87m

- 8.0m @ 7.15g/t from 14m
  - including 3.0m @ 16.1g/t from 15m

Mineralisation at Durack – Outback is hosted within a package of mafic volcanics and intercalated sediments and appears to consist of sub vertical vein sets at depth feeding a series of supergene pods.

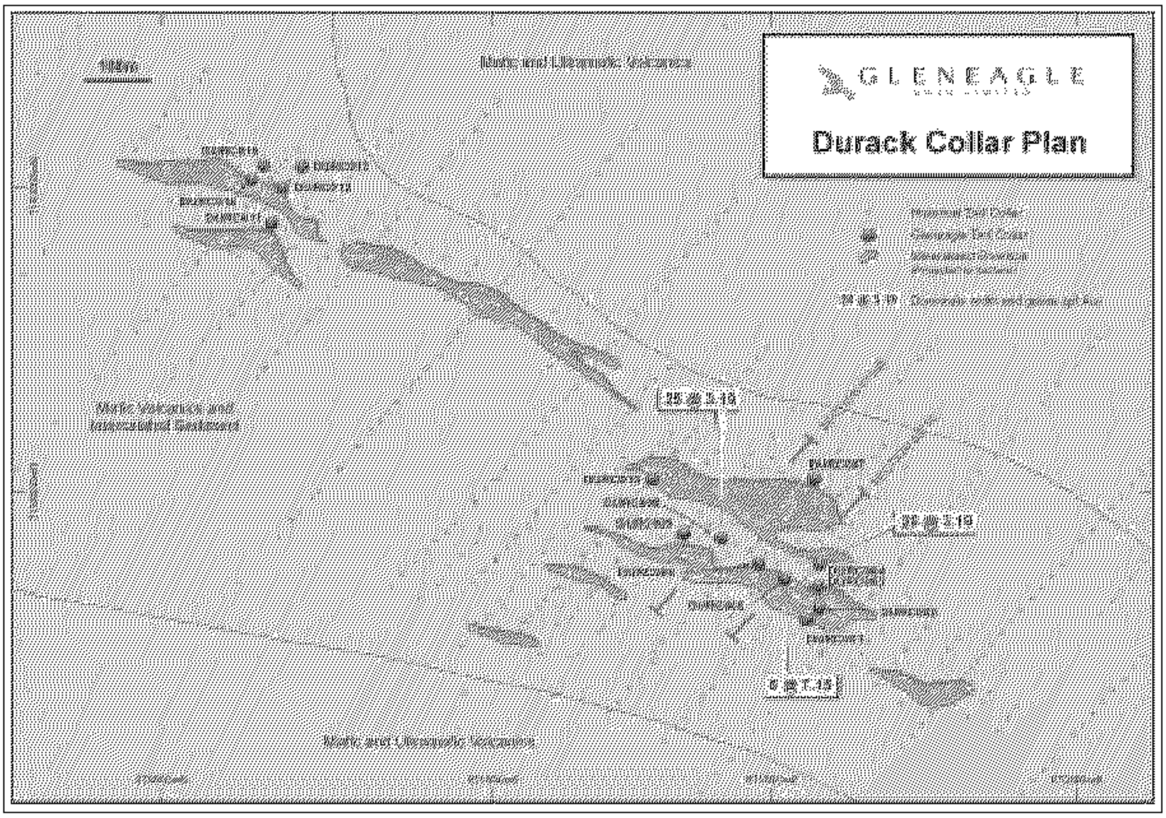


Figure 9: Wembley Gold Project - Durack Drillhole Location Plan

The resource at Durack – Outback will now be updated to incorporate the recent drill results and a view to assessing the viability of mining the near surface mineralised zones.

Summary

Gleneagle's first phase of exploration at the Wembley Gold Project has been highly encouraging, with the definition of high grade near surface mineralisation providing scope for the possible development of shallow open pits and the intersection of deeper high grade mineralised zones supporting the interpretation of a series of sub vertical high grade shoots beneath the resource. This drilling campaign has enhanced the Company's geological understanding of the controls on mineralisation in this area, with this knowledge to be incorporated into ongoing mapping to assist in regional target generation.

Exploration activities over the course of the year have supported the Company's view that the Wembley Gold Project has the potential to host modest tonnage medium to high grade deposits which may be amenable to trucking to the Fortnum treatment plant.

PEAK HILL REGIONAL PROJECT

The Peak Hill Regional Project covers an area of some 1,530 square kilometres extending across the Peak Hill Goldfield. Two thirds of the project area is 80% owned by Gleneagle, with minority partner Jackson Gold Limited retaining a free carried 20% interest, whilst the balance of the project area is wholly owned by the Company. Approximately a fifth of the area is covered by granted tenure, with the balance remaining under application.

This project contains targets ranging from partially drill tested anomalies through to untested conceptual positions, including the interpreted southern extension of the Fortnum/Labouchere mine sequence geology, the intersection of the regionally significant south east trending structural corridor with the south eastern margin of the Peak Hill Goldfield and the north east trending structural corridor that forms the south eastern margin of the Peak Hill Goldfield.

The majority of historical exploration completed in this area to date has largely focused on areas of exposed bedrock and/or known mineralisation. Gleneagle's exploration strategy is to apply modern exploration techniques across the region to both assess previously defined anomalies and to define new targets.

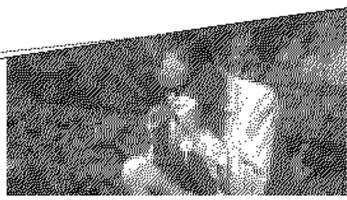
Exploration completed by the Company to date has consisted of data collation from previous exploration activities across the project area leading to the development of work programs for the granted tenure. It is expected that field based exploration will take place on the granted leases within the Peak Hill Regional Project toward the end of calendar year 2004.

The Peak Hill Regional Project provides an area that has only been adequately tested in part and which represents an opportunity to apply a combination of modern geological, geophysical and geochemical techniques to effectively test areas of shallow cover. Exploration activity on this project will intensify over time as tenements are granted.

