

**YAMARNA GOLDFIELDS LIMITED**  
**& its controlled entity**  
**ABN 84 006 189 331**

**APPENDIX 4D**  
**HALF YEAR FINANCIAL REPORT**

**for the half year ended**  
**31 December 2004**

Half-year information given to ASX under listing rule 4.2A

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenues from ordinary activities	up	90.5%	to	\$3,606,818		
Profit (loss) from ordinary activities after tax attributable to members	up	108.6%	to	\$903,926		
Net profit (loss) for the period attributable to members	up	108.6%	to	\$903,926		
<b>Dividends (distributions)</b>		Amount per security		Franked amount per security		
Final dividend		n/a		n/a		
Previous corresponding period		n/a		n/a		
<sup>†</sup> Record date for determining entitlements to the dividend, (in the case of a trust, distribution) <table border="1" style="float: right; margin-left: 20px;"> <tr> <td style="width: 100px; height: 20px;"></td> <td style="text-align: right; padding-right: 5px;">n/a</td> </tr> </table>						n/a
	n/a					
Explanation of the above information:						
n/a						

# YAMARNA GOLDFIELDS LIMITED

## DIRECTORS REPORT

Your directors submit the financial report of the economic entity for the half-year ended 31 December 2004.

### Directors

The names of directors who held office during or since the end of the half-year:

Bryan Frost	Executive Chairman	(Since 1991)
Richard Revelins	Executive Director	(Since 1991)
James Babbage	Non-Executive Director	(Since 1991)

### Review of Operations

Highlights:

- Aquila Resources carries out due diligence on Asarco interest in Yamarna Joint Venture under period of exclusivity and elects not to proceed.
- Additional high grade drilling intersections at the Khan North prospect at Yamarna Joint Venture Project.
- Yamarna enters into agreement with Jackson Gold Ltd to transfer its interest in the Claypan Dam Project for up to 3 million shares in Jackson Gold Ltd.
- De Grey Mining Ltd secures over \$10 million in diversified financing round, and continues announce further positive findings at its Turner River Belt projects.
- Cangold intersects new Gold-silver-copper zone at Thorn property.

### Yamarna Joint Venture Project

(Currently 80% Asarco Exploration Company / 20% Yamarna)

During the period in review, Asarco provided Aquila Resources with a period of "exclusivity" in which to undertake due diligence on the Yamarna property. This due diligence included RC drilling at the Khan North prospect where a significant drill intersection was recorded in the previous period.

### Programs

A reverse circulation drill program was completed at the Khan North prospect to follow up the strong intersection of 33 metres at 7.45gpt Au returned from YARC 303; one of eight RC holes completed at Khan North in May 2004. A follow-up 15 hole / 1535 metre RC drilling program over 400 metres of strike length was completed in August-September. This drilling was completed as part of the due diligence by Aquila Resources Limited.

Gold mineralisation was found to extend throughout the shear zone to the limits of the drilling. Significant gold mineralisation was intersected in several of the drillholes, including:

- YARC 303 re-entry (2m @ 27.5 g/t Au from 73m and 2m @ 7.01 g/t Au from 88m to the bottom of drillhole at 90m). (The high-grade gold intercept in YARC 303 is now 14m at 15.0 g/t Au within 37m at 8.2 g/t Au.
- YARC 322 and YARC 323 drilled on the same section as (and in the opposite direction to) YARC 303, returned 8m @ 1.67 g/t Au from 43m and 8m @ 2.14 g/t Au from 82m respectively.
- YARC 326 and 327, 50m south of YARC 303, returned 3m @ 17.9 g/t Au from 66m and 2m @ 11.3 G/T Au from 98m respectively.
- YARC 330, 100m south of YARC 303 returned 4m @ 4.28 g/t Au from 79m.
- YARC 332, 200m north of YARC 303 returned 1m @ 7.86 g/t Au from 39m and 1m @ 26.4 g/t Au from 57m.

