

# BUKA MINERALS LIMITED

A.B.N. 25 000 741 373

LVL 3, 95 QUEEN STREET  
MELBOURNE VIC 3000  
TEL: (03 ) 9670 6899  
FAX: (03) 9670 9822

11 February, 2004

The Manager  
Company Announcements  
Australian Stock Exchange Ltd

Dear Sir,

Buka Minerals Limited – Half Year report (Appendix 4D) for the period ending 31 December 2003.

The directors of Buka Minerals Limited (the “Company”) announce the “half-year review” results of the company for the period ending 31 December 2003 as follows:

## Results for announcement to the market

<b>Extracted from 2003 Half Year Report</b>	<b>% Change</b>	<b>\$A'000</b>
Revenue from ordinary activities	Up 41 %	7
Profit/(Loss) from ordinary activities after tax attributable to members	Up 288 %	233
Net Profit/(Loss) for the period attributable to members	Up 288 %	233

## Dividends

It is not proposed to pay a dividend for the period.

The remainder of the information requiring disclosure to comply with listing rule 4.2A.3 is contained in the attached 2003 half-year report and the additional information below.

## Additional Information

Net Tangible assets per share 15.87 cents (2002: 16.52 cents)

Further information regarding Buka Minerals Limited and its activities can be obtained by visiting the company's website at [www.buka.com.au](http://www.buka.com.au).

Yours faithfully

John L Walker,  
Company Secretary.

**BUKA MINERALS LIMITED**

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***INTERIM FINANCIAL REPORT***  
***31 DECEMBER 2003***

# **BUKA MINERALS LIMITED**

A.B.N. 25 000 741 373

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## **INTERIM REPORT**

**For the half - year ended 31 December 2003**

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# BUKA MINERALS LIMITED

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## CORPORATE DIRECTORY

**Australian Business Number** 25 000 741 373

**Country of Incorporation** Australia

<b>Directors</b>	Thomas G. Klinger	Director (Chairman)
	Angus R. Collins	Executive Director
	Andrew J. Kroger	Non-executive Director
	Raymond J. Soper	Non-executive Director

**Company Secretary** John L. Walker

**Number of Employees** Nil

**Registered office and domicile** c/- Draffin Walker & Co.  
Level 3  
95 Queen Street  
Melbourne, VIC 3000

Telephone	+61 (3) 9670 6899
Facsimile:	+61 (3) 9670 9822
Website:	<a href="http://www.buka.com.au">www.buka.com.au</a>

**Share Registry** Computershare Investor Services Pty Ltd  
GPO Box 2975EE  
Level 12  
565 Bourke Street  
Melbourne, VIC 3000

**Auditors** Ernst & Young  
120 Collins Street  
Melbourne, VIC 3000

**Bankers** National Australia Bank Limited  
271 Collins Street  
Melbourne, VIC 3000

**Australian Stock Exchange Limited ("ASX")** The Company's fully paid ordinary shares are quoted on the Official List of the ASX. The ASX code is BKA and the Company's Home Branch is Melbourne.

**DIRECTORS' REPORT**

Your Directors present their report for the half - year ended 31 December 2003.

**Directors**

The names of the company's directors in office during the half-year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Thomas George Klinger, B.Com. (Non – executive Chairman)

Andrew John Kroger, B.Ec. LLB (Monash) ASIA

Raymond Soper, B.Sc., MBA

Angus Robert Collins, B.Sc., (Hons) Ph D. F/Aus AMM, MAIG (Executive Director)

Thomas John Burrowes, B.Ec., MBA (resigned 4 July 2003).

**Review of operations**

The Company recorded a small profit for the half-year, which is as a result of a write back of a provision for legal expenses no longer required.

During the 6 month period under review the Company completed the following activities:

1. pre-feasibility study for the development of a copper metal project that would produce on average 13,000 tonnes per annum of copper for at least five years.  
The completed study provided positive indications that such a project is likely to be viable and that Lady Annie is a valuable asset.
2. exploration programme has advanced sixteen targets to the drilling stage. These targets have exceptional potential to add life to a mining operation.

