



Jubilee Mines N.L.

Our Ref: 6-A-3

18 August 2005

The Manager
Companies Announcement Office
Australian Stock Exchange Limited
Level 10, 20 Bond Street
SYDNEY NSW 2000

www.asxonline.com

Dear Sir

RE: FULL YEAR RESULTS

We enclose herewith a copy of Media Announcement, Appendix 4E and Independent Audit Report in relation to the above.

Yours faithfully

A handwritten signature in black ink, appearing to read "Kerry Harmanis". The signature is fluid and cursive, with a large loop at the end.

KERRY HARMANIS
Executive Chairman

Encl.



Jubilee Mines N.L.

ASX / MEDIA RELEASE

THURSDAY 18 AUGUST 2005

\$75.5 MILLION ANNUAL PROFIT REINFORCES COSMOS GROWTH PLANS

Jubilee Mines NL (ASX: JBM) has continued its strong operational and financial performance by today announcing a net annual profit of **\$75.5 million** after including a \$14.7 million provision on the carrying value of its investments in junior nickel explorers Falcon Minerals Limited and Northern Star Resources Limited. The strong result underpinned a steady final dividend of **25 cents** per share, to be paid on 12 September 2005, lifting the annual payout to shareholders to **45 cents** and representing a payout ratio of **64%** before the provision.

Excluding the provision, Jubilee's annual profit was \$90.2 million, which compares with last year's record \$95.1 million net profit – reflecting another excellent performance at its 100%-owned Cosmos mining operations in Western Australia's Leinster-Mt Keith nickel belt in a continuing strong nickel price environment.

Sales revenue for the year to 30 June 2005 was \$230.6 million (2004: 235.4 million), while the Cosmos nickel mine generated another robust gross profit of \$130.5 million (2004: \$145.5 million). Pre-tax profit was \$114.4 million (2004: 136.1 million), with a tax expense for the year of \$38.9 million (2004: \$49.2 million). The \$75.5 million net profit after tax equated to earnings per share (EPS) of 60 cents (2004: 77 cents).

The comparative financial performance for the year benchmarked against 2003/04 reflected slightly reduced production of nickel in concentrate of 11,031 tonnes (2004: 12,028 tonnes) from 176,727 tonnes of ore processed at an average grade of 6.45%. This resulted from a reduction in head grade from last year's average of 8.23% following the transition to mining in the lower levels of the orebody and a switch to cut and fill stopping methods, as outlined in previous reports.

At the 30 June balance date, Jubilee had cash at bank of \$92.3 million and receivables relating to nickel sales to Inco Limited amounting to \$39.4 million, giving a total of \$131.7 million in short-term liquid assets. The Company remains debt free.

Jubilee's Executive Chairman, Mr Kerry Harmanis, said the Company had delivered another excellent financial performance and overcome some operational challenges during the year as the Cosmos Deeps mine moved into a new phase of operations, with Jubilee once again able to take full advantage of the strong nickel price environment.

"After several years of outstanding financial results, we are in a very strong position to take the organic growth strategy that has delivered so much success for us over the past 18 months to the next level, and we have now commenced reviewing options to accelerate production from the Cosmos operations following the exceptional run of recent exploration success," Mr Harmanis said. "The highlight of the past year has undoubtedly been the discovery and subsequent rapid delineation of the Prospero underground orebody, 4.5km south of Cosmos, and more recently the discovery of the Tapinos high-grade mineralisation, located up-dip from Prospero."

Mr Harmanis said: "Accounting standards have required us at this point in time to provide against the carrying value of our investment in Falcon Minerals to the extent of \$14.4 million. This is a long term strategic investment, the full potential of which has yet to be realised."

He continued: "Exploration activity at Collurrabbie over the past six months has slowed down due to the recent change of ownership of Falcon's joint venture partner, WMC Resources. Drilling activity is likely to re-commence in the next few months, and we believe the future of this project is particularly exciting."



Jubilee Mines N.L.

Jubilee recently commenced excavation of a box-cut development, representing the first stage of development of the Prospero deposit. The Company has already completed a pre-feasibility study on the proposed development of a new underground mining operation at Prospero, and is currently at an advanced stage of a feasibility study on the project. This feasibility study is scheduled for completion in September 2005.

