TAIPAN
Resources N.L.
ACN 060 156 452

30 September 2003

The Manager
Company Announcements Officer
Australian Stock Exchange Ltd
10th Floor
20 Bond Street
SYDNEY NSW 2000

Dear Sir or Madam,

Attached are the Company's audited financial statements for the year ended 30 June 2003.

Yours faithfully,

Stephen W. Miller
Executive Chairman

Level 2, 16 Ord Street, West Perth WA 6005
Tel: (08) 9476 5555 Fax: (08) 9476 5500

TAIPAN RESOURCES NL

ABN 11 060 156 452

FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2003

DIRECTORS REPORT

Your Directors present their report on the consolidated entity consisting of Taipan Resources NL ("Company") and the entities it controlled at the end of, or during, the financial year ended 30 June 2003 and the Audit Report thereon.

DIRECTORS

The names of Directors who held office during the financial year or up to the date of this report:

Stephen W. Miller (aged 43) - **Executive Chairman**
CA, BBus FAICD
Appointed director on 8 May 2000

Mr Miller is a chartered accountant by profession with over twenty years' experience in the corporate and financial arena. Since 1992, Mr Miller has specialised in the mineral resources sector and has been executive director and founder of a number of resource companies, including Western Metals Limited, East Africa Gold Corporation and Hargraves Resources NL. Mr Miller is also executive chairman of St Barbara Mines Limited, Taipan's major shareholder. Mr Miller brings valuable management, corporate and financing experience to the board of Taipan Resources NL. Mr Miller is also executive chairman of Strata Mining Corporation Limited, Defiance Mining Corporation and a board member of the Australian Gold Council.

Kevin A. Dundo (aged 51) - **Non-Executive Director**
LLB, B.Com, FCPA
Appointed director on 26 March 2002

Mr Dundo is a corporate lawyer and practices in the commercial and corporate areas and has considerable experience in the mining area and the financial services industry. Mr Dundo has played a major role in providing advice in the corporate law area to mining companies and is also a director of St Barbara Mines Limited, Defiance Mining Corporation and Midas Gold plc.

Alan D. Rule (aged 41) - **Non-Executive Director**
B.Comm, B.Acc, CA
Appointed director on 10 April 2002

Mr Rule joined St Barbara Mines Limited as Chief Financial Officer in January 2002. A chartered accountant by profession, he brings to the Company a significant breadth of experience in corporate finance, general financial management, tax and treasury gained in ten years with KPMG in South Africa and Australia and four years as CFO with Western Metals.

Mr Craig Readhead resigned as a director of the Company on 30 August 2002.

PRINCIPAL ACTIVITIES

The principal activity of Taipan Resources NL and the entity controlled by it (collectively known as the consolidated entity) during the financial year ended 30 June 2003 was mineral exploration.

RESULTS OF OPERATIONS

The consolidated operating loss after tax for the year ended 30 June 2003 attributable to members of the Company was $19,701,932 (2002:$1,403,673 loss). The current year loss includes the impact of a change in accounting policy effective 1 July 2002 to write off a total of $18,220,934 in current and previous exploration and evaluation expenditure as follows:

	$
Cumulative effect of write off of exploration expenditure incurred prior to 1 July 2002	14,540,723
Current period exploration expenditure written off	
- Exploration drilling and assay expenditure	483,895
- Exploration consultants	970,032
- Cost of shares issued by St Barbara Mines Limited to PKKP for Native Title Agreement	616,000
- Other exploration expenditure items	1,610,284
	18,220,934

DIVIDENDS

The Directors do not recommend the payment of a dividend.

REVIEW OF OPERATIONS

The Ashburton Gold Project is located 1,000 km north of Perth in the north west of Western Australia and is 100% owned by Taipan. The Company holds mining leases M08/99 and M08/196, which contain the Paulsens deposit.

- **Paulsens Project**

Project optimisation, centred primarily on the mine plan (due to the large quantum of earth moving associated with the high strip ratio), was completed in the December quarter.

A major redesign of the ramp access (incorporating a thirty metre wide hanging wall ramp in the early stage) has been adopted. The benefits include optimisation of the mobile fleet, particularly the large shovel, reduced waste dump haulage distances and earlier access to ore positions.

During the March quarter, given the difficult state of the equity and debt markets, the Company commenced an evaluation of alternatives to re-engineer the project, focusing in particular on reducing the amount of financing required.

The project was re-assessed as a smaller tonnage high grade shallow underground mine with toll milling of ore or possibly the use of mobile processing plant. Evaluation continues at the date of this report.

- **Ashburton Exploration**

In September 2002, the Company entered into a Joint Venture with Pelican Resources NL on a 110km^2 tenement package within trucking distance of Paulsens. The Joint Venture allows the Company to earn 70% interest by spending $1 million over 4 years. Initial mapping, rock chip sampling and soil sampling has commenced. The Company is continuing to spend money in accordance with the joint venture arrangements but has not yet earned any interest in the Joint Venture.