Gleneagle Gold Limited – Peak Hill Goldfield Resource Summary

Deposit		Measured	Indicated	Inferred	Total
Yarlarweelor	(1)				
- lode mineralisation			3.55Mt @ 2.1g/t 238,200 oz	0.99Mt @ 2.2g/t 68,000 oz	4.54Mt @ 2.1g/t 306,220 oz
- unconstrained background mineralisation			0.09Mt @ 1.3g/t 3,700 oz	0.44Mt @ 1.2g/t 16,260 oz	0.53Mt @ 1.2g/t 19,950 oz
- laterite/supergene mineralisation			0.16Mt @ 1.2g/t 6,170 oz	0.02Mt @ 1.2g/t 660 oz	0.18Mt @ 1.2g/t 6,840 oz
Horseshoe	(2)		1.20Mt @ 2.4g/t 93,000 oz	0.63Mt @ 2.6g/t 52,100 oz	1.83Mt @ 2.5g/t 145,100 oz
Labouchere	(1)		0.28Mt @ 1.7g/t 15,200 oz	0.53Mt @ 1.8g/t 30,100 oz	0.81Mt @ 1.7g/t 45,300 oz
Nathans	(1)		0.34Mt @ 1.8g/t 20,200 oz	0.41Mt @ 1.7g/t 22,300 oz	0.75Mt @ 1.8g/t 42,500 oz
Durack	(3)	0.39Mt @ 2.2g/t 27,800 oz	0.05Mt @ 2.1g/t 3,400 oz	0.12Mt @ 2.1g/t 7,800 oz	0.56Mt @ 2.2g/t 39,000 oz
Starlight Underground	(4)		0.07Mt @ 5.4g/t 12,200 oz		0.07Mt @ 5.4g/t 12,200 oz
Callies North	(5)	0.18Mt @ 1.8g/t 10,300 oz		0.07Mt @ 1.5g/t 3,100 oz	0.24Mt @ 1.7g/t 13,400 oz
Regent	(5)	0.16Mt @ 1.6g/t 8,500 oz		0.01Mt @ 1.7g/t 400 oz	0.17Mt @ 1.6g/t 8,900 oz
Toms	(5)		0.12Mt @ 1.9g/t 7,500 oz		0.12Mt @ 1.9g/t 7,500 oz
Total		0.73Mt @ 2.0g/t 46,600	5.86Mt @ 2.1g/t 399,600	3.22Mt @ 2.0g/t 200,700	9.80Mt @ 2.1g/t 646,900

Notes:
(1) - Resource estimate completed by RSG Global. 0.9g/t lower cut off for Yarlarweelor and Yarlerweelor laterite, 1.0g/t lower cutoff for Labouchere and Nathans.
(2) - Resource estimate completed by Resource Evaluations. 1.0g/t lower cut off, 20g/t upper cut off.
(3) - Gleneagle earning 80% interest. Resource estimate completed by Plutonic Operations Limited.
(4) - Resource estimate completed by Perilya Limited. Undiluted resource using a 2.0g/t lower cut off.
(5) - Resource estimate completed by Perilya Limited. Diluted resource using various lower cut off between 0.8g/t and 1.0g/t.



DIRECTORS' REPORT

Your directors present their report on the Company for the financial year ended 30 June 2004.

1. DIRECTORS

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

Tony Brennan

Ian Prentice

David Prentice

Joe Kennedy

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial period was mineral exploration.

There were no significant changes in the nature of the Company's principal activities during the financial period.

3. OPERATING RESULTS

The loss of the Company after providing for income tax amounted to $25,578 (2003 : $86,435).

4. DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

5. REVIEW OF OPERATIONS

On completion of a successful Initial Public Offer and subsequent listing on the Australian Stock Exchange in July 2003 the Company exercised a series of options to acquire and/or joint venture into its projects in the Peak Hill region of Western Australia.

Upon listing on the Australian Stock Exchange the Company commenced an aggressive exploration program on its suite of projects largely focused on advanced prospects within the Fortnum Gold Project in the vicinity of the Fortnum treatment plant.

A scoping study to determine the key parameters required for a resumption of mining and defining the cost of re-commissioning the Fortnum treatment plant commenced toward the end of the year.

6. SIGNFICANT CHANGES IN STATE OF AFFAIRS

The following significant changes in the state of affairs of the Company occurred during the financial period:

On 11 July 2003 the Company issued 22,703,000 ordinary shares at $0.20 each to various parties pursuant to the prospectus issued by the Company and dated 30 May 2003.

On 11 July 2003 the Company issued 8,000,000 ordinary shares at $0.20 each to various parties pursuant to the vendor agreements as detailed in the prospectus issued by the Company and dated 30 May 2003.

On 3 December 2003 the Company issued 167,000 25 cent options expiring 3 September 2008, 167,000 35 cent options expiring 3 September 2008 and 166,000 50 cent options expiring 3 September 2008.

On 8 April 2004 the Company issued 5,915,166 ordinary shares at $0.35 to various parties pursuant to the short form prospectus issued by the company and dated 8 April 2004.

On 31 May 2004 the Company issued 14,286 ordinary shares at $0.35 to Mr Lance Watson and Mr Paul Carruthers as consideration for an option to acquire an 80% interest in the Goodins Find Gold Project.

7. AFTER BALANCE DATE EVENTS

No matters or circumstances have arisen since the end of the financial period 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.

8. FUTURE DEVELOPMENTS

The Company will continue its mineral exploration activity at and around its exploration projects with the object of identifying commercial resources.

9. ENVIRONMENTAL ISSUES

The Company is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work.

10. INFORMATION ON DIRECTORS

Tony Brennan B. Bus, CA
Chairman

Tony has over 14 years experience as Managing Director or Chairman of publicly listed companies including 10 years as Managing Director of gold exploration and mining companies. He is presently Chairman of Delta Capital Pty Ltd, a corporate advisory company, and is also non-executive Chairman of ASX listed Tomahawk Energy Limited and Deputy Chairman of Structural Monitoring Systems plc. Tony has been a Director of Gleneagle Gold Limited since 18 February 2003.

Interest in Shares
Fully Paid Ordinary Shares 1,314,288

Ian Prentice B.Sc (Geol), Grad. Dip SIA, M.AusIMM
Managing Director

Ian is a geologist with 11 years of mining industry experience complimented by over six years as a Mining Analyst for a range of stockbroking firms. He has gained experience in all facets of exploration and mining across a range of commodities with a number of mid to large capital Australian and international mining companies, including leading the team that explored the Plutonic Greenstone Belt for Battle Mountain Australia. His experience as a Mining Analyst has provided an insight into a broad range of commercial aspects of publicly listed exploration and mining companies, from capital raisings through to investor communication. Ian has been a Director since 18 February 2003.

Interest in Shares
Fully Paid Ordinary Shares 2,000,000

David Prentice Grad. Dip BA, MBA.
Non-Executive Director

David's career includes over 17 years experience in commercial management and business development within the natural resources sector, working for some of Australia's leading resource companies. This has included high level commercial and operational roles with a number of listed and unlisted resource companies as well as a business development role with a successful mid capital Australian gold producer. He is currently Chief Executive Officer of Gadens Lawyers (Perth) and a non-executive Director of Providence West Limited. David has been a Director since 18 February 2003.

Interest in Shares
Fully Paid Ordinary Shares 725,531

Joe Kennedy
Non-Executive Director

Joe is presently a director of investment company, Golden Words Pty Ltd. Prior to this he spent 5 years at OzEmail Limited where he gained a wealth of commercial experience in the development and deployment of online products and services including the successful deployment of the 'Stockwatch' service. Joe has been a Director since 20 May 2003.

Interest in Shares
Fully Paid Ordinary Shares 114,286

11. DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS

Disclosure relating to directors' and executive officers' emoluments has been included in Note 4 of the financial report.

12. MEETINGS OF DIRECTORS

The number of directors' meetings (including committees) held during the financial period each director held office during the financial period and the number of meetings attended by each director are:

Director	Directors Meetings Number Eligible to Attend	Meetings Attended
T Brennan	9	9
I Prentice	9	9
D Prentice	9	9
J Kennedy	9	9

The Company does not have a formally constituted audit committee as the board considers that the company's size and type of operation does not warrant such a committee.