An updated Indicated Resource was recently announced for Prospero of 1,060,000 tonnes grading 5.72% nickel (for 60,600 tonnes of contained nickel) with the deposit remaining open in most directions. Intensive resource in-fill and step-out drilling is continuing at Prospero and also at Tapinos, which is strategically located in close proximity to the path of the proposed Prospero decline.

"Our focus over the next 3 months will be continuing intensive exploration to fully delineate Prospero and Tapinos, accelerate exploration within the Alec Mairs Complex, where we recently announced exploration success at Alec 2, and further work in the relatively untested corridor between Prospero/Tapinos and Cosmos," Mr Harmanis said. "We are very excited by the prospect of completion of the second exploration decline through the Alec Mairs complex by the end of this year, as this will position us to drill out the Alec 2 zone, intensively drill out the area beneath Anomaly 1 where high-grade results were obtained last year, and test the entire prospective ultramafic contact to the south of Cosmos, Cosmos Deeps and Alec Mairs."

"While we do not yet have definitive answers on the respective sizes of these new discoveries, or their production potential, it is clear that the mine life of the broader Cosmos operations has been extended until well into the next decade," Mr Harmanis said. "Moreover, with this challenge well behind us and based on our continuing exploration success, we have commenced assessment of opportunities to optimise our long-term production profile by taking into consideration future production from the Prospero/Tapinos area and reviewing opportunities to expand production above the current level of around 11,000tpa."

"Subject to the rate of exploration success, we would anticipate to be in a position by the end of 2005 to commence a feasibility study on the possible expansion of the Cosmos plant," Mr Harmanis said. "The study on the low-grade disseminated Anomaly 1 mineralisation – which would require a separate treatment flowsheet to unlock the value of this substantial metal inventory – is also progressing, but awaits further assessment including the results of drilling from the second Alec Mairs decline."

OUTLOOK

The Cosmos Deeps mine plan for 20005/06 underpins forecast nickel in concentrate production at similar levels to 2004/05. As previously foreshadowed to the market, head grades from the Cosmos Deeps mine are likely to be in the range of 5-6% into the future, with cash operating costs evening out over the longer term at around the US\$2.50/lb level.

"Our results will once again clearly be influenced by the nickel price and the timing and pricing of shipments, with operations anticipated to remain steady," he said. "Our main focus moving forward will be to progress the developments at Alec Mairs and Prospero and continue intensive exploration at Prospero, Tapinos and Alec Mairs, as well as other key targets in the Cosmos area and regionally. Our exploration budget on a non-success basis for 2005/06 has been increased to over \$18 million, excluding the \$6 million allocated to the ongoing Prospero resource drill-out and feasibility study."

"With this high level of exploration activity, development and growth within the Company, continuing steady production from Cosmos, and a strong balance sheet and financial position, Jubilee is in excellent shape for the future with a very bright outlook for 2005/06," Mr Harmanis concluded.

- ENDS -

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JUBILEE MINES NL
ABN 44 009 219 809

ASX PRELIMINARY FINAL REPORT
APPENDIX 4E
FOR THE YEAR ENDED 30 JUNE 2005

CURRENT REPORTING PERIOD: FINANCIAL YEAR ENDING 30 JUNE 2005

PREVIOUS CORRESPONDING PERIOD: FINANCIAL YEAR ENDING 30 JUNE 2004

Jubilee Mines NL
ABN 44 009 219 809

AND CONTROLLED ENTITIES

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**RESULTS FOR ANNOUNCEMENT TO THE MARKET
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005**

Revenue and Net Profit

		Percentage Change %		Amount \$'000
Revenue from ordinary activities	down	2.0	to	230,603
Profit from ordinary activities after tax attributable to members	down	20.6	to	75,542
Net profits attributable to members	down	20.6	to	75,542

Dividends (Distributions)

	Amount per security	Franked amount per security
Dividend (payable 12 September 2005)	25 cents	100%
Previous corresponding period	25 cents	100%
Interim dividend (paid 8 March 2005)	20 cents	100%
Previous corresponding period	20 cents	50%

The date for determining entitlements to the dividend (Record Date) will be Monday, 5 September 2005.

