EAGLE BAY RESOURCES N.L.

A.C.N. 051 212 429

ANNUAL REPORT 2003

CORPORATE DIRECTORY

DIRECTORS	Anthony Rechner Terrence G Salotti James B Craib Richard E Diermajer
SECRETARY	Paul Fromson
REGISTERED OFFICE	1st Floor, 14 Outram Street, West Perth Western Australia Telephone: (08) 9481 3322 Facsimile: (08) 9481 3330 Email: ebr@indigo.net.au Web: www.eaglebay.indigo.net.au Postal Address: PO Box 913, West Perth Western Australia 6872
ACN	051 212 429
AUDITORS	PKF Chartered Accountants Level 7, BGC Centre 28 The Esplanade, Perth Western Australia
BANKERS	ANZ Bank 1275 Hay Street, West Perth Western Australia
STOCK EXCHANGE	The Company’s shares are quoted on the official list of the Australian Stock Exchange Ltd, ASX Code EBR
SHARE REGISTRY	Advanced Share Registry Level 7, 200 Adelaide Terrace, Perth Western Australia Telephone (08) 9221 7288
SOLICITORS	Blakiston & Crabb Hay Street, West Perth Western Australia

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CHAIRMAN'S REPORT

Dear Shareholders

Your annual report is this year in a cost competitive format aimed at compliance matters only. Coloured drilling program brochures will be sent to all shareholders closer to drilling dates. We are all frustrated by delays in drilling but we are at the mercy of the timetables of our joint venture partners.

1. OIL AND GAS EXPLORATION

1.1 Drill Program – 2 Wells

Two separate 3D Seismic surveys (including a survey by Esso Australia Limited) at a cost of some $6 million have now been completed at no cost to Eagle Bay within VIC/P47. Bass Strait Oil Company Limited (BSOC) has exercised its option over VIC/P47 and is required to drill the Moby prospect (previously known as East Patricia), prior to 27 November 2003, to earn a 75% interest in the permit. To extend this date BSOC would need Government approval which would normally require a commitment to the next available drilling rig in order to satisfy the Government work obligations on the permit. BSOC has selected Labrador-Petro-Management Pty Ltd as contractor to provide drilling management services to BSOC for the well.

Lakes Oil NL have completed a Falcon geophysical survey and seismic mapping on the Gilbert structure in VIC/P47 and have committed to drill the prospect within 30 days of the drilling of Moby to earn a 80% interest, 10% free carried to casing point accrues to BSOC and 5% free carried and 5% contributing to EBR. Exact drilling dates will be advised when rig contracts are executed and all environmental and State Government lease conditions have been finalised.

In VIC/P41, BSOC has further committed to pay the cost of a 250km^2 3D seismic survey (estimate A$3 million) to satisfy the Year 5 work commitment on that permit. This will increase BSOC equity in the permit to 75% with Eagle Bay 25% free carried.

1.2 Seismic Interpretation and Evaluation

A number of prospects have been defined in VIC/P47 and a description of the individual prospects is given below.

Moby Prospect by BSOC

The Moby Prospect is a compressional anticline drilled on the crest by wells Whale-1 and Flathead-1. Reservoir development on the crest is minimal due to erosion or non-deposition and reservoir thickness is interpreted to thicken significantly downdip to the south within closure. It is also not known if the thin reservoirs on the crest are in communication with any downdip. The mapped areal closure for Moby extends into permit L21 to the west and V02-3 to the east. The mapped gross reservoir sequence is bound by the Top Gurnard Formation reservoir event and the Top Strzelecki Group event. The likely gas fluid contact is believed marked by the downdip extent of amplitude anomalies from the Baleen 3D at around 560-565m bmsl. Current mapping does not identify the structural spill point, but regional mapping e.g. reference VIMP 56 (Megallaa *et al.,* 1998 – encl. 4 – not included) and reference Shell 1985 suggest that mapped TWT fault closure at Top Gurnard would extend beneath the gas in the Patricia Field. As oil is not identified in Patricia-1 this would indicate closure cannot extend below the depth of the structural spill point between the Moby and Patricia structures, which is identified here at approximately 700m-710m bmsl.

Moby reserves estimates by BSOC

The estimates are effectively unrisked and based on Vic/P47 only, not the likely extensions into L21 and V02-3. The recoverable reserves potential for gas (unrisked) is a P50 of 64. The recoverable reserves potential for oil (unrisked) is a P50 of 42MMb. Risk assessments for Moby have not been made. The main risk is considered to be that suitable reservoirs are not developed downdip and that the Barracouta makes no contribution to reserves. Lesser risks are that the gas will be residual or “fizz” gas and that any oil will not be mobile or flow rates will be uneconomic.

Gilbert Prospect

The Gilbert Prospect was defined by Lakes Oil NL as their drilling candidate for the farm-in to the defined area of VIC/P47 in the northwest of the permit. The prospect is a downthrown Top Latrobe closure. Lakes Oil NL describe the structure as seismically defined, but resulting from an airborne gravity and magnetic survey.

1.3 Rig Availability

The Ocean Epoc, a semi submersible owned by Diamond Offshore will drill a Casino Gas Development Well in VIC/P44 in November 2003. Diamond are looking to lay off mobilisation/demobilisation costs to other participants in the Gippsland Basin which could facilitate the drilling of Moby and Gilbert in Eagle Bays acreage.

2. GOLD EXPLORATION

Our gold exploration program was boosted when our partners Minotaur Resources decribed our last drilling round as achieving:-
“valuable evidence on structural controls of the Myall Creek copper mineralisation. Additional targets along a north west trending (gravity and geochemically anomolies) structure will be investigated in the next quarter”.

Access should shortly be granted by the Defence Departments training ground for our next drilling program. This area is described in the literature as the shallowest and most attractive Olympic Dam target that remains undrilled due to the restricted access imposed by the Department of Defence.

Yours sincerely

A. Rechner
Chairman

DIRECTORS' REPORT

The directors present the following report for the financial year ended 30 June 2003.