13. INDEMNIFYING OFFICERS OR AUDITOR

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every Officer, auditor or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer, auditor or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

14. OPTIONS

Options Granted to Executives and Directors

No options were granted during or since the financial year by the company to directors.

Unissued Shares Under Option

At the date of this report unissued ordinary shares of the company under option are:

Expiry Date	Exercise Price	Number of Shares
3 September 2008	$0.25	167,500
3 September 2008	$0.35	167,000
3 September 2008	$0.50	166,000

There have been no issue of ordinary shares as a result of the exercise of options during or since the end of the financial year.

15 PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Ian Prentice

Ian Prentice
Managing Director

Perth, September 2004

STATEMENT OF FINANCIAL PERFORMANCE FOR YEAR ENDED 30 JUNE 2004

	NOTE	2004 $	2003 $
Revenues from ordinary activities	2	1,153,319	6,597
Employee benefits expense		(131,355)	(32,508)
Depreciation and amortisation expense		(27,016)	(277)
Borrowing costs expense		(16)	(705)
Consultancy expenses		(60,507)	(15,979)
Compliance and regulatory expenses		(62,565)	-
Fuel expenses		(141,289)	-
Occupancy expenses		(17,918)	(908)
Directors fees		(96,087)	(20,377)
Insurance expenses		(38,972)	-
Other expenses from ordinary activities		(603,173)	(22,278)
Loss from ordinary activities before income tax expense/benefit	3	(25,578)	(86,435)
Income tax expense/benefit relating to ordinary activities	6	-	-
Net Loss attributable to members		**(25,578)**	**(86,435)**
Basic earnings (loss) per share (cents per share)	17	(0.06)	(1.63)
Diluted earnings (loss) per share (cents per share)	17	(0.06)	-

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION FOR YEAR ENDED 30 JUNE 2004

	NOTE	2004 $	2003 $
CURRENT ASSETS			
Cash assets	7	2,152,071	899,590
Receivables	8	110,031	152,292
Inventories	9	250,000	-
TOTAL CURRENT ASSETS		**2,512,102**	**1,051,882**
NON CURRENT ASSETS			
Receivables	8	1,056,000	-
Plant and equipment	10	702,395	4,773
Exploration, evaluation and development expenditure	11	4,271,490	193,956
TOTAL NON CURRENT ASSETS		6,029,885	198,729
TOTAL ASSETS		**8,541,987**	**1,250,611**
CURRENT LIABILITIES			
Payables	12	228,984	690,046
Provisions	13	23,190	-
TOTAL CURRENT LIABILITIES		252,174	690,046
TOTAL LIABILITIES		**252,174**	**690,046**
NET ASSETS		**8,289,813**	**560,565**
EQUITY			
Contributed equity	14	8,401,826	647,000
Accumulated losses	15	(112,013)	(86,435)
TOTAL EQUITY		**8,289,813**	**560,565**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2004

	NOTE	2004 $	2003 $
Cash Flows from Operating Activities			
- Payments to suppliers and employees		(781,465)	(64,095)
- Interest received		121,212	2,011
- Other revenue		501,043	4,066
- Borrowing costs paid		(16)	(705)
- Payments for exploration and evaluation		(2,592,476)	(70,673)
Net cash used in operating activities	18	(2,751,702)	(129,396)
Cash Flows From Investing Activities			
- Proceeds from sale of assets		522,500	-
- Payments for plant and equipment		(567,415)	(5,050)
- Purchase of exploration assets		(489,066)	(75,828)
- Payment of term deposit		(1,056,000)	-
- Payment for mine consumables		(105,000)	-
Net cash used in investing activities		(1,694,981)	(80,878)
Cash Flows from Financing Activities			
Proceeds from issue of shares		6,060,908	1,174,500
Payment for costs of issue of shares		(361,744)	(64,636)
Net cash provided by financing activities		5,699,164	1,109,864
Net increase in cash held		1,252,481	899,590
Cash Assets at beginning of financial year		899,590	-
Cash Assets at end of financial year	7	**2,152,071**	**899,590**

The accompanying notes form part of these financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the Company of Gleneagle Gold Limited. Gleneagle Gold Limited is a listed public company, incorporated and domiciled in Australia.

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

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Plant and Equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the Company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate 2004	2003
Plant and equipment	40.0%	40.0%
Office furniture and equipment	18.0%	18.0%
Motor vehicle	22.5%	22.5%

(b) Acquisition of assets

An asset including plant and equipment and exploration interests acquired, are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

When equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value, except where the notional price at which they could be placed in the market is a better indication of fair value.

(c) *Income tax*

The Company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the loss from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(d) *Exploration, evaluation and development expenditure*

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:

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

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.

(e) *Leases*

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the Company are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a diminishing value basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(f) *Earnings Per Share*

Basic earnings per share ("EPS") is calculated by dividing the net profit attributable to members for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

(g) *Revenue*

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax paid to the taxation authority.

Interest

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Sale of Goods

Revenue from the sale of goods is recognised when control of the goods passes to the customer.

Sale of non-current assets

The gross proceeds of non-current asset sales are recognised as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

(h) *Cash*

For the purpose of the Statements of Cash Flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts.

(i) *Employee Benefits*

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the Company to employee superannuation funds and are charged as expenses when incurred.

(j) *Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

(k) *Recoverable amounts of Non-Current assets valued on cost basis*

The carrying amount of non-current assets valued on the cost basis, other than exploration expenditure carried forward (see Note 1d) are reviewed to determine whether they are in excess of their recoverable amount at reporting date. If the carrying value of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write down is expensed in the reporting period in which it occurs. In accessing recoverable amount, the relevant cash flows have not been discounted to their present value.

(l) *Adoption of Australian Equivalent to International Financial Reporting Standards*

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of the next financial year.

The company's management, along with its auditors, are assessing the significance of these changes and preparing for their implementation. An IFRS committee has been established to oversee and manage the company's transition to IFRS. We will seek to keep stakeholders informed as to the impact of these new standards as they are finalised.

The directors are of the opinion that the key differences in the company's accounting policies which will arise from the adoption of IFRS are:

Exploration and evaluation costs

AASB was informed by the International Accounting Standards Board (IASB) that at a recent meeting, the IASB decided to fully grandfather national GAAP, such as Australia's existing area of interest method of accounting for exploration costs, for both producers and exporters, until such time as the IASB produces a comprehensive extractive industry IFRS.

As soon as the IASB has incorporated this decision into its standards, the AASB will produce an Australian equivalent so as to allow extractive industry companies to take advantage of the grandfathering in their 2005 transition to Australian equivalents of IFRSs.

Hence under AASB 1047 requirements, it would be reasonable for companies in the extractive industries to disclose at 30 June 2004 that the impact of changes from the current AASB 1022 are not yet determinable due to the above issues.

Impairment of Assets

The company currently determines the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the assets use and subsequently disposed. In terms of pending AASB 136: Impairment of Assets, the recoverable amount of an asset will be determined as the higher of fair value less costs to sell and value in use. It is likely that this change in accounting policy will lead to impairments being recognised more often that under the existing policy.