Explanation of Revenue and Net Profit

Sales revenue for the year was down by only 2% as a result of lower nickel produced and higher nickel prices than in the prior year.

Net profit after tax was lower this year as a result of creating a provision for the diminution in the value of investment in Northern Star Resources Ltd and Falcon Minerals Ltd of \$14.7 million in aggregate; before such provision, the net profit amounted to \$90.2 million – representing a 5% reduction on the result for the 2004 financial year.

Explanation of Dividends

The Company has recommended a fully franked dividend of 25 cents which follows a fully franked dividend of 20 cents paid in March 2005.

The dividend will be payable on 12 September 2005. The date for determining entitlements to the dividend (Record Date) will be 5 September 2005.

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005**

	Note	Consolidated	
		2005 \$'000	2004 \$'000
Sales Revenue	2	230,603	235,371
Cost of sales		<u>(100,113)</u>	<u>(89,871)</u>
Gross Profit		130,490	145,500
Other revenue from ordinary activities	2	4,981	9,447
Administration expenses		(5,128)	(4,258)
Exploration write-off	3	(948)	(10,907)
Provision for diminution in value of investments	3	(14,674)	-
Borrowing costs	3	(131)	(593)
Share of net loss from associate accounted for using the equity method		(120)	(14)
Other expenses from ordinary activities		<u>(50)</u>	<u>(3,112)</u>
Profit from ordinary activities before income tax expense		114,420	136,063
Income tax (expense)/benefit		<u>(38,878)</u>	<u>(40,922)</u>
Profit from ordinary activities after income tax expense		<u>75,542</u>	<u>95,141</u>
Net Profit attributable to members of the parent entity		<u>75,542</u>	<u>95,141</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u>75,542</u>	<u>95,141</u>
Earnings per share		<u>\$</u>	<u>\$</u>
Basic	10	0.60	0.77
Diluted	10	0.59	0.76

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005

	Note	Consolidated	
		2005	2004
		\$'000	\$'000
CURRENT ASSETS			
Cash assets		92,310	114,855
Receivables		40,532	28,490
Prepayments		555	563
Other financial assets		413	6,000
Inventories		4,882	3,749
Total current assets		138,692	153,657
NON-CURRENT ASSETS			
Investments accounted for using the equity method	5	12,686	1,501
Other financial assets		1,033	-
Property, plant and equipment		6,494	9,631
Mine properties and development		32,995	40,177
Exploration tenements		38,539	18,866
Deferred tax assets		217	166
Total non-current assets		91,964	70,341
TOTAL ASSETS		230,656	223,998
CURRENT LIABILITIES			
Payables		10,364	8,792
Interest bearing liabilities		-	9,508
Current tax liability		17,444	33,235
Provisions		523	403
Total current liabilities		28,331	51,938
NON-CURRENT LIABILITIES			
Provisions		2,073	1,253
Deferred tax liability		34,519	37,041
Total non-current liabilities		36,592	38,294
TOTAL LIABILITIES		64,923	90,232
NET ASSETS		165,733	133,766
EQUITY			
Contributed equity		48,543	35,251
Retained profit	6	117,190	98,515
TOTAL EQUITY		165,733	133,766

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

	Note	Consolidated	
		2005 \$'000	2004 \$'000
Cash flow from operating activities			
Receipts from customer		218,973	230,883
Payments to suppliers and employees		(84,093)	(76,550)
Interest and other costs of finance paid		(131)	(1,319)
Interest received		4,688	2,155
Income Taxes Paid		(57,242)	(1,939)
		<hr/>	<hr/>
Net cash provided by operating activities	8(a)	<hr/> 82,195	<hr/> 153,230
Cash flow from investing activities			
Proceeds from Debt Service Reserve Account		6,000	-
Proceeds from the sale of investments		-	4,724
Acquisition of investments		(14,024)	(1,515)
Proceeds from sale of property, plant and equipment		56	66
Development costs paid		(8,762)	(13,644)
Exploration costs paid		(20,621)	(6,792)
Payments for property, plant and equipment		(1,584)	(4,384)
		<hr/>	<hr/>
Net cash used in investing activities		<hr/> (38,935)	<hr/> (21,545)
Cash flow from financing activities			
Proceeds from share issue		306	3,225
Repayment of borrowings		(9,244)	(6,959)
Dividends paid		(56,867)	(49,951)
		<hr/>	<hr/>
Net cash used in financing activities		<hr/> (65,805)	<hr/> (53,685)
Net (decrease)/increase in cash held		(22,545)	78,000
Cash at the beginning of the financial year		<hr/> 114,855	<hr/> 36,855
Cash at the end of the financial year		<hr/> <hr/> 92,310	<hr/> <hr/> 114,855

