Appendix 4D

HALF-YEAR REPORT

Introduced 30/6/2002.

Name of entity

GTN Resources Limited

ABN or equivalent company reference	Half yearly *(tick)*	Preliminary final *(tick)*	Half-year ended ('current period')
40 004 681 734	√		31 December 2004

Results for announcement to the market

	31 Dec 2004	31 Dec 2003	% change
	$	$	
Revenues from ordinary activities	189,960	946,586	(79.9%)
Profit/(loss) from ordinary activities after tax attributable to members	889	(262,822)	N/A
Net profit/(loss) for the period attributable to members	889	(262,822)	N/A

	$A	
Dividends (distributions)	Amount per security	Franked amount per security
Final dividend *(Preliminary final report only - item 15.4)* Interim dividend *(Half yearly report only - item 15.6)*	N/A	N/A
Previous corresponding period *(Preliminary final report - item 15.5; half yearly report - item 15.7)*	N/A	N/A
+Record date for determining entitlements to the dividend,	N/A	

Commentary on results for the period

Refer to Directors Report.

GTN RESOURCES LIMITED

Half-Year Financial Report
31 December 2004

ABN 40 004 681 734

DIRECTORS' REPORT

The Directors of GTN Resources Limited present their report together with the consolidated financial report for the half-year ended 31 December 2004 and the review report thereon.

DIRECTORS

The names of the Directors of the Company at any time during or since the end of the half-year are:

Raymond Soper	(Non-Executive Chairman)	Appointed June 1992
Anthony Haggarty	(Managing Director)	Appointed March 1998
Kerry Heywood	(Executive Director)	Appointed August 2000

REVIEW OF OPERATIONS

Financial Performance
The half-year result was a profit of $889 (2003: Loss of $262,822). The Company's core activity, the rough sapphire business continued to decline in profitability primarily due to the substantial reduction in the level of activity resulting from diminished rough sapphire demand.

Rough Sapphire Market
International markets for sapphire remain severely depressed. The strong appreciation of the A$ against the Thai baht has added further difficulties to a market already suffering from the impact of the economic downturn in the USA and US buyer resistance to Thai cut material due to diffusion scandals.

Sapphire Mining
All operations were placed on care and maintenance effective 1 July 2002 with intermittent low level mining since that date. Limited mining activity continued in the second half of 2004.

ATPL Acquisition
On 14 January 2005 the directors announced that the Company would exercise its option to acquire 100% of the issued capital of Australian Tungsten Pty Ltd (ATPL). ATPL owns 100% of the King Island project, which contains scheelite resources.

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditors' independence declaration is set out on page 2 and forms part of the directors' report for the half-year ended 31 December 2004.

Signed in accordance with a resolution of directors:

AJ Haggarty
Director

24 February 2005

Lead Auditors' Independence Declaration under Section 307C of the Corporation Act 2001

To the Directors of GTN Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2004 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Trent van Veen
Partner
26 February 2005

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

	Note	Consolidated *31 Dec 2004* *$*	*31 Dec 2003* *$*
Revenue from ordinary activities	2	189,960	946,586
Expenses from ordinary activities	3(a)	(189,071)	(1,209,408)
Share of net profits of associates accounted for using the equity method	4	-	-
Profit/(loss) from ordinary activities before income tax expense		889	(262,822)
Income tax expense relating to ordinary activities		-	-
Net profit/(loss)		889	(262,822)
Basic earnings/(loss) per share		0.0¢	(1.3)¢
Diluted earnings/(loss) per share		0.0¢	(1.3)¢

The statement of financial performance is to be read in conjunction with the notes to the half-year financial statements set out on pages 6 to 9.

GTN RESOURCES LIMITED
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2004

	Note	Consolidated 31 Dec 2004 $	Consolidated 30 June 2004 $
CURRENT ASSETS			
Cash assets		2,183,261	2,418,848
Receivables		28,241	22,517
Inventories		477,279	421,663
Other		22,510	266
TOTAL CURRENT ASSETS		2,711,291	2,863,294
NON-CURRENT ASSETS			
Receivables		161,100	158,211
Investments accounted for using the equity method	4	100,000	100,000
Plant and equipment		20,637	36,233
Exploration, evaluation and development expenditure		178,196	249,276
Other		105,558	1,850
TOTAL NON-CURRENT ASSETS		565,491	545,570
TOTAL ASSETS		3,276,782	3,408,864
CURRENT LIABILITIES			
Payables		51,412	87,871
Provisions		132,597	229,109
TOTAL CURRENT LIABILITIES		184,009	316,980
TOTAL LIABILITIES		184,009	316,980
NET ASSETS		3,092,773	3,091,884
EQUITY			
Contributed equity	5	13,121,707	13,121,707
Accumulated losses	6	(10,028,934)	(10,029,823)
TOTAL EQUITY		3,092,773	3,091,884

The statement of financial position is to be read in conjunction with the notes to the half-year financial statements set out on pages 6 to 9.

STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

	Consolidated	
	31 Dec 2004	*31 Dec 2003*
	$	*$*
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts in the course of operations	126,341	837,899
Cash payments in the course of operations	(322,614)	(968,560)
Interest received	57,894	60,169
Net cash used in operating activities	(138,379)	(70,492)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of plant and equipment	-	44,772
Payment for deferred acquisition costs	(97,208)	-
Net cash provided by/(used in) investing activities	(97,208)	44,772
Net increase/(decrease) in cash held	(235,587)	(25,720)
Cash at the beginning of the financial period	2,418,848	2,343,249
Cash at the end of the half-year	2,183,261	2,317,529

The statement of cash flows is to be read in conjunction with the notes to the half-year financial statements set out on pages 6 to 9.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year consolidated financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standard AASB1029 "Interim Financial Reporting", the recognition and measurement requirements of applicable AASB accounting standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views.

The half-year financial report is to be read in conjunction with the 30 June 2004 Annual Financial Report and any public announcements by the Company and its controlled entities during the half-year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

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

These accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those applied in the 30 June 2004 Annual Financial Report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

	Consolidated	
	31 Dec 2004	*31 Dec 2003*
	$	**$**

NOTE 2 – REVENUE FROM ORDINARY ACTIVITIES

Revenue from operating activities		
Sale of goods	130,516	839,395
Other revenue:		
Interest received		
Other Parties	57,894	60,169
Revenue from outside operating activities		
Proceeds on disposal of non current assets	-	44,772
Other	1,550	2,250
Total revenue from ordinary activities	189,960	946,586

NOTE 3 – PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX

(a) Expenses from ordinary activities were arrived at as follows:

Changes in inventories of finished goods	(52,686)	540,740
Consumables	37,679	11,323
Consultants	44,899	423,833
Payments to subcontractors	70,327	45,170
Equipment hire & contracting	2,391	4,086
Repairs & maintenance	13,478	8,085
Royalties	13,386	36,332
Depreciation and amortisation	15,595	43,062
Cost of non current assets sold	-	24,410
Other expenses from ordinary activities	44,002	72,367
	189,071	1,209,408

(B) Individually significant expenses included in profit/(loss) from ordinary activities before income tax expense:

– ZBB Merger transaction costs	-	334,265

NOTE 4 – INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

			Ownership interest (consolidated)		*Share of net profits (consolidated)*	
Name	*Principal activities*	*Balance date*	*31 Dec 2004*	*30 June 2004*	*31 Dec 2004*	*31 Dec 2003*
			%	%	$	$
GTN Copper Technology Ltd	Evaluation of copper projects using Intec technology	30 June	36.3	36.3	-	-

	Consolidated	
	31 Dec 2004	*30 June 2004*
	$	*$*
NOTE 5 – CONTRIBUTED EQUITY		
Share Capital		
19,689,713 ordinary shares		
- Fully paid	13,121,707	13,121,707

	Consolidated	
	31 Dec 2004	*31 Dec 2003*
	$	*$*
NOTE 6 – ACCUMULATED LOSSES		
Accumulated losses at beginning of the half-year	(10,029,823)	(9,612,658)
Net profit/(loss)	889	(262,822)
Accumulated losses at the end of the half-year	(10,028,934)	(9,875,480)

NOTE 7 – CONTINGENT LIABILITIES

There have been no material changes in contingent liabilities since 30 June 2004.

NOTE 8 – SEGMENT REPORTING

Business and geographical segments

The consolidated entity operates entirely in the field of alluvial sapphire mining. The consolidated entity's operations are located entirely in Australia. The consolidated entity supplies sapphire predominantly to Thailand.

NOTE 9 – EVENTS SUBSEQUENT TO BALANCE DATE

Acquisition of entity
On 14 January 2005 the Company announced that following completion of a pre-feasibility study it would exercise its option to acquire 100% of Australian Tungsten Pty Ltd (ATPL). ATPL owns 100% of the King Island project which contains scheelite resources.

Exercising the option is subject to final documentation and shareholder approval.

Under the terms of the option agreement, GTN will issue 11,000,000 fully paid ordinary shares and 16,000,000 converting performance shares to the vendors of ATPL.

The financial effects of the above transaction have not been brought to account in the consolidated entity financial statements for the half-year ended 31 December 2004.

Other than items noted above there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and 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 future financial years.

NOTE 10 – INTERNATIONAL FINANCIAL REPORTING STANDARDS
The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards for application to reporting periods beginning on or after 1 January 2005. In July 2004 the AASB issued the Australian equivalent to International Financial Reporting Standards (A-IFRS). GTN Resources Limited will be required to prepare financial statements in compliance with A-IFRS when the Company reports in respect of the 2006 financial year, being the half year ending 31 December 2005 and the year ending 30 June 2006.

The Group has established a project team to manage the transition to IRFS consisting of internal resources and expert consultants as required. The evaluation of IFRS is expected to be completed by the end of April 2005 and the key differences identified. Reports will be supplied to the audit committee at each milestone and will continue until IFRS is fully embedded in the Group's accounting policies, systems and business processes.