DIRECTORS

The directors of Eagle Bay Resources N.L. at anytime during or since the end of the financial year are:

Anthony Rechner BSc, MAusIMM (Chairman) a founder director since April 1991

Mr Rechner (age 56), holds a Bachelor of Science degree in Geology and Physics from the University of Adelaide, South Australia. He is a Member of the Australasian Institute of Mining and Metallurgy with over thirty years experience in Australia and overseas working in petroleum search, mineral exploration and mining.

Mr Rechner’s previous involvement as Chairman and Managing Director of Windsor Resources N.L., Brunswick N.L. and Geographe Resources Ltd resulted in these company’s evolving from small explorers to major producers at Mount Percy, Galtee More and Chalice respectively. Mr Rechner was operations Manager for West Australian Petroleum and Chevron Oil in North Africa.

Richard Edward Diermajer Dip. Leg. Stud. (Executive Director) a founder director since April 1991

Mr Diermajer (age 50), who is also a current Director of Falcon Minerals Ltd, holds a Diploma of Legal Studies and has an extensive background in mining law and administration from his 12 years experience as an officer with the Department of Mines in Western Australia. In 1981 he established Sentinel Exploration Services, a consultancy firm which provided a successful service to the mining industry throughout Australia in tenement management and administration, property acquisitions, project generation, joint venture negotiations and mineral exploration. Mr Diemajer’s was previously involved as a Director of Geographe Resources during a period which saw the company evolve from a small explorer to a producer of the Chalice Mine.

James Benton Craib JP CPA (Non-executive Director) a founder director since April 1991

Mr Craib (age 64) is an accountant who was previously responsible for the accounting and Company secretarial functions of Eagle Bay Resources N.L., Falcon Minerals Ltd and Geographe Resources Ltd. He has had considerable experience as an accountant, mainly in the industrial and production sectors. His application of that experience to the requirements of the Company has been invaluable.

Terrence George Salotti FAIM, FAICD (Non-executive Director) a director since 20 May 1999

Terrence George Salotti (age 65) has had a career of 28 years in the finance industry including chief executive in three Australian states before joining the Wyllie Group where he was managing director for 12 years. He is currently a non-executive director of Wyllie Group Pty Ltd.

As at the date of this report the directors hold the following beneficial interests in the capital of the Company:

	Shares	
	In own name	**In other names**
A Rechner	51	9,089,651
R E Diermajer	—	2,582,315
J B Craib	37,200	1,109,500
T G Salotti	352,588	—

PRINCIPAL ACTIVITIES

The consolidated entity is actively engaged in exploration for oil and gas and continues to care for and maintain the Uley graphite mine in South Australia with a view to bring it into commercial production. There have been no significant changes in the nature of these activities during the year.

REVIEW OF OPERATIONS AND RESULTS

Details of the operations of the consolidated entity are set out in the Chairman’s Report on page 2.

The consolidated entity incurred an after tax operating loss of $556,813 (2002: Loss $893,299).

DIRECTORS' REPORT (CONTINUED)

DIVIDENDS

No dividend has been paid since the end of the previous financial year and no dividend is recommended for the current year.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The Company completed three issues of capital during the year as follows:

1. A total of 5,324,851 shares were issued to existing shareholders under the Company's Share Purchase Plan.
2. A further 404,499 shares were issued as a placement.
3. A total of 39,304,300 shares were issued under a Pro Rata Issue.

In the opinion of the directors, there were no other significant changes in the state of affairs of the consolidated entity that occurred during the year under review not disclosed in this report or in the financial statements.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matters have arisen since 30 June 2003 that have significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2003, of the consolidated entity constituted by Eagle Bay Resources N.L. and the entities it controls from time to time; or

(b) the results of those operations; or

(c) the state of affairs, in financial years subsequent to 30 June 2003, of the consolidated entity other than disclosed in Note 22 to the financial statements.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the consolidated entity have been set out in the accompanying Review of Operations. Further information on the likely developments and expected results of operations of the consolidated entity have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the negotiations.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's directors held during the year ended 30 June 2003. There were seven directors meetings during the year and the number of meetings attended by each director were:

A Rechner	7	J B Craib	7
R E Diermajer	6	T G Salotti	7

AUDIT COMMITTEE

There is no separate audit committee because the directors do not believe that the size of the Company warrants it. The board carries out the functions of an audit committee.

ENVIRONMENTAL ISSUES

The Company's policy is to comply with all relevant legislation and best practice conventions in respect of its exploration and mining activities on the tenements it holds.

DIRECTORS' BENEFITS

Since the date of the last Directors' Report, no director of the Company has received, or become entitled to receive, (other than a remuneration benefit included in Note 13 to the financial statements), a benefit because of a contract that:

(a) the director; or

(b) a firm of which the director is a member; or

(c) an entity in which the director has a substantial financial interest; has made (during the year ended 30 June 2003, or at any other time) with

(i) the Company; or

DIRECTORS' REPORT (continued)

(ii) an entity that the Company controlled, or a body corporate that was related to the Company, when the contract was made or when the director received, or became entitled to receive, the benefit (if any)

other than the provision of management and consultancy services through directors' private companies as disclosed in Note 19.

DIRECTORS REMUNERATION POLICY

(a) The policy of the Company is to pay remuneration of directors and senior executives in cash and in amounts in line with employment market conditions relevant in the mining industry. Minor amounts of employee fringe benefits in the form of employee meals and entertainment are provided as a part of the executives way of conducting business.

(b) The Company's performance, and hence that of its directors and executives, is measured in terms of:
1. Company share price growth;
2. Cash raised;
3. Exploration carried out; and
4. Farm-in expenditure attracted.

(c) The details of the nature and amounts of the elements of the involvements of each of the four directors and Company Secretary are as follows for both the Company and the consolidated entity:

Mr A. Rechner, BSc, MAus IMM
Executive Chairman, Managing Director
Senior Geologist with over 30 years experience
in both hard rock and oil/gas exploration and mining.