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2005**

1. BASIS OF PREPARATION

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. The reporting period is the financial year ended 30 June 2005 with the previous corresponding period being the financial year ended 30 June 2004.

The accounting policies adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in the 2004 Annual Financial Report.

	Consolidated Entity	
	2005	2004
	\$'000	\$'000
2. OPERATING REVENUE		
Profit from ordinary activities before income tax includes the following items of revenue:		
Sales of goods	230,603	235,371
Other revenue from ordinary activities:		
Proceeds on sale:		
Plant and equipment	57	66
Marketable securities	-	4,724
Interest received – other entity	4,688	2,155
Net foreign exchange gain	236	2,476
Other revenue	-	26
	4,981	9,447
	235,584	244,818

3. EXPENSES

Profit from ordinary activities before income tax includes the following items of expense:

Cash costs of goods sold	78,760	74,015
Depreciation – non-current assets property, plant and equipment	4,707	5,237
Amortisation of non-current assets mining development	15,944	10,208
Exploration write-off	948	10,907
Provision for diminution in value of investments	14,674	-
Borrowing costs	131	593

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

		Consolidated Entity			
		2005	2004		
		\$'000	\$'000		
4. SALE OF ASSETS					
Sale of assets in the ordinary course of business have given rise to the following profit:					
Plant and equipment		42	38		
Marketable securities		-	1,786		
		<u>42</u>	<u>1,824</u>		
5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD					
Name of Associates	Principal Activity	Ownership Interest		Consolidated Carrying Amount	
		2005 %	2004 %	2005 %	2004 %
Northern Star Resources NL	Mineral exploration	25.7	25.7	1,082	1,501
Falcon Minerals Ltd	Mineral exploration	16.1	-	<u>11,604</u>	<u>-</u>
				<u>12,686</u>	<u>1,501</u>
Movement in investment in Northern Star Resources Ltd				\$'000	\$'000
Equity accounted amount of investment at the beginning of the financial year				1,501	-
Acquisition of investment in associate				-	1,515
Share of loss from ordinary activities after income tax				(103)	(14)
Provision for diminution in carrying value of investment				<u>(316)</u>	<u>-</u>
Equity accounted amount of investment at the end of the financial year				<u>1,082</u>	<u>1,501</u>
Movement in investment in Falcon Minerals Ltd					
Equity accounted amount of investment at the beginning of the financial year				-	-
Acquisition of investment in associate				25,979	-
Share of loss from ordinary activities after income tax				(17)	-
Provision for diminution in carrying value of investment (i)				<u>(14,358)</u>	<u>-</u>
Equity accounted amount of investment at the end of the financial year				<u>11,604</u>	<u>-</u>
(i) The provision for diminution in the value of Falcon Minerals has been completed in accordance with Australian Accounting Standards by the adoption of the market value based on Falcon Minerals share price as at 30 June 2005. The Company acquired the investment as a long term strategic investment and this strategy has not yet run its full course. The value is based on current circumstances and may reverse in the future.					

