



Tennant Creek
GOLD LIMITED

HALF YEAR FINANCIAL REPORT

31 December 2004

Company Particulars

Directors

John W Barr (Chairman)
Neil Biddle (Managing Director)
Michael Bowen (Non Executive Director)
Terence Smith (Non Executive Director)

Company Secretary

Christopher Bath

Registered Office

Level 3
30 Richardson Street
West Perth WA 6005
Telephone: (08) 9327 0900
Facsimile: (08) 9327 0901

Website: www.tennantcreekgold.com

Auditors

KPMG
152-158 St Georges Terrace
PERTH WA 6000

Share Registry

Computershare Investor Services Pty Limited
Level 2
45 St George's Terrace
Perth WA 6000
Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

ASX Code: TNG

Directors' Report

The Directors present their report together with the consolidated financial report for the half year ended 31 December 2004 Director's review report thereon.

Directors

The Directors of the Company at any time during or since the end of the half year are:

Name

John W Barr (Chairman)

Neil Biddle (Managing director)

Michael Bowen (Non executive director)

Terence Smith (Non executive director; appointed 1 July 2004)

Review of Operations and Activities

Northern Territory Projects

In July 2004 TNG completed the acquisition of Tennant Creek Gold (NT) Pty Ltd.

Tennant Creek's exploration portfolio includes advanced molybdenum-tungsten and gold projects in the Northern Territory with near-term development potential, as well as extensive high quality exploration holdings.

In the half year in excess of \$830,000 has been spent on exploration and feasibility studies in respect to these tenements.

Molyhil Molybdenum-Tungsten Project

- A JORC compliant drill indicated resource calculated at 2,065,009 tonnes grading 0.304% WO₃ and 0.182% MoS₂.
- The resource zone remains open at depth and along strike to the south.
- Pilot scale metallurgical test work indicates an average grade of 0.70% WO₃ and 0.58% MoS₂ – significantly higher than the drill indicated grade.
- Test work also indicates sound recoveries producing high grade, marketable concentrates with no deleterious mineralogy.
- Diamond and RC drilling programs completed to date confirm potential to substantially expand the initial resource inventory at depth.
- Bulk trial mining planned to help reconcile the resource head grade.
- The extracted material will be treated under metallurgical test conditions in a pilot scale facility to fully evaluate the head grade and mineralogical characteristics.
- Final feasibility study held up pending reconciliation of bulk grades with drill indicated grade.

The Company has accepted a proposal to list a new company on the Alternative Investment Market (AIM) in London to acquire this project, and the Hatches Creek and Thring Creek projects. The new company, Thor Mining PLC, will raise capital to fund the ongoing exploration and development activities of these projects and free Company resources to concentrate on exploration at the Sandy Creek project, which has significant potential for a large base metal discovery. TNG will retain a significant shareholding in Thor. As part of the transaction Thor Mining will pay TNG approximately \$500,000 cash.

Sandy Creek Base-Metal Project

- Special NT ministerial approval received by TNG to apply for tenure over this outstanding base metals project.
- TNG has applied for tenure which triggers the commencement of an advertising period which remains open for approximately four months. During this period TNG expects to sign an exploration agreement with the Northern Land Council.
- Previously excluded from exploration activity under Reserve from Occupation status since 1999 due to Ord River Project irrigation proposals.
- High potential for multiple Mississippi Valley Style zinc-lead-silver deposits ascertained from previous extensive exploration by predominantly major companies including BHP.
- Previous resource estimates predate JORC Code and will be updated by TNG pending data base audit and upgrade to digital format.

Other Projects

Tanami East Area

The area is situated approximately 370km west of Tennant Creek Township (also known as Goddard's Prospect). Significant copper mineralisation in the form of malachite outcrops over a strike length of 1,200 metres.