## **YAMARNA GOLDFIELDS LIMITED**

### **DIRECTORS REPORT (Continued)**

The drilling confirmed that YARC 303 had intersected the mineralised zone at a low angle, (i.e. had drilled sub-parallel to the dip), and the true width of the mineralised zone on that section was only six to eight metres. The lower grades in YARC 322 and 323 are believed to be due to the holes drilling through a low grade part of the section, and/or the coarse and spotty nature of the gold.

As a result of the withdrawal by Aquila Resources, Asarco commenced marketing its interest in the Yamarna Joint Venture during the September quarter of 2004. Yamarna has been informed that Asarco, the operator of the project is finalising offers in respect to its interest in the Project. At such time that an offer is made, Yamarna maintains a first right of refusal to match any offer.

#### **Jackson Gold Limited**

(Yamarna currently holds 1.5 million shares)  
(ASX Code: JAK)

During the period in review, Jackson Gold entered into a Joint Venture agreement with Placer Dome Asia Pacific Limited (Placer), whereby Placer has agreed to enter into a five year Exploration Joint Venture with Jackson Gold within the Kalgoorlie Regional Gold Project. In order to facilitate this agreement, Yamarna reached an agreement with Jackson Gold, to transfer its 20% interest in the Claypan Dam project to Jackson Gold, for up to 3 million Jackson Gold shares. Yamarna has received 1.5 million shares thus far, and will receive an additional 1.5 million shares in the event that Placer declares the Claypan Dam Project part of a "Declared" area.

The Board of Yamarna is pleased to have acquired a direct holding in Jackson Gold, as it gives Yamarna the ability to directly participate in the future success of the company whether this arises from the commercial exploitation of Claypan Dam or any other Jackson Gold initiative.

Since reaching the above agreement, Jackson Gold has achieved the following milestones:

- Raised an additional \$4.4 million through an option conversion, fully underwritten by ABN AMRO Morgans Corporate Ltd, and supported by a range of domestic as well as international investors.
- Entered into an earn-in and joint venture agreement to explore and develop Jackson's nickel rights areas which extend over 700 square kilometers in the Kalgoorlie region, with LionOre Australia Pty Ltd. LionOre has an entitlement to earn up to a 60% interest in Jackson's nickel rights in the region by spending \$6 million over 4 years.
- Due diligence drilling of the Crossroads Resource near Kalgoorlie by Placer indicates confirmation of supergene mineralization (16m @ 5.45 g/t Au and 4m @ 37.34 g/t Au to end of hole) and definition of new mineralization adjacent to the resource (7m @ 12.52g/t Au).

#### **De Grey Mining Ltd**

(Yamarna currently holds approximately 2 million shares and 3.2 million options)  
(ASX Code: DEG)

During the period under review, De Grey Mining Ltd (De Grey) successfully raised over \$10 million through Private Placement (\$3.15 million), attracting major institutional investor Lion Selection Group Limited (\$2.0 million), and a financing facility with Macquarie Bank Limited (\$5.0 million). The company is now well funded for the current intensive exploration program and if all of the current options are exercised the company will receive an additional \$9.2 million in July 2005.

## **YAMARNA GOLDFIELDS LIMITED DIRECTORS REPORT (Continued)**

The Turner River Gold Project continues to deliver favourable results, with best result from the Mt. Berghaus gold prospect including:

- 7 metres @ 7.28 g/t Au which includes 1 metre @ 31.33 g/t Au;
- 5 metres @ 11.58 g/t Au which includes 1 metre @ 53.83 g/t Au;
- 3 metres @ 12.73 g/t Au;
- 17 metres @ 3.63 g/t Au which includes 1 metre @ 17.87 g/t Au;
- 8 metres @ 6.52 g/t Au; and
- 4 metres @ 11.83 g/t Au.

In recognition of their outstanding year, De Grey's Managing Director Denis O'Meara and Principal Consulting Geologist Geoffrey Blackburn were jointly awarded the AMEC 2004 Prospector of the Year Award.