Annual contract fees for management and technical services	$189,000
Annual Directors fees (inclusive of superannuation)	$15,000
Fringe benefits – FBT grossed up value	$5,159
TOTAL	$209,159

Mr R. Diermajer, Dip. Leg. Stud.
Executive Director
Mining Administration services – over 20 years of experience

Annual contract fees for management and technical services	$63,000
Annual Directors fees (inclusive of superannuation)	$15,000
Fringe benefits – FBT grossed up value	$939
TOTAL	$78,939

Mr J. Craib, JP, CPA
Non-executive Director

Annual Directors fees (inclusive of superannuation)	$15,000

Mr T.G. Salotti, FAIM, FAICD
Non-executive Director

Directors fees (inclusive of superannuation)	$15,000

Mr P. Fromson
Company Secretary

Consulting Fees	$36,037

INDEMNIFICATION
There are no indemnities for directors and officers nor any insurance in regard to their positions.

Signed in accordance with a resolution of the directors dated this 12th day of September 2003.

A. RECHNER	J. B. CRAIB
Director	Director

CORPORATE GOVERNANCE STATEMENT

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Eagle Bay Resources N.L. ("the Company") have adhered to the principles of corporate governance. A description of the main corporate governance practices is set out below. Unless otherwise stated, the practices were in place for the entire year.
The Directors of the Company have aspired to the very highest standards of corporate governance.

Board of Directors
The Board of Directors of the Company is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

As the Board acts on behalf of shareholders, it seeks to identify the expectations of shareholders, as well as other ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The responsibility for the operation and administration of the Company is carried out by two of the Directors, who operate in an executive capacity, supported by senior professional staff. The Board ensures that this team is suitably qualified and experienced to discharge their responsibilities, and has in place procedures to assess the performance of the management team, to ensure that management's objectives and activities are aligned with the expectations and risks identified by the board.

The Board of Directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors. Information is communicated to shareholders through:

- the Annual Report which is distributed to all shareholders;
- other periodic reports which are lodged with ASX and available for shareholder scrutiny;
- special purpose information memoranda issued to shareholders as appropriate; and
- the Annual General Meeting and other meetings called to obtain approval for board action as appropriate.

Board Composition
When the need for a new director is identified, selection is based on the skills and experience of prospective directors, having regard to the present and future needs of the Company. Any director so appointed must then stand for election at the next Annual General Meeting of the Company.

Board Committees
The Company does not normally form separate board sub-committees as there are only four directors, however the board has resolved to form an audit committee comprised of Messrs Salotti and Craib. Other matters ordinarily addressed by such committees are dealt with by the full Board, with investigation and advice where appropriate being provided by non-executive directors, Mr J Craib and Mr T. Salotti.

Remuneration
Remuneration and other terms of employment of executives, including executive directors, are reviewed periodically by the Board having regard to performance, relevant comparative information and, where necessary, independent expert advice. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Company's operations.

The terms of engagement and remuneration of executive directors is reviewed periodically by the Board, with recommendations being made by non-executive directors, Mr J Craib and Mr T. Salotti. Where the remuneration of a particular executive director is to be considered, the director concerned does not participate in the discussion or decision-making.

Independent Professional Advice
Directors have the right, in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. Prior approval of the Chairman is required, which will not be unreasonably withheld.

Independent audit report to the members of

Eagle Bay Resources NL

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 Eagle Bay Resources NL and the consolidated entity, for the year ended 30 June 2003. 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 judgement, 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.

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 Eagle Bay Resources NL is in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2003 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

Inherent Uncertainty – Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. The ability of the Company to continue as a going concern is dependent upon the Company obtaining additional funds through successful capital raisings and/or the future profitability of the Company through the successful development or sale of its exploration interests.

PKF

Chartered Accountants
Western Australian Partnership

NEIL G SMITH

Partner

Dated at Perth, Western Australia this 12th day of September 2003

DIRECTORS' DECLARATION

In the opinion of the directors of Eagle Bay Resources N.L.

(a) The accompanying financial statements and notes are in accordance with the Corporations Act 2001, comply with the accounting standards and give a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2003 and of their performance for the year ended on that date.

(b) At the date of this declaration 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.

A. RECHNER Director	J. B. CRAIB Director

Perth, dated this 12th day of September 2003.

STATEMENTS OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2003

	NOTES	CONSOLIDATED 2003 $	CONSOLIDATED 2002 $	PARENT ENTITY 2003 $	PARENT ENTITY 2002 $
Revenue from ordinary activities	2	**36,051**	48,759	**30,051**	48,759
Expenses from ordinary activities	3	**(592,864)**	(942,058)	**(555,485)**	(941,921)
(Loss) from ordinary activities before income tax expense		**(556,813)**	(893,299)	**(525,434)**	(893,162)
Income tax expense/(revenue) relating to ordinary activities	4	–	–	–	–
(Loss) from ordinary activities after related income tax expense/(revenue)		**(556,813)**	(893,299)	**(525,434)**	(893,162)
Net (loss) attributable to outside equity interest		–	–	–	–
Net (loss) attributable to members of parent equity		**(556,813)**	(893,299)	**(525,434)**	(893,162)
Total changes in equity other than those resulting from transactions with owners as owners		**(556,813)**	(893,299)	**(525,434)**	(893,162)
Earnings Per Share (cents)					
Basic Earnings/(Loss) per share	24	**(0.68)**	(1.23)		
Diluted Earnings/(Loss) per share	24	**(0.68)**	(1.23)		