It is pleasing to note the increase in metal prices over the period, this only enhances the value of the Company's assets.

**Likely developments and matters subsequent to half-year end.**

On 18 December 2003, the Company announced that it has entered into an agreement with an investor group led by Robert Champion de Crespigny AC. The investor group will subscribe for 42,235,001 shares at a price of 15.4 cents raising an initial \$6.5 million. The investor group will also be granted 50 million options at an exercise price of 20 cents exercisable between 1 October 2005 and 30 September 2010, and a further 50 million options at an exercise price of 22.5 cents exercisable between 1 October 2006 and 30 September 2010. The above issue of shares and options is subject to shareholder approval in general meeting to be held 20 February 2004.

Should shareholders approve the issue of shares and options, the Board of Buka will be reconstituted with Messrs. Champion de Crespigny, Ronald Walker AC CBE and John Wylie to join the Board, existing directors Messrs. Andrew Kroger and Ray Soper will step down. It is also intended that Mr. John Richards will be appointed Chief Executive Officer and a Director of the Company.

Mr. Champion de Crespigny will take the role of Chairman and it is proposed the Company will refocus its activities beyond its current asset base of the Lady Annie and Lady Loretta projects and participate actively in the current mining resurgence through judicious investments.

# BUKA MINERALS LIMITED

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## **Rounding of amounts**

The amounts shown in this report and in the financial statements have been rounded off under the options available to the company under ASIC class order 98/0100. The company is an entity to which the class order applies. Amounts have been rounded to the nearest thousand dollars unless otherwise indicated.

Signed in Sydney on 10<sup>th</sup> February 2004 in accordance with a resolution of the Board.

A. R. Collins  
Executive Director

**BUKA MINERALS LIMITED**

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**CONDENSED STATEMENT OF FINANCIAL PERFORMANCE**

HALF-YEAR ENDED 31 DECEMBER 2003

	Notes	Consolidated	
		2003 \$'000	2002 \$'000
Revenues from ordinary activities	2	24	17
Cost of settlement of legal dispute – provision no longer required		180	0
Expenses from ordinary activities	2	(144)	(190)
Profit/(Loss) from ordinary activities before income tax expense		60	(173)
Income tax expense relating to ordinary activities		0	0
Profit/(Loss) from ordinary activities after income tax expense		60	(173)
Net Profit/(Loss) attributable to members of Buka Minerals Ltd.		60	(173)
Total revenues, expenses and valuation adjustments attributable to members of Buka Minerals Ltd and recognised directly in equity.		60	(173)
Total changes in equity other than those resulting from transactions with owners as owners attributable to members of Buka Minerals Ltd.		60	(173)
Basic earnings per share (cents per share)		.06	(.20)
Diluted earnings per share (cents per share)		.06	(.20)

**BUKA MINERALS LIMITED**

A.B.N. 25 000 741 373

**CONDENSED STATEMENT OF FINANCIAL POSITION**

AS AT HALF-YEAR ENDED 31 DECEMBER 2003

	Notes	Consolidated	
		AS AT 31 DEC 03 \$'000	AS AT 30 JUNE 03 \$'000
<b>CURRENT ASSETS</b>			
Cash assets		145	741
Receivables		32	21
Other financial assets		42	10
<b>TOTAL CURRENT ASSETS</b>		219	772
<b>NON-CURRENT ASSETS</b>			
Receivables		208	208
Property, plant and equipment		5	6
Exploration, evaluation and development costs carried forward		14,918	14,797
<b>TOTAL NON-CURRENT ASSETS</b>		15,131	15,011
<b>TOTAL ASSETS</b>		15,350	15,783
<b>CURRENT LIABILITIES</b>			
Payables		74	564
Provisions		0	3
<b>TOTAL CURRENT LIABILITIES</b>		74	567
<b>TOTAL LIABILITIES</b>		74	567
<b>NET ASSETS</b>		15,276	15,216
<b>SHAREHOLDERS' EQUITY</b>			
Contributed equity		21,132	21,132
(Accumulated losses)		(5,856)	(5,916)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		15,276	15,216



