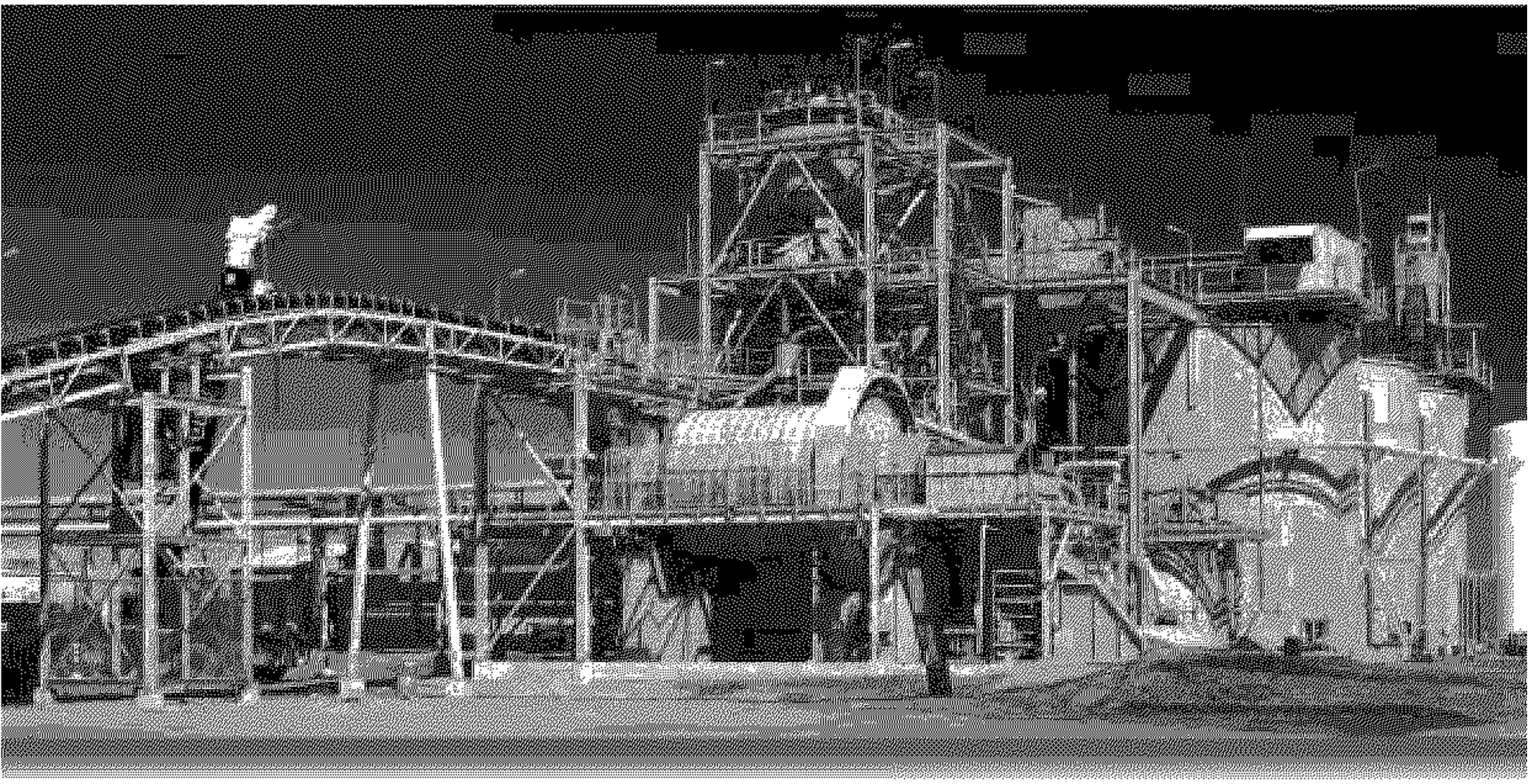
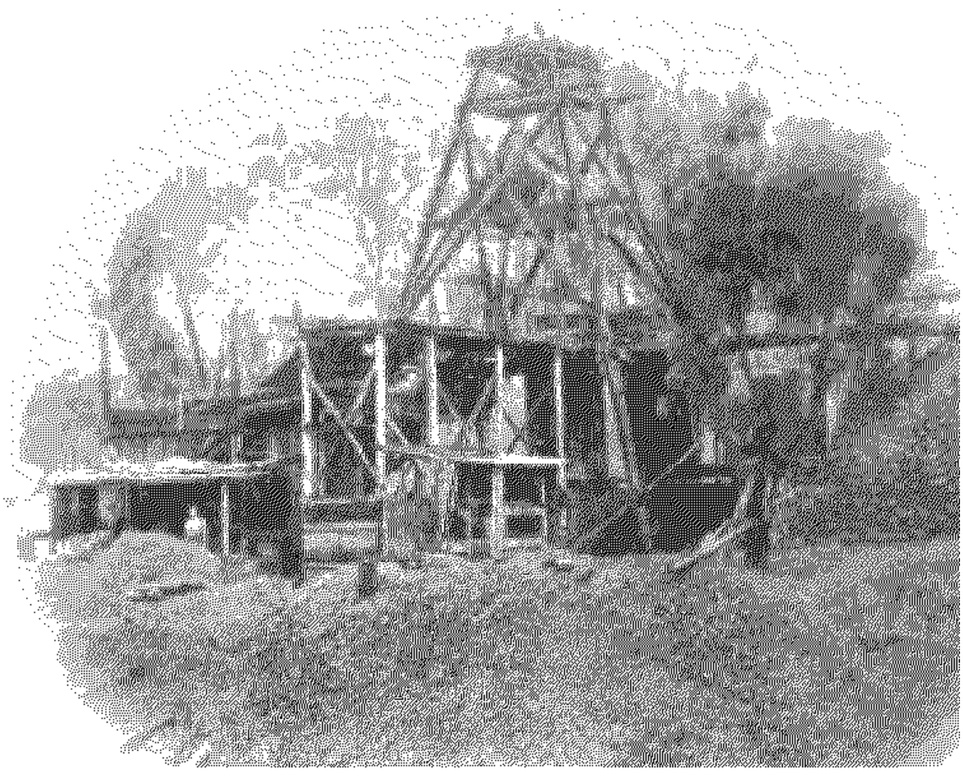
EQUIGOLD NL

ABN 42 060 235 145



Annual Report 2004



Directory

Board of Directors
S Lee – Chairman
NE Giorgetta – Managing Director
MJ Clark
G Evans
FG Fergusson
P Lee – Alternate to S Lee
RF Stanley

Company Secretary
MJ Clark

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Security Transfer Registrars Pty Ltd
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Bankers
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Perth WA 6000
and
Westpac Banking Corporation Limited
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Perth WA 6000

Auditors
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152-158 St. George's Terrace
Perth WA 6000

Home Exchange
Australian Stock Exchange Ltd

Contents

Photographic Acknowledgement:
The historic photographs used in this report were taken in the Mount Rawdon and wider region of Queensland and date back to 1869. These photographs were kindly provided to Equigold by, and reproduced with the permission of, Mr Bill and Mrs Bonnie Stacey of Maryborough.

Chairman's Statement

The 2004 financial year has been another record breaking year for Equigold. The Company increased gold production for the fifth consecutive year and increased profits for the seventh consecutive year.

Gold production of 156,556 ounces was an increase of 24% on the prior year and the profit after tax increased 36% to $16.7 million.

This excellent financial result allowed the Company to continue paying strong dividends to shareholders. The 2004 interim and final dividends totalled 7.0 cents per share, fully franked. Based on the Company's share price at the time of writing, this represents a dividend yield of around 4.9% per annum. The 2004 final dividend takes the cumulative dividends paid to 19.5 cents per share or $27.3 million. It is worth noting that Equigold has now returned to shareholders, in the form of fully franked dividends, more than the initial $20 million raised in the Company's IPO in 1996.

Both of the Company's Australian operations produced good results during the year. This is in no small part the result of the continued and unwavering professionalism and enthusiasm of the management and staff working at those operations. The results of the operations, as published in quarterly reports, appear straight forward and are often taken as a "given" by people outside the Company. The reality is very different. Like any business, these operations face challenges and problems every day. It is the people on the ground, who live and breathe the operations that solve the problems and make the results possible.

Gold production from the Australian projects in 2005 is forecast at 161,000 ounces. This is broadly in line with 2004 production and reflects the fact that both projects are now effectively operating at their full capacity. We will be actively exploring around both the Mt Rawdon and Kirkalocka mine sites in 2005 with the aim of finding additional mineable gold resources.

The resources industry has been in a very buoyant phase during 2004. Most metal and commodity prices have seen solid increases over the year and the gold price has also been relatively strong, spending a large part of the year above US$400 per ounce. This is obviously a positive time for the industry. It has however, made the task of growing the Company through project acquisition more difficult. We have continued to review project acquisition opportunities during the year but the assets offered for sale have largely not met our investment criteria. When such assets have met our investment criteria, the prices ultimately paid for those assets have, in our view, often been excessive. Whilst we would like to continue growth through acquisition, as this strategy has been very successful for the Company in the past, we are very aware of the perils of making an imprudent or expensive acquisition.

Fortunately for the Company our future growth is not dependent on making an acquisition. The Company's Bonikro project in Ivory Coast is currently the subject of a feasibility study and we are confident that it will ultimately become our next gold mining operation. We are working towards completing the feasibility study by the end of 2004 and, all things going to plan, hope to begin construction of the mine in early 2005 with a view to commencing gold production in late 2005. This project has the potential to lift Equigold into the ranks of Australia's major gold producers.

During 2005 we will also start a major exploration effort on our large tenement portfolio in Ivory Coast. These tenements cover approximately 460 kilometres of the prospective Birimian greenstone rock sequence of West Africa. These greenstone belts host numerous multi-million ounce gold deposits in Ghana, Mali, Burkina Faso and Ivory Coast. Our tenement areas are prospective and largely unexplored and we believe there is a real chance for the Company to build a major gold resource portfolio in the country.

We are looking forward to the challenges ahead of us in 2005. It should be a year of major progress for the Company as we continue our drive to grow the Company and deliver sustainable returns to our shareholders.

Simon Lee AO

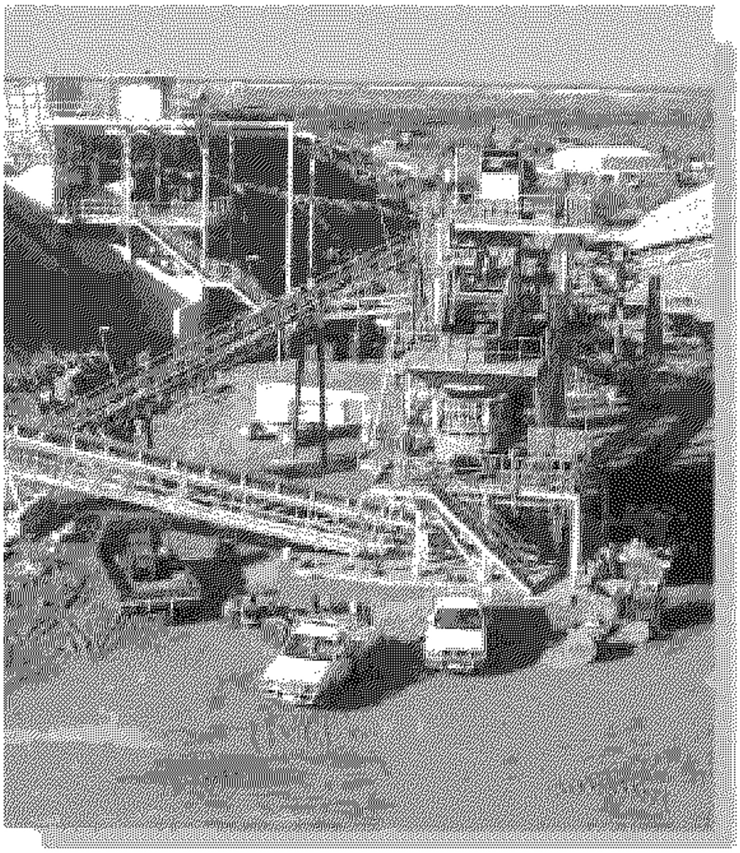
Highlights

Corporate

- Record profit after tax of $16.67 million, up 36% from $12.26 million in 2003.
- Profit increased for the seventh consecutive year.
- Earnings per share increased 29% to 11.2 cents per share.
- Payment of a 4.0 cents per share fully franked final dividend, taking the full year dividend to 7.0 cents per share.
- The full year dividend of 7.0 cents per share represents a payout ratio (% of net profit after tax) of 62% and a dividend yield of approximately 4.9%.

Operations and Exploration

- Record gold production of 156,556 ounces, up 24% from 2003 production of 126,756 ounces.
- First full year of gold production from the Kirkalocka Gold Mine in Western Australia.
- Completion of a crushing circuit upgrade at the Kirkalocka Gold Mine.
- Completion of a resource reclassification drilling programme at the Bonikro project in Ivory Coast.
- Commencement of feasibility study into development of the Bonikro project.
- Completion of heritage agreement with Native Title claimant group at Kirkalocka Gold Mine should allow granting of exploration licence applications.



Outlook

- Feasibility study into development of the Bonikro project due for completion late in 2004.
- If the feasibility study is successful, the Company plans to commence construction of the project early in calendar 2005.
- The Company will continue to pursue project acquisition opportunities in the gold industry, where such acquisitions fit the Equigold business model.

Equigold, a clear focus on delivering returns to shareholders through discovering, acquiring and developing gold mines.

Review of Operations

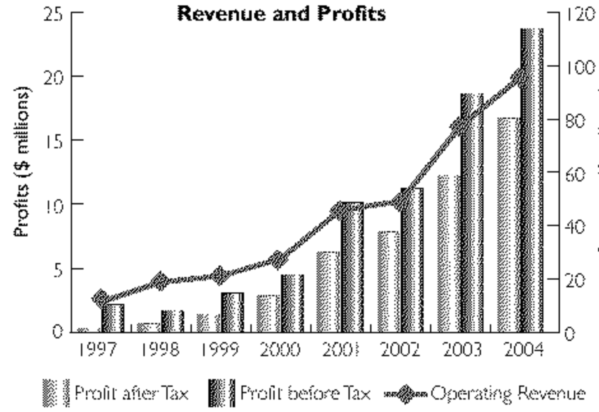
CORPORATE

Financial Summary

Equigold reported a profit after tax for the year ended 30 June 2004 of $16.67 million, the seventh consecutive year of increased profits. The profit was the result of a 23% increase in revenue to $95.55 million as gold production rose 24% to 156,556 ounces in 2004. The profit represents earnings per share of 11.2 cents and return on shareholders' equity of 22%.

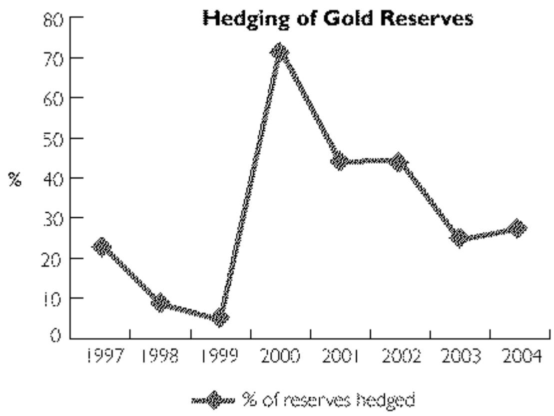
The Company continued to pay strong dividends during the year, increasing the fully franked dividend payout from 5.0 cents per share in 2003 to 7.0 cps in 2004.

	2004	2003
Operating revenue	$95.55m	$77.38m
Profit after tax	$16.67m	$12.26m
Earnings per share	11.2 cents	8.7 cents
Dividend per share	7.0 cents	5.0 cents
Gold production	156,556 ounces	126,756 ounces



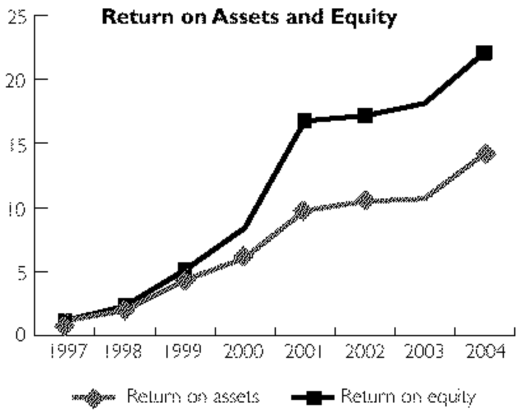
Restructure of Gold Hedge Book

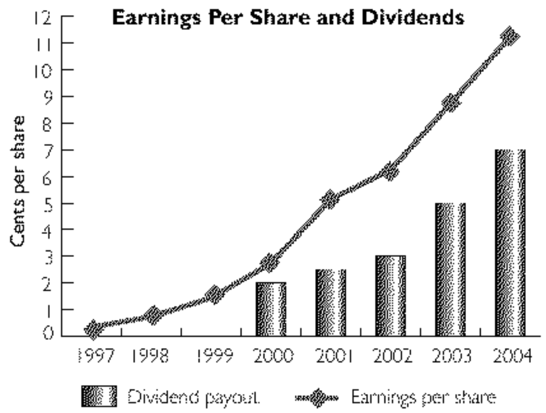
In early July 2003 the Company completed a major restructure of its gold hedge-book and loan facility. The restructure resulted in the closure of 206,864 ounces of gold hedging and generated $20.0 million in cash proceeds. These funds were used towards the full repayment of the Company's $24.6 million secured debt.



During June 2004 the Company took advantage of a higher A$ gold price to further restructure the gold hedge-book. The restructure involved the following:

1. The granting of 76,980 ounces of European call options with a strike price of A$700 per ounce, expiring between March 2012 and December 2012;
2. The reduction of the gold metal fee allowance in the existing gold flat forward contracts to a level in line with recent experience in the lease rate market; and
3. The enhancement of the forward price on the existing 345,130 ounces of flat forward contracts from A$530 per ounce to A$600 per ounce. The volume and delivery timing of the flat forward contracts has not changed.





The increase in the A$ gold late in 2004 presented the Company with an attractive opportunity to enhance the overall delivery price of the gold hedge-book. The long mine life at the Mount Rawdon project allowed the Company to grant a relatively small volume of longer dated call options, at a very attractive strike price, whilst still creating significant value in the hedge-book.

The gold metal fee allowance in the existing flat forward contracts was originally set in 1999 when gold lease rates were significantly higher than at the current time. The metal fee allowance for all of these contracts has been reduced in line with the effective rates achieved by the Company in the past 18 months. Whilst this reduction in the allowance does not change the Company's actual exposure to gold lease rates, it does improve the delivered gold price of the flat forward contracts.

As at 30 June 2004 (and after the hedge restructure referred to above) the Company had 367,518 ounces of gold forward sold at an average delivery price of $597 per ounce, representing coverage of approximately 27% of reserves.

