



FINANCIAL

STATEMENTS 2005

Statements of *FINANCIAL PERFORMANCE*

for the Financial Period from 4 May 2004 (date of incorporation) to 30 June 2005

	Note	Economic Entity \$	Parent Entity \$
REVENUE FROM ORDINARY ACTIVITIES			
Interest income		145,778	145,778
Rental income		65,100	65,100
TOTAL REVENUE		210,878	210,878
EXPENSES FROM ORDINARY ACTIVITIES			
Exploration expenditure written off		596,116	280,321
Loans to controlled entities written off		–	277,327
Borrowing costs		1,646	1,646
Depreciation		18,370	18,370
Other	2	1,083,593	1,080,122
TOTAL EXPENSES		1,699,725	1,657,786
LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		(1,488,847)	(1,446,908)
Income tax expense relating to ordinary activities	3	–	–
NET LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		(1,488,847)	(1,446,908)
Expenses attributable to members of the Parent Entity and recognised directly in equity	13	(423,313)	(423,313)
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS		(1,912,160)	(1,870,221)
BASIC LOSS PER SHARE		1(p)	2.0 cents
Operating loss after income tax used in the calculation of basic loss per share		1,488,847	
		Number	
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic loss per share		76,010,306	
The accompanying notes form part of these financial statements.			

Statements of *FINANCIAL POSITION*
as at 30 June 2005

	Note	Economic Entity \$	Parent Entity \$
CURRENT ASSETS			
Cash assets	4	5,173,927	5,173,924
Receivables	5	24,533	23,354
Other assets	6	138,132	130,107
TOTAL CURRENT ASSETS		5,336,592	5,327,385
NON-CURRENT ASSETS			
Receivables	7	180	1,701,573
Other financial assets	8	–	140
Plant and equipment	9	373,234	373,234
Exploration expenditure	10	1,665,116	–
TOTAL NON-CURRENT ASSETS		2,038,530	2,074,947
TOTAL ASSETS		7,375,122	7,402,332
CURRENT LIABILITIES			
Payables	11	310,563	295,834
Provision	12	28,739	28,739
TOTAL CURRENT LIABILITIES		339,302	324,573
TOTAL LIABILITIES		339,302	324,573
NET ASSETS		7,035,820	7,077,759
EQUITY			
Contributed equity	13	8,524,667	8,524,667
Accumulated losses	15	(1,488,847)	(1,446,908)
TOTAL EQUITY		7,035,820	7,077,759

The accompanying notes form part of these financial statements.

Statements of CASH FLOWS

for the Financial Period from 4 May 2004 (date of incorporation) to 30 June 2005

	Note	Economic Entity \$	Parent Entity \$
CASH FLOW FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(985,166)	(981,701)
Interest received		136,855	136,855
Interest paid		(1,646)	(1,646)
Rental receipts		76,350	76,350
Net cash used in operating activities	19(b)	(773,607)	(770,142)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(325,387)	(325,387)
Payments for purchases of licences		(310,614)	–
Payments for investment in controlled entities		–	(5)
Advances to controlled entities		–	(1,865,501)
Payments for exploration expenditure		(1,818,169)	(274,770)
Payments for security deposits		(122,783)	(114,758)
Net cash used in investing activities		(2,576,953)	(2,580,421)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares		6,947,800	6,947,800
Capital raising costs		(423,313)	(423,313)
Proceeds from borrowings (convertible note)		2,000,000	2,000,000
Net cash provided by financing activities		8,524,487	8,524,487
Net increase in cash held	19(a)	5,173,927	5,173,924
Cash at beginning of period		–	–
Cash at end of period		5,173,927	5,173,924

The Economic Entity has used its cash in a way that is consistent with its business objectives.

The accompanying notes form part of these financial statements.

*Notes to the FINANCIAL STATEMENTS
for the Financial Period Ended 30 June 2005*

Note 1 – Statement of Significant Accounting Policies

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

The financial report covers the Economic Entity of Ord River Resources Limited and controlled entities, and Ord River Resources Limited as an individual Parent Entity. Ord River Resources Limited is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by each entity in the Economic Entity in the preparation of the financial report.