# BUKA MINERALS LIMITED

A.B.N. 25 000 741 373

## CONDENSED STATEMENT OF CASH FLOWS

HALF-YEAR ENDED 31 DECEMBER 2003

Notes	Consolidated	
	2003 \$'000	2002 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers & employees	(500)	(253)
Interest received	24	20
<b>Net cash flows (used in) operating activities</b>	(476)	(233)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(0)	(2)
Proceeds sale of fixed assets	1	0
Exploration and evaluation costs capitalised	(121)	(600)
<b>Cash flows (used in) investing activities</b>	(120)	(602)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from share issues	0	213
<b>Cash flows provided by financing activities</b>	0	213
Net (decrease) in cash held	(596)	(622)
Opening cash brought forward	741	807
<b>CLOSING CASH CARRIED FORWARD</b>	145	185

**NOTES TO THE FINANCIAL STATEMENTS**

HALF-YEAR ENDED 31 DECEMBER 2003

**1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL 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 consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of Buka Minerals Limited as at 30 June 2003. It is also recommended that the half-year financial report be considered together with any public announcements made by Buka Minerals Limited and its controlled entities during the half-year ended 31 December 2003 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

**(a) Basis of accounting**

The half-year financial statements are 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 unless otherwise stated.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

**(b) Going concern**

The accounts have been prepared on a going concern basis, which contemplates the continuity of normal business activity, and the realisation of assets and settlements of liabilities in the ordinary course of business. As at 31 December 2003, the company and the consolidated entity have current assets, net of current liabilities, amounting to \$145,000. Based on current expected levels of expenditure, the ability of the Company to continue as a going concern for a period of twelve months from the date of this report is ultimately dependent upon the raising of additional finance by the company.

The Directors believe that sufficient additional financing will be obtained from one of the following sources:

- the placement of 42,235,001 shares to an investor group led by Robert Champion de Crespigny AC, raising \$6,500,000. This placement is subject to shareholder approval in general meeting dated 20 February 2004. All the Directors of the company have unanimously recommended the proposal to shareholders. (refer note 7 for further details)
- the company entered into a short-term funding facility arrangement with its major shareholder Triako Resources Limited. (refer note 4 for further details)
- should the placement to the "investor group" not be approved, the company will make an entitlement offer to shareholders to the minimum amount required to repay the amount drawn under the short-term funding facility and any accrued interest.
- In the event the placement to the investor group does not proceed and the short-term funding facility is extinguished, the Directors believe the quality of the Company's projects (Lady Annie and Lady Loretta) are such that the Company will have the ability to raise such finance or seek alternative solutions on favourable terms for the Company.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

HALF-YEAR ENDED 31 DECEMBER 2003

**Note 1(b) continued**

Having regard to these factors, the Directors are of the opinion that the basis upon which the accounts are presented is appropriate in the circumstances. However, should additional finance not be available, the company and the consolidated entity may be unable to continue as a going concern. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the company and consolidated entity not continue as a going concern.

**(c) Change in accounting policies**

The accounting policies applied are consistent with the most recent annual financial report for the year ended 30 June 2003.