At Mt Clement, 30 km from Paulsens, a detailed geological review was undertaken to identify oxidised material within the known inferred resource. This detailed geological review has led to an in-house inferred resource estimate (non-JORC compliant) of 550,000 tonnes at 2.3 g/t, with possibly 50-75% oxidised and potentially suitable for processing at the Paulsens CIP plant. A drill programme (4,000 metres RC and 500 metres of core) and metallurgical testwork is proposed.

Results from two high resolution airborne geophysical (magnetic and radiometric) surveys centred on Paulsens and Miningee Bore, 45 km east-south-east, have been interpreted. Targets have been identified, with mapping, soil sampling and shallow RAB drilling the next phase.

- **Other Exploration Projects**

The Company also has other gold exploration properties located near Bardoc, and Cue, Western Australia.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the consolidated entity during the financial year were as follows:

- On 28 October 2002, the Company entered into an agreement with St Barbara Mines Limited and representatives of the Puutu Kunti Kurrama and Pinikura native title claimants ("PKKP"). The agreement was entered into to allow the Company and St Barbara Mines Limited to undertake exploration and develop mining operations on all tenements owned by the Company on land claimed by the PKKP in the Ashburton region of Western Australia.

  As consideration, the Company and St Barbara are to make royalty payments and provide financial and other benefits including employment, training and contracting opportunities for the PKKP Applicants as follows:

  - The Company paid an upfront payment of $100,000 to PKKP;
  - St Barbara Mines Limited will issue 5,600,000 fully paid St Barbara Mines Limited shares to PKKP;

  - Upon gold production on tenements owned by the Company up to 459,000 ounces the Company will pay $2 for each ounce of gold produced;
  - Upon gold production on tenements owned by the Company beyond 459,000 ounces the Company will pay $2 for each ounce of gold produced and St Barbara Mines Limited will issue fully paid ordinary St Barbara Mines Limited shares to the equivalent value of $2.83 (calculated in accordance with a formula) for each ounce of gold produced.

- On 29 November 2002, the Company announced that the Convertible Notes of $7,372,000 due on 30 November 2002 had been redeemed in full. The redemption was paid by St Barbara Mines Limited and resulted in an increase in the existing loan from St Barbara Mines Limited which is secured over the assets of the Company and is repayable on 1 January 2005.
- On 12 March 2003, the Company announced that all partly paid shares had been cancelled after they had been forfeited due to non-payment of calls made on the partly paid shares. Accordingly there are no longer any partly paid shares on issue.

LIKELY DEVELOPMENTS

In the opinion of the Directors, some of the developments in the operations of the consolidated entity and the expected results of those operations, known at the dates of this report, have been covered in the Review of Operations and Events Subsequent to 30 June 2003 in this report. Likely developments which may prejudice the Company by disclosure have not been disclosed.

EVENTS SUBSEQUENT TO 30 JUNE 2003

Since 30 June 2003 the following has occurred:

- On 30 September 2003, the Company entered into an unsecured convertible note with Claymore Capital Pty Ltd for $1.0 million. The note is convertible into fully paid ordinary shares of the Company at $0.065 per share. The note is repayable on or before 30 September 2004 and bears interest at 13.5%.

Other than the matter discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

MEETINGS OF DIRECTORS

The meetings of the Company's board of directors held during the year ended 30 June 2003, and the numbers of meetings attended by each director were:

	Board	
	A	**B**
S.W. Miller	2	2
K.A. Dundo	2	2
A.D. Rule	2	2
C.L. Readhead	-	-

A = Number of meetings attended

B = Number of meetings held during the time that the director held office or was a member of the committee during the year

In addition there were six circular resolutions approved by the Board during the year.

The Company is not of a size to justify an audit committee or remuneration committee.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

Particulars of directors' interests and of persons connected with them (within the meaning of section 34b of the Corporations Act 2001) in shares of Company as at the date of this report are as follows:

Directors	No. of Shares
S.W. Miller	Nil
K.A. Dundo	Nil
A.D. Rule	Nil

S. W. Miller and K. A. Dundo are directors of St Barbara Mines Limited which holds a relevant interest in 190,719,338 ordinary shares, representing 88.3% of the ordinary capital of Taipan Resources NL.

DIRECTORS' AND EXECUTIVES' EMOLUMENTS

Currently, remuneration is based on industry standards and set to attract qualified and experienced directors. The board takes advice on industry remuneration standards through consultation with external agents.

Details of the nature and amount of each element of the emoluments of each director of Taipan Resources NL and the executive officer of the Company and the consolidated entity receiving the highest emoluments are set out in the following tables:

Non- executive directors of Taipan Resources NL:

	Directors' Base Fee	Superannuation	Total
	$	$	$
K.A. Dundo	46,592	4,193	50,785
C.L. Readhead	10,416	938	11,354
A.D. Rule	Nil	Nil	Nil

Executive director of Taipan Resources NL:

	Salary	Superannuation	Total
	$	$	$
S.W. Miller	Nil	Nil	Nil

OFFICERS' INDEMNITIES AND INSURANCE

The Company has agreed to indemnify the following current directors and officers of the Company, Mr. S.W. Miller, Mr K.A. Dundo and Mr. A.D. Rule, against all liabilities to another person and the Company that may arise from their position as directors and officers of the Company and its controlled entity, except where the liability arises out of conduct involving a wilful breach of duty. The agreement stipulates that the Company will meet the full amount of such liabilities including costs and expenses.