Income Tax

Currently the company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefits. Under the Australian equivalent to IAS 12, the company will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of timing and permanent differences between taxable income and account profit.

(m) *Joint Venture Entities*

A joint venture entity is an entity in which Gleneagle holds a long-term interest and which is jointly controlled by Gleneagle and one or more other venturers. Decisions regarding the financial and operating policies essential to the activities, economic performance and financial position of that venture require the consent of each of the venturers that together jointly control the entity.

Joint Venture Operations

Gleneagle has certain contractual arrangements with other participants to engage in joint activities where all significant matters of operating and financial policy are determined by the participants such that the operation itself has no significant independence to pursue its own commercial strategy. These contractual arrangements do not create a joint venture entity due to the fact that the policies are those of the participants, not a separate entity carrying on a trade or a business of its own.

The financial statements of Gleneagle include its share of the assets, liabilities and cash flows in such joint venture operations, measured in accordance with the terms of each arrangement, which is usually pro-rata to Gleneagle's interest in the joint venture operations.

2. REVENUE

	2004 $	2003 $
Operating activities		
- interest received	129,776	2,531
- gold sales	283,641	-
- fuel sales	141,289	4,066
- gross proceeds on sale of non-current assets	522,500	-
- other	76,113	-
Total Revenue	**1,153,319**	**6,597**

3. LOSS FROM ORDINARY ACTIVITIES

	2004 $	2003 $
(a) Individually significant expenses / (revenues) included in loss from ordinary activities before income tax expense:		
Proceeds on sale of plant and equipment	(522,500)	-
Carrying amount of assets sold	422,500	-
Net gain	(100,000)	-
(b) Loss from ordinary activities before income tax has been determined after:		
Expenses		
Borrowing costs		
- other persons	16	705
Depreciation of non-current assets		
- plant and equipment	27,016	277
Rental expense on operating leases		
- minimum lease payments	13,241	733

4. REMUNERATION AND RETIREMENT BENEFITS

a) Name and positions held by directors' in office at any time during the financial year are:

Mr Tony Brennan	Chairman
Mr Ian Prentice	Managing Director
Mr David Prentice	Non-Executive Director
Mr Joe Kennedy	Non-Executive Director

b) Details of the nature and amount of emoluments of each director are as follows:

2004 Financial Year

	Salary & Fees	Super-annuation Contri-bution	Post Employment Super-annuation Contri-bution	Equity Options	Other	Total
	$	$	$	$	$	$
Tony Brennan (i)	45,000	-	-	-	-	45,000
Ian Prentice	119,833	10,785	-	-	-	130,618
David Prentice	32,500	2,925	-	-	-	35,425
Joe Kennedy	29,140	2,810	-	-	-	34,033
	226,473	**16,520**	-	-	-	**242,993**

i) An aggregate amount of $45,000 was paid, or was due and payable to Wall Street Pty Ltd, a company controlled by Mr Tony Brennan, and associates of Mr Brennan, for the provision of financial services to the Company.

2003 Financial Year

	Salary & Fees	Super-annuation Contri-bution	Post Employment Super-annuation Contri-bution	Options	Equity Other	Total
	$	$	$	$	$	$
Tony Brennan (i)	11,250	-	-	-	-	11,250
Ian Prentice	28,000	2,520	-	-	-	30,520
David Prentice	6,250	563	-	-	-	6,813
Joe Kennedy	2,877	258	-	-	-	3,135
	48,377	**3,341**	-	-	-	**51,718**

ii) An aggregate amount of $11,250 was paid, or was due and payable to Wall Street Pty Ltd, a company controlled by Mr Tony Brennan, and associates of Mr Brennan, for the provision of financial services to the Company.

c) Shareholdings

Number of Shares held by Directors and Executive

	Balance 1.7.03	Net Change - Other	Balance 30.06.04
Tony Brennan	550,001	764,287	1,314,288
Ian Prentice	1,725,001	274,999	2,000,000
David Prentice	450,000	64,287	514,287
Joe Kennedy	100,000	14,286	114,286
	2,825,002	**1,117,859**	**3,942,861**

5. AUDITORS' REMUNERATION

	2004 $	2003 $
Remuneration of the auditor for:		
- Auditing or reviewing the financial report	8,000	2,500
- Other services	-	-
	8,000	**2,500**

6. INCOME TAX

The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie tax benefit on loss from ordinary activities before income tax at 30%	7,673	25,931
Add (Less)		
Tax effect of:		
- Permanent Differences	-	(382)
- Tax effect of timing differences not brought to account	6,957	-
- Future income tax benefit not brought to account	(14,630)	(25,549)
Income tax attributable to operating loss	-	-

Potential future income tax benefits attributable to tax losses and exploration expenditure carried forward amounting to approximately $40,179 (2003 : $25,549 have not been brought to account at 30 June 2004 because the directors do not believe it is appropriate to regard realisation of the future income tax benefits as virtually certain. These benefits will only be obtained if:

(a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;

(b) the company continues to comply with the conditions for deductibility imposed by law; and

(c) no changes in tax legislation adversely affect the company in realising the benefit from the deductions for the loss and exploration expenditure.

7. CASH ASSETS

	2004 $	2003 $
Cash at bank	77,817	344,302
Deposits at call (i)	2,074,254	555,288
	2,152,071	**899,590**

(i) The bank deposit are short term deposits maturing within 30 days, and pay interest at a rate of 5.32% per annum.

8. RECEIVABLES

	2004 $	2003 $
Current		
Other debtors	110,031	152,292
Non Current		
Environmental bonds (i)	1,056,000	-

(i) Environmental bonds are term deposits, held by way of bank guarantee. The quantum is determined by the Department of Industry and Resources based upon a rehabilitation review conducted prior to Gleneagle's acquisition of the former Perilya mine site.

9. INVENTORIES

	2004 $	2003 $
Raw materials and consumables – at cost	250,000	-

10. PLANT AND EQUIPMENT

	2004 $	2003 $
(i) Plant and Equipment		
At cost	109,610	5,050
Accumulated depreciation	(21,902)	(277)
	87,708	4,773
Office Furniture and Equipment		
At cost	1,677	-
Accumulated depreciation	(148)	-
	1,529	-
Motor Vehicle		
At cost	40,900	-
Accumulated depreciation	(5,242)	-
	35,658	-
Fortnum Plant and Equipment		
At Cost	577,500	-
	577,500	-
	702,395	**4,773**

2004 - Reconciliations

Movement in the carrying amounts for each class of plant and equipment between the beginning and end of the current financial year

2004	Plant & Equipment $	Office Furniture $	Motor Vehicles $	Fortnum Plant & Equipment $	Total $
Carrying amount at the beginning of the year	4,773	-	-	-	4,773
Additions	104,560	1,677	40,900	577,500	724,637
Disposals	-	-	-	-	-
Depreciation/expense	(21,625)	(148)	(5,242)	-	(27,015)
Carrying amount at the end of the year	87,708	1,529	35,658	577,500	702,395

2003

Movement in the carrying amounts for each class of plant and equipment between the beginning and end of the current financial year