	<b>Consolidated</b>	
	<b>2003</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>2. PROFIT/(LOSS) FROM ORDINARY ACTIVITIES</b>		
Profit/(loss) from ordinary activities, before income tax expense, includes the following specific revenue and expenses whose disclosure is relevant in explaining the financial performance of the entity.		
<b>(a) Expenses</b>		
<b>Depreciation:</b>		
- plant and equipment	1	3
<b>Other Operating Expenses</b>		
- Employee benefits	0	45
<b>(b) Revenue from ordinary activities:</b>		
Revenue from outside operating activities:		
Bank interest received	23	17
Proceeds sale of fixed assets	1	0
	24	17

**3. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES**

No dividend has been paid during the period nor has any dividend been proposed or recognised as a liability.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

HALF-YEAR ENDED 31 DECEMBER 2003

**4. FUNDING FACILITY**

Subsequent to 31 December 2003 the Company has entered into a funding facility arrangement with its major shareholder, Triako Resources Limited. Terms of the facility are as follows:

Limit: \$250,000.

Expiry: Earlier of receipt of proceeds from share placement to the "investor group" or 30 June 2004.

Interest rate: 10 %

Security: Unsecured

Other: Should the placement to the "Investor Group" not proceed, Buka undertakes to make entitlement offer to shareholders to the minimum amount required to repay the loan and accrued interest.

**5. CONTINGENT ASSETS AND LIABILITIES**

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

**6. SEGMENT INFORMATION**

The consolidated entity operates in the mining industry in Australia only. Operations comprise the exploration, evaluation and development of base metal projects (primarily copper and zinc) and the development and exploitation of minerals processing technologies.

**7. SUBSEQUENT EVENTS**

On 18 December 2003 the Company announced that it has entered into an agreement with an investor group led by Robert Champion de Crespigny AC. The investor group will subscribe for 42,235,001 shares at a price of 15.4 cents raising an initial \$6.5 million. The investor group will also be issued 50 million options at an exercise price of 20 cents exercisable between 1 October 2005 and 30 September 2010, and a further 50 million options at an exercise price of 22.5 cents exercisable between 1 October 2006 and 30 September 2010. The above issue of shares and options is subject to shareholder approval in general meeting to be held 20 February 2004.

Should shareholders approve the issue of shares and options, the Board of Buka will be reconstituted with Messrs. Robert Champion de Crespigny, Walker AC CBE and Wylie to join the Board, existing directors Messrs. Kroger and Soper will step down.

Mr. Robert Champion de Crespigny will take the role of Chairman and it is proposed the Company will refocus its activities beyond its current asset base of the Lady Annie and Lady Loretta projects and participate actively in the current mining resurgence through judicious investments.

**DIRECTORS' DECLARATION**

In accordance with a resolution of the Directors of Buka Minerals Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity:
  - (i) give a true and fair view of the financial position as at 31 December 2003 and the performance for the half-year ended on that date of the consolidated entity; and
  - (j) comply with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A. R. Collins  
Executive Director

Sydney this 10 th day of February 2004.

**AUDITORS' REPORT****Independent review report to members of Buka Minerals 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, the other information set out in Appendix 4D to the Australian Stock Exchange (ASX) Listing Rules, and the directors' declaration for Buka Minerals Limited (the consolidated entity), for the six months ended 31 December 2003. The consolidated entity comprises both the company and the entities it controlled during that six- month period.

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 consolidated entity, and that complies with Accounting Standard AASB 1029 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*, and the ASX Listing Rules as they relate to Appendix 4D. 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 of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the ASX and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, 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 the *Corporations Act 2001*, Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia, and the ASX Listing Rules as they relate to Appendix 4D, so as to present 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.

A 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 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*.

**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 Buka Minerals Limited is not in accordance with:

- (a) the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position of the consolidated entity at 31 December 2003 and of its performance for the six months 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 and the ASX Listing Requirements as they relate to Appendix 4D.

**Inherent Uncertainty Regarding Going Concern**

Without qualification to the statement above, attention is drawn to the following matter. As described in Note 1 to the financial report, without further funds to continue exploration and appraisal activities, there is a significant uncertainty whether Buka Minerals Limited and its controlled entities will be able to continue as a going concerns and therefore whether they will be able to pay their debts as and when they fall due and realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company and consolidated entity not continue as going concerns.

Ernst & Young

R C Piltz  
Partner  
Melbourne  
10 th February 2004