
Ausmet Resources Limited

ABN 19 107 411 067

Half Year Financial Report

31 December 2004

AUSMET RESOURCES LIMITED

CORPORATE DIRECTORY

DIRECTORS

Howard Graham DAWSON
Chairman

Malcolm Keith SMARTT
Non Executive Director

Peter Henry STRACHAN
Non-Executive Director

COMPANY SECRETARY

Malcolm Keith Smartt

PRINCIPAL and REGISTERED OFFICE

Level 1, 89 St Georges Terrace
Perth
Western Australia 6000
Telephone: (08) 9322 4855
Facsimile: (08) 9481 2200
Email: info@ausmet.com.au
Internet: www.ausmet.com.au

AUDITOR

Stanton Partners
Level 1, 1 Havelock Street
West Perth
Western Australia, 6005

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 2, 45 St George's Terrace
Perth
Western Australia, 6000
Telephone: (08) 9323 2000
Facsimile: (08) 9323 2096
Email: perth.services@computershare.com.au

STOCK EXCHANGE Limited LISTING

The Company is listed on the Australian Stock Exchange
Home Exchange: Perth
ASX Codes:
AME - Ordinary shares
AMEO - 31 December 2006 \$0.20 options

AUSMET RESOURCES LIMITED

DIRECTORS' REPORT

The Directors present their report together with the financial report for the half-year ended 31 December 2004 and the audit review report thereon.

DIRECTORS

The names and details of the Directors of Ausmet Resources Limited at the date of this report are:

Howard Graham Dawson Chairman

Mr Dawson was formerly an exploration and resource development geologist with a number of major companies including BHP Minerals Limited. In 1987 he entered the securities industry as a Resource Analyst with a subsequent move into senior management roles with firms including McIntosh Securities, Merrill Lynch Australia and ABN Amro Morgans Limited.

Malcolm Keith Smartt Non Executive Director

Mr Smartt is an accountant and company secretary who has held senior positions as a company secretary and or Finance Director in a number of public companies operating in Australia, Asia and Africa in both gold and base metals. Mr Smartt is a Non Executive Director of Prosperity Resources Limited.

Peter Henry Strachan Non Executive Director

Mr Strachan commenced his working life as a research metallurgist in Zambia and then gained significant practical experience with Bougainville Copper and CRA (now Rio Tinto). Since 1983 he has been involved in the Securities Industry in activities such as corporate research, institutional banking and business development and management.

Results of operations

The net loss of the entity for the six months to 31 December 2004, amounted to \$252,390 (Period ended 30 June 2004: \$694,373 loss).

REVIEW OF OPERATIONS

On 10 November 2004 Ausmet announced a proposed merger with Bounty Industries Australia Pty Ltd, an integrated coal mining equipment manufacturer, supplier and contract underground miner based in NSW. An information memorandum was prepared summarising the terms and conditions as well as the Bounty business, and forwarded to all shareholders in early February 2005.

A general meeting to approve the merger is scheduled for 7 March 2005. During the December half year Ausmet Resources also carried out drilling programmes at Dingo Range and Batchelor.

At Dingo Range a total of 37 RAB and aircore holes for 1,685 metres were drilled to test both soil covered areas in the south eastern part of the project area, as well as a number of structurally complex zones, as defined by aeromagnetic interpretation.

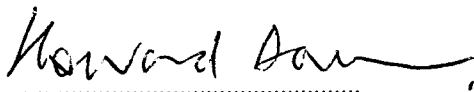
At Batchelor, the drilling programme was cut short as a result of the onset of the wet. Only 5 RAB holes for 250 metres were completed.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration is required under Section 307C of the Corporations Act set out on page 14.

Dated at Perth this 23rd day of February 2005

Signed in accordance with a resolution of the Directors.



.....
H G DAWSON
Chairman

AUSMET RESOURCES LIMITED
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF YEAR ENDED 31 DECEMBER 2004

	Note	Half year ended 31 December 2004 \$
Interest revenue	2	83,018
Expenses from ordinary activities :	3	
Consulting fees		22,641
Administration expenses		163,115
Exploration and New Project assessment expenses		147,993
Depreciation		1,659
Loss from ordinary activities before related income tax expense		(252,390)
Income tax benefit relating to ordinary activities		
Loss attributable to members of the parent entity		(252,390)
Basic loss per share (cents)		(0.83)

A diluted earnings per share has not been included, as it results in a more favourable loss per share than the basic loss per share.