	2003 Plant & Equipment $	Total $
Balance at the beginning of the year	-	-
Additions	5,050	5,050
Disposals	-	-
Depreciation/expense	(277)	(277)
Carrying amount at the end of the year	4,773	4,773

11. OTHER ASSETS

	2004 $	2003 $
Non-Current		
Costs carried forward in respect of areas of interest in:		
- Exploration and evaluation phases – at cost	4,271,490	193,956
Brought forward	193,956	-
Exploration expenditure capitalised during the year	4,077,534	193,956
	4,271,490	**193,956**

The value of the Company's interest in exploration expenditure is dependent upon:

- the continuance of the Company's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

The Company's exploration properties may be subjected to claim(s) 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 restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

12. PAYABLES

	2004 $	2003 $
Current		
Trade creditors (unsecured)	56,956	96,889
Other creditors and accruals	172,028	593,157
	228,984	**690,046**

13. PROVISION

Current		
Provision for Annual Leave	23,190	-
Employees		
Number of employees at year end	9	-

14. CONTRIBUTED EQUITY

	2004 $	2003 $
Fully paid ordinary shares	8,401,826	647,000
(i) Ordinary Shares		
At the beginning of the reporting period	647,000	-
Shares issued during the year		
- 2 on 18 February 2003		-
- 2,000,000 on 21 March 2003		2,000
- 2,500,000 on 21 March 2003		25,000
- 1,650,000 on 6 May 2003		165,000
- 4,550,000 on 28 May 2003		455,000
- 30,703,000 on 11 July 2003	6,140,600	
- 5,915,166 on 8 April 2004	2,070,308	
- 14,286 on 31 May 2004	5,000	
Transaction costs relating to share issues	(461,082)	
At reporting date	**8,401,826**	**647,000**

	2004 No.	2003 No.
Fully paid ordinary shares		
At the beginning of the reporting period	10,700,002	-
Shares issued during the year		
- 2 on 18 February 2003		2
- 2,000,000 on 21 March 2003		2,000,000
- 2,500,000 on 21 March 2003		2,500,000
- 200,000 on 14 April 2003		200,000
- 1,450,000 on 6 May 2003		1,450,000
- 4,550,000 on 28 May 2003		4,550,000
- 30,703,000 on 11 July 2003	30,703,000	
- 5,915,166 on 8 April 2004	5,915,166	
- 14,286 on 31 May 2004	14,286	
At reporting date	**47,332,454**	**10,700,002**

On 11 July 2003 the Company issued 22,703,000 ordinary shares at $0.20 each to various parties pursuant to the prospectus issued by the Company and dated 30 May 2003.

On 11 July 2003 the Company issued 8,000,000 ordinary shares at $0.20 each to various parties pursuant to the vendor agreements as detailed in the prospectus issued by the Company and dated 30 May 2003.

On 8 April 2004 the Company issued 5,915,166 ordinary shares at $0.35 each to various parties pursuant to the short form prospectus issued by the company and dated 8 April 2004.

On 31 May 2004 the Company issued 14,286 ordinary shares at $0.35 each to Mr Lance Watson and Mr Paul Carruthers as consideration for an option to acquire an 80% interest in the Goodins Find Gold Project.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held.

At shareholders meetings each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

15. ACCUMULATED LOSSES

	2004 $	2003 $
Accumulated losses at the beginning of the financial period	(86,435)	-
Net profit (loss) attributable to members	(25,578)	(86,435)
Accumulated profit (losses) at the end of the financial period	(112,013)	(86,435)

16. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

2004	Floating Interest Rate $	Fixed Interest maturing in 1 year or less $	Non-Interest bearing $	2004 Total $
Financial assets				
Cash	77,817	2,074,254	-	2,152,071
Receivables	-	-	110,031	110,031
	77,817	2,074,254	110,031	2,262,102
Weighted average Interest rate	4.00%	5.33%		
Financial Liabilities				
Payables	-	-	228,984	228,984
Interest bearing liabilities	-	-	-	-
	-	-	228,984	228,984
Net financial assets	77,817	2,074,254	(118,953)	2,033,118

2003	Floating Interest Rate $	Non-interest bearing $	2003 total $
Financial assets			
Cash	899,590	-	899,590
Receivables	-	152,292	152,292
	899,590	152,292	1,051,882
Weighted average Interest rate	4.71%		
Financial Liabilities			
Payables	-	690,046	690,046
Interest bearing liabilities	-	-	-
	-	690,046	690,046
Net financial assets	899,590	(537,754)	361,836

	2004 Carrying Amount $	2004 Net fair Value $	2003 Carrying Amount $	2003 Net fair Value $
The carrying value and net fair values of financial assets and liabilities at balance date are:				
On-balance sheet financial instruments				
Financial assets				
Cash and deposits	2,152,071	2,152,071	899,590	899,590
Receivables	110,031	110,031	52,953	52,953
	2,262,102	**2,262,102**	**952,543**	**952,543**
Financial liabilities				
Payables	228,984	228,984	690,046	690,046
Interest bearing liabilities	-	-	-	-
	2,033,118	**2,033,118**	**262,497**	**262,497**

(a) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company does not have any significant credit risk exposure to any single counterparty or any group of conterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Company's maximum exposure to credit risk.

17. EARNINGS PER SHARE

	2004 $	2003 $
(a) Earnings / (Loss) used in the calculation of basic and dilutive EPS	(25,578)	(86,435)
	Number of Shares	**Number of Shares**
(b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share:	41,224,763	5,301,515
Weighted average number of ordinary shares outstanding during the year used in the calculation of dilutive earnings per share	41,511,591	-

18. CASH FLOW INFORMATION

	2004 $	2003 $
(i) Reconciliation of cash flows from operating activities with loss from ordinary activities after income tax		
- (Loss) from ordinary activities after income tax	(25,578)	(86,435)
Non-cash flows in operating loss		
- Depreciation	27,016	277
Cash flows not in operating loss		
- Payments for exploration and evaluation	(2,607,253)	(70,673)
Changes in assets and liabilities		
- Decrease/(Increase) in operating receivables & prepayments	(237,120)	(19,413)
- Increase in trade and other creditors, accruals and employee entitlements	68,043	46,848
- Movement in provisions	23,190	-
Net cash inflows (outflows) from Operating Activities	**(2,751,702)**	**(129,396)**

(ii) Non cash financing and investing activities

On 11 July 2003, the Company issued 8,000,000 ordinary shares at 20 cents each to various parties pursuant to vendor agreements as detailed in the prospectus issued by the Company dated 30 May 2003, for acquisition of the Peak Hill and Fortnum Mine Projects.

On 31 May 2004, the Company issued 14,286 ordinary shares at 35 cents each as consideration for an option to acquire an interest in the Goodins Find Project.