Numerous values over 1% Cu and 100 ppb Au were obtained from carbonate hosted rock chip samples from prior exploration. The strike length of copper mineralisation represents significant exploration potential for copper-gold deposits in the area (never been drilled tested).

Tennant Creek Magnetic Gold-Copper-Bismuth Prospects

Located north west of the Tennant Creek Township, Tennant Creek Gold has 100% interest in granted mining tenements covering magnetic bulleyes targets known as M18, M19 & M20, M29 prospects. Also oxide near surface gold prospects lies east of the township, known as Hopeful Star and Mystery Prospects.

Cawse Extended Project

The OM Group Inc. ("OMG") owns and manages the Cawse Nickel-Cobalt Operation. OMG and TNG jointly own the Cawse Extended Project, which is located adjacent to the Cawse Nickel-Cobalt Operation. TNG's interest in the Cawse Extended Project is 20% free-carried to production, convertible at TNG's election to a 2% net smelter return.

In 2003 TNG entered into an Agreement with OMG to commence mining at the Unicorn Pit located on the Cawse Extended tenements. The agreement is for a wet tonne royalty payment, which replaces the current agreement only for ore mined from the Unicorn Pit and transported to the Cawse ROM pad prior to processing.

The royalty for the six months ended 31 December was \$146,546 and it is expected that mining at Unicorn will continue through to at least the end of 2005.

OMG have advised that exploration drilling will occur at Jedbob and exploration activities will be undertaken on the Yeti, Ogre, Yowie and Dragon prospects in the 2005 year.

Other Projects

TNG holds an interest in three other tenement groups in Western Australia. In each case TNG is not contributing towards exploration expenditure, the projects being subject to joint venture, or options for sale.

Batavia Mining Limited

TNG owned approximately 30 million Batavia shares at the end of the half year.

Batavia is focused on the Gullewa project in the South Murchison district of Western Australia.

Shareholders are encouraged to visit the Batavia web page, which is located at www.bataviamining.com.au.

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

The lead auditor's independence declaration is set out on page 6 and forms part of the directors' report for the half-year ended 31 December 2004.

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, appearing to read 'J Barr', is written over a large, light-colored oval shape.

John W Barr
Chairman

14 March 2005

**Statement of Financial Performance
For the half year ended 31 December 2004**

	Note	Consolidated	
		31 Dec 2004	31 Dec 2003
		\$	\$
Other revenues from ordinary activities	2	187,123	189,600
Total revenue		187,123	189,600
Occupancy costs		24,292	15,809
Administrative costs		133,261	121,146
Corporate costs		310,431	224,457
Share of net losses of associates accounted for using the equity method	4	–	115,997
Amortisation of exploration costs in production phase		87,495	30,120
Exploration evaluation & development expenditure written off		–	131,431
Diminution in value of listed investments		281,739	1,888
Carrying amount of investments sold		–	65,500
Other expenses from ordinary activities		(87)	1,083
Loss from ordinary activities before income tax expense	3	(650,008)	(517,831)
Income tax expense		–	–
Net loss attributable to members of Tennant Creek Gold Limited		(650,008)	(517,831)
Total changes in equity from non-owner related transaction attributable to the members of the parent entity		(650,008)	(517,831)
		Cents	Cents
Basic earnings per share		(0.963)	(0.968)
Diluted earnings per share		(0.963)	(0.968)

The statement of financial performance is to be read in conjunction with the notes to the half year financial statements set out on pages 10 to 14.