The statement of financial performance should be read in conjunction with the accompanying notes.

AUSMET RESOURCES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2004

	As at 31 December 2004	As at 30 June 2004
	\$	\$
CURRENT ASSETS		
Cash assets	1,470,948	3,145,469
Receivables / Prepayments	35,051	81,391
TOTAL CURRENT ASSETS	1,505,999	3,226,860
NON-CURRENT ASSETS		
Other financial assets	1,512,000	-
Property, plant and equipment	23,391	2,669
Exploration and evaluation expenditure	-	-
TOTAL NON-CURRENT ASSETS	1,535,391	2,669
TOTAL ASSETS	3,041,390	3,229,529
CURRENT LIABILITIES		
Payables	80,489	21,365
Provisions for employee benefit	5,127	
TOTAL CURRENT LIABILITIES	85,616	21,365
NET ASSETS	2,955,774	3,208,164
EQUITY		
Contributed equity	3,902,537	3,902,537
Accumulated losses	(946,763)	(694,373)
TOTAL EQUITY	2,955,774	3,208,164

The statement of financial position should be read in conjunction with the accompanying notes.

AUSMET RESOURCES LIMITED
STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2004

	Note	Half year ended 31 December 2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash payments in the course of operations		(76,239)
Payments for exploration and evaluation expenditure		(163,976)
Interest received		88,075
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES		<u>(152,140)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans to other parties		(1,500,000)
Payments to acquire fixed assets		(22,381)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		<u>(1,522,381)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of options		-
Proceeds from issue of shares		-
NET CASH FLOWS FROM FINANCING ACTIVITIES		<u>-</u>
NET INCREASE/(DECREASE) IN CASH HELD		(1,674,521)
CASH AT THE BEGINNING OF THE FINANCIAL PERIOD		3,145,469
CASH AT THE END OF THE FINANCIAL PERIOD	4	<u>1,470,948</u>

The statement of cash flows should be read in conjunction with the accompanying notes.

AUSMET RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2004

1. BASIS OF PREPARATION OF THE HALF-YEAR REPORT

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial report

The half-year financial report should be read in conjunction with the Annual Financial Report of Ausmet Resources Limited as at 30 June 2004. It is also recommended that this half-year financial report be considered together with any public announcements made by Ausmet Resources Limited during the half year ended 31 December 2004 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half -year financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 1029 "Interim Financial Reporting", and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

The half-year financial report has been prepared in accordance with the historical cost convention and except where stated, does not take into account changing money values or current valuations of non-current assets.

Accounting policies have been consistently applied by the economic entity and, except where there is a change in accounting policy, are consistent with those applied in the 30 June 2004 Annual Financial Report.

The carrying amounts of non-current assets except for exploration expenditure are reviewed to determine whether they are in excess of their recoverable amount at the end of the half-year. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

(b) Comparatives

There are no comparative figures as the Company was only incorporated on 16 December 2003 and there was no half yearly report completed as at 31 December 2003.

AUSMET RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2004

2004
\$

2. REVENUE FROM ORDINARY ACTIVITIES

Other revenues

Interest – other parties	83,018
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Total revenue from ordinary activities	83,018
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3. LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE

Loss from ordinary activities before income tax expense has been arrived at after charging the following items:

Depreciation of plant and equipment	1,659
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As at	As at
31 December	30 June
2004	2004
\$	\$

4. NOTES TO STATEMENT OF CASH FLOWS

Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash	158,281	66,841
Short term deposits	1,312,667	3,078,628
	1,470,948	3,145,469

AUSMET RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2004

5. CONTRIBUTED EQUITY

	As at 31 December 2004 \$	As at 30 June 2004 \$
Issued and paid up capital		
30,436,000 (June 2004: 30,436,000) ordinary fully paid shares	3,902,537	3,902,537

6. SUBSEQUENT EVENTS

As advised in an ASX release dated 10 November 2004, the ASX Quarterly for the period ended 31 December, 2004 and a notice of meeting forwarded to shareholders on 2 February 2005, Ausmet is seeking shareholder approval to change the direction of the Company from a mineral explorer to an integrated coal equipment manufacturer, supplier and contract coal miner. A General Meeting is to be held on 7 March 2005. The information memorandum, notice of meeting and explanatory statement can be viewed at the Company website – www.ausmet.com.au.