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

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2003

	NOTES	CONSOLIDATED 2003 $	CONSOLIDATED 2002 $	PARENT ENTITY 2003 $	PARENT ENTITY 2002 $
CURRENT ASSETS					
Cash assets		**765,432**	631,618	**762,172**	608,695
Receivables	5	**20,506**	15,447	**20,158**	14,903
TOTAL CURRENT ASSETS		**785,938**	647,065	**782,330**	623,598
NON-CURRENT ASSETS					
Receivables	6	–	–	–	–
Other financial assets	7	–	–	**100,000**	100,000
Property, plant & equipment	8	**206,018**	234,436	**40,797**	58,255
Exploration expenditure carried forward	9	**1,919,989**	1,651,120	**1,919,989**	1,651,120
TOTAL NON-CURRENT ASSETS		**2,126,007**	1,885,556	**2,060,786**	1,809,375
TOTAL ASSETS		**2,911,945**	2,532,621	**2,843,116**	2,432,973
CURRENT LIABILITIES					
Payables	10	**63,728**	107,670	**63,077**	104,222
Interest bearing liabilities	10	**3,357**	39,924	–	39,924
Provisions	10	–	29,962	–	29,962
TOTAL CURRENT LIABILITIES		**67,085**	177,556	**63,077**	174,108
NET ASSETS		**2,844,860**	2,355,065	**2,780,039**	2,258,865
EQUITY					
Contributed equity	11	**14,229,869**	13,183,261	**14,229,869**	13,183,261
Accumulated Losses	12	**(11,385,009)**	(10,828,196)	**(11,449,830)**	(10,924,396)
TOTAL EQUITY	12	**2,844,860**	2,355,065	**2,780,039**	2,258,865

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

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2003

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$	$	**$**	$
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments to suppliers and employees	**(907,220)**	(1,709,245)	**(780,122)**	(1,660,082)
Interest received – other persons	**19,742**	48,759	**19,742**	48,759
Other income receipts	**10,309**	–	**10,309**	–
GST (paid)/refund	**(5,058)**	469,545	**(5,255)**	468,623
Net cash outflow from operating activities (Note b)	**(882,227)**	(1,190,941)	**(755,326)**	(1,142,700)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of plant	**6,000**	–	–	–
Capital works in progress and purchases of plant	–	(7,684)	–	(7,684)
Loans to controlled entities	–	–	**(97,881)**	(62,726)
Net cash inflow/(outflow) from investing activities	**6,000**	(7,684)	**(97,881)**	(70,410)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares net of raising costs	**1,046,608**	–	**1,046,608**	–
Net cash inflow from financing activities	**1,046,608**	–	**1,046,608**	–
NET INCREASE/(DECREASE) IN CASH	**170,381**	(1,198,625)	**193,401**	(1,213,110)
Cash at the beginning of the financial year (Note a)	**591,694**	1,790,319	**568,771**	1,781,881
Cash at the end of the financial year (Note a)	**762,075**	591,694	**762,172**	568,771

NOTES

(a)

Cash includes:

Overdraft	**(3,357)**	(39,924)	–	(39,924)
Cash at Bank	**26,407**	30,855	**23,147**	7,932
Term Deposits	**739,025**	600,763	**739,025**	600,763
	762,075	591,694	**762,172**	568,771

(b)

Reconciliation of net cash outflow from operating activities to operating (loss) after tax

Operating (loss) after income tax	**(556,813)**	(893,299)	**(525,434)**	(893,162)
Exploration expenditure written off	**132,709**	156,499	**132,709**	156,499
Profit on sale of assets	**(6,000)**	–	–	–
Depreciation	**28,418**	28,023	**17,458**	17,359
Exploration expenditure incurred	**(401,578)**	(936,978)	**(401,578)**	(936,978)
Movement in provision for employee entitlements	**(29,962)**	27,387	**(29,962)**	27,387
Provision against loans to controlled entities	–	–	**97,881**	62,726
Increase/(Decrease) in creditors and borrowings	**(43,943)**	37,776	**(41,145)**	33,648
(Increase)/Decrease in GST receivable	**(5,058)**	389,651	**(5,255)**	389,821
Net cash outflow from operating activities	**(882,227)**	(1,190,941)	**(755,326)**	(1,142,700)

(c)

There were no credit facilities as at 30 June 2003.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a general purpose financial report which has been drawn up in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus views and the Corporations Act 2001.

The financial report has been prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at directors valuation. The accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy, consistent with those of previous years. Comparative information is reclassified where appropriate to enhance comparability.

a) Principles of consolidation

The consolidated financial report combines the financial report of the Company, being the parent entity, and its controlled entities ("the consolidated entity").

Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

The balances, and effects of transactions, between controlled entities included in the consolidated financial report have been eliminated.

b) Principles of going concern

Eagle Bay Resources N.L. has recorded a loss of $556,813 for the year ended 30 June 2003 and as at 30 June 2003 has net cash assets of $765,432. The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The going concern of the Company is dependent upon the Company obtaining additional funds through successful capital raisings and/or the future profitability of the Company.

c) Revenue recognition

Interest Income
Interest income is recognised as it accrues.

Asset sales
The gross proceeds of asset sales not originally purchased for the intention of resale are included as revenue at the date an unconditional contract of sale is signed.

d) Exploration and Evaluation Expenditure

Exploration, evaluation and relevant acquisition costs are accumulated separately for each area of interest. They comprise acquisition costs, direct exploration and evaluation costs and an appropriate portion of related overhead expenditure. They do not include general overhead or administrative expenditure not having a specific nexus with a particular area of interest.

Costs of this nature are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

i) such costs are expected to be recouped through successful development and exploitation or from sale of the area; or

ii) exploration and evaluation activities in the area have not at balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Exploration and evaluation expenditure which does not satisfy this criteria is written off.

Ultimate recoupment of capitalised expenditure in respect of areas in the exploration and/or evaluation stage is dependent upon successful development and commercial exploitation or alternatively sale, of the respective areas.

Once a decision has been taken to proceed with mine development, all past and future exploration expenditure in respect of that area of interest is aggregated and reclassified as Mine Properties.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003 (CONTINUED)

e) Mine Properties

Mine properties represent the accumulation of all exploration, evaluation, and development expenditure incurred by or on behalf of the entity in relation to areas of interest in which a decision to commence mining of a mineral resource has been taken.

Where further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the cost of that mine property, only when substantial economic benefits are thereby established, otherwise such expenditure is classified as part of the cost of production.