The Company has paid or agreed to pay a premium in respect of a contract insuring directors and officers of the Company. That contract of insurance prohibits the Company disclosing the nature of the liability insured against and the amount of the premium paid therefore.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The Company is aware of its environmental obligations with regard to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work.

AUDITOR

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

Signed in accordance with a resolution of the Board of Directors.

Stephen W. Miller
Executive Chairman

Dated at Perth this 30th day of September 2003

Statements of Financial Performance for the year ended 30 June 2003

	Notes	Consolidated 30 June 2003 $	Consolidated 30 June 2002 $	Company 30 June 2003 $	Company 30 June 2002 $
Revenue from non operating activities					
Proceeds on sale of investments		16,800	8,957	-	8,957
Proceeds on sale of tenements		35,000	-	35,000	-
Interest received		4,282	1,482	4,282	1,482
Other		-	596	-	596
Total revenue from ordinary activities		56,082	11,035	39,282	11,035
Cumulative effect of exploration write off 1 July 2002	1(d)	(14,540,723)	-	(14,540,723)	-
Exploration drilling and assay expenditure	1(d)	(483,895)	-	(483,895)	-
Exploration consultants	1(d)	(970,032)	-	(970,032)	-
Cost of shares issued by St Barbara Mines Limited to PKKP	1(d)	(616,000)	-	(616,000)	-
Legal		(11,407)	(66,688)	(11,407)	(65,688)
Rent, outgoings and storage		(5,837)	(71,029)	(5,837)	(71,029)
Consultants		-	(74,686)	-	(74,686)
Other expenses from ordinary activities		(1,615,943)	(28,999)	(1,615,943)	(32,199)
Cost of investments sold		(5,533)	(5,000)	-	(5,000)
Employee expenses		(62,139)	(138,099)	(62,139)	(138,099)
Loss before interest, tax, depreciation and amortisation		(18,255,427)	(372,466)	(18,266,694)	(375,666)
Depreciation and amortisation expenses	3	(44,172)	(16,397)	(44,172)	(16,397)
Loss before interest and tax		(18,299,599)	(388,863)	(18,310,866)	(392,663)
Borrowing costs	3	(1,512,015)	(905,128)	(1,512,015)	(905,128)
Loss from ordinary activities before income tax		(19,811,614)	(1,293,991)	(19,822,881)	(1,297,191)
Income tax (expense) / benefit		109,682	(109,682)	109,682	(109,682)
Loss attributable to members of the Company		(19,701,932)	(1,403,673)	(19,713,199)	(1,406,673)
Basic and diluted (loss) per share (cents per share)	27	(9.12)	(0.65)		

The above Statements of Financial Performance should be read in conjunction with the accompanying notes.

Statements of Financial Position as at 30 June 2003

		Consolidated		Company	
	Notes	30 June 2003 $	30 June 2002 $	30 June 2003 $	30 June 2002 $
Assets					
Current assets					
Cash assets	5	1,485	1,168	1,484	1,167
Receivables	6	5,600	341,069	5,600	341,069
		7,085	342,237	7,084	342,236
Non-current assets					
Other financial assets	9	-	13	1	14
Property, plant and equipment	7	18,159	57,678	18,159	57,678
Mining properties	8	-	14,540,723	-	14,540,723
		18,159	14,598,414	18,160	14,598,415
Total Assets		25,244	14,940,651	25,244	14,940,651
Liabilities					
Current liabilities					
Payables	10	6,000	12,251	17,267	12,251
Interest bearing liabilities	11	-	7,068,698	-	7,068,698
		6,000	7,080,949	17,267	7,080,949
Non-current liabilities					
Interest bearing liabilities	11	16,847,695	4,876,539	16,847,695	4,876,539
Provisions	12	-	109,682	-	109,682
		16,847,695	4,986,221	16,847,695	4,986,221
Total Liabilities		**16,853,695**	**12,067,170**	**16,864,962**	**12,067,170**
Net (Liabilities) / Assets		**(16,828,451)**	**2,873,481**	**(16,839,718)**	**2,873,481**
Equity					
Contributed equity	13	17,473,620	17,473,620	17,473,620	17,473,620
Reserves	14	2,641,583	2,641,583	2,641,583	2,641,583
Accumulated losses	15	(36,943,654)	(17,241,722)	(36,954,921)	(17,241,722)
Total (Deficit) / Equity		(16,828,451)	2,873,481	(16,839,718)	2,873,481