**Statement of Financial Position
As at 31 December 2004**

	Consolidated	
	31 Dec 2004	30 June 2004
Note	\$	\$
Current Assets		
Cash assets	1,034,162	1,712,693
Receivables	199,751	183,779
Other	40,829	7,275
Total Current Assets	<u>1,274,742</u>	<u>1,903,747</u>
Non-Current Assets		
Receivables	-	475,123
Other financial assets	1,288,996	1,615,075
Plant and equipment	127,567	71,395
Exploration evaluation & development expenditure	7,091,381	4,843,368
Total Non-Current Assets	<u>8,507,944</u>	<u>7,004,961</u>
Total Assets	<u>9,782,686</u>	<u>8,908,708</u>
Current Liabilities		
Payables	149,824	441,598
Provisions	36,182	32,556
Total Current Liabilities	<u>186,006</u>	<u>474,154</u>
Non-current Liabilities		
Lease Liabilities	38,901	-
Total Non-Current Liabilities	<u>38,901</u>	<u>-</u>
Total Liabilities	<u>224,907</u>	<u>474,154</u>
Net Assets	<u>9,557,779</u>	<u>8,434,554</u>
Equity		
Contributed Equity	6 5,245,099	3,471,866
Reserves	4,653,656	4,653,656
(Accumulated losses)/retained profits	5 (340,976)	309,032
Total Equity	<u>9,557,779</u>	<u>8,434,554</u>

The statement of financial position is to be read in conjunction with the notes to the half year financial statements set out on pages 10 to 14.

Statement of Cash Flows
For the half year ended 31 December 2004

	Consolidated	
	31 Dec 2004	31 Dec 2003
	\$	\$
Cash flows from operating activities		
Cash receipts in the course of operations	3,538	2,950
Cash payments in the course of operations	(567,921)	(383,862)
Interest received	39,803	65,711
Proceeds from royalties	147,145	–
Net cash outflow from operating activities	(377,435)	(315,201)
Cash flows from investing activities		
Payments for exploration expenditure	(695,142)	(1,487)
Payments for feasibility study	(138,530)	–
Payments for plant and equipment	(39,157)	(20,092)
Proceeds from sale of plant and equipment	–	185
Payments for investments	(13,585)	(86,405)
Payment for controlled entity (net of cash acquired)	16,446	49,099
Advances to other companies	–	(613,396)
Repayment of advances to other companies	–	1,526,374
Net cash outflow from investing activities	(869,968)	854,278
Cash flows from financing activities		
Proceeds from issue of shares	600,000	–
Repayment of borrowings	(4,360)	–
Share issue expenses	(26,768)	–
Net cash provided by financing activities	568,872	–
Net decrease in cash held	(678,531)	539,077
Cash at the beginning of the half year	1,712,693	2,303,422
Cash at the end of the half year	1,034,162	2,842,499

The statement of cash flows is to be read in conjunction with the notes to the half year financial statements set out on pages 10 to 14.

Notes to the Financial Statements

1. Statement of significant accounting policies

(a) Basis of preparation of half year financial report

The half year consolidated financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting", the recognition and measurement requirements of applicable AASB standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. This half year financial report is to be read in conjunction with the 30 June 2004 Annual Financial Report and any public announcements by Tennant Creek Gold Limited and its Controlled Entities during the half year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or fair values of non-current assets.

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

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

Consolidated	
31 Dec 2004	31 Dec 2003
\$	\$

2. Revenue from ordinary activities

Other revenues:

From operating activities

Interest	37,038	69,369
Royalties	146,546	60,399
Gross proceeds from sale of non-current assets	—	58,685
Other	3,539	1,147
Total other revenues	187,123	189,600
Total revenues from ordinary activities	187,123	189,600

Notes to the Financial Statements (continued)

Consolidated	
31 Dec 2004	31 Dec 2003
\$	\$

3. Individually significant items

Individually significant items included in loss from ordinary activities before income tax expense

Diminution in value of listed investments	281,739	10,455
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4. Investments accounted for using the equity method

On 9 September 2003 the Company exercised its convertible note holding in Batavia Mining Limited which increased its shareholding to 20.9%. The Company adopted equity accounting in accordance with AASB 1016 from this date.

The use of the equity method was discontinued from 13 February 2004 in respect of the consolidated entity's interest in Batavia Mining Limited due to the inability of the consolidated entity to exercise significant influence over the company. The carrying amount of the investment at that date, being \$1,570,736 has been recorded as its cost going forward.