Should the merger be approved, Ausmet will retain majority ownership of the current exploration properties through an specie capital return of shares in a currently wholly owned subsidiary, Discovery Capital Limited. In addition the head office of Ausmet will be relocated to Sydney from Perth.

7. ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of the next financial year.

The Company's management, along with its auditors, are assessing the significance of these changes and preparing for their implementation. The Company will not have an IFRS committee, but the Board will oversee and manage the transition to IFRS.

The group does not currently recognise as an expense options issued to staff. On adoption of IFRS based standards, the group will recognise an expense for all share based remuneration, including options and deferred options, and will amortise the expense over the relevant vesting periods.

A "balance sheet" approach will be adopted, replacing the "statement of financial performance" approach currently used by Australian companies. This method recognises deferred tax balances when there is a difference between the carrying value of an asset or liability, and its tax base. It is expected that the standard may require the entity to carry higher levels of deferred tax assets and liabilities. This will result in the recognition of new assets and liabilities and an initial impact on retained earnings at 1 July 2004.

The International Accounting Standards Board has released AASB 6 "Exploration for and Evaluation of Mineral Resources" which sets out the framework to deal with accounting for exploration and evaluation costs and in particular the impairment testing model to be applied for such expenditure. Further the revised standard no longer deals with accounting for development costs. These costs will be classified as tangible and intangible under the AIFRS framework and will be subject to the impairment testing requirements. Reliable estimation of the future financial effects of the change in accounting policy are not yet known. All exploration and evaluation costs are expensed as incurred.

AUSMET RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2004

8. CONTINGENT LIABILITIES

As at the date of this report there are no known contingent liabilities.

9. SEGMENT INFORMATION

The Company operates in one industry and one geographical segment, namely the mining industry with Western Australia.

AUSMET RESOURCES LIMITED

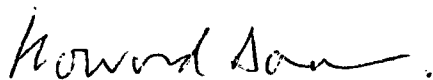
DIRECTORS' DECLARATION

In the opinion of the Directors of Ausmet Resources Limited:

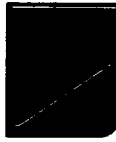
1. the financial statements and notes set out on pages 2 to 10, are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the financial position of the Company as at 31 December 2004 and of its performance, as represented by the results of its operations and cash flows for the half year ended on that date; and
 - (b) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations; and
2. 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.

Dated at Perth this 23rd day of February 2005.



.....
H G DAWSON
Chairman



STANTON PARTNERS

1 HAVELOCK STREET
WEST PERTH 6005
WESTERN AUSTRALIA

TELEPHONE: (08) 9481 3188

Facsimile: (08) 9321 1204

Email: australia@stanton.com.au

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF AUSMET RESOURCES LIMITED

Scope

We have reviewed the financial report comprising of the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements and the directors' declaration of Ausmet Resources Limited (the Company) for the half-year ended 31 December 2004. The directors of the Company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the Company, and that complies with Accounting Standard AASB 1029 "Interim Financial Reporting" 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 report.

Review Approach

We have performed an independent review of the 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 financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the disclosing entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing and Assurance Standards applicable to review engagements. A review is limited primarily to inquiries of the disclosing entity's 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 is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

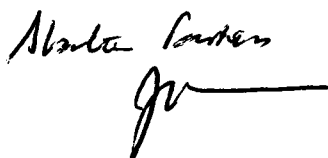
We are independent of the Company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. We have given to the directors of the Company a written Auditor's Independence Declaration.

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 Ausmet Resources Limited is not in accordance with:

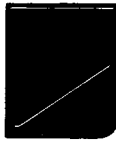
- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

STANTON PARTNERS



J P Van Dieren
Partner

West Perth, Western Australia
23 February 2005



STANTON PARTNERS

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WEST PERTH 6005
WESTERN AUSTRALIA

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9 February 2005

Board of Directors
Ausmet Resources Ltd
Level 1
89 St Georges Terrace
PERTH WA 6000

Dear Directors

RE: AUSMET RESOURCES LTD

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Ausmet Resources Ltd.

As Audit Partner for the review of the financial statements of Ausmet Resources Ltd for the half year ended 31 December 2004, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely
STANTON PARTNERS

John Van Dieren
Partner