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		Company	
	Notes	30 June 2003 $	30 June 2002 $	30 June 2003 $	30 June 2002 $
Cash Flows from Operating Activities					
Payments to suppliers and employees (inclusive of goods and services tax)		(438,050)	(70,646)	(426,783)	(70,646)
GST refund		645,314	-	645,314	-
Interest received		4,282	1,483	4,282	1,483
Interest and other costs of finance paid		-	(6,741)	-	(6,741)
Net cash flows provided by / (used in) Operating Activities	26	**211,546**	**(75,904)**	**222,813**	**(75,904)**
Cash Flows from Investing Activities					
Proceeds from sale of tenements		35,000	-	35,000	-
Proceeds from sale of investment		16,800	8,957	-	8,957
Net cash flows provided by / (used in) Investing Activities		**51,800**	**8,957**	**35,000**	**8,957**
Cash Flows from Financing Activities					
Proceeds from calls on partly paid shares		-	63,270	-	63,270
Repayment of borrowings		(263,029)	-	(257,496)	-
Net cash flows provided by / (used in) Financing Activities		**(263,029)**	**63,270**	**(257,496)**	**63,270**
Net increase / (decrease) in cash		**317**	**(3,677)**	**317**	**(3,677)**
Cash at the beginning of the financial year		1,168	4,845	1,167	4,844
Cash at the end of the financial year	5	**1,485**	**1,168**	**1,484**	**1,167**
Non-cash financing and investing activities	26				

The above Statements of Cash Flows should be read in conjunction with the accompanying notes

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

It is prepared in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

The following accounting policies used by the consolidated entity have been consistently applied for the periods presented:

(a) Going Concern Basis

Notwithstanding the excess of liabilities over assets in the consolidated entity, the financial report has been prepared on a going concern basis. This basis has been applied due to the following:

- the consolidated entity has received a letter of financial support from its ultimate holding company, St Barbara Mines Limited, and
- the Directors are of the view that the consolidated entity will be able to secure additional debt and equity funding as is necessary to provide the required funding to enable the development of the Paulsens project.

The directors of Taipan Resources NL note that the directors of St Barbara Mines Limited have noted a significant uncertainty as to whether that company will be able to continue to continue as a going concern.

As a result, should this support not be sufficient and/or the additional debt and equity funding not be secured, there is significant uncertainty whether the consolidated entity will be able to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset and liability amounts that might be necessary should the entity not continue to be a going concern.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Taipan Resources NL ("Company" or "parent entity") as at 30 June 2003 and the results of all controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of financial performance from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

(c) Recoverable Amount of Non-Current Assets

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. The decrement in the carrying amount is recognised as an expense in net profit or loss in the reporting period in which the recoverable amount write-down occurs. The expected net cash flows included in determining the recoverable amounts of non current assets are not discounted.

(d) Change in accounting policy for treatment of Mining Properties

With effect from 1 July 2002 all exploration and evaluation expenditure incurred by or on behalf of the Company up to the decision by the Board to proceed with development of a mining property, will be expensed as incurred. Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered.

Mining properties now consists only of acquired exploration assets and mineral properties currently under development or in production together with related mine development costs and capital assets. The cost of mineral properties includes the cash consideration and/or the fair value of shares issued on the date the property is acquired.

The recoverability of amounts shown for mining properties is dependent upon the existence of economically recoverable reserves; the acquisition and maintenance of appropriate permits, licenses and rights; the ability of the Company to obtain financing to complete the development of the properties where necessary and upon future profitable production; or, alternatively, upon the Company's ability to recover its spent costs through a disposition of its interests.

Mine development costs relating to mineral properties are deferred until the properties are brought into commercial production, at which time they are amortised over the estimated useful life of the related property or on a unit-of-production basis over proven and probable reserves. Pre-production credits, including the value of marketable metals extracted during mine development, are credited against costs incurred.

The above policy was adopted with effect from 1 July 2002 to align the accounting policies of the Company with those of entities involved in the proposed Defiance Mining Corporation business combination with Geomaque Explorations Limited (a Canadian listed company).

The previous accounting policy was to carry forward exploration and evaluation expenditure to the extent that such activities in the area of interest had not yet reached a stage which permitted a reasonable assessment of the existence or otherwise of recoverable mineral resources.

An adjustment of $18,220,934 was made on the statement of financial performance as a result of this change in accounting policy:

	$
Cumulative effect of write off of exploration expenditure incurred prior to 1 July 2002	14,540,723
Current period exploration expenditure written off	
- Exploration drilling and assay expenditure	483,895
- Exploration consultant expenditure	970,032
- Cost of shares issued by St Barbara Mines Limited to PKKP for Native Title Agreement	616,000
- Other exploration expenditure items	1,610,284
	18,220,934

Set out below is the restatement of the consolidated statements of financial performance, consolidated accumulated losses and non current assets that would have been disclosed had the new accounting policy always applied:

	Consolidated		Company	
	30 June 2003 $	30 June 2002 $ (Restated)	30 June 2003 $	30 June 2002 $ (Restated)
Restatement of consolidated statement of financial performance (extract restated)				
Loss from ordinary activities before income tax expense	(1,590,680)	(1,293,991)	(1,601,947)	(1,293,991)
Change in accounting policy	(3,680,211)	(3,571,992)	(3,680,211)	(3,571,992)
Income tax expense	109,682	(109,682)	109,682	(109,682)
Net loss after tax	(5,161,209)	(4,975,665)	(5,172,476)	(4,975,665)
Restatement of mining properties				
Previously reported carrying amount	-	14,540,723	-	14,540,723
Adjustment for change in accounting policy	-	(14,540,723)	-	(14,540,723)
Restated carrying amount	-	-	-	-
Restatement of accumulated losses				
Previously reported carrying amount	(36,943,654)	(17,241,722)	(36,943,654)	(17,241,722)
Adjustment for change in accounting policy	-	(14,540,723)	-	(14,540,723)
Restated carrying amount	(36,943,654)	(31,782,445)	(36,943,654)	(31,782,445)

(e) Depreciation and Amortisation of Property, Plant and Equipment

The Directors have considered the economic life of plant and equipment with due regard to both the physical life limitations, assessments of economically recoverable reserves of the mine property at which the items are located, and to possible future variations in those assessments. The estimated remaining useful life for all such assets is reviewed regularly with annual reassessments being made for major items.

