

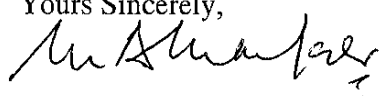
**Financial Position at 30 September 2004**  
**Pro forma, Un-audited**

	\$	\$	c/Share
<b>Current Assets</b>			
Cash at Bank and on deposit	2,350,000		
Advance to Reefway (repaid)	150,781		
Avon Resources Ltd, 51,153,333 shs @ 2c/share	1,023,067		
Final Installment due 30 June 2005	<u>767,300</u>	4,291,148	
<b>Less, Current Liabilities</b>			
Legal Expenses (approx)	250,000		
Advance by Malcolm A. Mayger P/L	201,223		
Payment of Deferred Directors' Fees	<u>100,000</u>	<u>551,223</u>	
		3,739,925	7.4
<b>Non Current Assets (at valuation)</b>			
Pegmont Lead-Zinc deposit	3,000,000		
Eastern Block exploration areas	<u>350,000</u>	3,350,000	<u>6.6</u>
			14.0
<b>Deferred Assets (at valuation)</b>			
Royalty Interests – Reefway Areas	100,000	<u>100,000</u>	<u>0.2</u>
		7,189,925	<u>14.2</u>
<b>Provision For Taxation – estimate</b>	700,000	<u>700,000</u>	<u>1.4</u>
<b>Net Assets</b>		<u>6,489,925</u>	<u>12.8</u>

**Expenditure during the Quarter**  
**Exploration**

	<b>September Quarter</b>	<b>Year to Date</b>
	\$	\$
Pegmont deposit	77	10,211
Pegmont regional	6,921	6,921
Duchess regional	-	-
General Investigations	<u>329</u>	<u>2,760</u>
	7,327	19,892
<b>Corporate</b>		
Administration (net of interest)	19,354	42,972
Shareholder loan repayment	-	-
<b>Total Expenditure</b>	<u>2,6671</u>	<u>62,864</u>

Yours Sincerely,



Malcolm A. Mayger  
**Managing Director.**