(a) Principles of consolidation

The consolidated financial information has been prepared by combining the financial statements of all the entities that comprise the Economic Entity, being Ord River Resources Limited and its controlled entities. A controlled entity is any entity controlled by Ord River Resources Limited. Control exists where Ord River Resources Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Ord River Resources Limited to achieve the objectives of Ord River Resources Limited. A list of controlled entities is contained in Note 14 to the financial statements.

All inter-company balances and transactions between entities in the Economic Entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where a controlled entity has entered or left the Economic Entity during the period its operating results have been included from the date control was obtained or until the date control ceased.

(b) Operating cycle

An operating cycle of twelve months has been used as the basis for identifying current assets and current liabilities in the Statement of Financial Position.

(c) Revenue recognition

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Other revenue is recognised as it accrues.

(d) Income tax

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

*Notes to the FINANCIAL STATEMENTS
for the Financial Period Ended 30 June 2005 (continued)*

(e) Cash

For the purposes of the Statement of Cash Flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value.

(f) Receivables

Trade accounts receivable and other receivables represent the principal amounts due at balance date plus accrued interest and less, where applicable, any unearned income and provisions for doubtful accounts.

(g) Plant and equipment

Plant and equipment are stated at cost. The carrying amount of plant and equipment is reviewed semi-annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

On disposal of an item of plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognised as a gain or loss. All items of plant and equipment are depreciated using the straight line method over their expected useful lives to the Economic Entity. The expected useful lives are as follows:

Computer equipment and software	3 years
Furniture and other office equipment	5 years
Motor vehicles	3 years
Field equipment	5 years

(h) Exploration, evaluation and development expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest, and carried forward in the Statement of Financial Position where:

- it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest or by its sale; or
- exploration activities are continuing in an area and activities have not at balance date yet reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves.

General, administration and employees costs directly relating to exploration, evaluation and development are capitalised in the period they are incurred. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. At such regular review the general, administration and employee costs arising during the early stages of a project are written off when deemed inappropriate to continue to be carried forward.

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

(i) Recoverable amounts of non current assets

The carrying amounts of non-current assets are reviewed regularly by Directors to ensure that they are not in excess of the recoverable amounts from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employed and subsequent disposal. The expected net cash flows are not discounted to their present values in determining recoverable amounts.

(j) Restoration, rehabilitation and environmental expenditure

Where applicable, a provision for material restoration obligations is recognised on a gradual basis over the life of the exploration licences. The amount recognised includes costs of reclamation and site rehabilitation after taking into account restoration works which are carried out during exploration. Costs are determined from estimates of future costs on an undiscounted basis.

(k) Controlled entities

Investments in controlled entities are carried in the Parent Entity's accounts at the lower of cost and recoverable amount.

(l) Foreign currency transactions and balances

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance dates are converted at the rates of exchange ruling at that date.

The gains and losses from conversion of assets and liabilities, whether realised or unrealised, are included in profit from ordinary activities as they arise.

(m) Accounts payable

Accounts payable represent the principal amounts outstanding at balance date plus, where applicable, any accrued interest.

(n) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expenses. Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

(o) Employee benefits

The following liabilities arising in respect of employee benefits are measured at their nominal amounts:

- salaries and annual leave regardless of whether they are expected to be settled within twelve months of the reporting date; and
- other employee benefits expected to be settled within twelve months of the reporting date.

At balance date there were no other employee benefit liabilities expected to be settled more than twelve months after the reporting date.

Notes to the **FINANCIAL STATEMENTS**
for the Financial Period Ended 30 June 2005 (continued)

Contributions are made by the Economic Entity to employee superannuation funds and are charged as expenses when incurred.

(p) Earnings per share

Basic earnings per share is determined by dividing the operating loss after income tax attributable to members of the Parent Entity by the weighted average number of ordinary shares outstanding during the financial period.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial period.

When the earnings of the Economic Entity is an operating loss after income tax, and the conversion of ordinary share capital in respect of potential ordinary shares does not lead to a diluted earnings per share that shows an inferior view of the earnings performance of the Economic Entity than is shown by basic earnings per share, the diluted earnings per share is not reported.