The total net carrying values of plant and equipment at the mine property are reviewed regularly and, to the extent by which these values exceed their recoverable amounts, that excess is fully provided against in the financial year in which this is determined.

Profits and losses on disposal of property, plant and equipment are taken into account in determining the result for the year.

(f) Accounting for Income Tax

Income tax has been brought to account using the liability method of tax effect accounting. Future income tax benefits relating to tax losses are only recognised and brought to account to the extent that their realisation is virtually certain.

Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

(g) Receivables

A provision is raised for any doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified.

(h) Revenue

Revenue on sale of investments is recognised at disposal. Interest revenue is recognised when it accrues taking into account interest rates applicable to the financial assets.

(i) Cash Flows

For the purpose of the statements of cash flows, cash includes cash on hand, deposits held at call which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

(j) Borrowing Costs

Borrowing costs are recognised as expenses in the year in which they are incurred. Borrowing costs include interest on bank overdrafts, short-term and long-term borrowings, finance lease charges, and amortisation of establishment costs and facility fees in connection with the arrangement of borrowings.

(k) Interest Bearing Liabilities

Loans are carried at their principal amount which represents the present value of future cash flows associated with servicing the debt. Interest is accrued over the year it becomes due and is recorded as part of interest bearing liabilities.

(l) Earnings per Share

(i) Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

2. SEGMENT INFORMATION

The consolidated entity operates predominantly in the gold mining industry in Australia.

The consolidated entity's head office is in Australia.

	Consolidated		Company	
	30 June 2003 $	30 June 2002 $	30 June 2003 $	30 June 2002 $

3. LOSS FROM ORDINARY ACTIVITIES

Loss from ordinary activities before income tax includes the following specific net gains and expenses:				
Net Gains				
- Net gain on disposal of investments	11,267	3,957	-	3,957
Expenses				
Amortisation of leasehold improvements	1,997	498	1,997	498
Depreciation of plant and equipment	42,175	15,899	42,175	15,899
	44,172	16,397	44,172	16,397
Borrowing cost expensed:				
- Interest	1,444,743	898,387	1,444,743	898,387
- Other	67,272	6,741	67,272	6,741
	1,512,015	905,128	1,512,015	905,128
Rental expense	5,837	71,029	5,837	71,029

4. INCOME TAX

(a) Tax Expense

The amount of income tax expense for the year differs from the amount calculated on the loss. The differences are reconciled as follows:				
Loss from ordinary activities before income tax	(19,811,614)	(1,293,991)	(19,822,882)	(1,293,991)
Company tax rate	30%	30%	30%	30%
Income tax (benefit) calculated	(5,943,484)	(388,197)	(5,946,864)	(388,197)
Tax effect of permanent differences: -Legal costs	3,422	19,706	3,422	19,706
Tax (benefit) adjusted for permanent differences	(5,940,062)	(368,491)	(5,943,442)	(368,491)
Future income tax benefit attributable to losses not brought to account	5,940,062	-	5,943,442	-
Under / (over) provision in previous year	(109,682)	478,173	(109,682)	478,173
Income tax expense	(109,682)	109,682	(109,682)	109,682

(b) Unbooked future income tax benefit

Future income tax benefit attributable to losses	10,190,797	4,250,735	10,194,177	4,250,735
Less: offset to provision for deferred income tax	-	(4,252,535)	-	(4,252,535)
	(10,190,797)	(1,800)	(10,194,177)	(1,800)
Future income tax benefit attributable to timing differences not brought to account	1,800	1,800	1,800	1,800
Future income tax benefit not brought to account	10,192,597	-	10,195,977	-

These benefits 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 loss to be realised; or

(ii) the losses are transferred to an eligible entity in the consolidated entity, and

(iii) the consolidated entity continues to comply with the conditions for deductibility imposed by the law; and

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

(c) Tax consolidation legislation

The Company and its wholly-owned Australian subsidiary have not yet decided to implement the tax consolidation legislation. The decision will be made prior to 30 June 2004. Accordingly the financial effect of the implementation of the legislation has not been recognised in the financial statements for the year ended 30 June 2003.