### **Cangold Limited**

(Yamarna currently hold approximately 5.6 million shares)  
(TSX – V: CLD)

During the period in review, the Company announced a new gold-silver-copper intersection on the North Grid of the Thorn property. Drill-hole THN04-29 intersected:

- 56.1 metres of 1.27 g/t Au, 16.7 g/t Ag & 0.19% Cu, including 4.48 g/t Au, 65.3 g/t Ag & 0.65% Cu over 3.6 metres.

This new zone, dubbed the Talisker Zone, represents a significant discovery in that the mineralisation does not outcrop and the IP chargeability anomaly targeted by drill-hole THN04-29 is interpreted to be at least 500 metres long.

In September 2004, Cangold announced that it had met all requisite conditions to vest for its 51% interest in the project, with Rimfire Minerals Corporation holding a 49 % interest in the project.

In October 2004, the Company also appointed a new CEO, Robert Archer, in addition to his role as President, and a new Chairman of the Board, Kaare G. Foy, in addition to his role as CFO.

In August 2004, the Company completed an offering raising \$1.24 million through Dundee Securities Corporation and Canaccord Capital Corporation.

#### Disclosure Notice:

- 1) Information in relation to the Yamarna Joint Venture Project has been compiled and supplied by Asarco Exploration Company Inc.
- 2) Information in relation to De Grey Mining Limited has been compiled and supplied by De Grey Mining Limited based on publicly available information and reports to the ASX.
- 3) Information in relation to Cangold Limited has been compiled and supplied by Cangold Limited based on publicly available information and reports to the Toronto Venture Exchange, Canada.
- 4) Information in relation to Jackson Gold Limited has been compiled and supplied by Jackson Gold Ltd based on publicly available information and reports to the ASX.

# YAMARNA GOLDFIELDS LIMITED

## DIRECTORS REPORT (Continued)

### Results of Operations

The net profit of the economic entity was \$903,926 during the half year ended 31 December 2004 (2003 net profit: \$433,201)

	31 December 2004	31 December 2003
<u>NTA</u>		
Net Assets	6,950,738	5,149,954
Intangible Assets	-	-
Number of Shares on Issue	703,596,133	458,897,099
Net Tangible Asset Backing (cents)	0.99	1.12

### Directors Options

During the half year ended 31 December 2004, no directors received options as part of their remuneration package.

### Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001

The lead auditor's independence declaration on page 7 forms part of the Directors report for the half year ended 31 December 2004.

This report is signed in accordance with a resolution of the Board of Directors.



**Director**  
**Richard Revelins**

Dated this 10<sup>th</sup> day of March 2005

A Member Firm of PKF International

**PKF**

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9 March 2005

The Directors  
Yamarna Goldfields Limited  
Suite 2  
1233 High Street  
ARMADALE VIC 3146

Dear Sirs

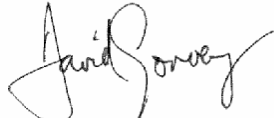
**AUDITOR'S INDEPENDENCE DECLARATION**

As lead engagement partner for the review of Yamarna Goldfields Limited, for the half year ended 31 December 2004, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.



**PKF**  
Chartered Accountants



D.J. Garvey  
Partner

A Victorian Partnership

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**YAMARNA GOLDFIELDS LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2004**