Note 2 – Other expenses from ordinary activities

	Economic Entity \$	Parent Entity \$
Administration support	51,975	51,975
Audit fees	20,000	20,000
Business development	135,334	135,334
Corporate services	354,326	354,326
Directors' fees	7,267	7,267
Employees costs	285,845	285,845
Operating leases	101,248	101,248
Other	127,598	124,127
	1,083,593	1,080,122

Note 3 – Income tax

The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie tax benefit on the loss from ordinary activities calculated at 30%	446,654	434,072
Tax effect of permanent differences:		
Non-deductible expenditure	(58,049)	(134,124)
Non-assessable item	25,399	25,399
Timing differences and tax losses not brought to account as future income tax benefits	(414,004)	(325,347)
Income tax expense	–	–
Future income tax benefits		
Attributable to tax losses the benefits of which are not virtually certain of realisation at 30%	884,876	303,223

The taxation benefits will only be obtained if:

- (i) the Economic Entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the loss to be realised;
- (ii) the Economic Entity continues to comply with the conditions for deductibility imposed by law; and
- (iii) no changes in tax legislation adversely affect the Economic Entity in realising the benefits from the deductions for the loss.

Note 4 – Cash assets

	Economic Entity \$	Parent Entity \$
Cash at bank	320,283	320,280
Deposits	4,853,644	4,853,644
	5,173,927	5,173,924

Note 5 – Current receivables

Deposit	600	600
Other debtors	23,933	22,754
	24,533	23,354

Note 6 – Current other assets

Security deposits	122,783	114,758
Prepayments	15,349	15,349
	138,132	130,107

Note 7 – Non-current receivables

Amounts receivable from controlled entities	–	1,701,393
Loans	180	180
	180	1,701,573

The Parent Entity made interest free loans to eligible persons under the Ord River Resources Employee Incentive Plan with respect to 3,600,000 fully paid ordinary shares issued to those persons. The loans mature on 11 May 2009 and the Parent Entity holds a lien on the shares until the loans are repaid.

Notes to the FINANCIAL STATEMENTS
for the Financial Period Ended 30 June 2005

Note 8 – Other financial assets

	Economic Entity \$	Parent Entity \$
Shares in controlled entities at cost (see Note 14)	–	140

Note 9 – Plant and equipment

Field equipment		
At cost	164,090	164,090
Accumulated depreciation	(416)	(416)
	163,674	163,674
Motor vehicles		
At cost	118,192	118,192
Accumulated depreciation	(11,439)	(11,439)
	106,753	106,753
Office equipment and software		
At cost	96,827	96,827
Accumulated depreciation	(14,926)	(14,926)
	81,901	81,901
Furniture and fittings		
At cost	24,350	24,350
Accumulated depreciation	(3,444)	(3,444)
	20,906	20,906
Total plant and equipment	373,234	373,234

Movements during the period

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the financial period:

	Field Equipment \$	Motor Vehicles \$	Office Equipment & Software \$	Furniture & Fittings \$	Total \$
Economic Entity and Parent Entity					
At beginning of period	–	–	–	–	–
Additions at cost	164,090	118,192	96,827	24,350	403,459
Disposals	–	–	–	–	–
Depreciation expense	–	–	(14,926)	(3,444)	(18,370)
Capitalised depreciation	(416)	(11,439)	–	–	(11,855)
At the end of period	163,674	106,753	81,901	20,906	373,234

Note 10 – Exploration expenditure

	Economic Entity \$	Parent Entity \$
Exploration areas of interest at cost	1,665,116	–

Movements during the period

Exploration areas:		
At beginning of period	–	–
Additions at cost	2,249,377	278,941
Capitalised depreciation	11,855	1,380
Amount written off during the period	(596,116)	(280,321)
At end of period	1,665,116	–

Certain indirect costs consisting of general and administration costs for new exploration ventures which were initially capitalised to exploration expenditure have been written off following a review of the appropriateness of carrying such costs at the early stages of the exploration ventures.

Ultimate recoupment of the carrying value of the exploration areas is dependent on successful development and exploitation or alternatively sale of the respective areas of interest.