19. COMMITMENTS

In order to maintain current rights of tenure to mining tenements, the Company has the following discretionary exploration expenditure requirements 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 are payable:

	2004 $	2003 $
Not longer than one year	1,125,380	1,055,630
Longer than one year, but not longer than five years	3,151,064	2,936,075
Longer than five years	3,151,064	2,936,075
	7,427,508	**6,927,780**

If the Company 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 Company has entered into the following joint ventures:

A. PEAK HILL REGIONAL GOLD PROJECT

By a letter agreement dated 28 March 2003 between Gleneagle and Jackson Gold Limited **(Jackson)**, Jackson granted to Gleneagle an exclusive option to acquire an 80% interest in the Peak Hill Regional Gold Project by the issue of 3,000,000 Shares to Jackson. The tenements subject to this agreement (amended as per letter 18 December 2003) are as detailed **(Tenements)**:

E51/1033	E51/1060	E52/1613	E52/1655
E52/1659	E52/1668	E52/1670	E52/1671
E52/1672	E52/1678	E52/1722	P52/1039
P52/1040	P52/1041	P52/1042	P52/1046
P52/1047	P52/1048	P52/1049	P52/1050

Gleneagle exercised its option on 22 July 2003, thereby acquiring an 80% interest in the Tenements. Jackson's remaining interest in the Tenements will be free carried by Gleneagle to a decision to mine. During the free carry period, Gleneagle must keep the Tenements in good standing and be the sole operator and manager.

Within 60 days after a decision to mine has been made by Gleneagle, Jackson may, at its discretion, elect to contribute pro-rata to expenditure, sell its interest or convert its interest to a $10 per recovered ounce royalty. Gleneagle has pre-emptive rights in respect of Jackson's interest.

B. WEMBLEY GOLD PROJECT

Pursuant to a letter agreement dated 14 April 2003 between Gleneagle and Horseshoe Gold Mine Pty Ltd (**HGM**), HGM granted to Gleneagle an exclusive option to farmin to an 80% interest in Mining Lease 52/801 and Mining Lease Application 52/587 (**Tenements**) in consideration of the issue of 200,000 Shares by Gleneagle to HGM (**Option**).

The Option was exercised on 22 July 2003, giving Gleneagle the right to earn an 80% interest in the Tenements through expenditure of $500,000 on exploration within 4 years (Earn-In Period), with minimum expenditure levels of $150,000 during years 1 and 2 of the Earn-In Period. Gleneagle may withdraw from the agreement at any time after expenditure of $150,000.

HGM's 20% interest will be free carried to a decision to mine, during which period, Gleneagle must keep the Tenements in good standing and be the sole operator and manager. Within 60 days after a decision to mine has been made by Gleneagle, HGM may, at its discretion, elect to contribute pro-rata to expenditure, sell its interest or convert its interest to a royalty of $20.00 per recovered ounce for the first 40,000 ounces of production and a 3% gross revenue royalty on any production thereafter.

Gleneagle will have pre-emptive rights in respect of HGM's interest.

C. GOODINS FIND PROJECT

Pursuant to a letter agreement dated 18 May 2004 between Gleneagle and Mr Lance Watson and Mr Paul Carruthers (**the Vendors**), the Vendors granted to Gleneagle an exclusive six (6) month option to acquire an 80% interest in Mining Lease M51/13 (**Tenement**) in consideration of the payment of $5,000 and the issue of 14,286 Shares by Gleneagle to the Vendors (**Option**).

Gleneagle may exercise its Option at any time during the Option period by the staged payment of $250,000 over six months. Gleneagle has the right to extend the Option period by a further six months on the same terms as the current Option.

The Vendors 20% interest will be free carried to a decision to mine, during which period, Gleneagle must keep the Tenements in good standing and be the sole operator and manager. Within 60 days after a decision to mine has been made by Gleneagle, the Vendors may, at their discretion, elect to contribute pro-rata to expenditure (to be funded by cashflow from their share of production), sell their interest or convert their interest to a $10 per recovered ounce royalty. Gleneagle would have pre-emptive rights in respect of the Vendors interest.

20. SEGMENT INFORMATION

The Company operates predominantly in one geographical segment, being Western Australia, and in one industry, mineral mining and exploration.

21. EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial period 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.

22. RELATED PARTY INFORMATION

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

Transactions with related entities:
(i) Director related Entities

An aggregate amount of $45,000 was paid, or was due and payable to Wall Street Pty Ltd, a company controlled by Mr Tony Brennan, for the provision of directorship services to the Company.

Remuneration (excluding the reimbursement of costs) received or receivable by the directors of the Company and aggregate amounts paid to superannuation plans in connection with the retirement of directors are disclosed in Note 4 (i) to the accounts.

These transactions were made on commercial terms and conditions and at market rates.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 19 to 37, are in accordance with the Corporations Act 2001:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 30 June 2004 and of the performance for the year ended on that date of the Company; and

2. 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.

This declaration is made in accordance with a resolution of the Board of Directors.

Ian Prentice

Ian Prentice
Director

Perth, September 2004

O|R|D
PARTNERS
CHARTERED ACCOUNTANTS

Ian K Macpherson CA

Robert W Parker CA

Craig A Vivian CA

Level 2, 47 Colin St
West Perth WA 6005

PO Box 359
West Perth WA 6872

Ph +61 8 9321 3514
Fax +61 8 9321 3523

ord@ordgroup.com.au
www.ordgroup.com.au

Chartered Accountants

INDEPENDENT AUDIT REPORT

To members of Gleneagle Gold 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 Gleneagle Gold Limited ("the company"), for the year ended 30 June 2004 as set out on pages 19 to 38.

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

Audit approach

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

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's 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.

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 Gleneagle Gold Limited is in accordance with:

(a) 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 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.

ORD PARTNERS
Chartered Accountants

Ian Macpherson
Partner

Dated this 29th day of September, 2004

Perth, WA

ADDITIONAL SHAREHOLDER INFORMATION

Shareholding

The distribution of members and their holdings of equity securities in the company as at 20 August 2004 was as follows:

Number Held as at 20 August 2004	Class of Equity Securities Fully Paid Ordinary Shares
1-1,000	8
1,001 - 5,000	169
5,001 – 10,000	242
10,001 - 100,000	565
100,001 and over	91
TOTAL	**1,075**

Holders of less than a marketable parcel: - fully paid shares 0

Substantial Shareholders

The names of the substantial shareholders listed in the Company's register as at 20 August 2004

Shareholder	Number
Perilya Ltd	5,000,000

Restricted Securities

The Company has issued the following restricted securities:

Class of Equity Security	Number	Date Ceasing To Be Restricted Securities
Ordinary Fully Paid	3,100,000	28 July 2005

Voting Rights

Ordinary Shares

In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

Twenty Largest Shareholders

The names of the twenty largest ordinary fully paid as at 20 August 2004 are as follows:

Name	Number of Ordinary Fully Paid SharesHeld	% Held of Issued Ordinary Capital
Perilya Ltd	5,000,000	10.563
Ian Prentice	1,949,999	4.119
Chaus Capital Pty Ltd	1,142,858	2.414
Golden Words Pty Ltd	1,142,858	2.414
Bond Street Custodians Ltd	750,000	1.584
Brampton International & Co	750,000	1.584
ANZ Nominees Ltd	699,408	1.477
Mr Russell Philip Thomas & Mrs Penelope Olive Thomas <Russell & Penny Super A/c>	591,429	1.249
Mr Garry William Thomas & Mrs Nancy-Lee Thomas <Thomas Family Super Fund A/C>	534,051	1.128
Mesuta Pty Ltd	456,176	0.963
Gemelli Holdings Pty Ltd	436,430	0.922
David Prentice	425,000	0.897
Sovereign Insurance Agency Pty Ltd	391,073	0.826
Mr Christopher Donald Walker	300,000	0.633
Mr Douglas Pearson & Mrs Doreen Margaret Pearson	300,000	0.633
Ararat Securities Ltd	300,000	0.633
Gilpin Park Pty Ltd	283,571	0.599
Quincy Nominees Pty Ltd	270,252	0.570
Mr Andrew John Steele	270,000	0.570
Mr John Cook	250,000	0.528
	16,243,105	**34.306**

CORPORATE GOVERNANCE

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has turned to the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations. The Company is pleased to advise that the Company's practices are largely consistent with those ASX guidelines. As consistency with the guidelines has been a gradual process, where the Company did not have certain policies or committees recommended by the ASX Corporate Governance Council (the Council) in place during the reporting period, we have identified such policies or committees.

Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company is working towards compliance however it does not consider that all the practices are appropriate for the Company due to the size and scale of Company operations.

To illustrate where the Company has addressed each of the Council's recommendations, the following table cross-references each recommendation with sections of this report. The table does not provide the full text of each recommendation but rather the topic covered. Details of all of the recommendations can be found on the ASX Corporate Governance Council's website at:
http://www.asx.com.au/about/CorporateGovernance_AA2.shtm.

Recommendation		Section
Recommendation 1.1	Functions of the Board and Management	1.1
Recommendation 2.1	Independent Directors	1.2
Recommendation 2.2	Independent Chairman	1.2
Recommendation 2.3	Role of the Chairman and CEO	1.2
Recommendation 2.4	Establishment of Nomination Committee	2.3
Recommendation 2.5	Reporting on Principle 2	1.2, 1.4.6, 2.3.2 and the Directors' Report
Recommendation 3.1	Directors' and Key Executives' Code of Conduct	1.1
Recommendation 3.2	Company Security Trading Policy	1.4.9
Recommendation 3.3	Reporting on Principle 3	1.1 and 1.4.9
Recommendation 4.1	Attestations by CEO and CFO	1.4.11
Recommendation 4.2	Establishment of Audit Committee	2.1
Recommendation 4.3	Structure of Audit Committee	2.1.2
Recommendation 4.4	Audit Committee Charter	2.1
Recommendation 4.5	Reporting on Principle 4	2.1
Recommendation 5.1	Policy for Compliance with Continuous Disclosure	1.4.4
Recommendation 5.2	Reporting on Principle 5	1.4.4
Recommendation 6.1	Communications Strategy	1.4.8
Recommendation 6.2	Attendance of Auditor at General Meetings	1.4.8
Recommendation 7.1	Policies on Risk Oversight and Management	2.1.3
Recommendation 7.2	Attestations by CEO and CFO	1.4.11
Recommendation 7.3	Reporting on Principle 7	2.1.3
Recommendation 8.1	Evaluation of Board, Directors and Key Executives	1.4.10
Recommendation 9.1	Remuneration Policies	2.2.4
Recommendation 9.2	Establishment of Remuneration Committee	2.2
Recommendation 9.3	Executive and Non-Executive Director Remuneration	2.2.4.1 and 2.2.4.2
Recommendation 9.4	Equity-Based Executive Remuneration	2.2.4.1
Recommendation 9.5	Reporting on Principle 9	2.2.2 and 2.2.4
Recommendation 10.1	Company Code of Conduct	3

1. Board of Directors

1.1 Role of the Board

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

To assist the Board carry our its functions, it has developed a Code of Conduct to guide the Directors, the Chief Executive Officer, the Chief Financial Officer and other key executives in the performance of their roles.

1.2 Composition of the Board

To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and scale of operations. The names of the Directors and their qualifications and experience are stated in the Directors' Report along with the term of office held by each of the Directors. Directors are appointed based on the specific skills required by the Company and on their decision-making and judgment skills.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. Mr D Prentice and Mr J Kennedy are Non-Executive Directors, however are not independent directors as they do not meet the following criteria for independence adopted by the Company.

An Independent Director is a Non-Executive Director and:

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

Mr D Prentice and Mr J Kennedy are Non-Executive Director of the Company and do not meet the Company's criteria for independence. However, their experience and knowledge of the Company makes their contribution to the Board such that it is appropriate for them to remain on the Board.

Mr T Brennan is a Non-Executive Director of the Company and does not meet the Company's criteria for independence. However, his experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board.

Mr I Prentice is an Executive Director of the Company and does not meet the Company's criteria for independence. However, his experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board.

1.3 Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following.

- Leadership of the Organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board.
- Strategy Formulation: to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
- Overseeing Planning Activities: the development of the Company's strategic plan.
- Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
- Monitoring, Compliance and Risk Management: the development of the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.
- Company Finances: approving expenses and approving and monitoring acquisitions, divestitures and financial and other reporting.
- Human Resources: appointing, and, where appropriate, removing the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) as well as reviewing the performance of the CEO and monitoring the performance of senior management in their implementation of the Company's strategy.
- Ensuring the Health, Safety and Well-Being of Employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.
- Delegation of Authority: delegating appropriate powers to the CEO to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.

Full details of the Board's role and responsibilities are contained in the Board Charter, a copy of which is available for inspection at the Company's registered office.

1.4 Board Policies

1.4.1 Conflicts of Interest

Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and

- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

1.4.4 Continuous Disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and

- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

1.4.5 Education and Induction

It is the policy of the Company that new Directors undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors include:

- details of the roles and responsibilities of a Director;

- formal policies on Director appointment as well as conduct and contribution expectations;

- access to a copy of the Board Charter;

- guidelines on how the Board processes function;
- details of past, recent and likely future developments relating to the Board;
- background information on and contact information for key people in the organisation;
- an analysis of the Company;
- a synopsis of the current strategic direction of the Company; and
- a copy of the Constitution of the Company.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

1.4.6 Independent Professional Advice

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities.

1.4.7 Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

1.4.8 Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- making it easy for shareholders to participate in general meetings of the Company; and
- requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company.

1.4.9 Trading in Company Shares

Due to the size of the Company, the Board does not consider it appropriate to implement a Share Trading Policy. Rather, it reminds directors, officers and employees of the prohibition in the Corporations Act 2001 concerning trading in the Company's securities when in possession of "inside information".

1.4.10 Performance Review/Evaluation

It is the policy of the Board to conduct evaluation of its performance. The evaluation process was introduced via the Board Charter adopted on 30 June 2004 and will be implemented for the financial year ended 30 June 2005. The objective of this evaluation will be to provide best practice corporate governance to the Company.

1.4.11 Attestations by CEO and CFO

It is the Board's policy, that the CEO and the CFO make the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing the Annual Report. However, as at the date of this report the Company does not have a designated CEO or CFO. Due to the size and scale of operations of the Company these roles are performed by the Board as a whole.

2. Board Committees

2.1 Audit Committee

Due to the size and scale of operations of the Company the full Board undertakes the role of the Audit Committee. Below is a summary of the role and responsibilities of an Audit Committee.