Cash and Debt

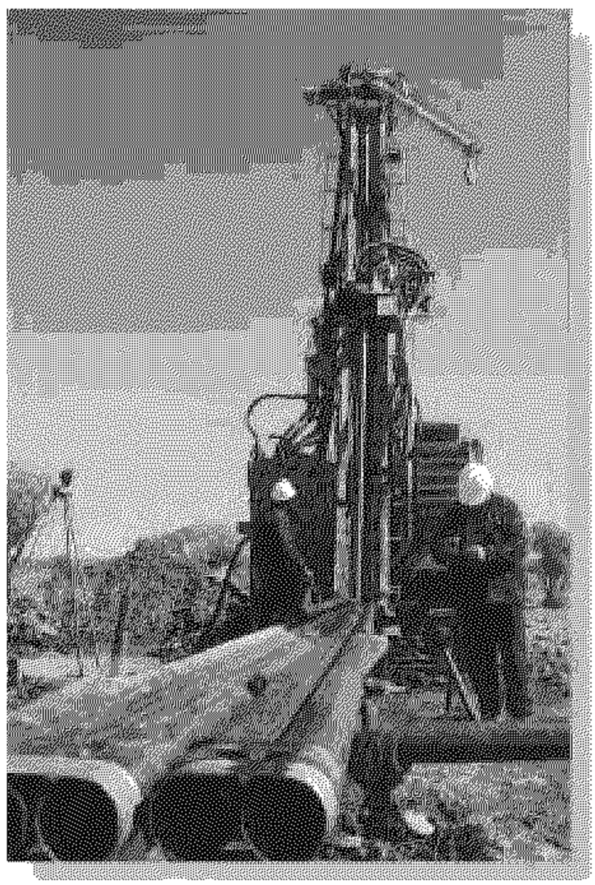
As at 30 June 2004 Equigold had cash and bullion holdings of $13.9 million.

Although the secured debt has been fully repaid, the Company has retained a corporate loan facility of $15 million with Macquarie Bank Limited for working capital requirements, project acquisition opportunities or other corporate purposes.

Outlook

The Company will complete a feasibility study into the development of the Bonikro project in Ivory Coast during the year. If the feasibility study supports development of the project, the Company intends to commence construction in early calendar 2005 with a view to first gold production late in calendar 2005.

Equigold is continuing to assess potential acquisition opportunities in the gold industry, both in Australia and overseas, with a view to acquiring a value-adding project complementary to its existing projects. Any such acquisition will be carefully assessed to ensure that it will generate a return on equity consistent with the Board's criteria.

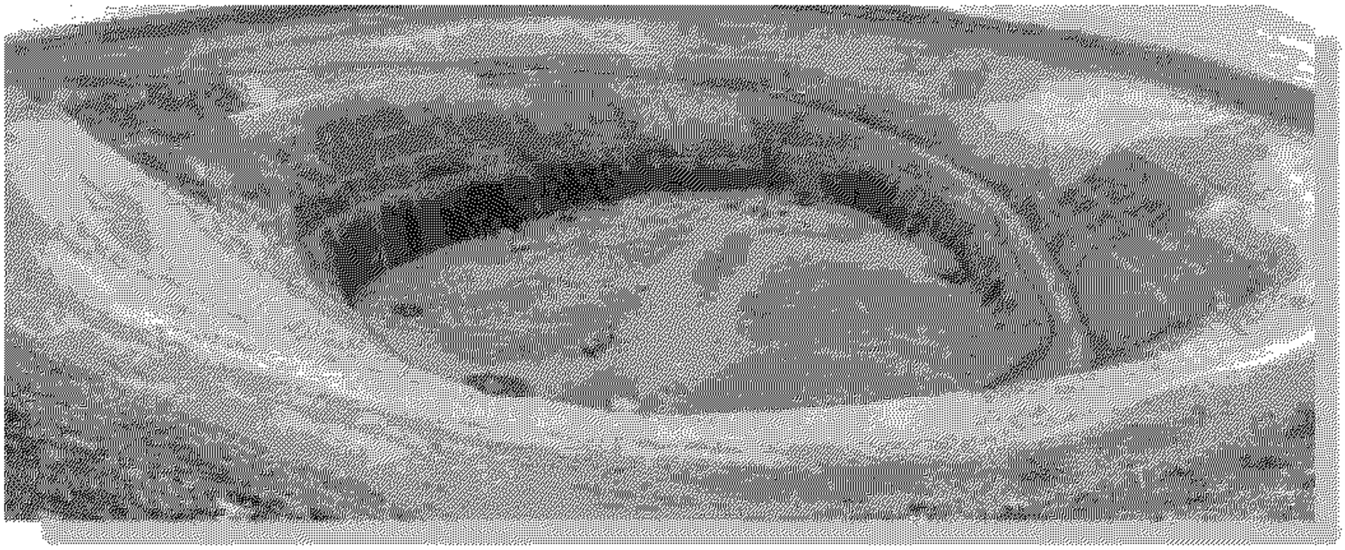


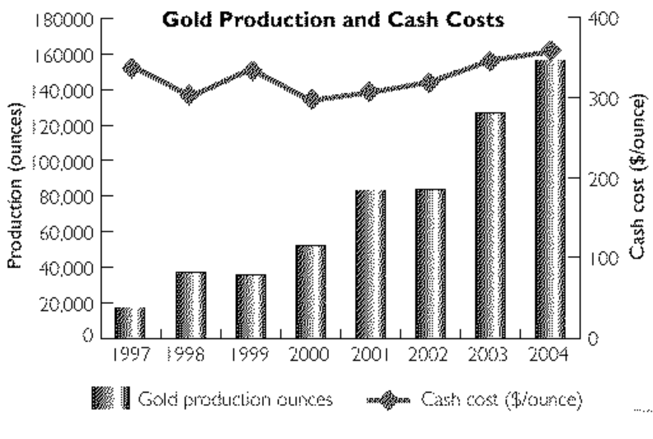
PRODUCTION, RESERVES AND RESOURCES

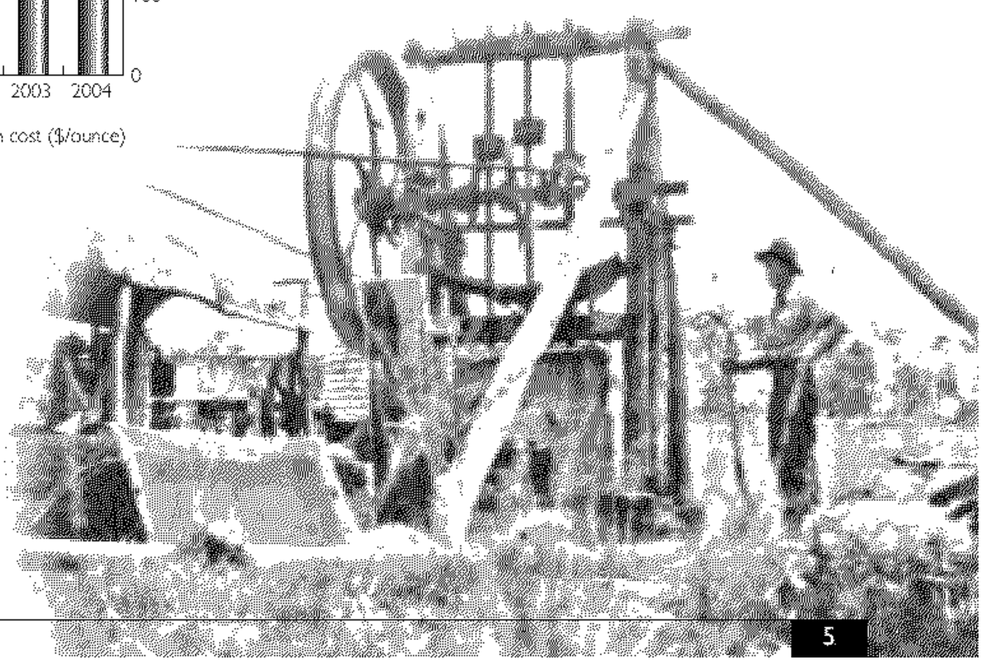
Gold Production

Gold production for the year ended 30 June 2004 is summarised as follows:

		2004	2003
Mt. Rawdon (100% Equigold)	Production (oz)	89,102	81,381
	Cash Cost ($/oz)	370	338
Kirkalocka (100% Equigold)	Production (oz)	67,454	45,375
	Cash Cost ($/oz)	341	359
Equigold	**Production (oz)**	**156,556**	**126,756**
	Cash Cost ($/oz)	**357**	**346**







Reserves and Resources

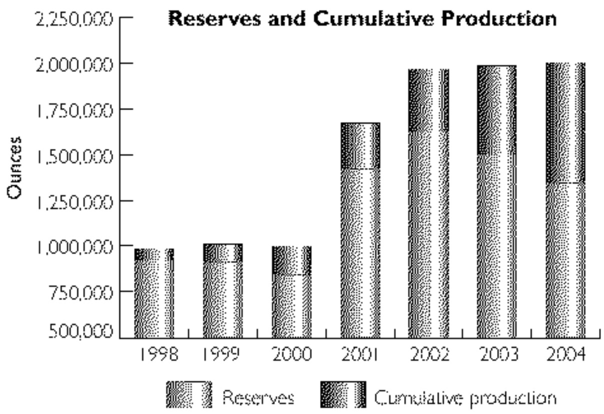
The Company's attributable gold reserves as at 30 June 2004 were as follows:

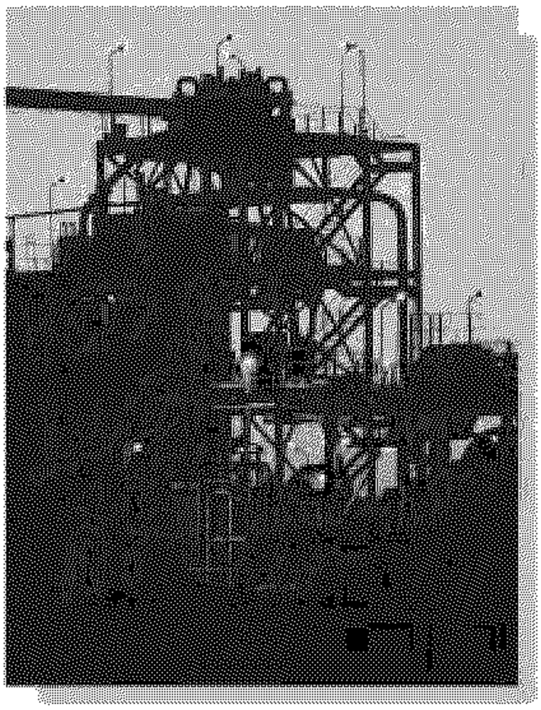
	Tonnes	Gold Grade (g/t)	Contained Gold (Ounces)	Silver Grade (g/t)	Contained Silver (Ounces)
Mt Rawdon	36,022,000	0.97	1,128,100	3.32	3,849,000
Kirkalocka	3,810,000	1.75	214,300	-	-
TOTAL RESERVES	**39,832,000**	**1.05**	**1,342,400**	**-**	**3,849,000**

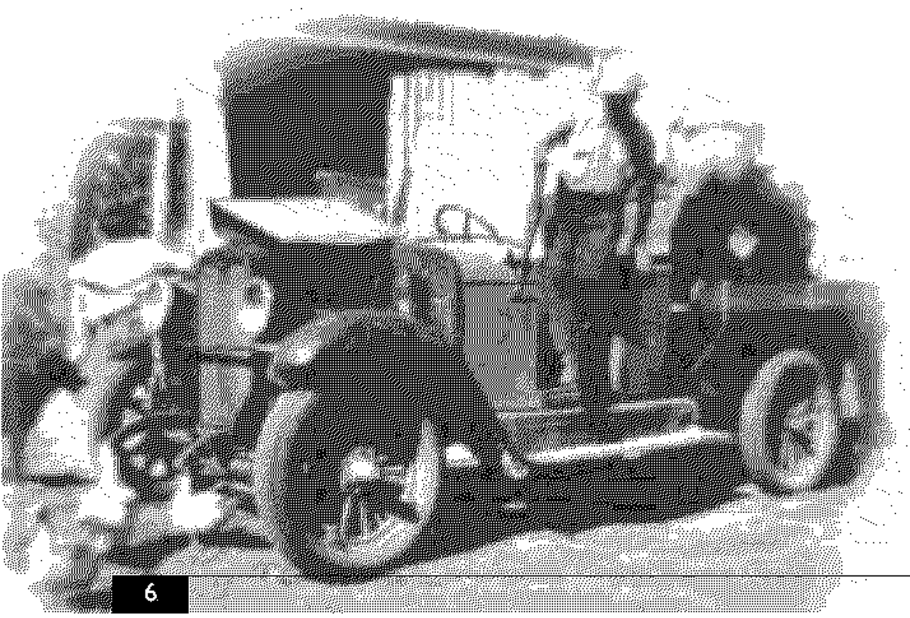
As at 30 June 2004 gold resources (including reserves above) attributable to the Company totalled 3,784,600 ounces as tabled below:

Project	Resource Category	Tonnes	Gold Grade (g/t)	Contained Gold (Ounces)
Kirkalocka	Measured + Indicated	6,448,000	1.8	377,900
Mt. Rawdon	Measured + Indicated + Inferred	67,253,000	0.9	1,929,500
Bonikro	Indicated + Inferred	23,610,000	1.6	1,221,000
Dalgaranga JV	Indicated + Inferred	4,430,000	1.8	256,200
TOTAL RESOURCES		**101,741,000**	**1.2**	**3,784,600**

Further details of Equigold's reserves and resources are shown in the tables at the end of this review of operations.





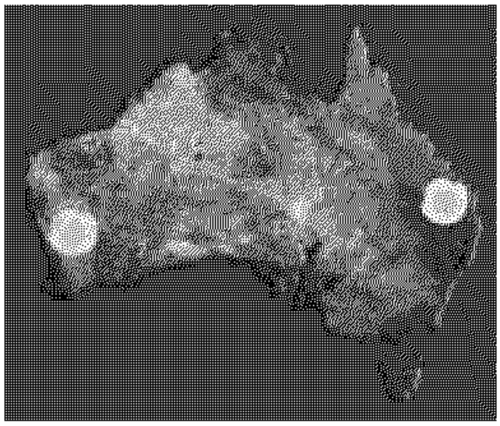


OPERATIONS

Mount Rawdon

Mining

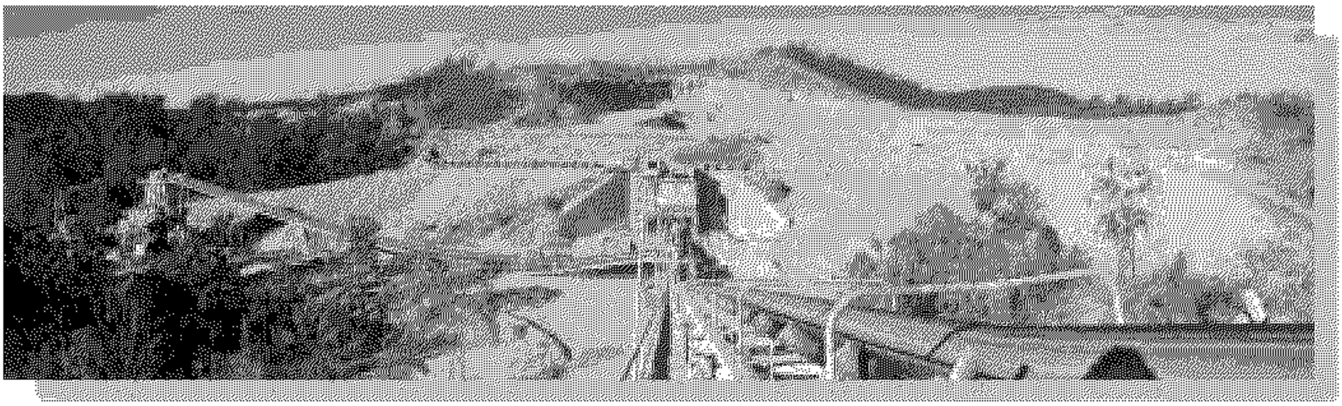
Operational performance for 2004 at the Company's 100% owned Mount Rawdon project in south east Queensland is shown below:



	2004	2003
Ore mined (tonnes)	3,335,113	2,782,774
Ore milled (tonnes)	3,242,110	2,747,583
Head grade (g/t)	0.98	1.05
Recovery (%)	87.6	88.2
Total production (oz)	89,108	81,381
Cash cost (A$/oz)	370	338

Gold production at Mount Rawdon increased 9% to 89,108 ounces in 2004 due to the increase in mill throughput as a result of the crushing circuit upgrade completed part way through the prior year. The mill is now expected to continue to achieve its design throughput capacity of 3.3 – 3.4 million tones per annum. The milled grade of the ore treated, at 0.98g/t for the year, was lower than the prior year due to the particular levels of the pit mined during the year.

The cash cost of production increased from $338 per ounce in 2003 to $370 per ounce in 2004. This increase was primarily the result of the lower grade of ore milled during the year and its consequential effect on gold production and therefore cost per ounce. However, the key indicator of cost control in an operating sense, the cash cost per tonne milled, remained steady at $10.16 in 2004 as compared with $10.05 in 2003. The cash cost of gold production at Mount Rawdon is forecast to remain in the $360 - $370 per ounce range in 2005.



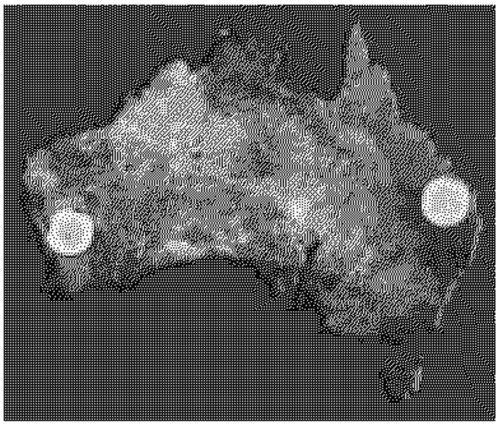
Exploration

Exploration efforts at Mt. Rawdon during the year focussed on re-appraisal and reinterpretation of available geological, geochemical and geophysical data. Open file magnetic and radiometric data was purchased and reinterpreted with encouraging results. Several magnetic and radiometic anomalies were suggested and these will require further investigation. Applications for two further exploration permits were made as a follow-up to the geophysical reinterpretation. These exploration permits cover approximately 250 square kilometres and have recently been granted. Geophysical surveys involving Dipole-Dipole and Gradient Array I.P. methods will be conducted in 2005.