	Consolidated		Company	
	30 June 2003 $	30 June 2002 $	30 June 2003 $	30 June 2002 $

5. CASH ASSETS

Current				
Cash at bank	1,485	1,168	1,484	1,167

6. RECEIVABLES

Current				
Other debtors	5,600	316,069	5,600	316,069
Bonds	-	25,000	-	25,000
	5,600	341,069	5,600	341,069

7. PROPERTY, PLANT AND EQUIPMENT

Non-Current				
Plant and equipment – at cost	56,953	56,953	56,953	56,953
Less: Accumulated depreciation	(56,953)	(38,634)	(56,953)	(38,634)
	-	18,319	-	18,319
Office equipment – at cost	55,774	55,774	55,774	55,774
Less: Accumulated depreciation	(55,774)	(41,824)	(55,774)	(41,824)
	-	13,950	-	13,950
Motor vehicles – at cost	62,500	62,500	62,500	62,500
Less: Accumulated depreciation	(44,341)	(39,088)	(44,341)	(39,088)
	18,159	23,412	18,159	23,412
Leasehold improvements – at cost	7,356	7,356	7,356	7,356
Less: Accumulated depreciation	(7,356)	(5,359)	(7,356)	(5,359)
	-	1,997	-	1,997
Total Property, Plant and Equipment	18,159	57,678	18,159	57,678
Plant and equipment				
- Carrying amount at the beginning of the year	18,319	24,220	18,319	24,220
- Depreciation	(18,319)	(5,901)	(18,319)	(5,901)
- Carrying amount at the end of the year	-	18,319	-	18,319
Office equipment				
- Carrying amount at the beginning of the year	13,950	17,176	13,950	17,176
- Depreciation	(13,950)	(3,226)	(13,950)	(3,226)
- Carrying amount at the end of the year	-	13,950	-	13,950
Motor vehicles				
- Carrying amount at the beginning of the year	23,412	30,184	23,412	30,184
- Depreciation	(5,253)	(6,772)	(5,253)	(6,772)
- Carrying amount at the end of the year	18,159	23,412	18,159	23,412
Leasehold improvements				
- Carrying amount at the beginning of the year	1,997	2,495	1,997	2,495
- Depreciation	(1,997)	(498)	(1,997)	(498)
- Carrying amount at the end of the year	-	1,997	-	1,997
	18,159	57,678	18,159	57,678

	Consolidated		Company	
	30 June 2003 $	30 June 2002 $	30 June 2003 $	30 June 2002 $

8. MINING PROPERTIES

Non-Current

Opening balance	14,540,723	10,968,731	14,540,723	10,968,731
Direct expenditure	3,680,211	3,571,992	3,680,211	3,571,992
Write down due to change in accounting policy (see Note 1(d))	(18,220,934)	-	(18,220,934)	-
Closing balance	-	14,540,723	-	14,540,723
Mining properties:				
Area of interest in exploration / evaluation stage at cost	-	14,540,723	-	14,540,723

With effect from 1 July 2002 there has been a change in accounting policy in relation to Mining Properties – see Note 1(d). As a result all exploration and evaluation expenditure incurred by or on behalf of the Company up to the decision by the Board to proceed with development of a mining property, will be expensed as incurred. This new policy does not take into account the underlying economic value of the mining property.

The above policy was adopted to align the accounting policies of the Company with those of entities involved in the proposed Defiance Mining Corporation business combination with Geomaque Explorations Limited (a Canadian listed company).

The previous accounting policy was to carry forward exploration and evaluation expenditure to the extent that such activities in the area of interest had not yet reached a stage which permitted a reasonable assessment of the existence or otherwise of recoverable mineral resources.

An adjustment of $18,220,934 was made on the statement of financial performance as a result of this change in accounting policy. The closing balance does not reflect the underlying economic value of the Paulsens project.

9. OTHER FINANCIAL ASSETS

Non-Current

Investments in controlled entities:				
- Unlisted securities - at cost	-	-	1	1
Investments in other entities:				
- Listed securities – at cost	-	13	-	13
	-	13	1	14

Listed securities in other entities – market value

The aggregate market value at balance date of investments in other entities listed on a prescribed stock exchange is:				
Non-Current:				
- Listed securities	-	13	-	13

10. PAYABLES

Current

Trade creditors and accruals (unsecured)	6,000	12,251	6,000	12,251
Owing to wholly owned subsidiary	-	-	11,267	-
	6,000	12,251	17,267	12,251

	Consolidated		Company	
	30 June 2003 $	30 June 2002 $	30 June 2003 $	30 June 2002 $
11. INTEREST BEARING LIABILITIES				
Current				
Convertible notes – secured [(1)]	-	7,068,698	-	7,068,698
Non Current				
Amount payable to ultimate parent entity – secured [(2)]	16,847,695	4,876,539	16,847,695	4,876,539

[(1)] The convertible notes were issued to Perpetual Trustees Nominees Limited as trustee of the Golden Arrow Fund and were secured by way of a fixed and floating charge over substantially all of the assets and undertakings of the Company. The convertible notes each bore interest at 10% per annum compounded monthly. The ultimate parent entity, St Barbara Mines Limited, provided the funds of $7,372,000 to redeem the convertible notes in full on 29 November 2002.

[(2)] The loan is provided by the ultimate parent entity St Barbara Mines Limited. The loan is secured by way of a fixed and floating charge over substantially all of the assets and undertakings of the Company. The loan bears interest at 10% per annum compounded monthly and expires on 1 January 2005 at which time the loan becomes repayable in full.