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2005**

	Consolidated Entity	
	2005	2004
	\$'000	\$'000
6. RETAINED PROFITS		
Balance at beginning of financial year	98,515	53,325
Dividends paid	(56,867)	(49,951)
Net profit attributable to members of the Parent entity	<u>75,542</u>	<u>95,141</u>
Balance at end of financial year	<u>117,190</u>	<u>98,515</u>

7. CONTROLLED ENTITIES

Entity	Name	Country of Incorporation	% Owned	
			2005	2004
Parent	Jubilee Mines NL	Australia		
Controlled	Sir Samuel Mines NL	Australia	100	100
Controlled	Jubilee Investments NL (formerly Jubilee Oil NL)	Australia	100	100
Controlled	JubileeX Pty Ltd	Australia	100	-

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2005

	Consolidated Entity	
	2005 \$'000	2004 \$'000
8. STATEMENT OF CASH FLOW		
(a) Reconciliation of profit from ordinary activities after related income tax to net cash flows from operating activities		
Profit from ordinary activities after related income tax	75,542	95,141
Depreciation/Amortisation	20,651	15,445
Provision for diminution in value of investments	14,674	-
Exploration expenditure written off	948	10,907
Rehabilitation provision	702	571
Profit on sale of non-current assets	(44)	(1,824)
Foreign exchange gain	(263)	(893)
Share of loss from associate	120	14
Movements in operating assets and liabilities:		
(Increase)/decrease in assets:		
Current receivables	(12,042)	(5,442)
Other prepayments	6	(178)
Other financial assets	(413)	-
Current inventories	(1,133)	(553)
Current tax assets	-	2,061
Deferred tax assets	(51)	(45)
Increase/(decrease) in liabilities:		
Current payables	1,573	1,017
Current tax liability	(15,791)	33,235
Current provisions	120	59
Non current provisions	118	(18)
Non current deferred tax liability	(2,522)	3,733
Net cash from operating activities	<u>82,195</u>	<u>153,230</u>
(b) Financing Facilities		
Secured loan facilities with various maturity dates through to 31 December 2004:		
Amount used	-	9,508
Amount unused	-	-
	<u>-</u>	<u>9,508</u>
Secured performance bond facility:		
Amount used	1,600	1,966
Amount unused	684	34
	<u>2,284</u>	<u>2,000</u>

**NOTES TO THE APPENDIX 4E FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

8. STATEMENT OF CASH FLOW (Continued)

(c) Non-Cash Investing Activities

During the financial year JubileeX Pty Ltd (a wholly owned subsidiary of Jubilee Mines NL) acquired a 16.1% interest (22,978,121 shares) in Falcon Minerals Ltd (an Australian listed company). This investment was acquired through a combination of \$12,993,206 in cash and the placement of 2,774,739 shares in Jubilee Mines NL issued at \$4.68 per share (\$12,985,779). Total acquisition cost of the investment in Falcon Minerals NL amounted to \$25,978,985.

9. SUBSEQUENT EVENTS

Subsequent to the financial year end the Directors have recommended a fully franked dividend of 25 cents per share to the holders of fully paid and partly paid ordinary shares as at 5 September 2005.

Since the end of the financial year the Directors are not aware of any other matter or circumstance not otherwise dealt with in the report or the financial statements that has significantly or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial years.

10. EARNINGS PER SHARE

The following reflects the income and share data used in the calculation of basic and diluted earnings per share.

Net profit attributable to members of the parent entity

Consolidated Entity	
2005	2004
\$'000	\$'000

	75,542	95,141
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	2005	2004
	No. of Shares	No. of Shares

Weighted average number of ordinary shares used in calculating basic earnings per share

	125,846,324	124,374,007
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Effect of dilutive securities

Share options

	1,544,493	105,549
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Partly paid shares

	500,000	275,000
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Weighted average number of ordinary shares and potential ordinary shares used in calculating dilutive earnings per share

	127,890,817	124,754,556
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	2005	2004
	\$ per Share	\$ per Share

Basic earnings per share

	\$0.60	\$0.77
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Diluted earnings per share

	\$0.59	\$0.76
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NOTES TO THE APPENDIX 4E FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

11. NET TANGIBLE ASSETS PER SECURITY

	<u>2005</u> <u>\$ per Share</u>	<u>2004</u> <u>\$ per Share</u>
Net tangible assets per security	<u>\$1.30</u>	<u>\$1.07</u>