Note 11 – Current payables

Trade creditors	146,496	133,462
Sundry creditors and accrued expenses	164,067	162,372
	310,563	295,834

Note 12 – Current provision

Employee entitlements	28,739	28,739
	Number	Number
Number of employees at period end	14	14

Notes to the **FINANCIAL STATEMENTS**
for the Financial Period Ended 30 June 2005 (continued)

Note 13 – Contributed equity

	Economic Entity \$	Parent Entity \$
117,254,411 Fully paid ordinary shares	8,524,667	8,524,667

Ordinary shares	No. of shares	\$
Movements during the period		
Issue on incorporation on 4 May 2004 at 0.005 cents each		
Mandolin Pty Ltd*	25,000,000	1,250
AL Martin (Director)	1,000,000	50
Others	2,000,000	100
Issue of shares to:		
Vendors of exploration licences and consultants at 0.005 cents each	12,750,000	638
OTRA Resources Pty Ltd* at 0.005 cents each	5,250,000	262
Participants under the Employee Incentive Plan at 0.005 cents each	3,600,000	180
Seed capital providers at 10 cents each	20,575,000	2,057,500
Mandolin Pty Ltd* at 10 cents each	400,000	40,000
AL Martin at 10 cents each	480,000	48,000
Vendors of exploration licence and consultants at nil cash consideration	6,670,000	–
CNMIM on conversion of convertible note at 8.5 cents each	23,529,411	2,000,000
Investors on Initial Public Offering at 30 cents each	16,000,000	4,800,000
Share issue costs on Initial Public Offering	–	(423,313)
	117,254,411	8,524,667

*entities related to the Directors, J E T Towner and J J Towner.

Note 14 – Controlled entities

Name of entity	Country of Incorporation	Ownership Interest %
Tanami Northern Gold Pty Ltd	Australia	100
Nicholson East Pty Ltd	Australia	100
Nicholson West Pty Ltd	Australia	100
Suplejack Pty Ltd	Australia	100
Coolan Yard Pty Ltd	Australia	100
Carpe Diem Limited	Papua New Guinea	100
Tampara Limited	Papua New Guinea	100
Rotokas Limited	Papua New Guinea	100

Businesses acquired

The Company acquired all the issued capital of Tanami Northern Gold Pty Ltd, Nicholson East Pty Ltd and Nicholson West Pty Ltd on 13 May 2004 from Mandolin Pty Ltd, a 60% shareholder of those companies, and another independent shareholder of those companies for a cash consideration of \$2 for each company. These companies held exploration tenement applications in Northern Territory and Western Australia.

Fair values of net assets of entities acquired:

	Tanami Northern Gold Pty Ltd \$	Nicholson East Pty Ltd \$	Nicholson West Pty Ltd \$
Cash	2	2	2
Receivables	3,143	7,231	6,318
Exploration expenditure	63,117	74,622	72,197
Fixed assets	487	487	487
Creditors	(66,747)	(82,340)	(79,002)
Net assets	2	2	2
Cash Consideration	2	2	2

Note 15 – Accumulated losses

	Economic Entity \$	Parent Entity \$
At beginning of financial period	–	–
Net loss attributable to members of the Parent Entity	(1,488,847)	(1,446,908)
At end of financial period	(1,488,847)	(1,446,908)

Note 16 – Employee benefits

Superannuation

The Economic Entity makes contributions based on each employee's salary to superannuation plans that provide employees with benefits on retirement in accordance with the requirements of superannuation guarantee legislation.

Employee incentive plan

The Parent Entity has established an Ord River Resources Employee Incentive Plan under which the Directors may offer options and ordinary shares in the Parent Entity to eligible persons. The Directors may also offer interest free loans for terms of up to 5 years under the plan for subscription of shares and under such loans the Parent Entity holds a lien over the issued shares.

No options were granted under the plan during the financial period. At 30 June 2005 the Parent Entity has loans aggregating to \$180 made to 8 participants under the plan against 3,600,000 ordinary shares issued to them during the financial period at 0.005 cents each.