The net carrying value of each mine property is reviewed regularly and, to the extent to which this value exceeds its recoverable amount, that excess is fully provided against in the financial year in which this is determined. The expected net cash flows included in determining recoverable amount are not discounted to their present value.

f) Acquisition of Assets

The cost method of accounting is used for acquisition of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition. On acquisition of an investment in a controlled entity the identifiable net assets are measured at their fair value. The excess of the fair value of the purchase consideration over the fair value of identifiable net assets acquired (ie goodwill) is amortised over the period during which the related benefits are expected to arise.

g) Cash

For the purpose of the statement of cash flows, cash includes deposits at call, which are readily convertible to cash on hand and which are used in the cash management function on the day to day basis, net of outstanding bank overdrafts and term deposits with 3 months or less to maturity.

h) Earnings per Share

Basic earnings per share is determined by dividing the operating profit or loss after income tax by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

i) Recoverable Amount

The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows arising from its continued use and subsequent disposal. The expected net cash flows included in determining recoverable amounts of non-current assets are not discounted to their present value.

Where the carrying amount of a non-current asset is greater than its recoverable amount the asset is revalued to its recoverable amount. To the extent that a revaluation decrement reverses a revaluation increment previously credited, and still included in the balance of the revaluation reserve, the decrement is debited to the reserve, otherwise the decrement is recognised as an expense in the statement of financial performance.

j) Property, plant and equipment

Plant and equipment is stated at cost.

Motor vehicles are depreciated on a straight line basis at 15%. Plant and equipment is depreciated using both the straight line and diminishing value methods at rates between 7% and 27%.

k) Investments

Monies not immediately required are placed on short term deposits with banks.

Current

Investments in marketable securities are stated at the lower of cost and current market value determined on an individual investment basis.

Non Current

Investments in other companies are carried at lower of cost and recoverable amount, being a directors' valuation based on net assets of the investee at time of valuation.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003 (CONTINUED)

l) Accounts Payable

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

m) Receivables

Trade accounts receivable, amounts due from related parties 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.

n) Income Tax

Income tax has been brought to account using a method of tax effect accounting whereby income tax expense for the period is calculated on the accounting profit after adjusting for items which, as a result of their treatment under income tax legislation, create permanent differences between that profit and the taxable income. The tax effect of timing differences which arises from the recognition in the accounts of the items of revenue and expenses in periods different from those in which they are assessable or allowable for income tax purposes, are represented in the statement of financial position as "future income tax benefits" or "provision for deferred income tax", as the case may be at current tax rates. A future income tax benefit is only being carried forward as an asset where realisation of the benefit can be regarded as being assured beyond reasonable doubt.

o) Employee Entitlements

The following liabilities arising in respect of employee entitlements are measured at their nominal value:

- Wages and salaries and annual leave regardless whether they are expected to be settled within 12 months of balance date.
- Other employee entitlements which are expected to be settled within 12 months of balance date.

p) Comparatives

Certain comparatives have been reclassified to be consistent with the current year's disclosures.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003 (CONTINUED)

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$	$	**$**	$
2. REVENUES FROM ORDINARY ACTIVITIES				
Interest received/receivable	**19,742**	48,759	**19,742**	48,759
Sundry income	**10,309**	–	**10,309**	–
Proceeds on sale of fixed assets	**6,000**	–	–	–
	36,051	48,759	**30,051**	48,759
3. EXPENSES FROM ORDINARY ACTIVITIES				
Classification of expenses by nature:				
Depreciation of plant & equipment	**28,418**	28,023	**17,458**	17,359
Exploration expenditure written off	**132,709**	156,498	**132,709**	156,498
Provision against loan to controlled entity	–	–	**97,881**	62,726
Operating lease rentals: premises	**21,157**	20,251	**21,157**	20,251
Provision for employee entitlements	**(29,962)**	27,387	**(29,962)**	27,387
Administration expenses	**440,542**	709,899	**316,242**	657,700
	592,864	942,058	**555,485**	941,921

4. INCOME TAX

(a) The prima facie tax benefit on the operating loss differs by more than 15% from the income tax provided in the financial statements and is reconciled as follows:

Operating loss before income tax	**(556,813)**	(893,299)	**(525,434)**	(893,162)
Prima facie tax benefit at 30% (2002: 30%)	**(167,044)**	(267,990)	**(157,630)**	(267,949)
Tax effect of permanent differences:				
Non–deductible expenditure	**(653)**	27,113	**(653)**	27,113
Provision against loans to controlled entities	–	–	**29,364**	18,818
Other tax benefits not recognised:				
Tax benefit of revenue losses not recognised	**167,697**	240,877	**128,919**	222,018
Income tax benefit attributable to operating loss	–	–	–	–

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003 (CONTINUED)

4. INCOME TAX (continued)

(b) As at 30 June 2003 the consolidated entity had estimated gross revenue tax losses of $18,497,036 (2002: $17,842,342) and estimated gross capital losses of $3,087,443 (2002: $3,087,443) available to offset against future taxable income. These tax losses have not been brought to account as the benefit cannot be regarded as being virtually certain of realisation.