12. PROVISIONS

Non-Current				
Deferred income tax expense	-	109,682	-	109,682

13. CONTRIBUTED EQUITY

Ordinary Share Capital				
At the beginning of the reporting period	17,473,620	17,410,350	17,473,620	17,410,350
Call on partly paid shares	-	63,270	-	63,270
At reporting date	17,473,620	17,473,620	17,473,620	17,473,620
Shares on issue - Fully Paid	***No.***	***No.***	***No.***	***No.***
At the beginning of the reporting period	215,925,636	215,925,636	215,925,636	215,925,636
At reporting date	215,925,636	215,925,636	215,925,636	215,925,636
Shares on issue - Partly Paid				
At the beginning of the reporting period	208,797,316	238,557,973	208,797,316	238,557,973
Shares forfeited and cancelled due to non payment of call on 30 June 2001	-	(29,760,657)	-	(29,760,657)
Shares forfeited and cancelled due to non payment of call on 31 December 2002	(208,797,316)	-	(208,797,316)	-
At reporting date	-	208,797,316	-	208,797,316

Fully Paid Shares

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held and in proportion to the amount paid up on the shares held. At shareholders meetings each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

Partly Paid Shares

Pursuant to a prospectus dated 6 July 1998 a total of 189,387,174 ordinary shares paid to 1 cent were issued to shareholders. On various dates during the 30 June 2001 financial year the Company issued a further 49,170,799 ordinary partly paid shares paid to 1.5 cents. The shares were issued in response to an ASX direction detailed in an announcement by the Company to ASX made on 4 July 2000. The shares are subject to a defined call program, the terms of which included calls of 0.5 cents per share due and payable on 30 June 2000 and 18 cents per share due and payable on 30 June 2001. The Company has no contractual right under its constitution to recover calls made on its shares from a shareholder who fails to pay them.

On 28 June 2000 the Company announced that the call of 0.5 cents per share due and payable on 30 June 2000 would be deferred until 30 June 2001 and the call of 18 cents per share due and payable on 30 June 2001 would be deferred until 30 June 2002.

The Company announced on 15 June 2001 that notice had been given pursuant to the Defined Call Program as disclosed in the Prospectus for the issue of partly paid ordinary shares and dated 6 July 1998, and as extended by the Company on 28 June 2000, the Company made a call of 0.5 cents per partly paid share, due and payable no later than 5.00 pm WST on Friday 29 June 2001. On 20 July 2001 the Company announced that the number of partly paid shares on which the call of 0.5 cents due on 29 June 2001 had been received by the Company in cleared funds was 208,797,316.

The total number of partly paid shares that were then deemed forfeited due to non-payment of the 0.5 cent call was 29,760,657 representing 12.48% of the total number of partly paid shares on issue. The Board resolved to offer to sell all of the 29,760,657 forfeited partly paid shares by public auction. The public auction was held on Tuesday 7 August 2001. The Company did not receive any bids for the forfeited partly paid shares above the reserve price and all shares were therefore passed in. Approval to cancel these partly paid shares was given by shareholders at the Annual General Meeting held on 24 October 2002. As a result, there were 208,797,316 partly paid shares paid to 2 cents.

A call of 18 cents on each of the remaining 208,797,316 partly paid shares was due and payable on 30 June 2002. On 24 May 2002, the Company postponed this call to 31 December 2002. The Company announced on 5 December 2002 that notice had been given pursuant to the Defined Call Program for a call of 18 cents per partly paid share, due and payable no later than 5.00 pm WST on Tuesday 31 December 2002. On 15 January 2003 the Company announced that the number of partly paid shares on which the call of 18 cents due on 31 December 2002 had been received by the Company in cleared funds was nil.

The total number of partly paid shares that were then deemed forfeited due to non-payment of the 18 cents call was 208,797,316 representing 100% of the total number of partly paid shares on issue. The Board resolved to offer to sell all of the 208,797,316 forfeited partly paid shares by public auction. The public auction was held on 5 February 2003. The Company did not receive any bids for the forfeited partly paid shares above the reserve price and all shares were therefore passed in. Approval to cancel these partly paid shares was given by shareholders at the General Meeting held on 12 March 2003. Accordingly there are no partly paid shares on issue.

14. RESERVES

	Consolidated		Company	
Asset Revaluation	**30 June 2003 $**	**30 June 2002 $**	**30 June 2003 $**	**30 June 2002 $**
Balance at beginning of financial year	2,641,583	2,641,583	2,641,583	2,641,583
Balance at end of financial year	2,641,583	2,641,583	2,641,583	2,641,583

15. ACCUMULATED LOSSES

Accumulated losses at the beginning of the financial year	17,241,722	15,838,049	17,241,722	15,838,049
Net loss attributable to members of the Company	19,701,932	1,403,673	19,713,199	1,403,673
Accumulated losses at the end of the financial year	36,943,654	17,241,722	36,954,921	17,241,722

16. FINANCIAL INSTRUMENTS

(a) *Credit Risk Exposures*

The credit risk on financial assets of the consolidated entity which have been recognised, other than investments in shares, is generally the carrying amount, net of any provisions for doubtful debts.