*Notes to the FINANCIAL STATEMENTS
for the Financial Period Ended 30 June 2005 (continued)*

Note 17 – Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

During the financial period the following related party transactions occurred in addition to the transactions disclosed elsewhere in these financial statements:

Remuneration of Directors and specified Executives

Details of the remuneration for the period from 4 May 2004 (date of incorporation) to 30 June 2005 of Directors and specified Executives are included under the heading “Details of Remuneration” which is included in the Remuneration Report within the Directors’ Report.

Transactions with Directors

During the period from the date of incorporation on 4 May 2004 to March 2005, Mandolin Pty Ltd (Mandolin), a company related to the Directors, J E T Towner and J J Towner, provided funds for the operations of the Economic Entity. The aggregate amount of \$221,315 was advanced by Mandolin and was fully repaid during the period. The funds were provided interest free except for a short term loan of \$25,000 which was made in May 2004 and repaid in July 2004 with interest of \$376 calculated at the rate of 10% per annum.

During the period from the date of incorporation to 30 June 2005, fees totalling \$380,492 were paid to Mandolin for the provision of consulting services to the Economic Entity by J E T Towner and J J Towner. The amount paid has been included as remuneration of Directors in the section headed “Remuneration Report” of the Directors’ Report.

On 13 May 2004, the Parent Entity acquired all the interests of Mandolin, being 60%, in the issued capital of Tanami Northern Gold Pty Ltd (TNGPL), Nicholson East Pty Ltd (NEPL) and Nicholson West Pty Ltd (NWPL) for a consideration of \$1 for the interest in each company. TNGPL held 75% interest in an exploration licence application (EL 24070) in Northern Territory, NEPL held 75% interest in two exploration licence applications (E 80/3288, E 80/3289) and 100% interest in an exploration licence application (E 80/3316) in Western Australia and NWPL held 75% interest in an exploration licence application (E 80/3290) in Western Australia. At the date of acquisition, OTRA Resources Pty Limited (OTRA), a company controlled by Mandolin, beneficially held the balance of interests of 25% in each of EL 24070, E 80/3288, E 80/3289 and E 80/3290. Each of TNGPL, NEPL and NWPL had an agreement with OTRA to free carry OTRA’s 25% share of the cost of conducting exploration programmes in the licences until the earlier of surrender of the licences or the completion of a financial feasibility study in relation to the commercial viability or otherwise of any deposit discovered within the subject land of the licences. Following exploration studies and assessments, the application for EL 24070 was withdrawn in November 2004 and the subsequently granted exploration licences E 80/3289 and E 80/3290 were surrendered in May 2005.

At the date of acquisition of TNGPL, NEPL and NWPL by the Parent Entity, those companies had amounts owing to Mandolin totalling \$216,497 consisting of loans of \$108,189 and consulting fees of \$108,308. The total amount owing was fully repaid by the Economic Entity to Mandolin during the financial period.

Exploration licences EL 23454 and EL 23492 are held 75% by Suplejack Pty Ltd, a wholly owned controlled entity of the Parent Entity, and 25% by OTRA. On 12 May 2004 Suplejack Pty Ltd agreed to free carry OTRA's 25% share of the cost of conducting exploration programmes in the licences until the earlier of surrender of the licences or the completion of a financial feasibility study in relation to the commercial viability or otherwise of any deposit discovered within the subject land of the licences.

Stratum Green Australia Limited, a company associated with the Directors J E T Towner and J J Towner, paid a total of \$26,250 to the Parent Entity for the occupation of office space under a month-by-month arrangement until April 2005.

The Economic Entity hired, on a needs basis, from Mandolin an airplane and a helicopter for the transport of personnel and materials on exploration trips to the exploration sites and for surveying the exploration tenements. The total amount paid and payable for the financial period amounted to \$151,166.