The benefit of tax losses will only be obtained if:

(i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;

(ii) The consolidated entity continues to comply with the conditions for deductibility imposed by the tax legislation; and

(iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

	CONSOLIDATED		**PARENT ENTITY**	
	2003	2002	**2003**	2002
	$	$	**$**	$
5. CURRENT ASSETS – RECEIVABLES				
GST Refund due	**20,506**	15,447	**20,158**	14,903
	20,506	15,447	**20,158**	14,903
6. NON-CURRENT ASSETS – RECEIVABLES				
Loans to controlled entities	–	–	**4,531,246**	4,433,365
Less provision for non-recovery	–	–	**(4,531,246)**	(4,433,365)
	–	–	–	–
7. NON–CURRENT ASSETS – OTHER FINANCIAL ASSETS				
Shares in controlled entities – at cost (refer Note 20)	–	–	**3,228,050**	3,228,050
Less: provision for diminution in value	–	–	**(3,128,050)**	(3,128,050)
Total investments at Directors' valuation	–	–	**100,000**	100,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003 (CONTINUED)

	CONSOLIDATED 2003 $	2002 $	PARENT ENTITY 2003 $	2002 $
8. NON–CURRENT ASSETS – PROPERTY, PLANT & EQUIPMENT				
Plant & equipment at cost	**219,017**	219,017	**100,238**	100,238
Less: Accumulated depreciation	**(112,999)**	(84,581)	**(59,441)**	(41,983)
	106,018	134,436	**40,797**	58,255
Mine Properties at cost	**3,567,448**	3,567,448	–	–
Capital works	**1,336,322**	1,336,322	–	–
	4,903,770	4,903,770	–	–
Less Provision for diminution in value	**(4,803,770)**	(4,803,770)	–	–
	100,000	100,000	–	–
Total Property, plant and equipment	**206,018**	234,436	**40,797**	**58,255**
Movements in Property Plant and Equipment:				
Balance at beginning of the year	**234,436**	254,775	**58,255**	67,929
Additions	–	7,684	–	7,684
Depreciation expense	**(28,418)**	(28,023)	**(17,458)**	(17,359)
Balance at end of year	**206,018**	234,436	**40,797**	58,255

The directors have provided for a diminution of the assets comprising the Uley graphite project. The mine continues to be held on care and maintenance, with minor refurbishment being carried out pending a decision to re-commence production.

	CONSOLIDATED 2003 $	2002 $	PARENT ENTITY 2003 $	2002 $
9. NON–CURRENT ASSETS – EXPLORATION EXPENDITURE CARRIED FORWARD				
Exploration expenditure incurred net of refunds received on mineral tenements and joint ventures	**401,578**	534,082	**401,578**	534,082
Capitalised expenditure at the beginning of the financial year	**1,651,120**	1,273,537	**1,651,120**	1,273,537
	2,052,698	1,807,619	**2,052,698**	1,807,619
Less: expenditure written off to statements of financial performance	**(132,709)**	(156,499)	**(132,709)**	(156,499)
	1,919,989	1,651,120	**1,919,989**	1,651,120

Capitalised exploration expenditure, represents the accumulated cost of acquisition and subsequent cost of exploration and evaluation of the properties less amounts written off and provided for. In the opinion of the directors the value of the tenements is at least that at which they are carried in the financial statements.

Generally, native title processes are an issue of great concern to the mining industry in Australia. The Company is in the position of having all its mining titles granted and not disputed except in the case of Uley where its Retention Licences are now under application for Native Title claim recognition.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003 (CONTINUED)

10. CURRENT LIABILITIES

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$	$	**$**	$
PAYABLES				
Other creditors and accruals	**63,728**	107,670	**63,077**	104,222
PROVISIONS				
Employee entitlements	–	29,962	–	29,962

There were two full time executive directors (2002 – two) and one casual employee (2002 – two) at reporting date.

INTEREST BEARING LIABILITY				
Bank Overdraft (Unsecured)	**3,357**	39,924	–	39,924

11. CONTRIBUTED EQUITY

	2003	2002	**2003**	2002
	NUMBER OF SHARES		**$**	$
(a) Issued up and full paid capital				
Ordinary Shares	**117,912,935**	72,879,285	**14,229,869**	13,183,261

(b) Movements in issued and paid up ordinary capital of the Company during the past year were as follows:

	NUMBER OF SHARES	$
Balance at the beginning of year	72,879,285	13,183,261
Issues – Share Purchase Plan at 5.8 cents each	5,324,851	308,841
– Pro Rata Issue at 2 cents each	39,304,300	786,086
– Placement at 5.8 cents each	404,499	23,460
– Capital Raising Costs	–	(71,779)
Balance at the end of year	117,912,935	14,229,869

The Company has also issued 100,000 unlisted options exercisable at 39 cents per option by November 2005.

12. RESERVES, RETAINED PROFITS/(ACCUMULATED LOSSES) AND TOTAL EQUITY

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$	$	**$**	$
Accumulated losses:				
Balance at the beginning of the year	**(10,828,196)**	(9,934,897)	**(10,924,396)**	(10,031,234)
Net loss attributable to members of the parent equity	**(556,813)**	(893,299)	**(525,434)**	(893,162)
Balance at the end of the year	**(11,385,009)**	(10,828,196)	**(11,449,830)**	(10,924,396)
Total equity:				
Total equity at the beginning of the year	**2,355,065**	3,248,364	**2,258,865**	3,152,027
Total changes in equity recognised in the statement of financial performance	**(556,813)**	(893,299)	**(525,434)**	(893,162)
Transactions with owners as owners:				
Contributions of equity	**1,046,608**	–	**1,046,608**	–
Total equity at the end of the year	**2,844,860**	2,355,065	**2,780,039**	2,258,865

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003 (CONTINUED)

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$	$	**$**	$
13. REMUNERATION OF DIRECTORS				
Income paid or payable, or otherwise made available to the directors by the Company and related parties:	**318,098**	350,765	**318,098**	350,765

The number of parent entity directors whose remuneration from the parent entity or related bodies corporate in connection with the management of the parent entity and controlled entities was within the specified bands are as follows:

	Number	
	2003	2002
$10,000 - $19,999	2	2
$70,000 - $79,999	1	1
$200,000 - $209,999	1	–
$240,000 - $249,999	–	1

14. REMUNERATION OF EXECUTIVES

One executive officer, being a director, (2002: one) received remuneration in excess of $100,000 for the year (refer Note 13 for details).

15. REMUNERATION OF AUDITORS

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$	$	**$**	$
Auditors of parent entity:				
Audit and review of financial report	15,770	10,640	15,770	10,640
Other services	4,078	10,475	4,078	10,475
	19,848	21,115	19,848	21,115

16. JOINT VENTURES

(a) Exploration

The Company has entered into unincorporated joint ventures where the joint venturer may earn its interest in mining and exploration tenements held by the Company, as set out in the various agreements. The Company's interest in the joint ventures is as follows:

The joint ventures have been formed for the purposes of exploration for gold and other minerals.