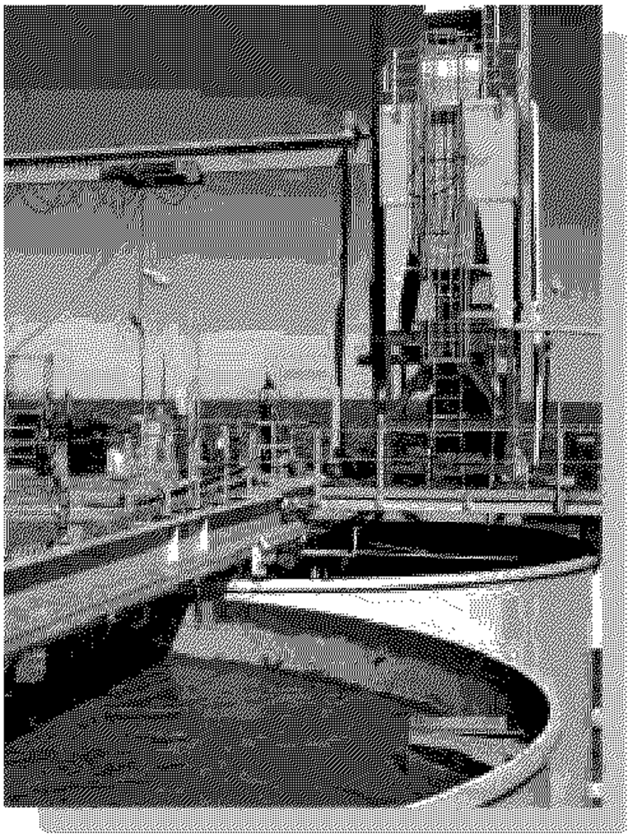
Kirkalocka

Mining

The year ended 30 June 2004 was the first full year of gold production at the Company's 100% owned Kirkalocka project, located near Mount Magnet in Western Australia. A summary of production statistics at Kirkalocka for 2004 is as follows:



	2004	2003
Ore mined (tonnes)	2,105,861	1,736,941
Ore milled (tonnes)	1,243,831	993,472
Head grade (g/t)	1.74	1.64
Recovery (%)	94.2	92.5
Total production (oz)	67,454	45,375
Cash cost (A$/oz)	341	359



Gold production at the Kirkalocka project increased 49% to 67,454 ounces in 2004. The positive reconciliation of mining to the geological reserve experienced early in the mining of the Curara Well open pit continued strongly during 2004. Mining during the year yielded 442,000 more tonnes of ore (+28%) and 11,700 more ounces of gold (+13%) than predicted by the geological reserve.

This positive reconciliation, combined with the accelerated mining rate adopted during the year has allowed the Company to build a significant ore stockpile of 1.6 million tonnes at a grade of 1.34g/t. This represents approximately 16 months of mill feed and provides the project with significant operational flexibility.

In the last quarter of 2004 it became apparent that the mill at Kirkalocka could not achieve the budgeted throughput rate when treating an ore blend of predominantly hard, fresh material as currently being mined from the Curara Well pit. In order to maintain a satisfactory throughput rate it was necessary to blend a higher proportion of soft oxide ore from the stockpile with the harder ore being mined. This had the effect of reducing gold production as the stockpile ore is lower grade than the ore currently being mined. Since the end of the year the Company has commissioned a secondary crushing circuit at Kirkalocka which will contribute to a milling throughput in the order of 1.0 – 1.2 million tonnes per annum when treating hard, fresh ore. This will see gold production in 2005 at a similar level to 2004 at a cash cost of approximately $370 per ounce.

Exploration

Kirkalocka licences

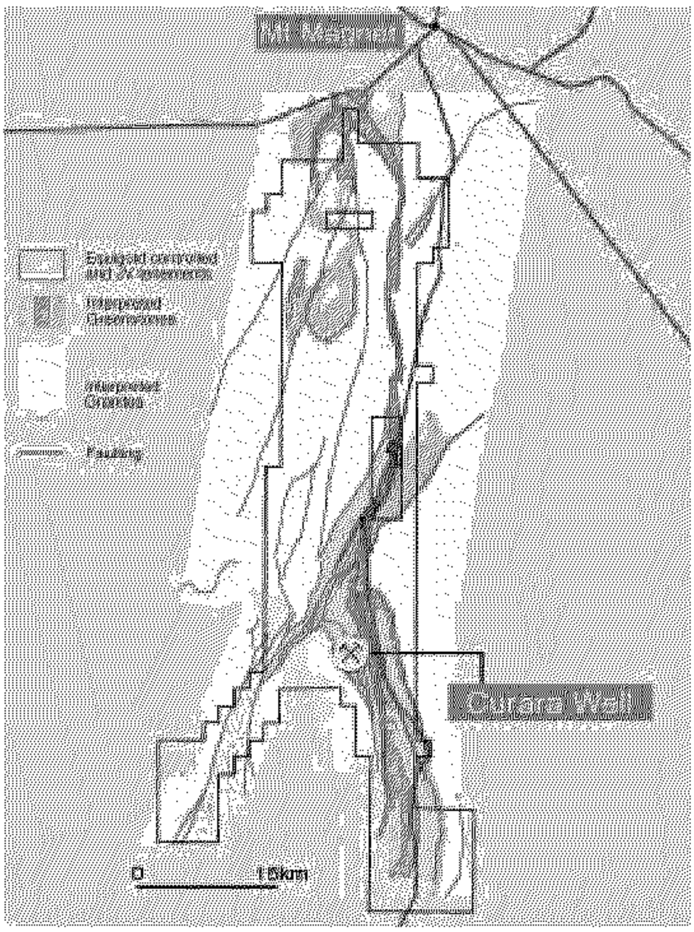
Exploration programmes at the Kirkalocka project during 2004 were largely orientated towards geochemical soil sampling surveys (2003 soils collected and assayed) and reinterpretation of available geophysical data. This geochemical and geophysical exploration work has generated numerous interpreted target zones that will require further investigation.

A total of 2,517 metres of drilling was completed to test several of the geochemical and geophysical targets. No significant results were obtained.

Exploration efforts to date have been focussed on the Curara Well minesite area and adjacent granted tenements. A large portion of the Company's tenement holdings are still under application due to the Native Title process and are yet to be adequately explored. Heritage agreements have recently been executed with the registered Native Title claimant group covering these tenements and they are expected to be granted shortly. Granting of these applications will allow approximately 50 kilometres strike of the prospective Wydgee greenstone belt to be explored systematically during 2005. The Company plans to expedite exploration efforts during 2005 with an exploration budget in the order of $500,000 allocated to the project.

Jindalee Joint Venture

Equigold entered into an exploration heads of agreement with Jindalee Resources Limited during 2004 to earn up to an 80% interest in exploration licence E59/1024 in Murchison Granite Greenstone province of Western Australia. The tenement is located approximately 14 kilometres south of the Kirkalocka mine. The tenement has been the subject of sporadic historic exploration in the late 1980's and early 1990's.



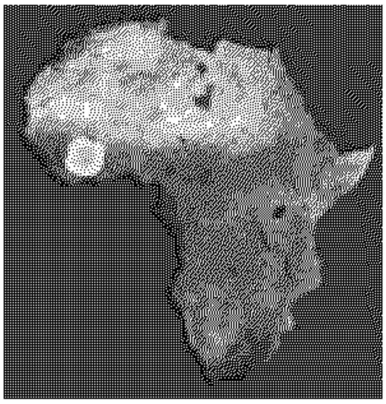
KIRKALOCKA REGIONAL GEOLOGY AND EQUIGOLD CONTROLLED TENEMENTS

Recent reinterpretation of geophysical surveys by Equigold identified several targets on the tenement and the Company undertook several programmes of surface soil sampling surveys during the June 2004 quarter. A total of 338 soil samples were collected to test three previously defined airbourne geophysical anomalies. The soil sampling returned several low order anomalous results (peak value 79ppb). The elevated areas require follow-up soil sampling and drill testing in adjacent ground.

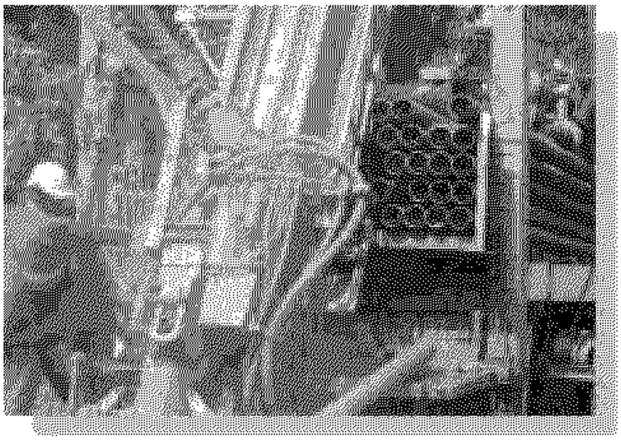
EXPLORATION PROJECTS

Cote D'Ivoire (West Africa)

Background



Equigold NL, through its subsidiary Equigold Cote d'Ivoire SA, holds a 94% interest in five granted exploration permits in Cote d'Ivoire (Ivory Coast) in West Africa. The Didievi (1,000km2) and Timbe (340km2) permits were granted during 2004. A further five exploration licences are currently under application and are expected to be granted during 2005.



The permits held by the Company as at 30 June 2004 were as follows:

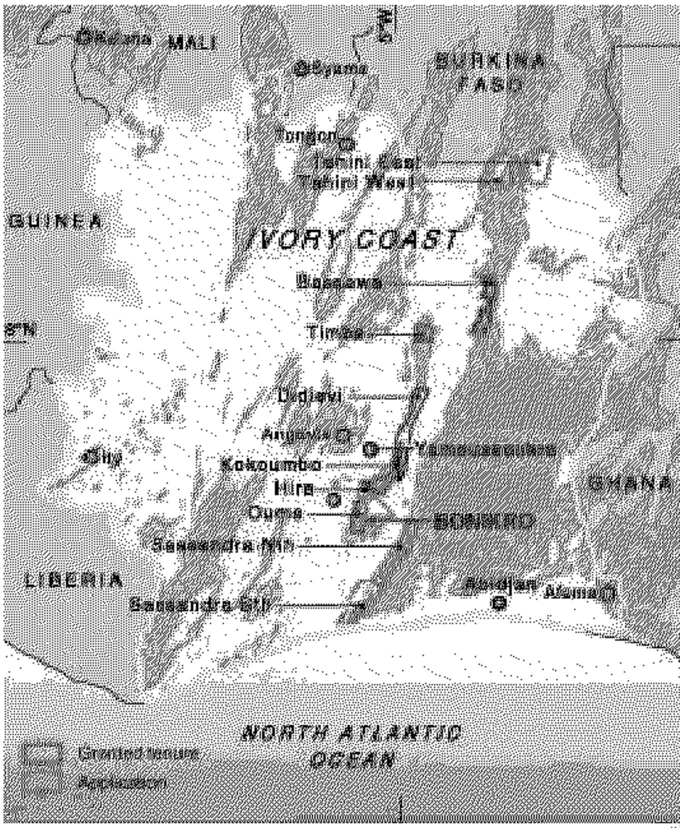
Permit	Area (square km)	Next Renewal
Oume	471	28 August 2006
Kokoumbo	455	4 September 2006
Bassawa	636	3 March 2004*
Didievi	1,000	2007
Timbe	340	2007

*Extension granted by Cote d'Ivoire Government due to restrictions on field work due to civil situation.

The licences currently under application are as follows:

Permit application	Area (square km)
Tehini West	993
Tehini East	972
Hire	825
Sassandra North	992
Sassandra South	962

The Company's granted permits cover approximately 180 kilometres strike of the highly prospective Oume – Fetekro Proterozoic greenstone belt. The Bassawa permit contains a further 60 kilometres of greenstone belt strike. Upon grant of the current permit applications, the Company's tenure would cover approximately 7,600 square kilometres in area and contain about 460 kilometres of Proterozoic greenstone strike. This is the same greenstone rock sequence which is known to host numerous multi-million ounce gold deposits in West Africa.

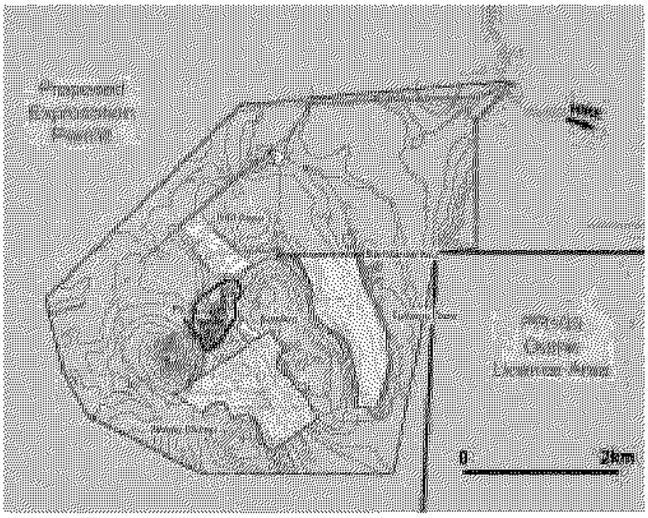


COTE D'IVOIRE EQUIGOLD TENEMENT STATUS AND GREENSTONE LOCATION

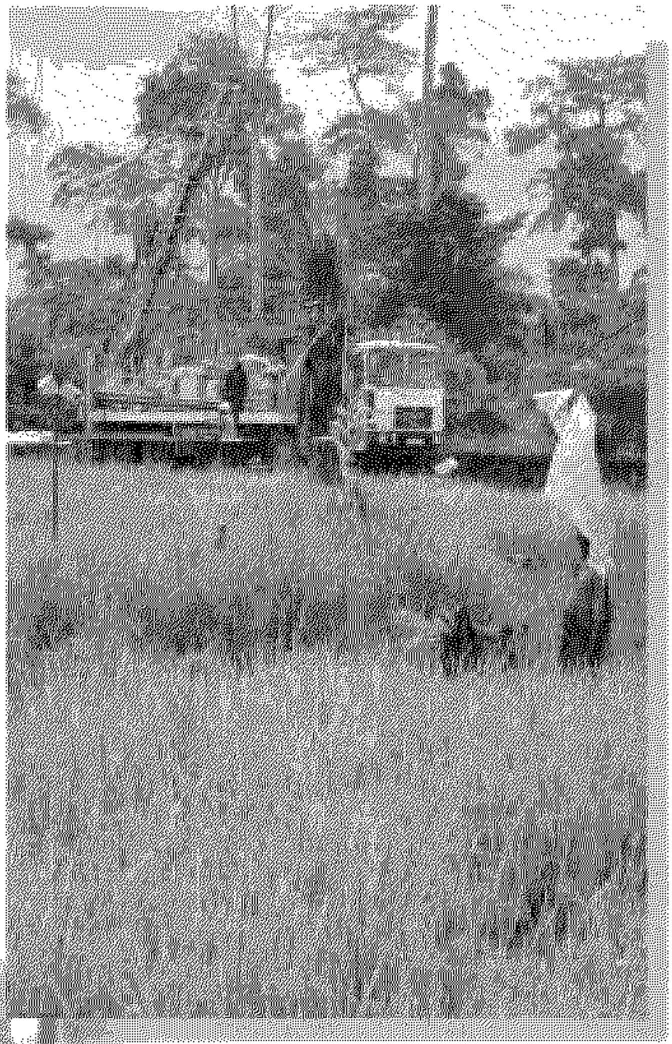
Bonikro Project

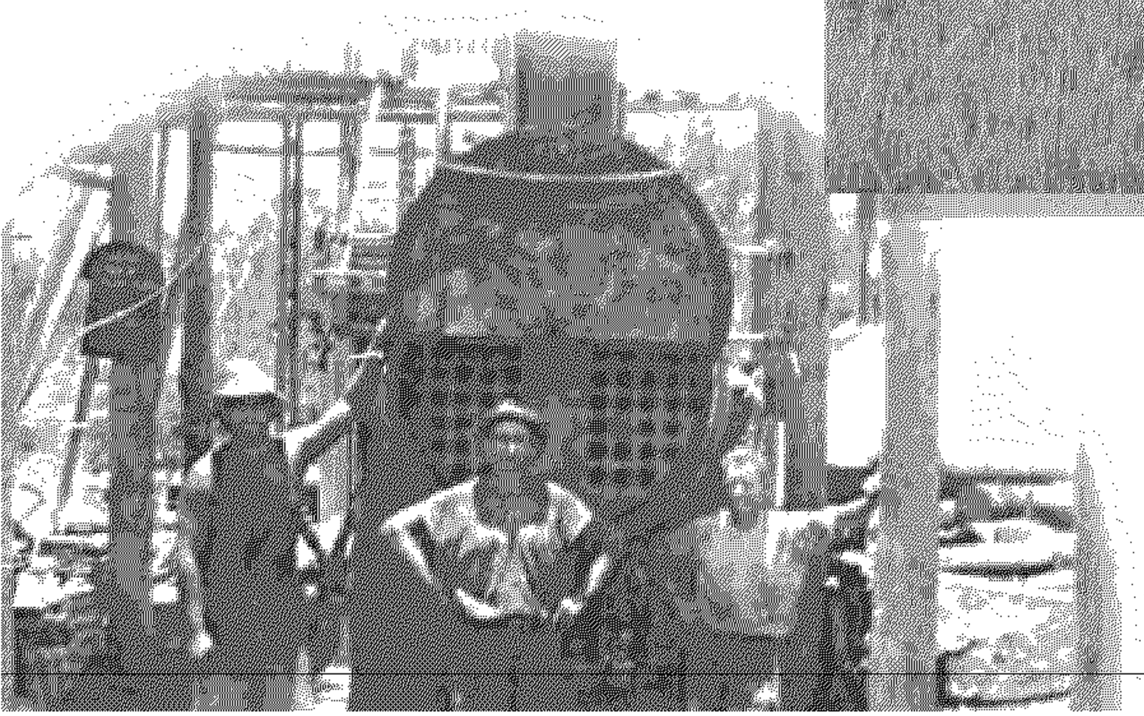
A large drilling programme was completed at the Bonikro deposit during 2004. The drilling was conducted on a predominantly 25 metre x 30 metre pattern and was designed primarily to allow re-estimation and re-classification of the Bonikro resource. The current reported resource is:

	Tonnes	Gold Grade (g/t)	Contained Gold (ozs)
Indicated + Inferred (0.6g/t gold lower cut)	25,056,000	1.6	1,300,000
Indicated + Inferred (1.0g/t gold lower cut)	13,183,000	2.4	1,004,000



PROPOSED BONIKRO SITE LAYOUT





The recent drilling and subsequent re-estimation and re-classification of resources will form the basis of the feasibility study into the development of the project. The drilling programme included 10,419 metres of RC drilling and 5,827 metres of diamond core and has strongly confirmed the geological and resource model previously developed. Selected significant gold intersections are tabled below:

Hole No.	WGS 84 Northing	WGS 84 Easting	Azimuth	Dip	Depth (m)	From (m)	To (m)	Interval (m)	Assay (g/t)
688550-003	688550.3	237134.5	270	-60	55.0	37.0	45.0	8.0	13.16
688550-004	688550.3	237165.0	270	-60	70.0	61.0	68.0	7.0	10.59
688650-003	688656.3	237079.2	270	-60	154.0	104.0	139.0	35.0	2.60
688675-001	688675.0	237080.0	270	-60	153.0	101.0	124.0	23.0	2.60
						130.0	153.0	23.0	6.51
688695-001	688696.0	237068.0	270	-60	150.0	95.0	117.0	22.0	14.86
688695-002	688699.0	237089.0	270	-60	190.0	120.0	152.0	32.0	8.1
688695-004	688696.2	237144.9	270	-60	251.5	15.0	30.0	15.0	6.15
						51.0	84.6	33.6	1.66
						106.0	114.0	8.0	2.62
						154.0	169.0	15.0	5.64
688695-006	688695.330	237242.4	270	-60	200.9	23.0	24.0	1.0	31.25
						40.0	44.0	4.0	6.78
						80.0	116.0	36.0	2.56
688725-002	688725.0	237110.0	270	-60	186.3	0.0	19.0	19.0	2.73
						82.0	105.0	23.0	2.67
						109.0	114.0	5.0	2.10
688740-003	688740.0	237125.0	270	-60	275.1	126.0	129.0	3.0	4.23
						205.0	230.0	25.0	2.58
688740-005	688740.0	237185.0	270	-60	85.0	31.0	66.0	35.0	3.79
688740-006	688740.0	237225.0	270	-60	252.0	59.0	92.0	33.0	3.35
						156.0	172.0	16.0	2.28
688740-04	688739.4	237155.6	270	-60	220.7	3.0	46.0	43.0	4.90
688740-05A	688739.6	237191.6	270	-60	231.0	18.0	70.0	52.0	3.16
688800-04	688789.2	237248.9	270	-60	270.0	76.0	87.0	11.0	3.19
						180.0	209.0	19.0	4.32
688800-05	688789.0	237289.0	270	-60	300.0	175.0	264.0	89.0	2.22
688825-01	688824.0	237176.2	270	-60	231.2	54.0	83.0	29.0	2.82
688875-05	688875.0	237261.0	270	-60	300.0	123.0	140.0	17.0	2.46
						199.0	241.0	42.0	2.43
688875-06	688874.5	237301.1	270	-60	320.0	129.0	164.0	35.0	2.21
						188.0	213.0	25.0	2.16
						226.0	277.0	51.0	3.70
688925-02A	688923.7	237254.5	270	-60	263.6	139.0	167.0	28.0	2.91
						237.0	248.0	11.0	2.88
689075-02	689075.7	237344.8	270	-60	45.0	27.0	43.0	16.0	4.58
ORCD214	688903.0	237304.0	271	-60	255.0	150.0	195.0	45.0	2.63

A further 2,063 metres of RC drilling was also completed around the Bonikro deposit to assist in sterilisation of areas proposed for infrastructure location and to provide additional geotechnical and hydrological information. This work was continuing at year end.