		<b>ECONOMIC ENTITY</b>	
		31 December 2004	31 December 2003
		\$	\$
<b>REVENUES FROM ORDINARY ACTIVITIES</b>	4	3,606,818	1,893,250
Directors and Consultants Fees		(209,047)	(169,350)
Tenement Expenses		(2,419)	(16,763)
Professional Fees		(123,242)	(188,496)
Share Registry, Printing and Postage		(32,838)	(17,707)
Travel		(59,711)	(1,902)
Cost of Shares Sold		(2,234,010)	(1,223,550)
Other Expenses from Ordinary Activities		(36,949)	(48,342)
Depreciation and Amortisation		(5,412)	(2,704)
Auditor Fees		(4,111)	(8,090)
Movement in Provision for Write-down of Exploration Assets		300,000	-
Movement in Provision for Diminution		(295,153)	216,855
		<hr/>	<hr/>
<b>PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE</b>		903,926	433,201
<b>INCOME TAX EXPENSE RELATING TO ORDINARY ACTIVITIES</b>		-	-
		<hr/>	<hr/>
<b>PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE</b>		903,926	433,201
		<hr/>	<hr/>
<b>NET PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY</b>		903,926	433,201
		<hr/> <hr/>	<hr/> <hr/>
<b>TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS</b>		903,926	433,201
		<hr/> <hr/>	<hr/> <hr/>
<b>BASIC EARNINGS PER SHARE</b> (cents per share)		0.13	0.09
<b>DILUTED EARNINGS PER SHARE</b> (cents per share)		0.13	0.09

The accompanying notes form part of these financial statements.



**YAMARNA GOLDFIELDS LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2004**

	<b>ECONOMIC ENTITY</b>	
	31 December 2004	30 June 2004
	\$	\$
<b>CURRENT ASSETS</b>		
Cash assets	541,723	721,778
Receivables	194,900	46,858
Other financial assets	4,406,283	3,526,295
Other	75,605	359
	<hr/>	<hr/>
<b>TOTAL CURRENT ASSETS</b>	5,218,511	4,295,290
	<hr/>	<hr/>
<b>NON-CURRENT ASSETS</b>		
Receivables	416	416
Plant and equipment	25,238	30,650
Exploration and evaluation costs	1,741,693	1,941,693
	<hr/>	<hr/>
<b>TOTAL NON-CURRENT ASSETS</b>	1,767,347	1,972,759
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	6,985,858	6,268,049
	<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>		
Payables	35,120	221,237
	<hr/>	<hr/>
<b>TOTAL CURRENT LIABILITIES</b>	35,120	221,237
	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	35,120	221,237
	<hr/>	<hr/>
<b>NET ASSETS</b>	6,950,738	6,046,812
	<hr/>	<hr/>
<b>EQUITY</b>		
Contributed equity	20,156,670	20,156,670
Accumulated losses	(13,205,932)	(14,109,858)
	<hr/>	<hr/>
<b>TOTAL EQUITY</b>	6,950,738	6,046,812
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The accompanying notes form part of these financial statements.

**YAMARNA GOLDFIELDS LIMITED  
CONSOLIDATED STATEMENT OF CASHFLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2004**

	<b>ECONOMIC ENTITY</b>	
	31 December 2004 \$	31 December 2003 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	-	-
Payments to suppliers and employees	(814,569)	(660,144)
Interest received	14,010	915
Investment consulting	-	68,256
	<hr/>	<hr/>
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	(800,559)	(590,973)
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for purchases of equity investments	(2,909,153)	(1,411,356)
Proceeds from sale of equity investments	3,584,935	1,961,482
Loan to other entities	(68)	-
Other	5,290	-
	<hr/>	<hr/>
NET CASH FLOWS FROM INVESTING ACTIVITIES	681,004	550,126
	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of Loans	(60,500)	-
	<hr/>	<hr/>
NET CASH FLOWS (USED IN) FINANCING ACTIVITIES	(60,500)	-
	<hr/>	<hr/>
NET (DECREASE) IN CASH HELD	(180,055)	(40,847)
Opening Cash Balance	721,778	93,804
	<hr/>	<hr/>
Closing Cash Balance	541,723	52,957
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form part of these financial statements.

**YAMARNA GOLDFIELDS LIMITED**  
**NOTES TO AND FORMING PART OF THE HALF YEAR**  
**FINANCIAL REPORT ENDED 31 DECEMBER 2004**

**1. Basis of Preparation**

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards AASB 1029: Interim Financial Reporting, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2004 and any public announcements made by Yamarna Goldfields Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 30 June 2004 annual report.