12. DIVIDENDS

Recognised amounts	2005		2004	
	Cents per share	Total \$'000	Cents per share	Total \$'000
Fully paid and partly paid shares				
Final dividend for prior period	25 cents	31,282	20 cents	24,925
Franked to	100%		65.8%	
Fully paid and partly paid shares				
Interim dividend	20 cents	25,585	20 cents	25,026
Franked to	100%		50%	
	<u>45 cents</u>	<u>56,867</u>	<u>40 cents</u>	<u>49,951</u>
Unrecognised amounts				
Final dividend	25 cents	32,109	25 cents	31,282
Franked to	100%		100%	
			<u>2005</u> <u>\$'000</u>	<u>2004</u> <u>\$'000</u>
Adjusted franking account			<u>47,091</u>	<u>33,235</u>

13. INFORMATION ON AUDIT

This preliminary final report is based on accounts that have been audited. There are no qualifications in the audit report.

14. COMMENTARY

Jubilee enjoyed another successful year. The Company's Cosmos Nickel Project continued its strong operational performance during the year, following on from record sales and production in the prior financial year. Nickel in concentrate produced during the year of 11,028 tonnes was lower than prior year production of 12,028 tonnes as a consequence of an expected reduction in the average head grade of ore from Cosmos Deeps. During the year 176,727 tonnes of ore at an average head grade of 6.45% nickel was processed through the plant with an average plant recovery of 96.6% being achieved.

The spot nickel price continued to be maintained at historically high levels during the year, but remained volatile. The strong nickel price along with our strong operational performance allowed the Company to maintain sales revenue at comparable levels to 2004 and resulted in a profit, after tax and before provision for diminution of investments, of \$90.2 million (comparable to \$95.1 million in 2004).

Net profit after tax and provision for diminution in the carrying value of investments for the year was \$75.5 million, equating to earnings per share of 60 cents. The provision for diminution in the carrying value of investments in Northern Star Resources Ltd and Falcon Minerals Ltd totalled \$14.7 million.

The provision for diminution in the value of Falcon Minerals has been completed in accordance with Australian Accounting Standards by the adoption of the market value based on Falcon Minerals share price as at 30 June 2005. The Company acquired the investment as a long term strategic investment and

**NOTES TO THE APPENDIX 4E FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

this strategy has not yet run its full course. The value is based on current circumstances and may reverse in the future.

14. COMMENTARY (Continued)

The Company continues its generous dividend policy by declaring a 25 cent fully franked final dividend payable on 12 September 2005, this follows a 20 cent interim dividend paid in March 2005.

Continuation of the exceptional results returned over the past two financial years is largely dependent upon the strength of the nickel price. Jubilee considers that the nickel market will remain strong but volatile over the next twelve months. Annual production for the 2006 financial year from the Company's Cosmos Nickel Project is expected to be maintained at around 11,000 tonnes of nickel in concentrate.

Jubilee is developing the nearby Prospero deposit and conducting intensive exploration programs at Cosmos and other strategically located nickel projects. In addition, the Company is considering potential plant expansion opportunities which may lead to production increases in the future.

15. OTHER FACTORS LIKELY TO AFFECT RESULTS IN THE FUTURE

Impact of adopting AASB equivalent to IASB Standards

Jubilee Mines NL will be required to adopt Australian Accounting Standards Board (AASB) equivalents to International Financial Reporting Standards (IFRSs), for its financial reporting at the half year ending 31 December 2005 and the full year ending 30 June 2006. At these dates a first time adopter of Australian equivalent IFRSs will be required to restate its comparative financial statements using all IFRSs, except for AASB 132 Financial Instruments: Disclosure and Presentation, AASB 139 Financial Instruments: Recognition and Measurement, AASB 4 Insurance Contracts and AASB6 Exploration for Evaluation of Mineral Resources. For Jubilee Mines NL this means the preparation of an opening balance sheet in accordance with IFRSs as at 1 July 2004, with the majority of restatement adjustments being made, retrospectively, against opening retained earnings.