Significant feasibility study work is underway including site surveys, aerial photography, preliminary pit designs, sourcing power and water supplies, and pit dewatering studies. An Environmental Impact Statement is being coordinated by an international accredited environmental specialist and it is expected to be completed shortly.

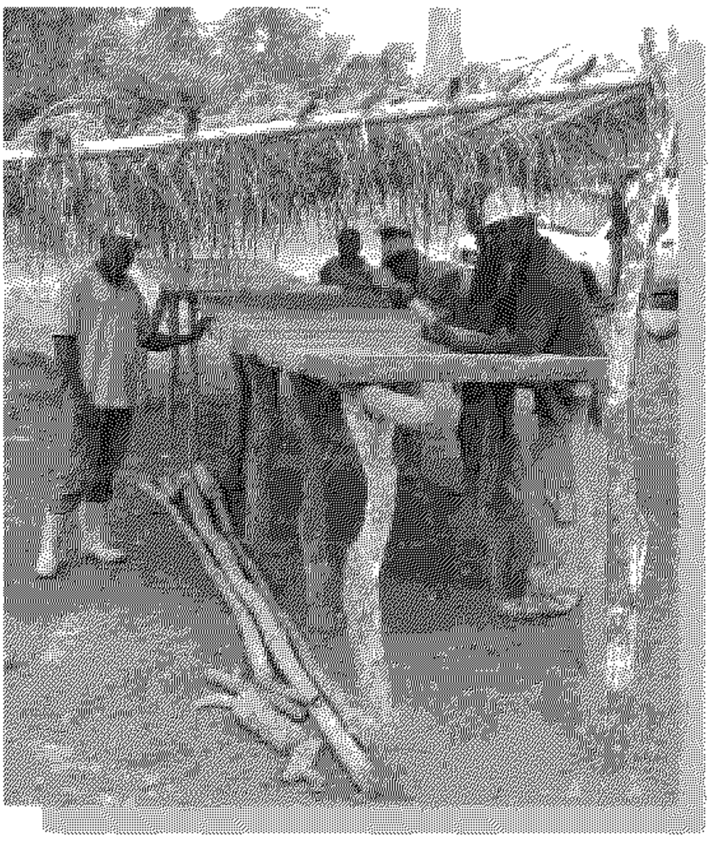
Outlook

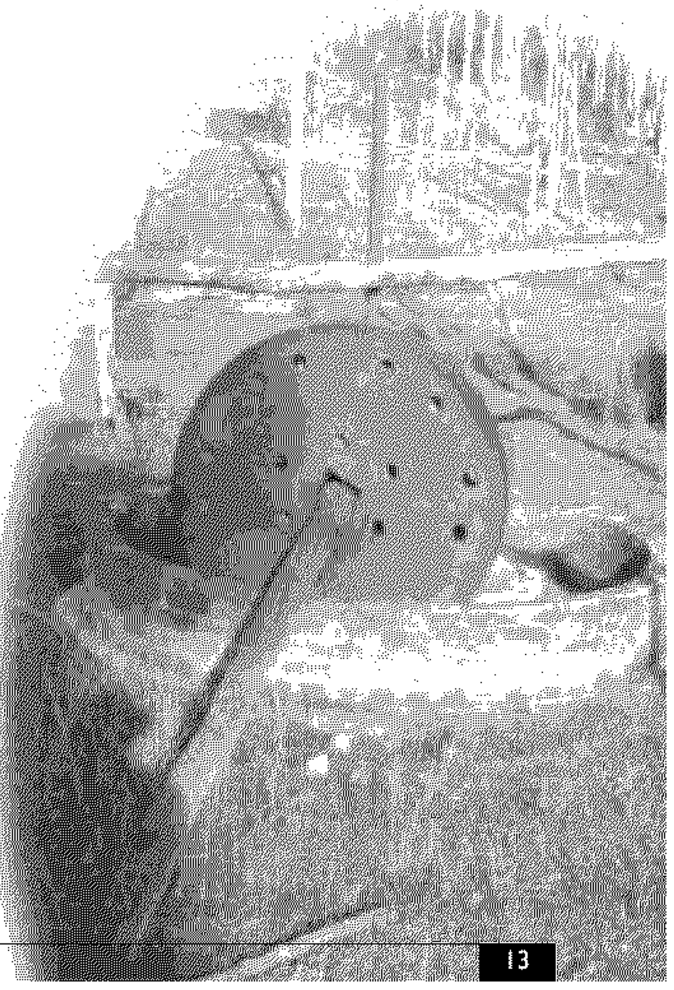
A preliminary scoping study has indicated the possibility of the following operating scenario at Bonikro:

In pit resource:	800,000 – 1 million ounces
Grade:	2.1g/t
Mill throughput rate:	2.0 – 2.5 million tones per annum
Gold production:	130,000 - 150,000 ounces per annum
Mine life:	7 – 8 years
Cash cost of production:	approximately US$250 per ounce
Capital expenditure:	US$45 – 50 million

Whilst these parameters are only preliminary and will be estimated with more certainty when the feasibility study is completed they give the Company optimism that the Bonikro project has the potential to be an economically viable gold mining operation. The Company expects to complete the feasibility study later in the year and anticipates making application to the Ivorian government for an exploitation licence by the end of calendar year 2004. On this basis, construction of the mine could commence early in 2005 with a view to commencing gold production by the end of calendar 2005.

Significant exploration efforts will also be commenced on the Company's tenement package in Ivory Coast during 2005. In the first instance exploration will focus on drill target generation through the use of geophysical and geochemical surveys of the tenement areas.





Mineral Resource Inventory

GOLD RESOURCES AS AT 30 JUNE 2004 (INCLUDES RESERVES)

PROJECT/DEPOSIT	Measured			Indicated			Inferred			Total		
	Tonnes	g/t	Ounces	Tonnes	g/t	Ounces	Tonnes	g/t	Ounces	Tonnes	g/t	Ounces
DALGARANGA												
Western Queen South				350,000	2.8	31,600	270,000	2.6	23,000	620,000	2.7	54,600
Western Queen Deeps							26,000	10.8	9,000	26,000	10.8	9,000
Western Queen Collapsed Workings				5,000	14.9	2,400				5,000	14.9	2,400
Gilbeys Pit II Unmined	300,000	1.4	13,400							300,000	1.4	13,400
Gilbeys Sub-Pit II				3,451,000	1.6	176,000				3,451,000	1.6	176,000
Golden Wing East Laterite	20,000	0.8	500							20,000	0.8	500
Vickers Laterite	8,000	1.2	300							8,000	1.2	300
Total Dalgaranga	**328,000**	**1.3**	**14,200**	**3,806,000**	**1.7**	**210,000**	**296,000**	**3.4**	**32,000**	**4,430,000**	**1.8**	**256,200**
MT. RAWDON												
Mt. Rawdon	4,622,000	1.0	155,400	53,806,000	0.9	1,567,100	8,825,000	0.7	207,000	67,253,000	0.9	1,929,500
Total Mt. Rawdon	**4,622,000**	**1.0**	**155,400**	**53,806,000**	**0.9**	**1,567,100**	**8,825,000**	**0.7**	**207,000**	**67,253,000**	**0.9**	**1,929,500**
KIRKALOCKA												
Curara Well	5,688,000	1.9	347,100							5,688,000	1.9	347,100
Curara Well South Laterites	760,000	1.3	30,800							760,000	1.3	30,800
Total Kirkalocka	**6,448,000**	**1.8**	**377,900**							**6,448,000**	**1.8**	**377,900**
BONIKRO												
Bonikro				9,910,000	1.9	594,000	13,700,000	1.4	627,000	23,610,000	1.6	1,221,000
Total Bonikro				**9,910,000**	**1.9**	**594,000**	**13,700,000**	**1.4**	**627,000**	**23,610,000**	**1.6**	**1,221,000**
TOTAL RESOURCES	**11,398,000**	**1.5**	**547,500**	**67,523,000**	**1.1**	**2,371,100**	**22,821,000**	**1.2**	**866,000**	**101,741,000**	**1.2**	**3,784,600**

SILVER RESOURCES AS AT 30 JUNE 2004 (INCLUDES RESERVES)

MT. RAWDON												
Mt. Rawdon	4,622,000	3.6	538,200	53,806,000	2.9	4,978,200	8,825,000	2.1	593,100	67,253,000	2.8	6,109,500
TOTAL RESOURCES	**4,622,000**	**3.6**	**538,200**	**53,806,000**	**2.9**	**4,978,200**	**8,825,000**	**2.1**	**593,100**	**67,253,000**	**2.8**	**6,109,500**

GOLD RESERVES AS AT 30 JUNE 2004

PROJECT/DEPOSIT	Proved			Probable			Total		
	Tonnes	g/t	Ounces	Tonnes	g/t	Ounces	Tonnes	g/t	Ounces
MT. RAWDON									
Mt. Rawdon	3,382,000	1.12	121,600	32,301,000	0.96	996,100	35,683,000	0.98	1,117,700
Stockpiles	339,000	0.96	10,400				339,000	0.96	10,400
Total Mt. Rawdon	**3,721,000**	**1.11**	**132,000**	**32,301,000**	**0.96**	**996,100**	**36,022,000**	**0.97**	**1,128,100**
KIRKALOCKA									
Curara Well	1,810,000	2.2	125,300				1,810,000	2.2	125,300
Curara Well - stockpiles	1,514,000	1.3	65,200				1,514,000	1.3	65,200
Curara Well South Laterites	395,000	1.6	20,100				395,000	1.6	20,100
Laterite stockpiles	91,000	1.2	3,700				91,000	1.2	3,700
Total Kirkalocka	**3,810,000**	**1.7**	**214,300**				**3,810,000**	**1.7**	**214,300**
TOTAL RESERVES	**7,531,000**	**1.4**	**346,300**	**32,301,000**	**0.96**	**996,100**	**39,832,000**	**1.05**	**1,342,400**

SILVER RESERVES AS AT 30 JUNE 2004

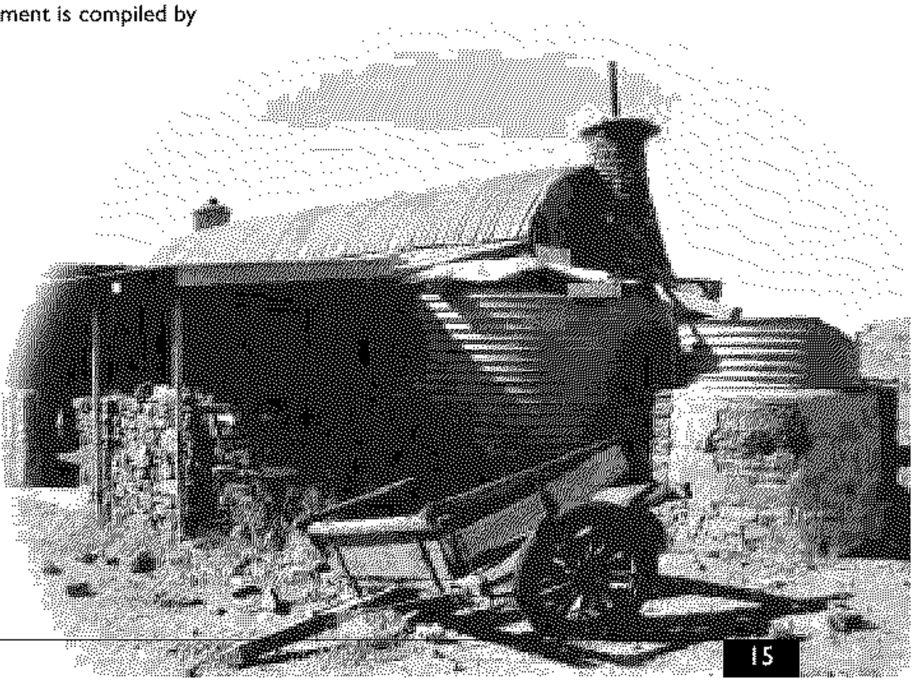
MT. RAWDON									
Mt. Rawdon	3,382,000	3.9	422,300	32,301,000	3.2	3,379,200	35,683,000	3.3	3,801,500
Stockpiles	339,000	4.4	47,400				339,000	4.4	47,400
Total Mt. Rawdon	**3,721,000**	**3.9**	**469,700**	**32,301,000**	**3.2**	**3,379,200**	**36,022,000**	**3.3**	**3,848,900**
TOTAL RESERVES	**3,721,000**	**3.9**	**469,700**	**32,301,000**	**3.2**	**3,379,200**	**36,022,000**	**3.3**	**3,848,900**

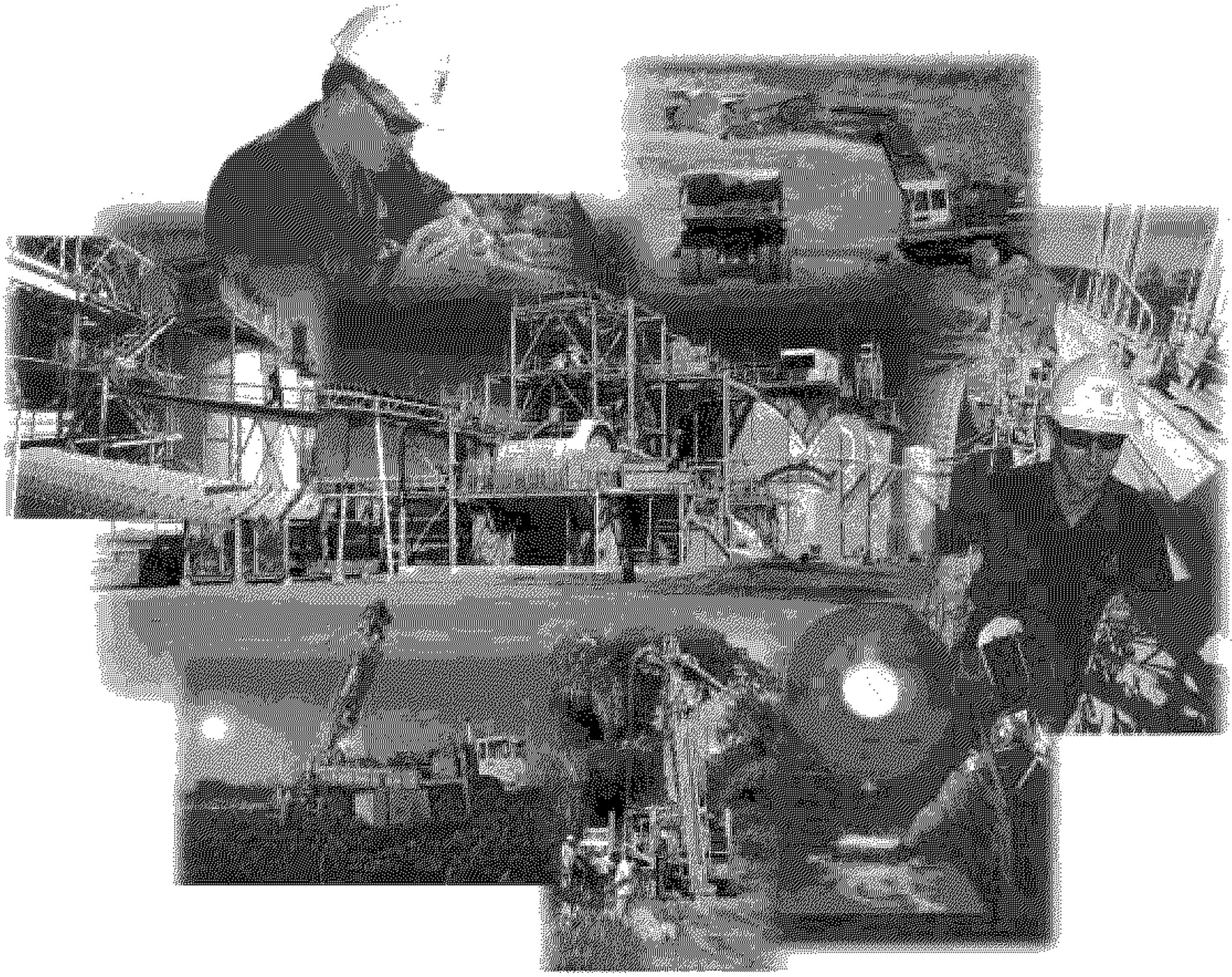
Notes: Tonnes and Ounces are rounded, rounding errors may occur.