NOTE 10 – INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)
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 Group's financial performance and financial position are summarised below. This 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 Group has not quantified the effects of the differences discussed below. Accordingly, there can be no assurances that the financial performance and financial position as disclosed in this financial report would not be significantly different if determined in accordance with IFRS. Regulatory bodies that promulgate Australian GAAP and IFRS have significant ongoing projects that could affect the differences between Australian GAAP and IFRS described below and the impact of these differences relative to the company's financial reports in the future.
The potential impact on the Group's financial performance and financial position of the adoption of IFRS, including system upgrades and other implementation costs which may be incurred, has not been quantified as at the transition date of 1 July 2004. The impact on future years will depend on the particular circumstances prevailing in those years.

In presenting the first A-IFRS compliant financial statements, the Group will be required to restate comparative information reflecting the adoption of all A-IFRS, with the exception of AASB 132 "Financial Instruments: Disclosure and Presentation" and AASB 139 "Financial Instruments: Recognition and Measurement". As a result, the company's opening A-IFRS balance sheet will be a restated comparative balance sheet dated 1 July 2004 with further transitional adjustments relating to AASB 132 and AASB 139 recorded at 1 July 2005.

The presently identified implications of the conversion to IFRS on the Group are outlined below.

(a) Income Tax

A "balance sheet" approach will be adopted, replacing the income statement approach currently used by the Group. This method recognises deferred tax balances when there is a difference between the carrying value of an asset or liability, and its value in a tax base balance sheet. The most significant impact of adopting this standard will be on the recognition of deferred taxes, and it is expected that the Group may be required to carry higher levels of deferred tax assets and liabilities.

(b) Impairment of assets

Under IFRS impairment testing is undertaken for both current and non-current assets, including development expenditure. In addition, the recoverable amount test is more rigorous and prescriptive and requires the determination of recoverable amounts to be the higher of its "value in use" or its "fair value less costs to sell". Value in use adopts discounted cash flow methodology but has more prescriptive requirements governing inputs into the impairment model. Impairment of assets will be determined at an asset or "cash generating unit" (CGU) level. A CGU is defined as the smallest identifiable group of asset that generates cash inflows that are largely independent of the cash inflows of other assets. To the extent that any impairment is determined, this will be recognised immediately in the statement of financial performance.

(c) Exploration expenditure

AASB 6 "Exploration for and Evaluation of Mineral Resources" permits the area of interest method of accounting to continue for exploration and evaluation expenditure and thus AASB 6 should provide outcomes consistent with those under the existing standard AASB 1022 "Accounting for the Extractive Industries" in accounting for the initial recognition of exploration and evaluation assets. AASB 6 also requires the inclusion of the cost of restoration and rehabilitation obligations in capitalised exploration and evaluation expenditure at initial recognition, while the current accounting policy recognises restoration and rehabilitation obligations as expenses progressively on the basis of physical depletion of each area of interest. The provisions are required to be measured as the present value of the estimated future obligation under AASB 137 "Provisions, Contingent Liabilities and Contingent Assets", which may potentially differ to the value recognised under the current accounting policy. These differences may lead to a higher cost for exploration and evaluation assets recognised under AASB 6, a potentially different value recognised for restoration and rehabilitation provisions, and potentially differences in the timing of recognition of expenses from these obligations.

In addition, AASB 6 requires an annual assessment of impairment for exploration and evaluation assets using four indicators of impairment. These indicators are consistent with the initial recognition criteria of the existing standard and thus it is not expected that there will be a significant impact on results arising from the impairment testing requirements.

DIRECTORS' DECLARATION

In the opinion of the directors of GTN Resources Limited ("the Company");

(a) The financial statements and notes set out on pages 3 to 9 are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2004 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and

  (ii) complying with Australian Accounting Standards AASB 1029 "Interim Financial Reporting" 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.

Signed in accordance with a resolution of the directors:

A J Haggarty
Director

Dated 24 February 2004

Independent review report to the members of GTN Resources Limited

Scope

The financial report and directors' responsibility

Thr financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes (2 to 10) to the financial statements, and the directors' declaration for the GTN Resources Limited Consolidated Entity ("the Consolidated Entity"), for the half-year ended 31 December 2004. The Consolidated Entity comprises GTN Resources Limited ("the Company") and the entities it controlled during that half-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.

Review approach

We conducted an independent review in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not present fairly, in accordance with the Corporations Act 2001, Australian Accounting Standards AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Consolidated Entity's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which were limited primarily to:

- enquiries of company personnel; and
- analytical procedures applied to the financial data.

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

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

A review cannot guarantee that all material misstatements have been detected.

Independence

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

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe the half-year financial report of GTN Resources Limited is not in accordance with:

a) the Corporations Act 2001, including:

   i. giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and
   ii. complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and

b) other mandatory professional reporting requirements in Australia.

KPMG

KPMG

Trent van Veen
Sydney
24 February 2004