Project	**Percentage Interest**		**Total Project Expenditure Commitments**	
	2003	2002	**2003**	2002
				$
Timor Sea AC P/32	–	30%	–	180,480
Old Bronzewing ML(A) 36/331	–	100%	–	–

The joint ventures are not separate legal entities. They are contractual arrangements between the participants for the sharing of costs and output and do not by themselves generate revenue and profit. The Company's direct and indirect interests in the joint ventures are included in the statement of financial position.

17. CONTINGENT LIABILITIES

The directors are of the opinion that there are no contingent liabilities as at 30 June 2003.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003 (CONTINUED)

18. COMMITMENTS

Exploration Commitments

In order to maintain current rights to tenure to exploration and mining tenements, the consolidated entity has the following discretionary exploration expenditure requirements up until expiry of leases. These obligations, which may be varied from time to time and which are subject to renegotiation upon expiry of the lease are not provided for in the financial report and are payable:

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$	$	**$**	$
Not later than one year	**20,000**	5,620,000	**20,000**	5,550,000
After one year but less than two years	**130,000**	10,840,000	**130,000**	10,770,000
After two years but less than five years	**1,375,000**	1,440,000	**1,375,000**	1,370,000
After five years	–	7,680,000	–	7,610,000
	1,525,000	25,580,000	**1,525,000**	25,300,000

Within the oil and gas industry it is common practice for companies to farm-out, transfer or sell a portion of their exploration rights to third parties or to relinquish some exploration and mining tenements altogether, and as a result obligations will be significantly reduced or extinguished altogether. During the year the Company concluded a number of farm-out agreements which resulted in the company only being responsible for a share of the work programs. The farm-in partners also expended considerable funds on the permits during the year which resulted in work programs for certain years being met. The end result is a large reduction in the Company's work program obligations with the remaining commitments summarised as follows:

1. On VIC/P41 the work programs for years one to four have been completed and the year five obligation is funded by our farm-in partner reducing our obligation to nil.
2. On VIC/P47 the year one work program has been completed and the year two and three programs farmed out. The Company will have to pay an estimated $130,000 towards the cost of a well which must be completed by December 2004. After year three the Company may have to contribute its 25% of the $5,500,000 work program for years four, five and six, a total of $1,375,000.
3. On permits WA 331P, EP 243 and TP 21 the company has estimated a maximum obligation of a further $20,000.

The above commitments table reflects these significant farm-in agreements entered into during the year and also the work commitments during the year and clarifies the reduction in commitments reported in the prior year.

Operating Lease Commitments

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	**2003**	2002
	$	$	**$**	$
Not later than one year	13,530	29,520	13,530	29,520
After one year but not later than five years	5,638	27,060	5,638	27,060
	19,168	56,580	19,168	56,580

There is one operating lease being a rental lease on the Company's premises. The lease expires on 30/11/2004 however there is an option to extend a further two years.

Farm-in Arrangements

The Company has entered into a contractual arrangement to earn a 75% interest in the Myall Creek prospect. The 75% interest requires the expenditure of $450,000 staged over a number of years. The arrangement is not a commitment as such however to earn the interest will require the Company to meet the expenditure threshold.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002 (CONTINUED)

19. RELATED PARTIES

Directors

The names of persons who were directors of Eagle Bay Resources N.L. at any time during the financial year are as follows: A Rechner; J B Craib; T. G. Salotti and R E Diermajer. Information on remuneration of directors is disclosed in Note 13.

Transactions with Directors or Director Related Entities

Consultancy services

Messrs A Rechner and R Diermajer are respectively directors and shareholders of Tangram Pty Ltd and Frontlaw Pty Ltd (trading as Sentinel Exploration Services) respectively, which have provided exploration and administrative consultancy services to the Company on normal terms and conditions. Amounts paid to these companies during the year in respect of professional services rendered are included in remuneration of directors as disclosed in Note 13.

Directors' interests in shares and options

Aggregate number of shares of Eagle Bay Resources N.L. held directly, indirectly or beneficially by directors or their director-related entities at balance date was:

	2003	2002
	No	No
Ordinary fully paid shares	**13,886,097**	9,857,935

Movements in this aggregate number of shares and options of Eagle Bay Resources N.L. acquired directly, indirectly or beneficially by directors or their director-related entities from the Company were as follows:

Acquisitions of Ordinary fully paid shares	**4,128,162**	1,000,000
Sales of Ordinary fully paid shares	**100,000**	-

Office facilities

During the year the consolidated entity provided office facilities to Falcon Minerals Ltd. These facilities were charged at an amount equal to its share of the direct costs of providing these facilities. The amount charged to Falcon Minerals Ltd was $21,157 (2002: $20,251). The consolidated entity also paid Falcon Minerals Ltd $54,556 (2002: $59,486) for its share of the direct costs of Falcon Minerals Ltd staff providing services to the consolidated entity.

20. INVESTMENT IN CONTROLLED ENTITIES

Details of investments in the ordinary share capital of controlled entities is as follows:

Name of Entity	**Place of Incorporation**	**Equity Holding**		**Cost of Parent Entity's Investment**	
		2003	2002	**2003**	2002
Parent Entity		**%**	**%**	**$**	**$**
Eagle Bay Resources N.L.	Australia			–	–
Controlled Entities					
Tarcoola Gold Limited	Australia	**100**	100	**3,228,050**	3,228,050
Eagle Bay Graphite Pty Ltd	Australia	**100**	100	–	–
				3,228,050	3,228,050

Eagle Bay Resources N.L. provides working capital to all its controlled entities. Transactions between the parent entity and the controlled entities consist of interest free unsecured loans which have no fixed repayment terms.