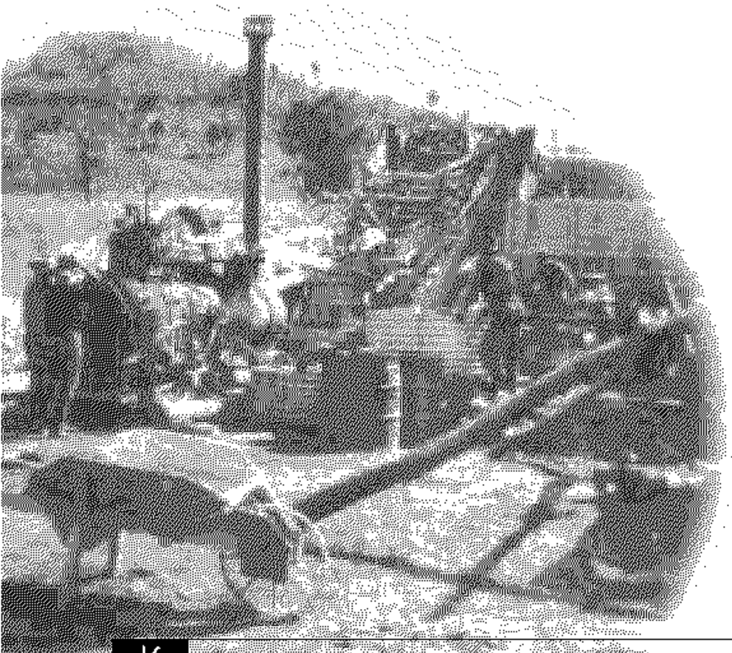
The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves.

Joint Venture resources are Equigold share of resources.

Aspects of this report that relate to Mineral Resources or Ore Reserves are based on information compiled by persons who are members of The Australian Institute of Mining and Metallurgy and are full time employees of the Company. They have sufficient experience relevant to the style of mineralisation and type of deposits under consideration and qualify as Competent Persons as defined in the Australasian Code for Reporting of Mineral Resources and Ore Reserves.
The overall Mineral Resource and Ore Reserve statement is compiled by
Mr Glyn Evans, Executive Director, Equigold NL.







EQUIGOLD NL

ABN 42 060 235 145

Financial Statements

for the year ended 30 June 2004

CONTENTS

Directors' Report

for the year ended 30 June 2004

The directors present their report together with the financial report of the Company and the consolidated entity, being the Company and its controlled entities, for the year ended 30 June 2004 and the auditor's report thereon.

DIRECTORS

Names and qualifications

The names and particulars of the directors of the Company holding office during the financial year and at the date of this report are:

Mr Simon Lee
Chairman
Mr Lee is a qualified accountant with extensive management experience in a range of industries including eighteen years experience in the gold mining industry. He is currently Chairman of Vietnam Industrial Investments Limited and Medical Corporation Australasia Ltd which are public companies listed on the Australian Stock Exchange. Mr Lee also held a number of honorary directorships during the year and was previously a board member of the Australian Trade Commission (AUSTRADE). In 1993 Mr Lee received the Advance Australia Award for his contribution to commerce and industry and in 1994 he was awarded the Order of Australia.

Mr Puano Lee
Alternate to Mr Simon Lee
Mr Lee has considerable commercial and public company experience in a number of countries, including Malaysia, New Zealand and Australia. He has served on the boards of a number of other mining companies and several private companies.

Mr Nick Giorgetta
Managing Director
Mr Giorgetta is a metallurgist with over 32 years experience in the mining industry. He began his professional career in various technical roles for a major mining company in Kalgoorlie. He later established his own metallurgical consultancy practice which designed and commissioned a number of gold treatment plants. He has been an executive director of public gold mining companies since 1987 and has held Managing Director positions since 1988.

Mr Giorgetta is a fellow of the Australian Institute of Mining and Metallurgy.

Mr Glyn Evans
Executive Director
Mr Evans is a geologist with over 24 years experience in base metal and gold operations during which time he has held a number of senior geological positions in several gold mining operations. He has been an executive director of gold mining companies since 1991. He has co-ordinated extensive exploration programmes since that time which have led to significant gold discoveries including the well known Higginsville and Chalice Mines in Western Australia.

Mr Evans is a fellow of the Australian Institute of Mining and Metallurgy.

Mr Frank Fergusson
Executive Director
Mr Fergusson has over 19 years experience in the Australian mining industry principally in the role of Senior Mine and Operations Manager. He has been an executive director of public gold mining companies since 1992 and has been responsible for co-ordinating the overall mining operations of these companies.

Mr Mark Clark
Executive Director
Mr Clark has fourteen years experience in corporate advisory and public company administration. Since joining Equigold in 1995, Mr Clark has held the roles of Chief Financial Officer and Company Secretary and has been responsible for the financial, administration and legal functions of the Company.

Mr Clark is a member of the Institute of Chartered Accountants in Australia and the Securities Institute of Australia.

Mr Ross Stanley
Non Executive Director
Mr Stanley has had extensive experience spanning 24 years in the mining services industry in Australia and overseas. He held executive director positions in the mining services industry between 1980 and 1997, most notably with Stanley Mining Services Limited. This was a company Mr Stanley formed and was instrumental in developing into a competitive international mining services operation.

Directors' Report

for the year ended 30 June 2004

Interests in the shares of the Company

As at the date of this report the interests of the directors in the shares of the Company are:

Ordinary Shares	
Mr M Clark	478,591
Mr G Evans	4,040,366
Mr F G Fergusson	6,535,034
Mr N E Giorgetta	24,000,000
Mr P Lee	35,500
Mr S Lee	13,661,884
Mr R F Stanley	10,940,550

DIRECTORS MEETINGS

There were seven directors meetings held during the year. The number of meetings attended by each of the directors of the Company is as follows:

Director	**No. of Meetings Attended**	**No. of Meetings Held**
Mr M Clark	7	7
Mr G Evans	7	7
Mr N E Giorgetta	7	7
Mr F G Fergusson	6	7
Mr S Lee	7	7
Mr R F Stanley	4*	7

*Two of the meetings not attended by Mr R F Stanley were during a six month leave of absence from the board which ended 30 September 2003.

In addition to these meetings various other matters were resolved by circular resolution during the year.

As at the date of this report the Company had an Audit Committee and a Remuneration Committee of the board of directors. The members of both of these Committees were Mr Simon Lee and Mr Ross Stanley, both non executive directors of the Company. The Audit Committee met twice during the year and these meetings were attended by both members.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial year were the exploration, development and mining of gold. No significant change in the nature of those activities has occurred during the period.

CORPORATE INFORMATION

Corporate Structure

Equigold NL is a no liability company that is incorporated and domiciled in Australia. Equigold NL is the ultimate parent entity. Equigold NL has prepared a consolidated financial report including the entities it controlled during the financial year, being Kim Resources NL, Swindon Holdings Pty Ltd, Equigold Cote d'Ivoire SA and Stanmines NL.

Employees

The consolidated entity employed 106 employees as at 30 June 2004 (2003 : 110 employees).

OPERATING RESULTS

The consolidated profit after income tax for the year attributable to members of Equigold NL was $16,673,642 (2003 : $12,260,986).

Directors' Report

for the year ended 30 June 2004

DIVIDENDS

The following dividends were paid during or declared in relation to the 2004 financial year.

Year	Type	Cents Per share	Total Amount $	Date of payment	Tax rate of Franking credit
2003	Final	3.0	4,455,689	26 September 2003	30%
2004	Interim	3.0	4,455,689	25 March 2004	30%
2004	Final	4.0	5,941,158	24 September 2004	30%

REVIEW OF OPERATIONS

A review of operations and exploration activities of the consolidated entity for the year are set out in the Review of Operations which is included with these financial statements.

EVENTS SUBSEQUENT TO BALANCE DATE

For reporting periods starting on or after 1 July 2005, the consolidated entity must comply with International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board. At balance date, it was not possible to quantify the effect of the convergence to IFRS as key IASs and AASBs are currently under development.

Other than the matter discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in subsequent financial years.

LIKELY DEVELOPMENTS

The consolidated entity will continue to proceed towards the objective of developing a gold mine at the Bonikro project in Cote d'Ivoire, West Africa. This will require a continuation of the significant expenditure on the project area that has been incurred in previous years. It is expected that a feasibility study will be conducted in 2005 to investigate the possible development of the Bonikro project.

STATE OF AFFAIRS

In the opinion of the directors there are no significant changes in the state of affairs of the consolidated entity that occurred during the financial year not otherwise disclosed in this report or the consolidated financial statements.

DIRECTORS' AND EXECUTIVES EMOLUMENTS

The Remuneration Committee is responsible for determining the remuneration packages applicable to board members. The executive directors are responsible for setting the remuneration packages of senior executives. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties, responsibilities and performance and also that remuneration is competitive in attracting, retaining and motivating people of the highest quality. It is currently not the Company's policy to pay performance based bonuses.

Directors' Report

for the year ended 30 June 2004

Details of the nature and amount of each major element of the emoluments of each director and executive officer of the Company and the consolidated entity receiving the highest emolument are:

	Base Emolument	Leave Entitlements Cashed Out	Other Cash Benefits	Non Cash Benefits	Super-annuation	Total
	$	$	$	$	$	$
Director						
Mr N Giorgetta	330,000	-	-	-	29,700	359,700
Mr G Evans	210,000	-	-	-	18,900	228,900
Mr F Fergusson	205,000	-	-	4,642	18,450	228,092
Mr M Clark	200,000	-	-	-	18,000	218,000
Mr S Lee	40,000	-	-	-	3,600	43,600
Mr R Stanley	30,000	-	-	-	2,700	32,700
Executives*						
Mr D Morgan	175,000	-	-	28,145	15,750	218,895
Mr P Thomas	170,834	-	-	5,699	15,375	191,908
Mr L Hopkins	133,334	-	-	-	12,000	145,334

* Only three employees of the consolidated entity met the definition of executive officer.

No shares, options or other benefits were granted during the year to any of the directors or named executives.

OPTIONS

There are no options over unissued shares outstanding at the date of this report and the Company did not issue any shares during the financial year as a result of the exercise of options.

ENVIRONMENTAL REGULATION

The Company has gold mining operations located in both Western Australia and Queensland. These operations are subject to significant environmental regulation under the relevant state mining and environmental legislation. These regulations affect, amongst other issues, waste disposal, water and air pollution.

The Company regularly monitors its performance against these regulations and reports this performance to the relevant State regulators as required. There has been no instances of material non compliance with these regulations during the financial year.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Equigold NL support and have adhered to the principles of corporate governance. A corporate governance statement is included in the ASX Additional Information Section of the Annual Report.

INDEMNIFICATION AND INSURANCE OF DIRECTORS

The Company has not, during or since the financial year, in respect of any person who is or has been an officer of the Company or related body corporate indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

During the financial year the Company paid insurance premiums in respect of Directors' and Officers' Liability and Company Reimbursement Insurance contracts for the current directors and officers. The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of this insurance, as such disclosure is prohibited under the terms of the contract.

Dated at Perth this 28th day of September 2004.

Signed in accordance with a resolution of the directors.

M Clark
DIRECTOR

G Evans
DIRECTOR

Statement of Financial Performance

for the year ended 30 June 2004

		CONSOLIDATED		THE COMPANY	
		2004	2003	2004	2003
	Note	$	$	$	$
Revenues from ordinary activities	2	95,548,704	77,375,024	95,548,704	77,375,024
Expenses from ordinary activities	3	(71,766,875)	(57,178,827)	(71,946,302)	(57,177,579)
Borrowing costs	4	(128,572)	(1,553,240)	(128,572)	(1,553,240)
Profit from ordinary activities before income tax		23,653,257	18,642,957	23,473,830	18,644,205
Income tax attributable to ordinary activities	5	(6,979,615)	(6,381,971)	(6,980,195)	(6,382,318)
Net profit attributable to members of Equigold NL		16,673,642	12,260,986	16,493,635	12,261,887
Non-owner transaction changes in equity share issue costs		-	(676,500)	-	(676,500)
Total expenses attributable to members of the parent entity recognised directly in equity	25	-	(676,500)	-	(676,500)
Total changes in equity from non-owner related transactions attributable to members of the parent entity		16,673,642	11,584,486	16,493,635	11,585,387
Basic earnings per share (cents per share)	36	11.2	8.7		
Diluted earnings per share (cents per share)	36	11.2	8.7		
Franked dividends (cents per share)		7.0	5.0		

Statement of Financial Position

at 30 June 2004

		CONSOLIDATED		THE COMPANY	
		2004	2003	2004	2003
	Note	$	$	$	$
CURRENT ASSETS					
Cash assets	31	13,860,353	16,144,591	13,441,427	16,090,768
Receivables	7	1,510,613	2,077,442	1,494,198	2,058,276
Inventories	8	14,317,745	8,694,049	14,317,745	8,694,049
Other financial assets	9	127,600	52,600	127,600	52,600
Other current assets	10	534,530	548,685	534,530	548,685
TOTAL CURRENT ASSETS		30,350,841	27,517,366	29,915,500	27,444,378
NON CURRENT ASSETS					
Receivables	11	39,869	53,463	13,299,779	9,770,345
Other financial assets	12	-	-	681,750	841,844
Property, plant and equipment	13	57,447,802	59,760,236	56,253,777	58,625,443
Exploration, evaluation and development expenditure	14	29,441,286	27,396,347	16,696,977	17,958,078
Other non-current assets	15	34,127	400,272	34,127	400,272
TOTAL NON-CURRENT ASSETS		86,963,084	87,610,318	86,966,410	87,595,982
TOTAL ASSETS		117,313,925	115,127,684	116,881,910	115,040,360
CURRENT LIABILITIES					
Payables	16	8,649,110	8,186,102	8,480,352	8,186,102
Interest bearing liabilities	17	-	11,600,000	-	11,600,000
Current tax liabilities	18	9,036,310	990,973	9,038,947	992,648
Provisions	19	942,988	844,503	870,721	769,521
Other	20	5,445,710	-	5,445,710	-
TOTAL CURRENT LIABILITIES		24,074,118	21,621,578	23,835,730	21,548,271
NON CURRENT LIABILITIES					
Interest bearing liabilities	21	-	13,000,000	-	13,000,000
Deferred tax liabilities	22	2,485,012	6,798,146	2,268,362	6,581,878
Provisions	23	2,166,665	1,112,133	2,166,665	1,112,133
Other	24	13,246,680	5,015,503	13,246,680	5,015,503
TOTAL NON CURRENT LIABILITIES		17,898,357	25,925,782	17,681,707	25,709,514
TOTAL LIABILITIES		41,972,475	47,547,360	41,517,437	47,257,785
NET ASSETS		75,341,450	67,580,324	75,364,473	67,782,575
EQUITY					
Contributed equity	25	48,334,142	48,334,142	48,334,142	48,334,142
Retained profits	26	26,986,580	19,224,675	27,030,331	19,448,433
TOTAL PARENT ENTITY INTEREST		75,320,722	67,558,817	75,364,473	67,782,575
Outside equity interests	27	20,728	21,507	-	-
TOTAL EQUITY		75,341,450	67,580,324	75,364,473	67,782,575

Statement of Cash Flows

for the year ended 30 June 2004

		CONSOLIDATED		THE COMPANY	
		2004	2003	2004	2003
	Note	$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts in the course of operations		88,917,976	75,679,022	88,917,976	75,679,022
Proceeds of gold hedging restructure		20,000,000	-	20,000,000	-
Cash payments in the course of operations		(63,786,546)	(58,015,527)	(63,784,607)	(58,014,371)
Interest received		660,794	259,301	660,794	259,301
Dividends received		-	715	-	715
Gold lease rate settlements received		-	3,611,685	-	3,611,685
Borrowing costs paid		(379,590)	(1,488,630)	(379,590)	(1,488,630)
Income tax paid		(3,247,412)	(1,661,092)	(3,247,412)	(1,661,092)
Net cash provided by operations	31(ii)	42,165,222	18,385,474	42,167,161	18,386,630
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for plant and equipment		(7,300,539)	(20,656,028)	(7,167,493)	(20,716,759)
Payments relating to investments – subsidiary		-	-	(21,268)	(29,670)
Proceeds from sale of plant and equipment		36,000	65,741	36,000	65,741
Payments for exploration and development expenditure		(3,678,231)	(5,944,210)	(614,023)	(2,340,015)
Loans to subsidiaries		-	-	(3,543,028)	(3,452,576)
Net cash used in investing activities		(10,942,770)	(26,534,497)	(11,309,812)	(26,473,279)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		-	13,200,000	-	13,200,000
Payment of share issue costs		-	(676,500)	-	(676,500)
Proceeds from borrowings		-	13,600,000	-	13,600,000
Repayment of borrowings		(24,600,000)	-	(24,600,000)	-
Dividends paid		(8,906,690)	(4,920,591)	(8,906,690)	(4,920,591)
Net cash provided by / (used in) financing activities		(33,506,690)	21,202,909	(33,506,690)	21,202,909
Net increase / (decrease) in cash held		(2,284,238)	13,053,886	(2,649,341)	13,116,260
Cash at the beginning of the financial period	31(i)	16,144,591	3,090,705	16,090,768	2,974,508
Cash at the end of the financial period	31(i)	13,860,353	16,144,591	13,441,427	16,090,768

Notes to and forming part of the Financial Statements for the year ended 30 June 2004

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of these financial statements are:

(a) Basis of Preparation

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

The financial report has been prepared on the basis of historical costs, except where stated, and does not take into account changing money values or current valuations of non-current assets.

(b) Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising Equigold NL (the parent entity) and all entities that Equigold NL controlled from time to time during the year and at balance date. Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases.

All inter-company balances and transactions, including unrealised profits from intra-group transactions have been eliminated in full.

(c) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and it can be reliably measured. Gold and silver sales are recognised when title to the product passes from the Economic Entity. Interest is recognised as it accrues. Revenue for services rendered is recognised as the right to receive compensation for the services is attained.

(d) Receivables

Gold and silver on metal account
Gold and silver on metal account are valued at net realisable value based on subsequent prices realised and are considered a cash equivalent as they can be converted to cash within two working days.

Other receivables
Trade, other and loans receivable are carried at nominal amounts less any provision for doubtful debts.

(e) Cash and Cash Equivalents

Cash on hand and in banks are stated at nominal value. For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and gold and silver on metal account.

(f) Investments

Other companies
Listed shares are carried at the lower of cost and recoverable amount. Dividend income is recognised when received.

(g) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is based on the first in, first out principle for all inventories other than ore stockpiles which are allocated an average mining cost for the life of each mine.

(h) Non Current Assets

The carrying amounts of non current assets, other than exploration and evaluation expenditure carried forward, are reviewed bi-annually to determine whether they are in excess of the recoverable amount. If the carrying amount of a non current asset exceeds its recoverable amount, the asset is written down to the lower value. In assessing the recoverable amount, the relevant cash flows have not been discounted to their present value.

Notes to and forming part of the Financial Statements for the year ended 30 June 2004

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(i) Property, Plant & Equipment

Acquisition

Items of property, plant and equipment are initially recorded at cost and depreciated as outlined below.