Wholly owned group

The Parent Entity provides all controlled entities with office space and support services free of charge and funds for expenditure interest free. During the financial period the total amounts loaned by the Parent Entity to each controlled entity, the amounts written off following the surrender of licences or withdrawal of licence applications and the amounts owing at balance date were as follows:

	Loans		Balance
	Loans Made	Written Off	30 June 2005
	\$	\$	\$
Tanami Northern Gold Pty Ltd	141,495	(141,495)	–
Coolan Yard Pty Ltd	15,157	(15,157)	–
Nicholson West Pty Ltd	120,575	(120,575)	–
Nicholson East Pty Ltd	245,290	–	245,290
Suplejack Pty Ltd	1,456,103	–	1,456,103
	1,978,620	(277,227)	1,701,393

The recovery by the Parent Entity of the amounts owing by controlled entities at balance date is dependent on successful development and exploitation of areas of interest held by the controlled entities or alternatively on the sale of the respective areas of interest.

Note 18 – Remuneration of auditors

	Economic Entity	Parent Entity
	\$	\$
Remuneration of the auditor of the Parent Entity for:		
– auditing or reviewing the financial report	20,000	20,000
– other services	16,128	16,128
	36,128	36,128

The other services were in respect of fees to associates of the auditor for the preparation of an Investigating Accountant's Report for inclusion in a prospectus issued by the Parent Entity on 7 February 2005.

Notes to the FINANCIAL STATEMENTS
for the Financial Period Ended 30 June 2005 (continued)

Note 19 – Notes to the Statements of Cash Flows

	Economic Entity \$	Parent Entity \$
(a) Reconciliation of cash		
Cash at bank and on hand	320,283	320,280
Deposits	4,853,644	4,853,644
	5,173,927	5,173,924
(b) Reconciliation of loss from ordinary activities after income tax to net cash used in operating activities		
Loss from ordinary activities after income tax	(1,488,847)	(1,446,908)
Add non-cash items in operating costs:		
Depreciation	18,370	18,370
Provision for employee entitlements	14,991	14,991
Exploration expenditure written off	596,116	280,321
Loans to controlled entities written off	–	277,327
Changes in assets and liabilities relating to operations:		
Increase in creditors and accruals	100,917	99,732
Increase in receivables	(14,447)	(13,268)
Increase in prepayments	(707)	(707)
Net cash used in operating activities	(773,607)	(770,142)
(c) Non-cash financing activities		
During the financial period, 23,529,411 fully paid ordinary shares in the Parent Entity were issued on conversion of a \$2,000,000 convertible note.		

Note 20 – Segment information

The Economic Entity operates in Australia and in the mining industry.

Note 21 – Commitments

The Economic Entity has been granted various exploration licences. A condition of these licences is that the Economic Entity is required to meet minimum committed expenditure requirements to maintain current rights of tenure. These obligations may be subject to renegotiation, may be farmed out or may be relinquished and have not been provided for in the financial statements and are due as follows:

Within twelve months	103,838	–
Twelve months or longer and not longer than five years	430,733	–
More than five years	6,667	–
	541,238	–

Operating leases

Minimum payment under non-cancellable operating leases according to the time expected to elapse to the expected date of payment:

	Economic Entity \$	Parent Entity \$
Not later than 1 year	227,113	227,113
Later than 1 year and not later than 5 years	778,140	778,140
	1,005,253	1,005,253

Note 22 – Contingent liabilities

A bank guarantee for \$114,758 has been issued for fulfilment of obligations under an operating lease and is secured by a charge over a term deposit lodged with the bankers.

The Economic Entity has obligations to restore land disturbed under exploration licences. The Economic Entity has provided security deposits of \$8,025 required by the Northern Territory Government. These security deposits may be forfeited if the Economic Entity does not meet its obligations under these licences.

Note 23 – Financial instruments

(a) Interest rate risk

The Economic Entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Average Interest Rate %	Variable Interest Rate \$	Fixed Interest Rate Within 1 Year \$	Maturing 1 to 5 Years \$	Non-interest Bearing \$	Total \$
Financial assets						
Cash and deposits	5.5	320,254	4,853,644	–	29	5,173,927
Receivables	–	–	–	–	24,533	24,533
Other	5.1	114,758	–	–	23,374	138,132
		435,012	4,853,644	–	47,936	5,336,592
Financial liabilities						
Creditors and accruals	–	–	–	–	310,563	310,563

(b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date, to recognised financial assets, is the carrying amount, net of any provision for doubtful debts of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

*Notes to the FINANCIAL STATEMENTS
for the Financial Period Ended 30 June 2005 (continued)*

The Economic Entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Economic Entity.

