



ACN 009 474 775

**FINANCIAL REPORT**

**FOR THE**

**HALF-YEAR ENDED 31 DECEMBER 2004**

# SUMMIT RESOURCES LIMITED

ACN 009 474 775

## DIRECTORS' REPORT

The Directors present their Report on the consolidated entity consisting of Summit Resources Limited and the entities it controlled at the end of or during the Half-Year ended 31 December 2004.

The names and particulars of Directors of the Company in office at the date of this Report are:

<b>Name</b>	<b>Particulars</b>
John A G Seton	Non-executive Chairman. Solicitor with extensive commercial experience in resource companies
Alan J Eggers	Managing Director. Geologist with 27 years experience in exploration for base metals, precious metals and industrial minerals.
Lindsay A Colless	Director (appointed 7 July 2004). Chartered Accountant with over 39 years experience, mainly in the minerals and oil industry. Director and/or secretary of a number of listed public companies.

## Review of Operations

The review of the Company's operations during the Half-Year ended 31 December 2004 is as follows.

### Financial

	Segment Revenue	Segment result
	\$	\$
Mineral exploration	-	-
Interest	20,166	20,166
Other	1,719	1,719
	<u>21,885</u>	<u>21,885</u>
Unallocated expenses		<u>(139,303)</u>
Operating profit (loss)		<u>(117,418)</u>
Income Tax		-
Operating profit (loss) for Half-Year		<u><u>(117,418)</u></u>

### Exploration activities

The economic entity continues to be actively involved in mineral exploration and resource assessment, focussing primarily on copper, copper gold and lead zinc deposits near Mount Isa in northwest Queensland.

## Changes In State Of Affairs

During the Half-Year ended 31 December 2004 there was no significant change in the entity's state of affairs other than that referred to in the Half-Year Financial Statements or Notes thereto.

## Auditors' Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 2.

This Report is made in accordance with a Resolution of the Directors.



Alan J Eggers  
Director  
PERTH, 4h day of March 2005

# ROTHSAY

Level 1, 2 Barrack Street, Sydney NSW 2000 G.P.O. Box 2759, Sydney NSW 2001  
Phone 9299 0091 Facsimile 9299 2595 E-mail swan2000@bigpond.com

## AUDITORS' SECTION 307C DECLARATION

The Directors

In accordance with Section 307C of the Corporations Act 2001 (the Act) I hereby declare that to the best of my knowledge and belief there have been:

- i. no contraventions of the auditor independence requirements of the Act in relation to the review of the 31 December 2004 half yearly financial report; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.



Graham R Swan  
Lead Auditor  
Rothsay Chartered Accountants

Dated 4<sup>th</sup> March 2005



Chartered Accountants

Liability limited by the Accountants Scheme, approved  
under the Professional Standards Act 1994 (NSW).

# ROTHSAY

Level 1, 2 Barrack Street, Sydney NSW 2000 G.P.O. Box 2759, Sydney NSW 2001  
Phone 9299 0091 Facsimile 9299 2595 E-mail swan2000@bigpond.com

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

### Scope

We have reviewed the Financial Report of Summit Resources Limited for the Half-Year ended 31 December 2004 as set out on pages 4 to 10. The Company's Directors are responsible for the preparation and presentation of the Financial Report and information contained therein.

We have performed an independent review of the Half-Year Financial Report in order for the Company to lodge the Half-Year Report with the Australian Securities and Investments Commission.

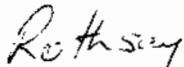
Our review has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the Half-Year Financial Report is free of material misstatement. The review is limited primarily to inquiries of Company personnel and analytical procedures applied to the financial data.

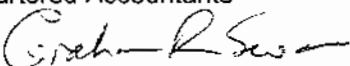
These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion. This review was performed in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the Financial Report is not presented fairly in accordance with Accounting Standard AASB1029: Interim Financial Reporting, and other mandatory professional reporting requirements and the Corporations Act 2001, so as to present a view which is consistent with our understanding of the Company's financial position, and performance as represented by the results of its operations and its cash flows.

### Review Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Financial Report of the Company 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) comply with Accounting Standard AASB1029: Interim Financial Reporting and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

  
**Rothsay**  
Chartered Accountants

  
Graham R Swan  
Partner  
SYDNEY,  
4 th day of March 2005



Chartered Accountants

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under the Professional Standards Act 1994 (NSW).

# SUMMIT RESOURCES LIMITED

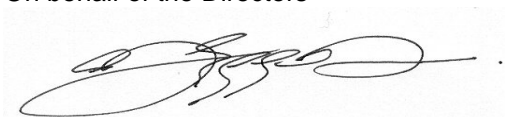
## DIRECTORS' DECLARATION FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

The Directors declare that:

- (a) The attached Financial Statements and Notes thereto comply with Accounting Standards;
- (b) The attached Financial Statements and Notes thereto give a true and fair view of the financial position and performance of the consolidated entity;
- (c) In the Directors' opinion, the attached Financial Statements and Notes thereto are in accordance with the Corporations Act, 2001; and
- (d) In the Directors' opinion there are reasonable grounds to believe that Summit Resources Limited 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 Directors pursuant to section 303(5) of the Corporations Act, 2001.