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

**2. Exploration and evaluation expenditure**

Consolidated exploration and evaluation expenditure carried forward, \$1,741,693 (2003: \$1,941,693), relates to areas of interest in exploration properties farmed out by the entity whereby the other party can earn an interest in a property by expending agreed amounts on exploration.

The ultimate recoupment of the carrying value of exploration and evaluation expenditure is dependent upon the discovery, exploitation and development of commercially viable mineral deposits, the generation of sufficient future income there from and/or sale of the interests at an amount at least equal to their carrying values

**3. Dividends**

The company resolved not to declare any dividends in the period ended 31 December 2004.

**4. Revenue**

As at December

	<b>2004</b>	<b>2003</b>
	\$	\$
Interest Revenue – other persons/corporations	16,588	915
Proceeds from sale of listed shares	3,584,935	1,824,078
Other	5,295	68,257
	<u>3,606,818</u>	<u>1,893,250</u>

**5. Contingent Asset**

On 11 August 2004, the Company entered into an agreement with Jackson Gold Limited for the acquisition of Yamarna's 20% interest in the Claypan Dam Project.

Pursuant to this agreement, Yamarna has received 1,500,000 ordinary fully paid shares in Jackson Gold, and will receive an additional 1,500,000 fully paid ordinary shares if the project area becomes a "declared" area.

**YAMARNA GOLDFIELDS LIMITED**  
**NOTES TO AND FORMING PART OF THE HALF YEAR**  
**FINANCIAL REPORT ENDED 31 DECEMBER 2004**

**6. Segment Information**

31 December 2004	Exploration & Mining \$	Investments \$	Consolidated \$
<u>Segment Revenues</u>			
External Customers	-	3,606,818	3,606,818
Intersegment	-	-	-
Total Segment Revenue			3,606,818
Unallocated Segment Revenue			-
Consolidated			3,606,818
<u>Segment Result</u>			
Add Unallocated Revenue	297,581	1,077,655	1,375,236
Add Unallocated Expenses			(471,310)
Consolidated Profit before Income Tax			903,926
Income Tax			-
Consolidated Profit after Income Tax			903,926
<u>Segment Assets</u>			
Unallocated Assets	1,841,693	4,403,783	6,245,476
Consolidated Total Assets	-	-	837,882
			7,083,358
<u>Segment Liabilities</u>			
Unallocated Liabilities	-	(35,120)	(35,120)
Consolidated Total Liabilities			(35,120)

31 December 2003	Exploration & Mining \$	Investments \$	Consolidated \$
<u>Segment Revenues</u>			
External Customers	-	1,824,079	1,824,079
Intersegment	-	-	-
Total Segment Revenue			1,824,079
Unallocated Segment Revenue			69,171
Consolidated			1,893,250
<u>Segment Result</u>			
Add Unallocated Revenue	(16,763)	817,383	800,620
Add Unallocated Expenses			69,171
			(436,590)
Consolidated Profit before Income Tax			433,201
Income Tax			-
Consolidated Profit after Income Tax			433,201
<u>Segment Assets</u>			
Unallocated Assets	1,941,693	3,221,741	5,163,434
Consolidated Total Assets			114,521
			5,277,955
<u>Segment Liabilities</u>			
Unallocated Liabilities	(5,000)	-	(5,000)
Consolidated Total Liabilities			(123,001)
			(128,001)

**YAMARNA GOLDFIELDS LIMITED**  
**NOTES TO AND FORMING PART OF THE HALF YEAR**  
**FINANCIAL REPORT ENDED 31 DECEMBER 2004**

**7. Contingent Liabilities**

There has been no change in contingent liabilities since the last annual reporting date.

**8. Events Subsequent to Reporting Date**

There have been no events subsequent to reporting date that have not been reported elsewhere in this report.