2.1.1 Role

The Audit Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors.

As the whole Board only consists of three (3) members, the Company does not have an audit committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues and an audit committee cannot be justified based on a cost-benefit analysis. However, in accordance with the ASX Listing Rules, the Company is moving towards establishing an audit committee consisting primarily of Independent Directors.

In the absence of an audit committee, the Board sets aside time to deal with issues and responsibilities usually delegated to the audit committee to ensure the integrity of the financial statements of the Company and the independence of the external auditor.

2.1.2 Responsibilities

The Audit Committee or as at the date of this report the full Board of the Company reviews the audited annual and half-yearly financial statements and any reports which accompany published financial statements and recommends their approval to the members.

The Audit Committee or as at the date of this report the full Board of the Company each year reviews the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal.

The Audit Committee or as at the date of this report the full Board of the Company is also responsible for establishing policies on risk oversight and management.

2.2 Remuneration Committee

2.2.1 Role

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

As the whole Board only consists of three (3) members, the Company does not have a remuneration committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

2.2.2 Responsibilities

The responsibilities of a Remuneration Committee, or the full Board include setting policies for senior officers' remuneration, setting the terms and conditions of employment for the Chief Executive Officer, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both Executive and Non-Executive Directors and making recommendations on any proposed changes and undertaking reviews of the Chief Executive Officer's performance, including, setting with the Chief Executive Officer goals and reviewing progress in achieving those goals.

2.2.3 Remuneration Policy

Directors' Remuneration was approved by resolution of the Board on 21 March 2003.

2.2.3.1 Senior Executive Remuneration Policy

The Company is committed to remunerating its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, under the Senior Executive Remuneration Policy the remuneration of senior executive may be comprised of the following:

- fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;
- a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;
- participation in any share/option scheme with thresholds approved by shareholders;
- statutory superannuation.

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration the Company aims to align the interests of senior executives with those of shareholders and increase Company performance. During the year there were no Non-Director Executives.

The value of shares and options were they to be granted to senior executives would be calculated using the Black and Scholes method.

The objective behind using this remuneration structure is to drive improved Company performance and thereby increase shareholder value as well as aligning the interests of executives and shareholders.

The Board may use its discretion with respect to the payment of bonuses, stock options and other incentive payments.

2.2.3.2 Non-Executive Director Remuneration Policy

Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors do not receive performance based bonuses and do not participate in equity schemes of the Company.

Non-Executive Directors are entitled to but not necessarily paid statutory superannuation.

2.2.4 Current Director Remuneration

Full details regarding the remuneration of Directors, is included in the Directors' Report.

2.3 Nomination Committee

2.3.1 Role

The role of a Nomination Committee is to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times.

As the whole Board only consists of three (3) members, the Company does not have a nomination committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

2.3.2 Responsibilities

The responsibilities of a Nomination Committee would include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Nomination Committee would also oversee management succession plans including the CEO and his/her direct reports and evaluate the Board's performance and make recommendations for the appointment and removal of Directors. Currently the Board as a whole performs this role.

2.3.3 Criteria for selection of Directors

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one Director with experience appropriate to the Company's target market. In addition, Directors should have the relevant blend of personal experience in accounting and financial management and Director-level business experience.

3. Company Code Of Conduct

The Board has decided against the implementation of a code of conduct as it does not believe that it is in the best interests of its employees or other stakeholders to have what purports to be an exhaustive code of conduct. The Board feels that such a code may be too prescriptive and not allow the employees the discretion they need to best serve the Company's stakeholders.

SCHEDULE OF MINERAL TENEMENTS AS AT 20 AUGUST 2004		
Project	Tenement	Interest held by Gleneagle Gold Ltd
Fortnum	E52/1341	100%
Fortnum	L52/0029	100%
Fortnum	L52/0030	100%
Fortnum	M52/0005	100%
Fortnum	M52/0006	100%
Fortnum	M52/0093	100%
Fortnum	M52/0095	100%
Fortnum	M52/0096	100%
Fortnum	M52/0098	100%
Fortnum	M52/0099	100%
Fortnum	M52/0125	100%
Fortnum	M52/0132	100%
Fortnum	M52/0133	100%
Fortnum	M52/0338	100%
Fortnum	MLA52/0566	100%
Fortnum	MLA52/0578	100%
Fortnum	MLA52/0579	100%
Fortnum	MLA52/0580	100%
Fortnum	P52/0586	100%
Fortnum	P52/0587	100%
Fortnum	P52/0588	100%
Fortnum	P52/0589	100%
Fortnum	P52/0590	100%
Fortnum	P52/0591	100%
Fortnum	P52/0592	100%
Fortnum	P52/0593	100%
Fortnum	P52/0594	100%
Fortnum	P52/0595	100%
Fortnum	P52/0596	100%
Fortnum	P52/0597	100%
Fortnum	P52/0598	100%
Fortnum	P52/0599	100%
Peak Hill Regional	ELA51/1033	80%
Peak Hill Regional	ELA51/1053	100%
Peak Hill Regional	ELA51/1060	80%
Peak Hill Regional	ELA52/1613	80%
Peak Hill Regional	E52/1655	80%
Peak Hill Regional	E52/1659	80%
Peak Hill Regional	E52/1668	80%
Peak Hill Regional	ELA52/1670	80%
Peak Hill Regional	ELA52/1671	80%
Peak Hill Regional	ELA52/1672	80%
Peak Hill Regional	E52/1678	80%
Peak Hill Regional	ELA52/1720	100%
Peak Hill Regional	ELA52/1722	80%
Peak Hill Regional	ELA52/1723	100%
Peak Hill Regional	ELA52/1730	100%

SCHEDULE OF MINERAL TENEMENTS AS AT 20 AUGUST 2004

Project	Tenement	Interest held by Gleneagle Gold Ltd
Peak Hill Regional	ELA52/1731	100%
Peak Hill Regional	P52/1039	80%
Peak Hill Regional	P52/1040	80%
Peak Hill Regional	P52/1041	80%
Peak Hill Regional	P52/1042	80%
Peak Hill Regional	P52/1046	80%
Peak Hill Regional	P52/1047	80%
Peak Hill Regional	P52/1048	80%
Peak Hill Regional	P52/1049	80%
Peak Hill Regional	P52/1050	80%
Peak Hill Regional	PLA52/1082	100%
Wembley	MLA52/0587	nil, earning 80%
Wembley	ML52/0801	nil, earning 80%
Wembley	P52/1073	100%
Wembley	P52/1074	100%
Wembley	P52/1075	100%
Wembley	P52/1076	100%
Wembley	P52/1077	100%
Goodins	M51/0013	nil, option to acquire 80%

P *Prospecting Licence*

E *Exploration Licence*

M *Mining Licence*

GLENEAGLE
GOLD LIMITED
ABN 27 103 782 378

Level 2, 41 - 43 Ord Street
West Perth Western Australia 6005
Phone: +61 8 9476 4646 Facsimile: +61 8 9476 4600
Email: admin@gleaneaglegold.com.au

www.gleneaglegold.com.au