(c) Net fair values

For assets and other liabilities, the net fair value approximates their carrying values. No financial assets and financial liabilities are readily traded on organised markets in standardised form. The Economic Entity has no financial assets where the carrying amount exceeds net fair values at balance date. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to the financial statements.

Note 24 – Impact of Adoption of Australian Equivalents to International Financial Reporting Standards

The Economic Entity is preparing and managing the transition to Australian Equivalents to International Financial Reporting Standards (AIFRS) effective for financial years commencing from 1 January 2005. The adoption of AIFRS will be reflected in the Economic Entity's and the Parent Entity's financial statements for the financial year ending 30 June 2006. On first time adoption of AIFRS, comparatives for the financial year ended 30 June 2005 are required to be restated. The majority of AIFRS transitional adjustments will be made retrospectively against retained earnings at 1 July 2004.

The Economic Entity has assessed the significance of the expected changes and is preparing for their implementation. The impact of the alternative treatments and elections under AASB 1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards has been considered where applicable.

In the opinion of the Directors, the key material differences in the Economic Entity's accounting policies on conversion to AIFRS and the financial effect of these differences, where known, are set out below. However, the amounts disclosed could change if there are any amendments by standard-setters to the current AIFRS or changes in interpretation of the AIFRS requirements.

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.

The Economic Entity has reassessed its impairment testing policy and tested all assets for impairment as at 1 July 2005 in terms of AASB 136. The Economic Entity has not identified any material impact that would require an adjustment to the assets or to retained earnings at 30 June 2005.

Exploration, evaluation and development expenditure

AASB 6: Exploration for and Evaluation of Mineral Resources requires entities to apply “area of interest” accounting to exploration and evaluation expenditures in the same manner as the existing accounting policy. However, exploration and evaluation expenditures will be required to be assessed for impairment in accordance with AASB 136: Impairment of Assets.

The Economic Entity has not identified a requirement for adjustment to exploration expenditure at 1 July 2005 on first adoption of AASB 6.

Income tax

Currently, the Economic 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 AASB 112: Income Taxes, 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 the effects of the timing and permanent differences between taxable income and accounting profit.

The Economic Entity has not recognised future income tax benefits or deferred income tax liabilities at 30 June 2005 on the basis of lack of virtual certainty in deriving sufficient taxable amounts to permit timing differences to reverse. Consistent with this approach the Economic Entity has not recognised any temporary differences under AASB 112 until there is sufficient probability these taxable amounts will be derived in future years.

Share-based Payment

Under AASB 2: Share-based Payment, the Economic Entity will be required to determine the fair values of equity-based remuneration to employees and recognise an expense in the Statement of Financial Performance. Adoption of AASB 2 will have no impact on the Economic Entity at 30 June 2005.

Overall conclusion

On the first time adoption of AIFRS there will be no financial impact on the financial report of the Economic Entity.

DIRECTORS' DECLARATION

for the Financial Period from 4 May 2004 (date of incorporation) to 30 June 2005

The Directors of the Company declare that:

1. the accompanying financial statements and notes are in accordance with the Corporations Act 2001, comply with Accounting Standards and the Corporations Regulations 2001, and give a true and fair view of the financial position as at 30 June 2005 and of the performance for the financial period from 4 May 2004 to 30 June 2005 of the Parent Entity and the Economic Entity;
2. the Chief Executive Officer and Chief Financial Officer have each declared that:
 - (a) the financial records of the Parent Entity and the Economic Entity for the financial period have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial period comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial period give a true and fair view; and
3. in the Directors' opinion there are reasonable grounds to believe that the Parent Entity 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.