On behalf of the Directors



Alan J Eggers  
Director  
PERTH  
4th day of March 2005

# SUMMIT RESOURCES LIMITED

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE For The Half-Year Ended 31 December 2004

	Note	Half-Year ended 31 Dec 2004	Half-Year ended 31 Dec 2003
		\$	\$
Revenue from ordinary activities		21,885	18,161
Depreciation		(11,255)	(2,749)
Other Expenses from ordinary activities		(128,048)	(278,894)
Loss from ordinary activities before income tax		(117,418)	(263,482)
Income tax		-	-
Loss from ordinary activities for Half-Year		(117,418)	(263,482)
Earnings per Share	5	(\$0.0008)	(\$0.0020)

The above Consolidated Statements of Financial Performance should be read in conjunction with the accompanying Notes.

# SUMMIT RESOURCES LIMITED

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 31 December 2004

	Note	Half-Year ended 31 Dec 2004 \$	Annual Report 30 Jun 2004 \$
<b>Current Assets</b>			
Cash	3	13,197	44,789
Receivables		37,305	30,755
Deposits		617,742	1,051,315
<b>Total Current Assets</b>		<b>668,244</b>	<b>1,126,859</b>
<b>Non-Current Assets</b>			
Property, plant & equipment		94,008	102,109
Other - exploration tenements		4,611,739	4,008,048
<b>Total Non-Current Assets</b>		<b>4,705,747</b>	<b>4,110,157</b>
<b>Total Assets</b>		<b>5,373,991</b>	<b>5,237,016</b>
<b>Current Liabilities</b>			
Creditors and borrowings		103,358	116,484
<b>Total Current Liabilities</b>		<b>103,358</b>	<b>116,484</b>
<b>Total Liabilities</b>		<b>103,358</b>	<b>116,484</b>
<b>Net Assets</b>		<b>5,270,633</b>	<b>5,120,532</b>
<b>Equity</b>			
Contributed equity	4	13,501,634	13,234,115
Accumulated losses	2	(8,231,001)	(8,113,583)
<b>Total Shareholders' Equity</b>		<b>5,270,633</b>	<b>5,120,532</b>

The above Consolidated Statements of Financial Position should be read in conjunction with the accompanying Notes.

# SUMMIT RESOURCES LIMITED

## CONSOLIDATED STATEMENTS OF CASH FLOWS For The Half-Year Ended 31 December 2004

	Half-Year ended 31 Dec 2004 \$	Half-Year ended 31 Dec 2003 \$
<b>Cash Flows Related To Operating Activities</b>		
Receipts from product sales and related debtors	1,719	3,660
Payments to suppliers	(147,124)	(92,741)
Interest and other items of a similar nature received	20,166	14,501
	<b>(125,239)</b>	<b>(74,580)</b>
<b>Cash Flows Related To Investing Activities</b>		
Cash paid for purchases of property, plant & equipment	(3,154)	(49,922)
Cash received from short term investments	433,773	-
Investments on deposit	-	(411,091)
Other (exploration)	(604,491)	(602,722)
	<b>(173,872)</b>	<b>(1,063,735)</b>
<b>Cash Flows Related To Financing Activities</b>		
Proceeds from issue of shares	267,519	1,144,065
	<b>267,519</b>	<b>1,144,065</b>
<b>Net Increase (Decrease) In Cash Held</b>	<b>(31,592)</b>	<b>5,750</b>
Cash at beginning of Half-Year	44,789	7,444
<b>Cash At End Of Half-Year</b>	<b>13,197</b>	<b>13,194</b>

The above Consolidated Statements of Cash Flows should be read in conjunction with the accompanying Notes.

# SUMMIT RESOURCES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the Half-Year ended 31 December 2004

### 1. Basis of Preparation of Half-Year Financial Statements

These general purpose Consolidated Financial Statements for the Half-Year ended 31 December 2004 have been prepared in accordance with the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting, and other mandatory professional reporting requirements. This Report should be read in conjunction with the Annual Report for the year ended 30 June 2004 and public announcements made by Summit Resources Limited during the Half-Year in accordance with any continuous disclosure obligations arising under the Corporations Act, 2001.

The accounting policies have been consistently applied with those of the previous financial year and corresponding Half-Year.

For the purpose of preparing the Half-Year Financial Statements, the Half-Year has been treated as a discrete reporting period.