Consolidated	
31 Dec 2004	31 Dec 2003
\$	\$

5. (Accumulated losses)/retained profits

(Accumulated losses)/retained profits at the beginning of the half year

	309,032	1,431,574
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Net losses attributable to members of the parent entity

	(650,008)	(517,831)
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(Accumulated losses)/retained profits at the end of the half year

	(340,976)	913,743
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6. Contributed equity

Issued and paid-up capital

69,478,270 (June 2004: 53,478,270) ordinary shares

	5,245,099	3,471,866
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On 14 July 2004 the Company completed a placement of 6,000,000 ordinary shares at \$0.10 to raise \$600,000 before transaction costs. Transaction costs of \$26,768 were recognised as a reduction of the proceeds of issue.

On 28 July 2004 the Company issued 10,000,000 ordinary shares at 12 cents per share as consideration for the acquisition of Tennant Creek Gold (NT) Pty Ltd.

7. Contingent liabilities and contingent assets

There have been no changes in contingent liabilities or contingent assets since 30 June 2004.

8. Non cash financing and investing activities

During the financial period the consolidated entity acquired 100% of the issued shares of Tennant Creek Gold (NT) Pty Ltd for the consideration of 10,000,000 ordinary shares in the Company.

Notes to the Financial Statements (continued)

10. Segment information

2004

Business Segments	Exploration	Investments	Total
	\$	\$	\$
Revenue			
External segment revenue	<u>146,546</u>	–	<u>146,546</u>
Total segment revenue			<u>146,546</u>
Other unallocated revenue			<u>40,577</u>
Total revenue			<u>187,123</u>
Result			
Segment result	<u>59,051</u>	<u>(281,739)</u>	<u>(222,688)</u>
Unallocated corporate revenues and expenses			<u>(427,320)</u>
Net loss			<u>(650,008)</u>

2003

Business Segments	Exploration	Investments	Total
	\$	\$	\$
Revenue			
External segment revenue	<u>60,400</u>	<u>58,500</u>	<u>118,900</u>
Total segment revenue			<u>118,900</u>
Other unallocated revenue			<u>70,700</u>
Total revenue			<u>189,600</u>
Result			
Segment result	<u>(101,153)</u>	<u>(8,888)</u>	<u>(110,041)</u>
Unallocated corporate revenues and expenses			<u>(407,790)</u>
Net loss			<u>(517,831)</u>

Exploration comprises management of tenement holdings.
Investments comprise investments in listed and unlisted entities.

11. Impact of adopting Australian Accounting Standards Board (“AASB”) equivalents to International Accounting Standards Board (“IASB”) standards

The half year financial report has been prepared in accordance with the requirements of the Accounting Standards, Urgent Issues Group Consensus Views and the Corporations Act 2001. The financial information is based on Australian Accounting Standards effective at the date of this half year financial report and does not reflect the effect of the proposed transition to International Financial Reporting Standards (“IFRS”) in 2005.

The Company will be required to comply with the IFRS for the financial reporting periods beginning 1 July 2005. Although Australia has been undertaking a harmonisation process for several years, there are still significant reporting differences between Australian Generally Accepted Accounting Principals (“GAAP”) and IFRS, and conversion to IFRS may result in many changes to accounting policies and therefore consequential impact on financial performance and position.

The Company has commenced transitioning its accounting policies and financial reporting from current Accounting Standards to Australian equivalents of International Financial Reporting Standards. The Company is monitoring developments in IFRS and are assessing the likely impact on

Tennant Creek Gold Limited

Half Year Financial Report

the Company's financial statements, accounting policies and systems. Internal resources have been allocated to perform diagnostics and conduct impact assessments to isolate key areas that will be impacted by the transition to IFRS. As the Company has a 30 June financial year end, priority has been given to considering the preparation of an opening Statement of Financial Position in accordance with AASB equivalents to IFRS as at 1 July 2004.