Dated this 16th day of September 2005



Jeremy J Towner

Director

Chartered Accountants
Business Advisers and Consultants

Grant Thornton 

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ORD RIVER RESOURCES LIMITED

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 Ord River Resources Limited (the company) and controlled entities (the consolidated entity), for the period ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that 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 conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

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

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

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

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

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**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF ORD RIVER RESOURCES LIMITED (cont)**

Independence

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

Audit opinion

In our opinion, the financial report of Ord River Resources Limited 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 period ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

GRANT THORNTON NSW
Chartered Accountants

A J ARCHER
Partner

Sydney

16 September 2005

ADDITIONAL INFORMATION

Additional information included in accordance with Listing Rules of the Australian Stock Exchange Limited.

1. SHAREHOLDINGS

(a) Distribution of Shareholders as at 9 September 2005

Size of Holding	Holders	Ordinary Shares Held	%
1-1,000	2	1,167	0.001
1,001-5,000	23	77,516	0.066
5,001- 10,000	256	2,023,697	1.726
10,001-100,000	184	6,580,028	5.612
100,001 – and over	68	108,572,003	92.595
	533	117,254,411	100.00

6 shareholders held less than a marketable parcel.

(b) Top Twenty Shareholders as at 9 September 2005

Shareholder	Number of Ordinary Shares	% Held of Issued Ordinary Capital
Mandolin Pty Ltd	25,400,000	21.662
China Nonferrous Metals Int'l Mining Co., Ltd.	23,529,411	20.067
Mr Christian Wong	8,000,000	6.823
OTRA Resources Pty Ltd	5,250,000	4.477
Gingko Ltd Corporation	4,000,000	3.411
Sinom (Hong Kong) Limited	3,060,589	2.610
Victoria Park Investments Pty Ltd	2,825,771	2.410
Laxfield Finance Limited	2,500,000	2.132
Mr Peter Temby	2,000,000	1.706
Mr Barry Shan Yin	1,800,000	1.535
Torwood Resources Limited	1,720,000	1.467
E-Business Train Pty Ltd	1,593,335	1.359
Tong Liu Zhang	1,500,000	1.279
Mr Edward Farrell	1,250,000	1.066
Xiao Yuan	1,200,000	1.023
Xiao Xue Yin	1,170,000	0.998
Ucan Nominees Pty Ltd	1,165,000	0.994
Mr Tony Colin Fletcher	1,100,000	0.938
Ms Mei-Sui Chen	1,050,000	0.895
Mr Wong Voon Moye Sam Yue	1,000,000	0.853
Mr Mark Camilleri	1,000,000	0.853
Mr Andrew Linedale Martin	1,000,000	0.853
Springdale Nominees Pty Ltd	1,000,000	0.853
Drysdale Investments Limited	1,000,000	0.853
JP Morgan Nominees Australia Limited <Lucrf Pty Ltd A/c>	1,000,000	0.853
Twenty largest shareholders	96,114,106	81.971
Others	21,140,305	18.029
	117,254,411	100.00

2. VOTING RIGHTS

- (a) At meetings of members each member entitled to vote may vote in person or by proxy or attorney or, in the case of a member which is a body corporate, by representative duly authorised.
- (b) On a show of hands every member entitled to vote and be present in person or by proxy or attorney or representative duly authorised shall have one (1) vote.
- (c) On a poll every member entitled to vote and be present in person or by proxy or attorney or representative duly authorised shall have one (1) vote for each fully paid share of which he is a holder.

3. AUDIT COMMITTEE

As at the date of this report the Economic Entity has an Audit Committee – a subcommittee of the Board of Directors.

4. RESTRICTED SECURITIES

The securities subject to restriction agreements as at 9 September 2005 are as follows:

End of Restriction Period	No. of Ordinary Shares Subject to Restriction
21 October 2005	433,333
25 October 2005	333,333
17 November 2005	200,000
21 November 2005	333,333
22 November 2005	333,333
24 November 2005	66,667
28 November 2005	266,667
8 December 2005	166,667
13 December 2005	2,666,667
14 December 2005	500,000
15 December 2005	6,836,666
16 December 2005	166,667
7 March 2007	57,182,744
Total	69,486,077

7. SUBSTANTIAL SHAREHOLDERS

The securities held by substantial shareholders are as follows:

Name	Number of Shares
Mandolin Pty Ltd	30,250,000
China Nonferrous Metals Int'l Mining Co., Ltd.	23,529,411

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