Depreciation

Depreciation is calculated on a straight line basis so as to write off the net cost of each item of property, plant and equipment (other than freehold land) over its expected useful life. Mining related assets are depreciated on a units of production basis. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. Depreciation rates for plant and equipment vary by individual asset but average 12% (2003: 11%)

(j) Exploration, Evaluation and Development Expenditure

Costs carried forward

Exploration, evaluation and development costs are accumulated in respect of each separate area of interest. These costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or, where activities are continuing in the area of interest and have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period in which that decision is made.

Amortisation

Amortisation is not charged on costs carried forward in respect of areas in the development phase until production commences. When production commences, carried forward exploration, evaluation and development costs are amortised on a units of production basis over the life of the economically recoverable reserves.

Deferred Mining Costs

Costs relating to removal of waste from open pit mines are carried forward to be charged against future production based on the waste to ore ratio over the remaining life of the mine. Where the total tonnes of waste mined during the year exceeds the life of mine waste to ore ratio, the excess waste removal cost is carried forward. Costs carried forward will be expensed when the actual tonnes of waste mined is less than the life of mine waste to ore ratio. The calculated waste to ore ratio and the remaining life of the mine are reassessed by the directors annually.

(k) Accounts Payable

Liabilities are recognised for amounts to be paid in the future for goods or services received whether or not billed. Trade accounts payable are normally settled on 30 day terms.

(l) Interest Bearing Liabilities

Bank loans are recognised at their principal amount and interest is charged as an expense as it accrues.

(m) Provisions

A provision is recognised when a legal or constructive obligation exists as a result of a past event and it is probable that an outflow of economic benefits will be required.

Employee Entitlements

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. Liabilities arising in respect of employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of these liabilities, a discount rate approximating the Company's cost of funds is used.

Notes to and forming part of the Financial Statements for the year ended 30 June 2004

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restoration costs
Provisions are made for mine site rehabilitation and restoration on an incremental basis during the course of the mine life (which includes the mine closure phase). Provisions are determined on an undiscounted basis and include costs associated with reclamation, plant and waste site closure and monitoring activities. These costs have been determined based on current costs, current legal requirements and current technology.

(n) Share Capital and Dividends

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Dividends payable are recognised when a legal obligation to pay the dividend arises.

(o) Gold Hedging Contracts

Derivative financial instruments are used by the Company to hedge exposures to gold prices.

Hedging gains and losses, including costs and gains of entering into hedging transactions, are accounted for on the same basis as the underlying physical exposure being hedged. Accordingly, hedging settlements are included in the statement of financial performance at the same time as the underlying physical transaction is recognised in the statement of financial performance.

Gold Forward Sale Contracts
The Company enters into various types of gold forward sales contracts ("Hedging") which enables it to sell specified quantities of gold in the future at pre-determined prices. The contracts are matched against anticipated future gold production to protect the Company against the possibility of a fall in the spot price of gold.

Long Dated Options
Premiums paid in respect of instruments entered into as part of the Company's specific hedging activities are deferred and brought to account in the statement of financial performance in the period in which the physical delivery of the gold originally hedged is delivered.

Premiums received in respect of European call options entered into as part of the Company's hedging activities are embedded into the Company's hedge book and are brought to account in the period in which gold is delivered into the embedded contract.

In the event that the counter-party exercises the long dated call options, the Company has the right to convert the contract into a forward contract at the call option strike price.

Short Dated Options
Where short term option transactions are entered into for speculative purposes, the gains or losses on such transactions are brought to the statement of financial performance at the time such gains or losses are realised. Any contracts open at balance date are marked to the market price of the relevant option and the unrealised gain or loss recorded in the statement of financial performance.

Termination of Gold Hedges
If a hedge instrument is terminated early, the gain or loss on termination is deferred and amortised in the period where the physical transaction originally hedged occurs. Where the physical delivery is no longer expected to occur, the gain or loss on termination is taken to the statement of financial performance in the period the instrument was closed out.

(p) Foreign Currency

Transactions
Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling at that date. Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account in the statement of financial performance in the financial year in which the exchange rates change.

Translation of Financial Reports of Foreign Operations
The financial report of integrated foreign operations are translated as at the reporting date using the temporal method with any exchange differences recognised as revenues or expenses in the statement of financial performance of the consolidated entity in the reporting period.

Notes to and forming part of the Financial Statements for the year ended 30 June 2004

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Joint Venture

The consolidated entity's interest in an unincorporated joint venture is brought to account by including in the respective classifications, the share of individual assets employed, and liabilities and expenses incurred.

(r) Taxation

The consolidated entity adopts the income statement liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to entities with tax losses are only brought to account when their realisation is virtually certain. The tax effect of capital losses is not recorded unless realisation is virtually certain.

(s) Operating Leases

The rental payments in relation to operating leases where the lessor effectively retains all of the risks and benefits of ownership of the leased property, are recognised as an expense on a straight line basis.

(t) Earnings per share

Earnings per share is determined by dividing the operating profit after tax by the weighted average number of ordinary shares outstanding during the financial year.

	CONSOLIDATED		THE COMPANY	
	2004	2003	2004	2003
	$	$	$	$
2. REVENUE FROM ORDINARY ACTIVITIES				
Revenues from mining operations				
Gold sales	86,068,967	73,692,984	86,068,967	73,692,984
Gold hedging designation	5,172,644	-	5,172,644	-
Silver sales	1,756,770	1,585,455	1,756,770	1,585,455
	92,998,381	75,278,439	92,998,381	75,278,439
Other revenues from ordinary activities				
Gold call option premiums received	730,200	874,489	730,200	874,489
Dividends received	-	715	-	715
Interest received	565,780	373,050	565,780	373,050
Profit on sale of plant & equipment	36,000	30,066	36,000	30,066
Gain on revaluation of listed investments	75,000	-	75,000	-
Management & other fees	-	8,726	-	8,726
Amortisation of gold lease rate settlement gains	1,140,220	797,790	1,140,220	797,790
Other income	3,123	11,749	3,123	11,749
	2,550,323	2,096,585	2,550,323	2,096,585
	95,548,704	77,375,024	95,548,704	77,375,024

Notes to and forming part of the Financial Statements for the year ended 30 June 2004

	CONSOLIDATED		THE COMPANY	
	2004	2003	2004	2003
	$	$	$	$
3. *EXPENSES FROM ORDINARY ACTIVITIES*				
Cost of sales – direct expenses of mining operations				
Mining	29,333,622	24,422,347	29,333,622	24,422,347
Milling	27,446,187	23,087,859	27,446,187	23,087,859
Administration	3,324,206	2,786,086	3,324,206	2,786,086
Stockpile/gold in circuit movements	(5,087,923)	(6,711,647)	(5,087,923)	(6,711,647)
Royalties	2,214,723	2,000,744	2,214,723	2,000,745
Depreciation	9,566,075	7,499,278	9,566,075	7,499,278
Amortisation	1,847,535	1,333,926	1,847,535	1,333,926
	68,644,425	54,418,593	68,644,425	54,418,593
Other expenses from ordinary activities				
Administration	2,943,665	2,493,708	2,941,730	2,492,460
Lease rental expense	129,859	106,340	129,859	106,340
Depreciation	42,660	35,793	42,660	35,793
Diminution in value of investments	-	59,700	181,362	59,700
Exploration expenditure written off	6,266	64,693	6,266	64,693
	3,122,450	2,760,234	3,301,877	2,758,986
	71,766,875	57,178,827	71,946,302	57,177,579
4. *BORROWING COSTS*				
Interest paid/payable	128,572	1,471,724	128,572	1,471,724
Facility fees paid	-	81,516	-	81,516
	128,572	1,553,240	128,572	1,553,240
5. *TAXATION*				
Prima facie tax expense on operating profit at 30% (2003 : 30%)	7,095,977	5,592,887	7,042,149	5,593,262
Tax effect of permanent differences:				
Write off non recoverable tax assets	-	796,647	-	796,647
Equity raising costs deductible	(56,201)	(15,204)	(56,201)	(15,204)
Provision for diminution in value:				
- listed investments	(22,500)	17,904	(22,500)	17,904
- subsidiaries	-	-	54,408	-
Other	(37,661)	(10,263)	(37,661)	(10,291)
Income tax expense attributable to operating profit	6,979,615	6,381,971	6,980,195	6,382,318

Tax Consolidation

At the date of this report Equigold NL and its wholly-owned subsidiaries have not formed a tax consolidated group. However, if a tax consolidated group was formed it would not be expected that the deferred tax liabilities of the consolidated entity would be materially impacted.

Notes to and forming part of the Financial Statements for the year ended 30 June 2004

	CONSOLIDATED		THE COMPANY	
	2004	2003	2004	2003
	$	$	$	$

6. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

The Company proposed and paid the following dividends in relation to the 2004 financial year:

	CONSOLIDATED 2004 $	CONSOLIDATED 2003 $	THE COMPANY 2004 $	THE COMPANY 2003 $
Dividends paid during the year				
Current year interim				
Fully franked 3.0 cents per share (cps) (2003 : 2.0 cps)	4,455,869	2,970,579	4,455,869	2,970,579
Prior year final				
Fully franked 3.0 cps (2003 : 1.5 cps)	4,455,869	1,980,434	4,455,869	1,980,434
	8,911,738	4,951,013	8,911,738	4,951,013
Dividends proposed and not recognised as a liability				
Current year final				
Fully franked 4.0 cps (2003 : 3.0 cps)	5,941,158	4,455,869	5,941,158	4,455,869
Dividend Franking Account				
Class C (30%) (2003 : Class C 30%)				
Franking credits	13,280,091	4,813,049	13,280,091	4,813,049

The balance of the franking account has been adjusted for franking credits which will arise from the payment of income tax provided for in the financial statements, and after deducting franking credits to be used in payment of dividends provided for in the consolidated financial report.

7. RECEIVABLES – CURRENT

	CONSOLIDATED 2004 $	CONSOLIDATED 2003 $	THE COMPANY 2004 $	THE COMPANY 2003 $
Other receivables	908,802	1,634,550	892,387	1,615,384
GST receivable	601,811	442,892	601,811	442,892
	1,510,613	2,077,442	1,494,198	2,058,276

Due to their nature other receivables are not subject to formal terms and do not bear interest.

8. INVENTORIES

	CONSOLIDATED 2004 $	CONSOLIDATED 2003 $	THE COMPANY 2004 $	THE COMPANY 2003 $
Inventories at cost:				
- Stores and consumables	944,707	846,785	944,707	846,785
- Gold and silver in circuit	1,182,823	1,501,959	1,182,823	1,501,959
- Ore in stockpiles	12,190,215	6,345,305	12,190,215	6,345,305
	14,317,745	8,694,049	14,317,745	8,694,049

Notes to and forming part of the Financial Statements for the year ended 30 June 2004

	CONSOLIDATED		THE COMPANY	
	2004	2003	2004	2003
	$	$	$	$

9. OTHER FINANCIAL ASSETS – CURRENT

Listed shares at cost	228,379	228,379	228,379	228,379
Provision for diminution	(100,779)	(175,779)	(100,779)	(175,779)
	127,600	52,600	127,600	52,600

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

10. OTHER CURRENT ASSETS

Deferred gold hedging costs	330,979	404,511	330,979	404,511
Prepayments	203,551	144,174	203,551	144,174
	534,530	548,685	534,530	548,685

11. RECEIVABLES - NON CURRENT

Loan receivable				
- Controlled entities	-	-	13,259,910	9,716,882
- Other secured loans	39,869	53,463	39,869	53,463
	39,869	53,463	13,299,779	9,770,345

Further details of loans to controlled entities are included in note 29. The other secured loan is interest free and repayable over 2 years and is secured by a second ranking mortgage over freehold land.

12. OTHER FINANCIAL ASSETS – NON CURRENT

Investment in controlled entities at cost (Note 32)	-	-	681,750	841,844

Notes to and forming part of the Financial Statements for the year ended 30 June 2004

	CONSOLIDATED		THE COMPANY	
	2004	2003	2004	2003
	$	$	$	$
13. PROPERTY, PLANT AND EQUIPMENT				
Freehold land – at cost	1,020,420	1,020,420	-	-
Plant and equipment – at cost	80,084,647	73,792,092	79,700,553	73,448,268
Less: Accumulated depreciation	(25,557,687)	(16,112,351)	(25,347,198)	(15,882,900)
	54,526,960	57,679,741	54,353,355	57,565,368
Capital works in progress	1,900,422	1,060,075	1,900,422	1,060,075
	57,447,802	59,760,236	56,253,777	58,625,443
Reconciliations				
Plant and equipment				
Carrying amount at beginning of financial year	57,679,741	38,425,515	57,565,368	38,220,253
Additions	3,981,637	3,517,672	3,917,746	3,608,507
Transfer from capital works in progress	2,535,090	23,087,313	2,535,090	23,087,313
Transfer from development expenditure	-	220,040	-	220,040
Disposals	(60,773)	(35,728)	(56,114)	(35,674)
Depreciation	(9,608,735)	(7,535,071)	(9,608,735)	(7,535,071)
Carrying amount at end of financial year	54,526,960	57,679,741	54,353,355	57,565,368
Capital works in progress				
Carrying value at beginning of financial year	1,060,075	8,768,972	1,060,075	8,768,972
Additions	3,375,437	15,378,416	3,375,437	15,378,416
Transfers to property, plant and equipment	(2,535,090)	(23,087,313)	(2,535,090)	(23,087,313)
Carrying value at end of financial year	1,900,422	1,060,075	1,900,422	1,060,075

Property, plant and equipment is encumbered to the extent set out in Note 33.

14. EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

Pre Production				
Exploration and/or evaluation phase	13,575,030	9,904,953	830,721	466,684
Production				
Mineral reserves	12,633,070	12,407,107	12,633,070	12,407,107
Less: Accumulated amortisation	(3,914,701)	(2,088,991)	(3,914,701)	(2,088,991)
	8,718,369	10,318,116	8,718,369	10,318,116
Deferred mining cost	7,147,887	7,173,278	7,147,887	7,173,278
	29,441,286	27,396,347	16,696,977	17,958,078

The ultimate recoupment of exploration, evaluation and development expenditure is dependent upon successful development and commercial exploitation or alternatively sale of the respective areas of interest.

Notes to and forming part of the Financial Statements for the year ended 30 June 2004

	CONSOLIDATED		THE COMPANY	
	2004	2003	2004	2003
	$	$	$	$

15. OTHER NON-CURRENT ASSETS

Deferred gold hedging costs	-	330,979	-	330,979
Deferred loan establishment costs	34,127	69,293	34,127	69,293
	34,127	400,272	34,127	400,272

16. PAYABLES

Trade creditors	7,997,015	7,618,819	7,828,257	7,618,819
Sundry creditors	652,095	567,283	652,095	567,283
	8,649,110	8,186,102	8,480,352	8,186,102

17. INTEREST BEARING LIABILITIES – CURRENT

Bank loan-secured	-	11,600,000	-	11,600,000

Details regarding the bank loan are in Note 33.

18. CURRENT TAX LIABILITIES

Provision for current income tax	9,036,310	990,973	9,038,947	992,648

19. PROVISIONS – CURRENT

Restoration	18,179	254,973	18,179	254,973
Employee entitlements	739,519	392,439	739,519	392,439
Other	185,290	197,091	113,023	122,109
	942,988	844,503	870,721	769,521
Movement in provisions				
Other				
Opening balance	197,091	200,866	122,109	111,250
Amounts provided	-	192,782	-	192,782
Amounts utilised	(11,801)	(196,557)	(9,086)	(181,923)
Closing balance	185,290	197,091	113,023	122,109

20. OTHER LIABILITIES – CURRENT

Deferred revenue – gold hedging	5,445,710	-	5,445,710	-

Deferred revenue – gold hedging relates to the allocation of gains on closure or restructure of gold hedging contracts. This revenue is deferred and brought to the statement of financial performance in the financial periods in which gold production was originally designated for delivery into the hedge contracts.

Notes to and forming part of the Financial Statements for the year ended 30 June 2004

	CONSOLIDATED		THE COMPANY	
	2004	2003	2004	2003
	$	$	$	$

21. INTEREST BEARING LIABILITIES – NON CURRENT

Bank loan – secured	-	13,000,0000	-	13,000,000

Details regarding the bank loan are in Note 33

22. DEFERRED TAX LIABILITIES

Deferred income tax liability	2,485,012	6,798,146	2,268,362	6,581,878

23. PROVISIONS – NON CURRENT

Restoration	1,883,107	1,112,133	1,883,107	1,112,133
Employee entitlements	283,558	-	283,558	-
	2,166,665	1,112,133	2,166,665	1,112,133

24. OTHER LIABILITIES – NON CURRENT

Deferred revenue – gold borrowing settlements	4,269,545	5,015,503	4,269,545	5,015,503
Deferred revenue – gold hedging	8,977,135	-	8,977,135	-
	13,246,680	5,015,503	13,246,680	5,015,503

Deferred revenue – gold borrowing settlements relate to favourable gold borrowing cost settlements on the outstanding volume of fixed forward gold hedge contracts. The revenue is deferred and brought to the statement of financial performance based on the maturities of the underlying contracts. Details of these contracts are in Note 38.

Deferred revenue – gold hedging relates to the allocation of gains on closure or restructure of gold hedging contracts. This revenue is deferred and brought to the statement of financial performance in the financial periods in which gold production was originally designated for delivery into the hedge contracts.

25. CONTRIBUTED EQUITY

Issued and Paid Up Capital				
148,528,960 (2003: 132,028,960) ordinary shares fully paid	48,334,142	48,334,142	48,334,142	48,334,142
Movement in Paid Up Capital				
Balance at beginning of financial year	48,334,142	35,810,642	48,334,142	35,810,642
Issued during the prior year:				
- by private placement (16,500,000 shares)				
- less transaction costs	-	13,200,000	-	13,200,000
	-	(676,500)	-	(676,500)
Balance at the end of the financial year	48,334,142	48,334,142	48,334,142	48,334,142

Terms and Conditions of Ordinary Shares

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company ordinary shareholders rank after all other shareholders (if any) and are fully entitled to any proceeds of liquidation.

Notes to and forming part of the Financial Statements for the year ended 30 June 2004

	CONSOLIDATED		THE COMPANY	
	2004	2003	2004	2003
	$	$	$	$

26. RETAINED PROFITS

Movements in retained profits

Balance at the beginning of the financial year	19,224,675	11,914,702	19,448,433	12,137,559
Net profit attributable to members of Equigold NL	16,673,642	12,260,986	16,493,635	12,261,887
Dividends paid or provided	(8,911,737)	(4,951,013)	(8,911,737)	(4,951,013)
Balance at the end of the financial year	26,986,580	19,224,675	27,030,331	19,448,433

27. OUTSIDE EQUITY INTERESTS

Reconciliation of outside equity interest in controlled entities:

Balance at beginning of the financial year	21,507	25,704	-	-
Exchange rate movement	(779)	(4,197)	-	-
Balance at end of the financial year	20,728	21,507	-	-

28. COMMITMENTS FOR EXPENDITURE AND CONTINGENT LIABILITIES

Operating Lease Commitments

Future operating lease rentals not provided for in the financial statements and payable:				
Not later than one year	108,508	115,779	108,508	115,779
Later than one year but not later than five years	106,212	-	106,212	-
	214,720	115,779	214,720	115,779

The operating lease relates to the commercial office lease of the premises in which the Company's head office is located. The remaining term of the lease as at balance date was 2 years (2003: 1 year).