At this stage, the Company has not been able to reliably quantify the potential impact on financial performance and the financial position of adopting IFRS. However, key implications on the Company from the adoption of IFRS may be as follows:

Financial instruments

Under AASB 129 *Financial Instruments: Recognition and Measurement*, all financial instruments will be required to be classified into one of five categories which will, in turn, determine the accounting treatment of the item. The classifications are:

- loans and receivables – measured at cost;
- held to maturity – measured at amortised cost;
- held for trading – measured at fair value with fair value changes charged to net profit or loss;
- available for sale – measured at fair value with fair value changes taken to equity; and
- non trading liabilities – measured at amortised cost.

This will result in a change in the current accounting policy that does not classify financial instruments. The future financial effect of this change in accounting policy is not yet known as the classification and measurement process has not yet been fully completed.

Impairment of assets

Under AASB 136 *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 a change in the Company's accounting policy which determines the recoverable amount of an asset on the basis of undiscounted cash flows. Under the new policy it is likely that impairment of assets will be recognised sooner and the amount of write-downs greater. The future financial effect of this change in accounting policy is not yet known as the measurement process has not been fully completed.

Income taxes

Under AASB 112 *Income Taxes*, the Company will be required to use a balance sheet liability method which focuses on the tax effects of transactions and other events that affect amounts recognised in either the Statement of Financial Position or a tax-based balance sheet.

Share based payments

Under AASB 2 *Share Based Payments*, the Company will be required to determine the fair value of options issued to employees as remuneration and recognise an expense in the Statement of Financial Performance over the vesting period. This standard is not limited to options and also extends to other forms of equity based remuneration. It applies to all share based payments issued after 7 November 2002 which have not vested as at 1 July 2004. Under the current accounting policy no amounts are recognised in the financial accounts in relation to equity based compensation schemes in respect of options. The future financial effect of this change in accounting policy is not yet known as the measurement process has not been fully completed.

Exploration and evaluation expenditure

AASB 6 *“Exploration for and Evaluation of Mineral Resources”* will require the Company to apply “area of interest” accounting to exploration and evaluation expenditures, effectively grandfathering the treatment currently used by the Company under AASB 1022 *“Accounting for the Extractive*

Industries". Under AASB 6, if facts and circumstances suggest that the carrying amount of any recognised exploration and evaluation assets may be impaired, the Company must perform impairment tests on those assets in accordance with AASB 136 *"Impairment of Assets"*. Impairment of exploration and evaluation assets is to be assessed at a cash generating unit or group of cash generating units level provided this is no larger than an area of interest. Any impairment loss is to be recognised as an expense in accordance with AASB 136.

The adoption of AASB 6 is not expected to lead to a change in the Company's accounting policy with respect to exploration and evaluation expenditure.

Tennant Creek Gold Limited and Controlled Entities
Directors' Declaration

Directors' Declaration

In the opinion of the directors of Tennant Creek Gold Limited ("the Company"):

- 1 the financial statements and notes set out on pages 6 to 14, are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2004 and of its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; 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.

Signed in accordance with a resolution of the Directors.



John W Barr
Chairman

14 March 2005

Independent review report to the members of Tennant Creek Gold 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 the Tennant Creek Gold Limited ("the Consolidated Entity"), for the half-year ended 31 December 2004. The Consolidated Entity comprises Tennant Creek Gold Limited ("the Company") and the entities it controlled during that half-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.

Review approach

We conducted an independent review in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not present fairly, in accordance with the Corporations Act 2001, Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Consolidated Entity's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which were limited primarily to:

- enquiries of company personnel; and
- analytical procedures applied to the financial data.

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

The 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.

A review cannot guarantee that all material misstatements have been detected.



Independence

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

Statement

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

KPMG

Denise McComish
Partner

Perth
14 March 2005