**9. Adoption of Australian Equivalents to International Financial Reporting Standards (IFRS)**

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. For Yamarna, this requires the production of accounting data for future comparative purposes for the 2005 financial year.

The Company's management, along with its auditors, are assessing the significance of these changes and preparing for their implementation. We will seek to keep shareholders informed as to the impact of these new standards, when they are finalised and when we are able to ascertain the extent that they will impact the financial position and performance of the Company.

At this point in time, the directors are of the opinion that the key differences in the economic entity's accounting policies which will arise from the adoption of the IFRS are:

*Impairment of Assets*

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

*Share-based Payments*

Current company policy is to expense any share-based payments made in connection for services received. The introduction of AASB 2: Share-based Payments, will require the company to also expense any options granted to employees.

*Income Tax*

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

*Financial Instruments*

Under AASB 139: Financial Instruments: Recognition and Measurement, financial instruments that are classified as available for sale instruments must be carried at fair value. Unrealised gains or losses may be recognised either in income or directly to equity. Current accounting policy is to measure non-current investments at lower of cost or recoverable amount, with a periodic review by directors to ensure that the carrying amounts are not in excess of the recoverable value of the instrument.

*Exploration and evaluation expenditure*

AASB 6: Exploration for and evaluation of mineral resources, mandates the continued use of "area of interest" accounting for exploration and evaluation costs. The standard requires entities, which recognise exploration and evaluation assets, to perform impairment tests on those assets when facts and circumstances suggest that the carrying amount may be impaired. However, the directors believe that impairment testing has been aligned with the factors that must currently be satisfied for capitalisation of exploration and evaluation costs. Consequently the standard should provide similar outcomes for exploration and evaluations costs to the Company's present accounting policy.

## **YAMARNA GOLDFIELDS LIMITED DIRECTORS DECLARATION**

The directors of the company declare that:

1. The financial statements and notes of the economic entity, as set out in pages 8 to 13, are in accordance with Corporations Act 2001;
  - a. Comply with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations 2001; and
  - b. Give a true and fair view of the economic entity's financial position as at 31 December 2004 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



**Director  
Richard Revelins**

Dated this 10<sup>th</sup> day of March 2004



Chartered Accountants  
& Business Advisers

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**INDEPENDENT REVIEW REPORT  
TO THE MEMBERS OF YAMARNA GOLDFIELDS LIMITED  
FOR THE HALF YEAR ENDED 31 DECEMBER 2004**

**Scope**

We have reviewed the financial report of Yamarna Goldfields Limited and its controlled entities for the half-year ended 31 December 2004, as set out on pages 8 to 14. The financial report includes the consolidated financial statements of the consolidated entity, comprising the company and the entities it controlled at the end of the half-year or from time to time during the half year. The company's directors are responsible for the financial report. We have performed an independent review of the half-year financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the half-year financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and the Corporations Act 2001, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the half year financial report with the Australian Securities and Investments Commission and Australian Stock Exchange Limited.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

**Independence**

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. The auditor's independence declaration provided to the relevant directors would be in the same terms if it had been provided at the time the audit report was made.

**Statement**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Yamarna Goldfields 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 Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

**Inherent Uncertainty Regarding Valuation of Mining Tenements**

Without qualification to the opinion expressed above, attention is drawn to the following matter:

As disclosed in Note 2 of the half year financial report, exploration and evaluation expenditure on mining tenements is included in the consolidated entity at \$1,741,693, in respect of areas of interest in exploration and evaluation phases. The ultimate recovery of the consolidated entity's capitalised exploration expenditure is dependent upon the discovery, exploitation and development of commercially viable mineral deposits, the generation of sufficient future income therefrom and/or sale of the interests at an amount at least equal to the carrying values of the interests in mining tenements.

**PKF**  
Chartered Accountants

10 March 2005  
Melbourne

D J Garvey  
Partner