During the year Jubilee Mines NL established a project team to manage the transition to Australian equivalent IFRSs who have been working on the project together with independent experts. As a result of these procedures, Jubilee mines NL has graded impact areas as either high, medium or low and has established dedicated project teams to address each of the areas in order of priority as represented by the gradings. An IFRS steering committee has been established to oversee the progress of each of the project teams and make necessary decisions. Regular updates are provided to the Audit Committee. As Jubilee Mines NL has a 30 June year end, priority has been given to considering the preparation of an opening balance sheet in accordance with AASB equivalents to IFRS as at 1 July 2004. Set out below are the key areas where accounting policies will change and may have an impact on the financial report.

The amounts disclosed below are a best estimate as at the date of preparing the financial statements and may change due to:

- (a) further work being performed by the IFRS project team; and
- (b) potential amendments to the Australian equivalents to the International Financial Reporting Standards ("A-IFRSs") and interpretations thereof being issued by the standard setters and the International Financial Reporting Interpretations Committee ("IFRIC").

Financial Instruments

The directors have elected to apply the first time adoption exemption available to Jubilee Mines NL to defer the date of transition of AASB132 Financial Instruments: Disclosure and Presentation and AASB139 Financial Instruments: Recognition and Measurement to 1 July 2005. Accordingly, there are no quantitative impacts on the 30 June 2005 financial statements. 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

**NOTES TO THE APPENDIX 4E FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005**

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. Current measurement is at amortised cost, with certain derivative financial instruments not recognised on balance sheet.

15. OTHER FACTORS LIKELY TO AFFECT RESULTS IN THE FUTURE (Continued)

Exploration and Evaluation

AASB 6 Exploration for and Evaluation of Mineral Resources is effective from 1 January 2005 and early adoption will not be permitted. The new standard requires entities to perform impairment testing on exploration and evaluation assets when facts and circumstances suggest that the carrying amount may be impaired. Impairment of exploration and evaluation assets is assessed at a cash generating unit or group of cash generating units level provided this is no larger than an area of interest. There is not expected to be any adjustment required under A-IFRS in the Consolidated Entity for the year end 30 June 2005.

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 discounted 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. There is not expected to be any adjustment required under A-IFRS in the Consolidated Entity for the year ended 30 June 2005.

Share Based Payments

Under AASB 2 Share Based Payments, the Company will be required to determine the fair value of options issued to employees as remuneration and recognise an expense in the Statement of Financial Performance over the vesting period. This standard is not limited to options and also extends to other forms of equity based remuneration. It applies to all share-based payments issued after 7 November 2002 which have not vested as at 1 January 2005. Under the current accounting policy no amounts are recognised in the financial accounts in relation to equity based compensation schemes. The expected adjustment as at 1 July 2004 is a reduction in retained earnings of \$0.1 million and the recognition of \$0.3 million as an expense for the year ended 30 June 2005.

Income Taxes

Under AASB 112 Income Taxes, the Company will be required to use a balance sheet liability method which focuses on the tax effects of transactions and other events that affect amounts recognised in either the Statement of Financial Position or a tax-based balance sheet. The impact on the Consolidated Entity's opening balance sheet as at 1 July 2004 will be the recognition of a deferred tax liability of \$0.2 million as a result of the impact of the application of AASB 137 Provisions, Contingent Liabilities and Contingent Assets which is discussed below.

Rehabilitation

Under 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 impact on the Consolidated Entity's opening balance as at 1 July 2004 will be the recognition of a restoration asset of \$1.7 million, a decrease in retained earnings of \$0.9 million and an increase in the provision for rehabilitation of \$2.4 million. The expected adjustment for the year ended 30 June 2005 on the Consolidated Entity's result will be a net reduction in earnings of \$1.0 million.

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FOR THE YEAR ENDED 30 JUNE 2005**

16. ANNUAL GENERAL MEETING

The Annual General Meeting of Jubilee Mines NL is planned to be held at the Hyatt Regency Hotel, 99 Adelaide Terrace, Perth, Western Australia at 11.00 am on Thursday, 3 November 2005.

Independent audit report to the members of Jubilee Mines 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 both Jubilee Mines NL (the company) and the consolidated entity, for the financial year ended 30 June 2005 as set out on pages 36 to 71. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

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

Audit approach

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

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

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


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

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

Audit Opinion

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

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.



DELOITTE TOUCHE TOHMATSU



Keith Jones
Partner

Chartered Accountants
Perth, 17 August 2005