### 2. Accumulated Losses

	<b>Half-year ended 31 Dec 2004 \$</b>	<b>Annual Report 30 Jun 2004 \$</b>
Loss from ordinary activities after related income tax expense	(117,418)	(263,482)
Accumulated profits (losses) brought forward	(8,113,583)	(7,744,461)
	<b>(8,231,001)</b>	<b>(8,113,583)</b>

### 3. Reconciliation of cash

	<b>Half-Year ended 31 Dec 2004 \$</b>	<b>Half-Year ended 31 Dec 2003 \$</b>
Cash at the end of the Half-Year as shown in the Statements of Cash Flows is reconciled to the related items in the Financial Statements as follows:		
Cash on hand and at bank	13,197	13,194

# SUMMIT RESOURCES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the Half-Year ended 31 December 2004

### 4. Issued and quoted securities at end of current Half-Year

Category of Securities	Number Issued	Number Quoted		Exercise Price	Expiry Date
<u>Ordinary Shares:</u>	152,880,215	152,880,215			
Of which issued during Half-Year ended 31 December 2004	2,733,195	2,733,195			
<u>Options:</u>					
<i>Unlisted</i>	5,933,473	-		0.10	31/08/05
Of which issued during Half-Year ended 31 December 2004	-	-			
<i>Unlisted</i>					
Unlisted	3,333,333	-		0.15	31/08/05
Of which issued during Half-Year ended 31 December 2004	-	-			

### 5. Earnings per share

	Half-Year ended 31 Dec 2004	Half-Year ended 31 Dec 2003
Basic earnings per share - dollars	\$(0.0008)	\$(0.0020)
Diluted earnings per shares is not materially different from Basic earnings per share		
The weighted average number of ordinary shares outstanding during the Half-Year used in the calculation of basic earnings per share	150,738,644	128,701,368

### 6. Impact of adopting International Accounting Standards

The Australian Accounting Standards Board is adopting the Standards of the International Accounting Standards Board for application to reporting periods beginning on or after 1 January 2005. Pending Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' prescribes transitional provision for first-time adopters.

AASB 1047 'Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards' requires financial reports to disclose information about the impacts of any changes in accounting policies in the transition period leading up to the adoption date.

# SUMMIT RESOURCES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the Half-Year ended 31 December 2004

### 6. Impact of adopting International Accounting Standards (continued)

#### *Taxation*

Under the Australian equivalent to IAS 12 'Income Taxes', a balance sheet approach will be adopted for calculating taxation, replacing the 'statement of financial performance approach'. This method recognizes deferred tax balances for all temporary differences arising between the carrying value of an asset or liability and its tax base. Whilst there will be enhanced disclosure of the composition of the deferred tax assets and liabilities it is not expected that there will be any significant impact in terms of the statement of financial position or performance.

#### *Share based payments*

The Company currently does not recognize an expense for options issued to directors and staff. Under AASB 2 'Share Based Payments', the Company will be required to recognize an expense for all share based remuneration, including options, and will amortise those expenses over the relevant vesting periods.

#### *Impairment of Assets*

Under the Australian equivalent to IAS 36 '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 the Company's current accounting policy which determines recoverable amount of an asset on the basis of discounted (undiscounted) cashflows. Under the new policy it is likely that the impairment of assets will be recognized sooner and the amount of write downs will be greater.

At present, the Company is not aware of any key differences in accounting policies that are expected to arise from adopting A-IFRS. The Company is continuing to monitor the Standards and have a committee in place to evaluate the new Standards and their impact on a continuing basis.

#### *Capitalisation of Exploration and Evaluation Costs*

The Company currently uses the 'area of interest' principles which are used commonly in Australia and in accordance with Australian Accounting Standard AASB 1022 'Accounting for the Extractive Industries'. The AASB has recently released AASB 6 *Exploration for and Evaluation of Mineral Resources* which is not expected to cause significant changes to the Company's accounting for capitalised exploration and evaluation expenditure. AASB 6 continues to allow an area of interest approach to impairment and the standard effectively permits the grandfathering of existing accounting treatments of exploration and evaluation expenditure. Impairment tests of exploration and evaluation assets will be required once technical feasibility and commercial viability is determinable.

### 7. Segmental information

The Company operates only in Australia and predominantly in the area of mineral exploration in Queensland.

### 8. Subsequent Events

No matter or circumstance has arisen since the end of the Half-Year which significantly affected or may significantly affect the operations of the Company, the results of the Company, or the state of affairs of the Company as reported to the Half-Year ended 31 December 2004.

### 9. Commitments for Expenditure (Contingent Liability)

#### **Mineral Tenement Leases**

In order to maintain current rights of tenure to exploration tenements, the Company is required to perform minimum expenditure requirements of various mines departments and pay tenement lease rents. The Company will be required to outlay in 2004/05 amounts of approximately \$753,000 in respect of tenement lease rentals and exploration expenditures to meet these minimum expenditure requirements. The balance of these obligations will be fulfilled in the normal course of operations, which may include farm-out, joint venture and direct exploration expenditure.