Exploration Expenditure Commitments

Due to the nature of the economic entity's operations in exploring and evaluating areas of interest, it is very difficult to accurately forecast the nature or amount of future expenditure, although it will be necessary to incur expenditure in order to retain present interests. Expenditure commitments on mineral tenure for the chief entity and economic entity can be reduced by selective relinquishment of exploration tenure or by the renegotiation of expenditure commitments. The minimum level of exploration commitments expected in the year ending 30 June 2005 is $3,537,000 (2003: $3,732,000) for the Company and the economic entity and include the minimum amounts required to retain tenure. It is anticipated that the exploration expenditure commitments in the ensuing periods will be at a similar level.

Native Title Claims

Mining and exploration leases are subject to the provisions and procedures of the Native Title Act 1993. This native title process has a major impact on the granting by Mining Authorities of new mining and exploration leases.

The Company is aware of Native Title claims in respect of areas in which the Company has interests and has made application for new exploration leases. It is possible that further claims could be made in the future. However, the Company cannot determine whether any current or future claims, if made, will succeed and, if so, what the implications will be to the Company in respect of the granting of new leases.

Notes to and forming part of the Financial Statements for the year ended 30 June 2004

29. RELATED PARTY DISCLOSURES DIRECTORS

The names of each person holding the position of director of the Company during the financial year are Messrs M Clark, G Evans, NE Giorgetta, FG Fergusson, P Lee (alternate to S Lee), S Lee and RF Stanley.

Directors' Remuneration

Information on directors' remuneration is disclosed in Note 30.

Directors' Shareholding

The relevant interests of directors of the Company and their director-related entities in fully paid shares of the Company are set out below:

Director	Held at 1 July 2003	Purchases	Sales	Held at 30 June 2004
Mr N Giorgetta	25,272,873	127,127	1,400,000	24,000,000
Mr G Evans	5,040,366	-	1,000,000	4,040,366
Mr F Fergusson	7,835,034	-	1,300,000	6,535,034
Mr M Clark	678,591	-	200,000	478,591
Mr S Lee	14,061,884	-	400,000	13,661,884
Mr R Stanley	11,381,913	158,637	600,000	10,940,550
Mr P Lee	-	35,500	-	35,500
	64,270,661	321,264	4,900,000	59,691,925
Executive				
Mr D Morgan	67,289	16,500	-	83,789
Mr P Thomas	135,000	-	-	135,000
Mr L Hopkins	500,000	-	-	500,000
	702,289	16,500	-	718,789

All movements in directors' and executives' shareholdings are the result of on market transactions.

Other Transactions with the Company

A director of the Company, Mr N E Giorgetta is a director and shareholder in Rollason Pty Ltd. The Company leases office accommodation from Rollason Pty Ltd. The lease was made in the ordinary course of business and is on normal commercial terms and conditions. Rent paid to Rollason Pty Ltd during the year totalled $117,850 (2003: $118,179). Included in trade creditors in Note 16 is an amount payable to Rollason Pty Ltd of $15,476 (2003 : $Nil).

WHOLLY OWNED CONTROLLED ENTITIES

Details of interests held in wholly owned controlled entities are set out in note 32. Included in loans receivable are the following amounts due from controlled entities:

	CONSOLIDATED		THE COMPANY	
	2004	2003	2004	2003
	$	$	$	$
Swindon Holdings Pty Ltd	-	-	427,707	426,310
Equigold Cote d'Ivoire SA	-	-	8,819,437	6,752,615
Kim Resources NL	-	-	2,638	2,099
Stanmines NL	-	-	4,010,128	2,535,858
	-	-	13,259,910	9,716,882

These loans are interest free and have no fixed repayment terms.

ULTIMATE PARENT ENTITY

Equigold is the ultimate parent entity.

Notes to and forming part of the Financial Statements for the year ended 30 June 2004

30. REMUNERATION OF DIRECTORS AND SPECIFIED EXECUTIVES BY THE CONSOLIDATED ENTITY

The Remuneration Committee reviews and makes recommendations to the board on remuneration packages and policies applicable to the Managing Director, senior executives and directors themselves. It is also responsible for share option schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements and fringe benefits policies. The Company does not currently have a share option scheme or incentive performance packages.

The members of the Remuneration Committee during the year were the Company's non executive directors, Mr S. Lee and Mr R. Stanley. The Managing Director, Mr N Giorgetta, may be invited to Remuneration Committee meetings, as required, to discuss senior executives' performance and remuneration packages. The Remuneration Committee meets as required.

Remuneration levels are competitively set to be commensurate with director and executive responsibilities and to attract and retain appropriately qualified and experienced directors and senior executives. Remuneration packages are not directly linked to the performance of the Company. The Remuneration Committee may obtain independent advice on the appropriateness of remuneration packages, given trends in companies both locally and internationally.

	Base Emolument	Leave Entitlements Cashed Out	Other Cash Benefits	Non Cash Benefits	Superannuation	Total
	$	$	$	$	$	$
2004						
Director						
Mr N Giorgetta	330,000	-	-	-	29,700	359,700
Mr G Evans	210,000	-	-	-	18,900	228,900
Mr F Fergusson	205,000	-	-	4,642	18,450	228,092
Mr M Clark	200,000	-	-	-	18,000	218,000
Mr S Lee	40,000	-	-	-	3,600	43,600
Mr R Stanley	30,000	-	-	-	2,700	32,700
	1,015,000	-	-	4,642	91,350	1,110,992
Executives*						
Mr D Morgan	175,000	-	-	28,145	15,750	218,895
Mr P Thomas	170,834	-	-	5,699	15,375	191,908
Mr L Hopkins	133,334	-	-	-	12,000	145,334
	479,168	-	-	33,844	43,125	556,137
2003						
Director						
Mr N Giorgetta	330,000	-	-	-	29,700	359,700
Mr G Evans	210,000	-	-	-	18,900	228,900
Mr F Fergusson	205,000	-	-	5,164	18,450	228,614
Mr M Clark	161,918	-	-	-	14,573	176,491
Mr S Lee	40,000	-	-	-	3,600	43,600
Mr R Stanley	30,000	-	-	-	2,700	32,700
	976,918	-	-	5,164	87,923	1,070,005
Executives*						
Mr D Morgan	160,417	-	-	29,280	14,438	204,135
Mr P Thomas	157,782	-	-	3,627	14,200	175,609
Mr L Hopkins	120,000	-	-	-	10,800	130,800
	438,199	-	-	32,907	39,438	510,544

*Only three employees of the consolidated entity met the definition of executive staff.

No shares, options or other benefits were granted during the year to any of the directors or named officers.

Notes to and forming part of the Financial Statements for the year ended 30 June 2004

31. NOTES TO STATEMENT OF CASH FLOWS

(i) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank and deposits maturing within the year. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:

	CONSOLIDATED		THE COMPANY	
	2004	2003	2004	2003
	$	$	$	$
Cash	1,837,267	2,146,258	1,418,341	2,092,435
Deposits at call	7,968,646	10,876,500	7,968,646	10,876,500
Gold and silver on metal account	4,054,440	3,121,833	4,054,440	3,121,833
	13,860,353	16,144,591	13,441,427	16,090,768
(ii) Reconciliation of operating profit after income tax to net cash used in operating activities				
Operating profit after income tax	16,673,642	12,260,986	16,493,635	12,261,887
Add/(Less) items classified as investing activities:				
Profit on sale plant and equipment	(36,000)	(30,066)	(36,000)	(30,066)
Exploration expenditure written off	6,266	64,693	6,266	64,693
Add/(Less) non-cash items:				
Amounts set aside to provisions	849,434	3,510,336	849,434	3,510,336
Depreciation	9,608,735	7,535,071	9,608,735	7,535,071
Amortisation	1,847,535	1,333,926	1,847,535	1,333,926
Amortisation of deferred revenue – gold hedging	-	139,000	-	139,000
Provision for diminution – quoted investments	(75,000)	59,700	(75,000)	59,700
Provision for diminution – subsidiaries	-	-	181,362	-
Deferred mining cost	25,391	(5,801,798)	25,391	(5,801,798)
Capitalised project loan fees	35,166	(69,293)	35,166	(69,293)
Increase/(Decrease) in provision for deferred income tax	(4,313,134)	3,715,669	(4,313,516)	3,715,308
Net cash provided by operating activities before change in assets and liabilities	24,622,035	22,718,224	24,623,008	22,718,764
Change in assets and liabilities during the financial year				
(Increase)/Decrease in other receivables	428,088	(512,277)	428,088	(512,277)
(Increase) in inventories	(5,623,696)	(7,182,737)	(5,623,696)	(7,182,737)
(Increase) in prepayments	(59,377)	(37,529)	(59,377)	(37,529)
Increase/(Decrease) in deferred revenue gold hedging	14,827,356	(874,489)	14,827,356	(874,489)
Increase in trade creditors	166,819	3,467,435	166,819	3,467,435
Increase in sundry creditors	84,812	183,776	84,812	183,776
(Decrease) in GST payable	(326,152)	(382,137)	(326,148)	(382,137)
Increase in income tax payable	8,045,337	1,005,208	8,046,299	1,005,824
Net cash provided by operating activities	42,165,222	18,385,474	42,167,161	18,386,630

Notes to and forming part of the Financial Statements for the year ended 30 June 2004

32. PARTICULARS IN RELATION TO CONTROLLED ENTITIES

	Class Of share	Consolidated ownership Interest %		Book value of parent entity's investment	
		2004	2003	2004	2003
Kim Resources NL	Ord	100	100	-	-
Swindon Holdings Pty Ltd	Ord	100	100	419,814	601,176
Stanmines NL	Ord	100	100	30,650	29,670
Equigold Cote d'Ivoire SA	Ord	94	94	231,286	210,998
				681,750	841,844

Equigold Cote d'Ivoire SA is incorporated in Ivory Coast. The other controlled entities are incorporated in Australia.

33. FINANCING ARRANGEMENTS

	CONSOLIDATED		THE COMPANY	
	2004	2003	2004	2003
	$	$	$	$
The consolidated entity has access to a project loan facility:				
Facility available	15,000,000	30,000,000	15,000,000	30,000,000
Facility utilised at balance date	-	(24,600,000)	-	(24,600,000)
Facility not utilised at balance date	15,000,000	5,400,000	15,000,000	5,400,000

This facility is secured by registered Mining Act mortgages over various of the Company's mining and exploration leases and a fixed and floating charge over the assets of the Company.

34. SEGMENT INFORMATION

The consolidated entity operates predominantly in two geographical segments, being Australia and West Africa and one industry segment, that of gold mining and exploration. The results and revenue from geographical segments outside of Australia are not material.

All revenues of the consolidated entity are earned in Australia. The total assets of the consolidated entity relate to the geographical segments of the operation as follows:

	2004	2003
	$	$
Australia	103,960,670	105,502,054
West Africa	13,353,255	9,625,630
	117,313,925	115,127,684

Notes to and forming part of the Financial Statements for the year ended 30 June 2004

35. SUBSEQUENT EVENTS

For reporting periods beginning on or after 1 January 2005, the consolidated entity must comply with International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board.

This financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP). The differences between Australian GAAP and IFRS identified to date as potentially having a significant effect on the consolidated entity's financial performance and financial position are summarised below. The summary should not be taken as an exhaustive list of all the differences between Australian GAAP and IFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

The consolidated entity has not quantified the effects of the differences discussed below. Accordingly, there can be no assurances that the consolidated financial performance and financial position as disclosed in this financial report would not be significantly different if determined in accordance with IFRS.

The company has commenced a project to achieve transition to IFRS reporting beginning with the half-year ended 31 December 2005. The company's implementation project consists of three phases. The assessment and planning phase aims to produce a high level overview of the impacts of conversion to IFRS reporting on existing accounting and reporting policies and procedures, systems and processes, business structures and staff. The design phase aims to formulate the changes required to existing accounting policies and procedures and systems and processes in order to transition to IFRS. The implementation phase will include implementation of identified changes to accounting and business procedures, processes and systems and operational training for staff. It will enable the company to generate the required disclosures of AASB 1 as it progresses through its transition to IFRS.

The key potential implications of the conversion to IFRS on the consolidated entity are as follows:

(i) ***Income tax***

Under the Australian equivalent to AASB 112 *Income Taxes*, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and a tax based balance sheet. This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method.

(ii) ***Exploration for and evaluation of mineral resources***

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

(iii) ***Restoration and rehabilitation***

Under the AASB 137 Provisions, Contingent Liabilities and Contingent Assets, the Company will be required to recognise the full provision for rehabilitation, based on discounted future cash flows, at the date of transition to IFRS. A corresponding asset net of depreciation to the date of transition may qualify for recognition as part of development costs and be amortised together with development assets. The future financial effects of this change in accounting policy is not yet known.

(iv) ***Financial instruments***

AASB 139 applies from 1 January 2005, meaning that the comparative period of 2005 is not required to be restated unlike the majority of other IFRS standards which require retrospective application. Under AASB 139 Financial Instruments: Recognition and Measurement, financial instruments will be required to be classified into one of five categories which will, in turn, determine the accounting treatment of the item. The classifications are loans and receivables – measured at amortised cost; financial assets held to maturity – measured at amortised cost; financial assets held for trading – measured at fair value with fair value changes charged to net profit or loss; financial assets available for sale – measured at fair value with fair value changes taken to equity and non-trading liabilities – measured at amortised cost. This will result in a change in the current accounting policy that does not classify financial instruments in this manner. The future financial effect of this change in accounting policy is not yet known as the classification and measurement process has not yet been completed.

Notes to and forming part of the Financial Statements for the year ended 30 June 2004

35. SUBSEQUENT EVENTS (continued)

Derivatives

Under AASB 139, recognition and measurement of all derivative financial instruments at fair value is required. Unless detailed hedge accounting requirements are met, movements in the fair value of derivative financial instruments must be taken to the Statement of Financial Performance.

AASB 139 also introduces the concept of embedded derivatives and requires the identification, recognition and measurement of derivatives embedded within contracts that a company may enter. Embedded derivatives are required to be measured at fair value and movements reported in the Statement of Financial Performance. The Company is currently reviewing contracts to determine the extent of any embedded derivatives.

Hedge Accounting

Under the AASB 139 Financial Instruments: Recognition and Measurement; in order to achieve a qualifying hedge, the entity is required to meet the following criteria:

- Identified the type of hedge – fair value or cash flow;
- Identify the hedged item or transaction;
- Identify the nature of the risk being hedged;
- Identify the hedging instrument;
- Demonstrate that the hedge has and will continue to be highly effective; and
- Document the hedging relationship, including the risk management objectives and strategy for undertaking the hedge and how effectiveness will be tested.

Under the current accounting policy, unrealised gains and losses on specific hedges are deferred and recognised in the Statement of Financial Performance at the same time as the underlying physical transaction is recognised in the Statement of Financial Performance. In order to continue this accounting policy under the AASB 139 regime, the hedging contracts will need to meet the above criteria to be classified as qualifying hedges. The assessment of whether current hedging contracts will meet these criteria to be classified as qualifying hedges is yet to be completed and accordingly the financial effect of any possible change in accounting policy is not yet capable of reliable estimation.

The gold call options granted by the Company are unlikely to meet the criteria to be treated as a qualifying hedge. Accordingly, a significant impact of adopting AASB 139 will be that the movement in the fair value of granted call options will be taken to the Statement of Financial Performance.

(v) Impairment of assets

Under AASB 136 Impairment of Assets, the recoverable amount of an asset is determined as the higher of net selling price and value in use. This will result in a change in the current accounting policy which determines the recoverable amount of an asset on the basis of undiscounted cash flows. Under the new policy it is likely that impairment of assets will be recognised sooner and that the amount of any write-downs may be greater. Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known.

The financial effect of the above matter has not been recognised in these financial statements.

Notes to and forming part of the Financial Statements for the year ended 30 June 2004

36. EARNINGS PER SHARE

	2004 Cents per Share	2003 Cents per Share
Basic earnings per share	11.2	8.7
Diluted earnings per share	11.2	8.7
	No.	**No.**
Weighted average number of shares used in the calculation of basic earnings per share	148,528,960	141,431,700
Weighted average number of shares used in the calculation of diluted earnings per share	148,528,960	141,431,700

37. EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS

Superannuation Commitments

All employees are entitled immediately upon joining the Company's workforce to join the Equigold Superannuation Plan. The benefits of the Plan include death and permanent and total disablement benefits. The Company contributes to the Plan on behalf of its employees at the level required by law. The Equigold Superannuation Plan is an accumulation fund and benefits are based on defined contributions.

38. FINANCIAL INSTRUMENTS

Interest Rate Risk

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

2004

	Weighted Average Interest Rate	Floating Interest Rate	Fixed interest maturing in: 1 year or less	1 year to 5 years	More than 5 years	Non Interest Bearing	Total
	%	$	$	$	$	$	$
Financial Assets							
Cash	3.70	5,891,707	7,968,646	-	-	-	13,860,353
Receivables		-	-	-	-	948,671	948,671
Investments		-	-	-	-	127,600	127,640
		5,891,707	7,968,646	-	-	1,076,271	14,936,624
Financial Liabilities							
Accounts payable		-	-	-		8,649,110	8,649,110

Notes to and forming part of the Financial Statements for the year ended 30 June 2004

38. FINANCIAL INSTRUMENTS (continued)

2003

	Weighted Average Interest Rate	Floating Interest Rate	Fixed interest maturing in 1 year or less	1 year to 5 years	More than 5 years	Non Interest Bearing	Total
	%	$	$	$	$	$	$
Financial Assets							
Cash	3.83	2,146,258	10,876,500	-	-	3,121,833	16,144,591
Receivables		-	-	-	-	1,688,013	1,688,013
Investments		-	-	-	-	52,600	52,600
		2,146,258	10,876,500	-	-	4,862,446	17,885,204
Financial Liabilities							
Accounts payable		-	-	-	-	8,186,102	8,186,102
Bank loan	6.24	-	24,600,000	-	-	-	24,600,000
		-	24,600,000	-	-	8,186,102	32,786,102

Commodity Price Risk

The consolidated entity enters into forward sales contracts that oblige it to sell specified quantities of gold in the future at a pre-determined price. The contracts are matched against anticipated future gold production (or a portion of future production) to protect the economic entity against the possibility of a fall in the spot price of gold. At balance date hedging contracts outstanding were as follows:

(i) ***Gold Forwards***

Contract Type	Year of Maturity	Ounces	$/oz
Spot Deferred		22,388	546
Fixed Forwards	Not later than one year	36,070	600
Fixed Forwards	Later than one year but not later than five years	239,280	600
Fixed Forwards	Later than five years	69,780	600
		367,518	597

(ii) ***European Gold Call Options***

In addition to these forward sales contracts the consolidated entity had, at balance date, sold European gold call options as follows:

Maturity	Volume (Ounces)	Strike Price ($/ounce)
2005	15,000	552
2011	45,000	700
2012	68,490	700
2013	38,490	700
	166,980	

(iii) ***Mark to Market Position at 30 June 2004***

These contracts are hedging anticipated sales of gold and accordingly any unrealised gains or losses on the contracts, together with the costs of the contracts, will be recognised in the financial statements at the time the underlying transactions occur. The unrecognised mark to market loss on hedges of anticipated gold sales at 30 June 2004 was $37,457,943 (2003 : loss of $5,378,765).