21. PLACE OF INCORPORATION

The Company and its controlled entities are domiciled and incorporated in Australia and its principal place of business is Perth, Western Australia.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003 (CONTINUED)

22. EVENTS SUBSEQUENT TO REPORTING DATE

There have not been any matters that have arisen since 30 June 2003, that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future years.

23. SEGMENT REPORTING

The operations of the consolidated entity involve a single industry segment being that of mining and mineral exploration within Australia.

24. EARNINGS PER SHARE

	2003	2002
	Cents per share	Cents per share
a) Basic loss per share	**(0.68)**	(1.23)
b) Diluted loss per share	**(0.68)**	(1.23)
c) Net profit/(loss) used in calculating		
	$	$
- Basic earnings per share	**(556,813)**	(893,299)
- Diluted earnings per share	**(556,813)**	(893,299)
	Number	Number
d) Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share	**82,153,592**	72,879,285
e) Weighted average number of ordinary shares outstanding during the year used in calculating diluted earnings per share	**82,153,592**	72,879,285

* Diluted earnings per share are calculated based on the assumption that the 100,000 options on issue are not dilutive and are therefore not included.

25. FINANCIAL INSTRUMENTS

a) Interest Rate Risk Exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

	Floating Interest rate		**Fixed Interest Less than 1 year**		**Non-interest Bearing**		**Total**	
	2003	2002	**2003**	2002	**2003**	2002	**2003**	2002
		$		$		$		$
Financial Assets								
Cash assets	**23,147**	7,932	**739,025**	600,763	**3,260**	22,923	**765,432**	631,618
Receivables	**–**	–	**–**	–	**20,506**	15,447	**20,506**	15,447
	23,147	7,932	**739,025**	600,763	**23,766**	38,370	**785,938**	647,065
Interest rate	**2%**	2%	4.4%	4.4%				
Financial Liabilities								
Payables	**–**	–	**–**	–	**63,728**	107,670	**63,728**	107,670
Overdraft	**3,357**	39,924	**–**	–	**–**	–	**3,357**	39,924
	3,357	39,924	–	–	**63,728**	107,670	**67,085**	147,594
Interest rate	**11.6%**	11.6%						

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003 (CONTINUED)

25. FINANCIAL INSTRUMENTS (continued)

b) Credit Risk Exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on financial assets, excluding investments, of the Company and consolidated entity, which have been recognised on the statement of financial position, is the carrying amount, net of any provision for doubtful debts.

The Company and consolidated entity are not materially exposed to any individual overseas country or individual customer.

c) Net Fair Values

The financial assets and liabilities included in current assets and current liabilities in the statement of financial position are carried at amounts that approximate net fair values.

ADDITIONAL INFORMATION

The additional information set out below as it relates to shares and options was applicable at 28 August 2003.

SHARES

DISTRIBUTION OF SHAREHOLDINGS

Size of holding	Number of shareholders
1 – 1,000	1,053
1,001 – 5,000	527
5,001 – 10,000	303
10,001 – 100,000	745
100,001 and over	166
Total shareholders	2,794
Number of shareholders with less than a marketable parcel of $500 at 4c per share	1,952

TWENTY LARGEST SHAREHOLDERS

Name of Holder		No of shares	%
1.	TPIC Ltd	18,220,866	15.45
2.	EERC Australasia Pty Ltd (EERC S/F)	9,089,651	7.71
3.	Mr Harry Wallis	3,000,000	2.54
4.	Ambergate Nominees Pty Ltd (Amergate Nom S/F A/C)	3,000,000	2.54
5.	Avon Management Co Pty Ltd	2,582,315	2.19
6.	Reef Securities Ltd	2,000,000	1.70
7.	PASO Holdings Pty Ltd	1,801,688	1.53
8.	Vagg Investment Management Services Pty Ltd	1,550,609	1.32
9.	Mr Gary Arthur Thomas	1,300,000	1.10
10.	Digga Holdings Pty Ltd	1,251,725	1.06
11.	KEFU Underwriters Pty Ltd	1,186,829	1.01
12.	Candye Pty Ltd	1,109,500	0.94
13.	Ms Michele Marshall (Marshall Discretionary A/C)	1,000,080	0.85
14.	Pillage Investments Pty Ltd (The Pillage S/F A/C)	1,000,000	0.85
15.	Valnera Holdings Pty Ltd	1,000,000	0.85
16.	Mr Hubert Jozef Jaminon & Ms Christine Margaret Alcock	1,000,000	0.85
17.	ANZ Nominees Ltd	968,770	0.82
18.	Jindabyne Pty Ltd (HW Daly Family A/c)	853,049	0.72
19.	Suwarna Corporation Pty Ltd	800,000	0.68
20.	Mr J N Kerr	750,000	0.64
Top 20 largest shareholders		53,465,082	45.33
Total Shares Issued		117,912,935	100.00

SUBSTANTIAL SHAREHOLDERS

Name	No of shares
TPIC Ltd	18,220,866
EERC Australasia Pty Ltd	9,089,651

VOTING RIGHTS

All ordinary shares issued by the Company carry one vote per share without restriction.

OPTIONS

There is one Optionholder being Mr Milton Schmedje who holds 100,000 unlisted options exercisable at 39 cents on or before 24 November 2005.

TENEMENT SCHEDULE

PROJECT	TENEMENTS	EBR %	JOINT VENTURER
GOLD SA			
	EL 2800	earning 75%	Minotaur
	EL 3098	100%	
PETROLEUM – VIC Gippsland Basin	VIC P41	25%	Bass Strait Oil & Gas 75%
	VIC P47		
	Gilbert	10%	Bass Stait Oil & Gas
	Moby	25%	Lakes Oil NL
			Gravity Capital Ltd
PETROLEUM – CARNARVON BASIN	EP 423	25%	Rawson Resources 25%
	TP 21	25%	Empire Oil 25%
			Icon Energy 25%
GRAPHITE (SA)			
Uley	ML5561	100%	
	ML5562	100%	
	RL46 to RL67 Subject to Native Title Claim SC6011/98 of 4 July 2000	100%	