Notes to and forming part of the Financial Statements for the year ended 30 June 2004

38. FINANCIAL INSTRUMENTS (continued)

Credit Risk

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

In relation to unrecognised financial assets, credit risk arises from the potential failure of counter parties to meet their obligations under the relevant gold forward contracts. The economic entity's maximum credit risk exposure in relation to these is the full amount of the gold the economic entity is entitled to receive when setting the gold contracts, should the counter party not buy the gold it has committed to under the contracts. At balance date this amount was $301,536,442 (2003: $382,173,237).

Net Fair Values of Financial Assets and Liabilities

The carrying amounts and net fair values of financial assets and liabilities of the economic entity as at balance date are as follows:

	2004		2003	
	Carrying Amount $	Net Fair Value $	Carrying Amount $	Net Fair Value $
Recognised Financial Instruments (On Balance Sheet)				
Financial Assets				
Cash	13,860,353	13,860,353	16,144,591	16,144,591
Receivables	948,671	948,671	1,688,013	1,688,013
Shares in other corporations – listed	127,600	127,600	52,600	52,600
Financial Liabilities				
Accounts payable	8,649,110	8,649,110	8,186,102	8,186,102
Bank loan	-	-	24,600,000	24,600,000
Unrecognised Financial Instruments – (Off-Balance Sheet)				
Gold contracts	-	(37,457,943)	-	(5,378,765)

Listed shares are traded in an organised financial market. The net fair value of listed shares are determined by valuing them at the current quoted market price. The net fair value of investments in unlisted shares in other corporations is determined by reference to the underlying net assets of the respective corporations.

The net fair values of monetary financial assets and liabilities not readily traded in an organised financial market are determined by valuing them at the present value of contractual future cash flows on amounts receivable or payable.

The valuation of off balance sheet financial instruments reflects the estimated amounts which the economic entity expects to pay or receive to terminate or replace the contracts at their current market value as at balance date.

39. REMUNERATION OF AUDITORS

Amounts received, or due and receivable, for audit services by auditors of the company:

Auditing the accounts	78,000	78,000	78,000	78,000
Other	21,450	31,712	21,450	31,712
	99,450	109,712	99,450	109,712

Other services relate to taxation advice.

Directors' Declaration

In the opinion of the directors of Equigold NL ("the Company")

(a) the financial statements and notes, set out on pages 22 to 44, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Company and the consolidated entity as at 30 June 2004 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

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

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

Dated at Perth this 28th day of September 2004

Signed in accordance with a resolution of directors:

M Clark	**G Evans**
Director	Director

Independent Audit Report

To members of Equigold NL

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 Equigold NL (the company) and the consolidated entity, for the year ended 30 June 2004. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, 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 of the financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

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

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

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

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

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

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Audit opinion

In our opinion, the financial report of Equigold NL is in accordance with:

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

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

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

(b) other mandatory financial reporting requirements in Australia.

Ernst & Young

J P Dowling
Partner
Perth
28 September 2004

Corporate Governance Statement

This statement outlines the main corporate governance practices in place throughout the financial year, unless otherwise stated.

BOARD OF DIRECTORS

Role of the Board

The board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the board is responsible for the overall corporate governance of the consolidated entity including formulating its strategic direction, approving and monitoring capital expenditure, setting remuneration, appointing, removing and creating succession policies for directors and senior executives, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and management information systems.

It is also responsible for approving and monitoring financial and other reporting. Details of the board's charter is located on the company's website (www.equigold.com.au).

The board has delegated responsibility for operation and administration of the company to the Managing Director and executive management.

Board Processes

To assist in the execution of its responsibilities, the board has established a Remuneration Committee, a Nomination Committee and an Audit Committee. These committees have written mandates which are reviewed on a regular basis. The board has also established a framework for the management of the consolidated entity including a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

Independent Professional Advice and Access to Company Information

Each director has the right of access to all relevant company information and to the company's executives and, subject to prior consultation with the Chairperson, may seek independent professional advice from a suitably qualified adviser at the consolidated entity's expense. A copy of the advice received by the director must be made available to all other members of the board.

Composition of the Board

The names of the directors of the company in office at the date of this report are set out in the Directors' report.

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

- there should be at least two non-executive directors;
- there should be a non-executive director as Chairperson;
- directors shall have a range of expertise encompassing the current and proposed activities of the company; and
- directors are subject to re-election every three years (except for the Managing Director).

NOMINATION COMMITTEE

The Nomination Committee oversees the appointment and induction process for directors and committee members, and the selection, appointment and succession planning process of the company's Managing Director.

The committee shall make recommendations to the board on the appropriate skill mix, personal qualities, expertise and diversity of each position. When a vacancy exists or there is a need for particular skills, the committee in consultation with the board will determine the selection criteria based on the skills deemed necessary. The committee may identify potential candidates with advice from an external consultant. The board then appoints the most suitable candidate. Board candidates must stand for election at the next general meeting of shareholders.

The members of the Nomination Committee during the year were Mr S. Lee and Mr R. Stanley, both of whom are non-executive directors. The Nomination Committee meets as required. The committee was not required to meet during 2004.

Further details of the Nomination Committee's charter are available on the company's website.

Corporate Governance Statement

REMUNERATION COMMITTEE

The Remuneration Committee reviews and makes recommendations to the board on remuneration packages and policies applicable to the Managing Director, senior executives and directors themselves. It is also responsible for share option schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements and fringe benefits policies. The Company does not currently have a share option scheme or incentive performance packages.

The members of the Remuneration Committee during the year were the Company's non executive directors, Mr S. Lee and Mr R. Stanley. The Managing Director, Mr N Giorgetta, may be invited to Remuneration Committee meetings, as required, to discuss senior executives' performance and remuneration packages. The Remuneration Committee meets as required. The committee was not required to meet during the year ended 30 June 2004.

Remuneration Policies

Remuneration levels are competitively set to be commensurate with director and executive responsibilities and to attract and retain appropriately qualified and experienced directors and senior executives. The Remuneration Committee may obtain independent advice on the appropriateness of remuneration packages, given trends in companies both locally and internationally.

AUDIT COMMITTEE

The Audit Committee has a documented charter, approved by the board. All members of the Audit Committee must be non-executive directors. The committee advises on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the consolidated entity.

The members of the Audit Committee during the year were Mr S. Lee and Mr R. Stanley, both of whom are non-executive directors.

The external auditors, the Managing Director and Chief Financial Officer are invited to Audit Committee meetings at the discretion of the committee. The committee met twice during the year and both members attended both of these meetings. The Managing Director and the Chief Financial Officer declared in writing to the board that the company's financial reports for the year ended 30 June 2004 present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards. This statement is required annually.

The Audit Committee's charter is available on the company's website.

Responsibilities of the Audit Committee

The responsibilities of the Audit Committee include reporting to the board on:

- reviewing the annual and half-year financial reports and other financial information distributed externally. This includes approving new accounting policies to ensure compliance with Australian Accounting Standards and generally accepted accounting principles, and assessing whether the financial information is adequate for shareholder needs;
- assessing corporate risk assessment processes;
- reviewing the company's policies and procedures for convergence with International Financial Reporting Standards for reporting periods beginning on 1 July 2005;
- assessing whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence;
- reviewing the nomination and performance of the external auditor;
- assessing the adequacy of the internal control framework and the company's code of conduct; and
- monitoring the procedures to ensure compliance with the Corporations Act 2001 and the ASX Listing Rules and all other regulatory requirements.

The Audit Committee reviews the performance of the external auditors on an annual basis and normally meets with them during the year to:

- discuss the audit plans, identifying any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements;

Corporate Governance Statement

- review the half-year and preliminary final report prior to lodgement with the ASX, and any significant adjustments required as a result of the auditor's findings, and to recommend board approval of these documents, prior to announcement of results; and
- finalise half-year and annual reporting to:
  - review the results and findings of the auditor, the adequacy of accounting and financial controls, and to monitor the implementation of any recommendations made; and
  - review the draft financial report and recommend board approval of the financial report.

RISK MANAGEMENT

Oversight of the Risk Management System

The board oversees the establishment, implementation, and annual review of the company's risk management system. Management has an established approach for assessing, monitoring and managing operational, financial reporting, and compliance risks for the consolidated entity. The Managing Director and the Chief Financial Officer have declared, in writing to the board, that the financial reporting risk management and associated compliance and controls have been assessed and found to be operating efficiently and effectively. The operational and other compliance risk management have also been assessed and found to be operating efficiently and effectively.

Risk Profile

Major risks for the consolidated entity arise from such matters as fluctuating commodity prices and exchange rates, political and economic climate in areas of operation, exploration and development, native title claims, operational risks, prices of process raw materials, environmental, occupational health and safety and financial reporting.

Risk Management and Compliance and Control

The board is responsible for the overall internal control framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities. The economic entity has established a system of internal controls which takes account of key business exposures. The system is designed to provide reasonable assurance that assets are safe-guarded, proper accounting records are maintained and financial information is reliable. The system is based upon detailed financial and operating reporting, written procedures, policies and guidelines, organisational structures that provide an appropriate division of responsibility and the careful selection and training of qualified personnel.

Operating practices have been established to ensure:

- major capital expenditure and revenue commitments obtain prior board approval;
- financial exposures are controlled, including the use of derivatives. Further details of the company's policies relating to gold hedging management are included in Note 38 to the financial statements;
- occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;
- business transactions are properly authorised and executed;
- the quality and integrity of personnel;
- financial reporting accuracy and compliance with the financial reporting regulatory framework; and
- environmental regulation compliance.

Financial Reporting

The Chief Executive Officer and the Chief Financial Officer have declared, in writing to the board that the company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board.

Monthly actual results are reported against budgets approved by the directors and revised forecasts for the year prepared regularly. Convergence with IFRS is a significant current financial reporting project, and the board has delegated responsibility for the project to the Chief Financial Officer, to ensure a smooth transition to IFRS reporting, beginning with the half-year ended 31 December 2005. This project will be monitored and reviewed by the board on a regular basis.

Corporate Governance Statement

Environmental Regulation

The consolidated entity's operations are subject to significant environmental regulation under both Commonwealth and State legislation in relation to its mining and exploration activities.

The consolidated entity is committed to achieving a high standard of environmental performance. Equigold NL has an environmental policy requiring it to comply with all legal and statutory requirements of the regulatory authorities, in the States or Countries in which it's activities are undertaken. Further, the company will endeavour to apply the principles of best practice environmental management and continuous improvement, wherever it operates around the world.

It is the responsibility of the Board to ensure that the environmental policies are adhered to and to ensure that the economic entity is aware of and complies with all relevant environmental legislation. In discharging this responsibility the board, through its Operations Director, liaises with mine site management to:

- set and communicate environmental objectives and quantified targets;
- monitor and report progress against these objectives and targets;
- implement environment management plans in operating areas which may have a significant environmental impact;
- identify where remedial actions are required and implement action plans; and
- regularly monitor licence requirements, with performance against licence conditions reported to the various State regulators on a regular basis.

ETHICAL STANDARDS

All directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the consolidated entity. Every employee has a supervisor to whom they may refer any issues arising from their employment. The board reviews the ethical standards related policies regularly and processes are in place to promote and communicate these policies.

Conflict of Interest

Directors must keep the board advised, on an ongoing basis, of any interest that could potentially conflict with those of the company. Where the board believes that a significant conflict exists for a director on a board matter, the director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered. Details of director related entity transactions with the company and consolidated entity are set out in Note 29 to the financial statements.

Code of Conduct

The consolidated entity has advised each director, manager and employee that they must comply with the Company's Code of Conduct. The code may be viewed on the company's website, and it covers the following:

- the pursuit of the highest standards of ethical conduct in the interests of shareholders and other stakeholders;
- usefulness of financial information by maintaining appropriate accounting policies and practices and disclosure;
- employment practices such as occupational health and safety, employment opportunity, the level and structure of remuneration, and conflict resolution;
- responsibilities to the community, such as environmental protection policies;
- responsibilities to the individual, such as privacy, use of privileged or confidential information, and conflict resolution;
- compliance with all legislation affecting the operations and activities of the Company, both in Australia and overseas;
- conflicts of interest;
- corporate opportunities such as preventing directors and key executives from taking advantage of property, information or position for personal gain;
- confidentiality of corporate information;
- protection and proper use of the company's assets;
- compliance with laws; and
- reporting of unethical behaviour.

Corporate Governance Statement

Trading in General Company Securities by Directors and Employees

The Dealing in Equigold NL Shares Policy sets out the obligations on directors and employees of the Company in relation to trading in Equigold securities. The policy requires all directors and employees to comply with the insider trading provisions of the Corporations Act 2001 in relation to dealing in the shares of Equigold NL or any other company about which a director or employee may obtain information in the course of performing their duties for Equigold. The policy also provides guidance as to what may be considered "price sensitive" information and when such information is considered to be "generally available".

COMMUNICATION WITH SHAREHOLDERS

The board provides shareholders with information using a Continuous Disclosure Policy which includes identifying matters that may have a material effect on the price of the company's securities, notifying them to the ASX, posting them on the company's website, and issuing media releases. More details of the policy are available on the company's website.

In summary, the Continuous Disclosure policy operates as follows:

- the Chief Executive Officer, the Chief Financial Officer and the other Executive Directors are responsible for interpreting the company's policy and where necessary informing the board. The Company Secretary is responsible for all communications with the ASX. Such matters are advised to the ASX on the day they are discovered, and all senior executives are responsible for monitoring the group's internal and external environment for information or events potentially requiring disclosure;
- the annual report is distributed to all shareholders (unless a shareholder has specifically requested not to receive the document), including relevant information about the operations of the consolidated entity during the year, changes in the state of affairs and details of future developments;
- the half-yearly report and preliminary final report contain summarised financial information and a review of the operations of the consolidated entity during the period. The half-year reviewed financial report and full year audited financial report are lodged with the Australian Securities and Investments Commission and the ASX, and sent to any shareholder who requests a copy;
- proposed major changes in the consolidated entity which may impact on share ownership rights are submitted to a vote of shareholders;
- all announcements made to the market, and related information (including information provided to analysts or the media during briefings), are placed on the company's website after they are released to the ASX;
- transcripts of analyst and media presentations are placed on the company's website; and
- the external auditor is requested to attend the annual general meetings to answer any questions concerning the audit and the content of the auditor's report.

ASX CORPORATE GOVERNANCE COUNCIL (CGC)

Principles of Good Corporate Governance and Best Practice Recommendations

During the year ended 30 June 2004 the Company followed the principles of good corporate governance as outlined by the ASX CGC, other than the following recommendations:

Independence

CGC recommendation 2.1 requires a majority of the board to be independent directors. Recommendation 2.2 requires that the chairperson of the Company also be independent. Recommendation 4.3 requires that the Audit Committee consist of a majority of independent directors and that the chairperson of this committee also be an independent director.

During 2004, the board of directors of Equigold NL consisted of Messrs Lee and Stanley who are both non-executive directors and Messrs Clark, Evans, Fergusson and Giorgetta who are all executive directors. Mr Lee is chairperson of the board and Messrs Lee and Stanley make up the Audit Committee. Whilst Messrs Lee and Stanley are both non-executive directors, they do not meet the definition of independence as outlined in the CGC guidelines due to them both being substantial shareholders of the Company. Whilst the board recognises the value of independence, it also believes that industry experience and specific expertise to the Company's business are vital to directors making a meaningful contribution to the board and its committees.

During 2004 the board considered adding at least one independent director, however a suitable candidate has not been identified to date.

ASX Additional Information

SHAREHOLDING

Substantial Shareholders

The number of shares held by substantial shareholders as at 22 September 2004 were:

Shareholder	Note	No. Ordinary Shares	%
Mr N Giorgetta	(1)	24,000,000	16.16
Commonwealth Bank of Australia		14,227,938	9.58
Mr S Lee	(1)	13,661,884	9.20
Mr R Stanley	(1)	10,940,550	7.37

Notes

(1) The substantial shareholdings of these individuals arise as a result the substantial shareholder and his associates (as defined by Corporations Act 2001) having relevant interests in the reported securities.

Class of Shares and Voting Rights

At 22 September 2004 there were 1,707 holders of the ordinary shares of the Company. The voting rights attaching to the ordinary shares, set out in Article 17.2 of the Company's Articles of Association are:"Subject to these Articles and any terms of issue of any Share:

(1) on a show of hands, each natural person present at a general meeting who is a Voting Member or a proxy (other than a person who is present only as one of two proxies appointed by the same Member), representative or attorney appointed by a Voting Member has one vote; and

(2) on a poll, each natural person present at a general meeting may exercise that number of votes calculated as the aggregate of the following:

1) the number of fully paid Shares held by the person;

2) the number of fully paid Shares in respect of which Voting Members holding those Shares have appointed the person as proxy, representative or attorney;

3) in respect of each partly paid Share held by the person the aggregate of the amount which is equal to the fraction of the amount paid on each partly paid Share as a proportion of the total issue price of that Share; and

4) the aggregate of the amounts calculated on the same basis as paragraph (c) above in respect of each partly paid Share in respect of which the Voting Member holding that Share has appointed the person as proxy, representative or attorney."

Distribution of Shareholders as at 22 September 2004

	Number of Holders
1 – 1,000	180
1,001 – 5,000	684
5,001 – 10,000	376
10,001 – 100,000	382
100,001 and over	85

ASX Additional Information

Twenty Largest Shareholders as at 22 September 2004

	No. Ord. Shares	%
Rollason Pty Ltd	21,970,000	14.79
Citicorp Nominees Pty Ltd	12,928,339	8.71
Westpac Custodian Nominees Limited	10,423,963	7.02
Sierra Bay Pty Ltd	10,400,000	7.00
SHL Pty Ltd	9,133,334	6.15
J P Morgan Nominees Australia Limited	8,664,693	5.83
Piama Pty Ltd	4,363,034	2.94
ANZ Nominees Limited	4,048,071	2.73
Seah Kee Khoo	3,750,000	2.52
Nefco Nominees Pty Ltd	3,675,000	2.47
National Nominees Limited	3,204,652	2.16
C R Investments Pty Ltd	2,500,000	1.68
Dawncrest Holdings Pty Ltd	2,308,871	1.55
Cintron Pty Ltd	2,293,833	1.54
Bayrunner Pty Ltd	2,233,333	1.50
Phoenix Properties International Pty Ltd	2,028,550	1.37
Bivongi Pty Ltd	2,000,000	1.35
Giorgetta Kay Doris	2,000,000	1.35
Fergusson Nicola Gail	2,000,000	1.35
Cooley Pty Ltd	1,700,023	1.14
	111,625,696	75.15

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