(b) *Interest Rates Risk Exposures*

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following tables. Exposures arise predominantly from assets and liabilities bearing variable interest rates as the consolidated entity intends to hold fixed rate assets and liabilities to maturity.

	Floating Interest rate	Fixed interest maturing in: 1 year or less	Fixed interest maturing in: Over 1 to 5 years	Non-interest bearing	Total
	$	$	$	$	$
30 June 2003					
Financial assets					
Cash and deposits	1,485	-	-	-	1,485
Receivables	-	-	-	5,600	5,600
	1,485	-	-	5,600	7,085
Weighted average interest rate	*3%*				
Financial liabilities					
Trade & other creditors	-	-	-	(6,000)	(6,000)
Interest bearing liabilities	-	-	(16,847,695)	-	(16,847,695)
	-	-	(16,847,695)	(6,000)	(16,853,695)
Weighted average interest rate			*10%*		
Net financial assets / (liabilities)	1,485	-	(16,847,695)	(400)	(16,846,610)
30 June 2002					
Financial assets					
Cash and deposits	1,168	-	-	-	1,168
Receivables	-	-	-	341,069	341,069
Investments	-	-	-	13	13
	1,168	-	-	341,082	342,250
Weighted average interest rate					
Financial liabilities					
Trade and other creditors	-	-	(4,876,539)	(6,250)	(4,882,789)
Interest bearing liabilities	-	(7,068,698)	-	-	(7,068,698)
	-	(7,068,698)	(4,876,539)	(6,250)	(11,951,487)
Weighted average interest rate	-	*10%*	*10%*	-	-
Net financial assets / (liabilities)	1,168	(7,068,698)	(4,876,539)	334,832	(11,609,237)

(c) Net Fair Value of Financial Assets and Liabilities

(i) On-Balance Sheet

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the consolidated entity approximates their carrying value. The net fair value of other monetary financial assets and financial liabilities is based upon market prices.

(ii) Off-Balance Sheet

The consolidated entity has potential financial liabilities that may arise from certain contingencies disclosed in Note 21. As explained in that note, no material losses are anticipated in respect of any of those contingencies and the net fair value disclosed is the Directors' estimate of amounts which would be payable by the consolidated entity as consideration for the assumption of those contingencies by another party.

The carrying amounts and the net fair values of financial assets and liabilities at balance date are:

	2003		2002	
	Carrying Amount $	Net Fair Value $	Carrying Amount $	Net Fair Value $
On balance sheet financial instruments				
Financial assets				
- Cash and bank balances	1,485	1,485	1,168	1,168
- Receivables	5,600	5,600	341,069	341,069
- Traded investments	-	-	13	13
	7,085	7,085	342,250	342,250
Financial liabilities				
- Trade and other creditors	6,000	6,000	4,882,789	4,882,789
- Interest bearing liabilities	16,847,695	16,847,695	7,068,698	7,068,698
	16,853,695	16,853,695	11,951,487	11,951,487

17. REMUNERATION OF DIRECTORS

	Consolidated		Company	
	30 June 2003 $	30 June 2002 $	30 June 2003 $	30 June 2002 $
Income paid or payable, or otherwise made available, to Directors by entities in the consolidated entity and related parties in connection with the management of affairs of the Company or its controlled entities	62,457	162,408	62,457	162,408

The number of the Company's Directors whose total income from the Company or related parties was within the specified bands are as follows:

	30 June 2003 Number	30 June 2002 Number
$0 - $9,999	2	3
$10,000 - $19,999	1	-
$30,000 - $39,999	-	1
$50,000 - $59,999	1	-
$120,000 - $129,999	-	1

18. RETIREMENT BENEFITS OF DIRECTORS

No benefits have been paid to Directors in connection with their retirement as a Director of Taipan Resources NL.

19. REMUNERATION OF EXECUTIVES

	Consolidated		Company	
	30 June 2003 $	30 June 2002 $	30 June 2003 $	30 June 2002 $
Remuneration received, or due and receivable, from entities in the consolidated entity and related parties by Australian-based executive officers (including executive directors) whose remuneration was at least A$100,000	-	124,608	-	124,608

The number of executives of the Company and consolidated entity included in these figures is shown below in their relevant income bands:

	30 June 2003 Number	30 June 2002 Number
$120,000 to $129,999	-	1

20. REMUNERATION OF AUDITORS

	Consolidated		Company	
	30 June 2003 $	30 June 2002 $	30 June 2003 $	30 June 2002 $
During the year the auditor of the Company, and its related practices earned the following remuneration:				
PricewaterhouseCoopers				
Remuneration for audit or review of the financial reports of the Company or any entity in the consolidated entity	6,000	6,000	6,000	6,000
Remuneration for other services:	-	-	-	-
Remuneration for audit or review of the financial reports of the Company or any entity in the Consolidated entity by prior auditors:				
Stanton Partners	-	3,685	-	3,685

21. CONTINGENT LIABILITIES

(a) *Native Title*

It is possible that Native Title, as defined in the Native Title Act 1993, may be established over land in which the consolidated entity has an interest. The consolidated entity has received several claims from interested parties to this effect. It is impossible at this stage to quantify the impact (if any) these, or any future claims, may have on the operations of the consolidated entity. The outstanding claims remained unresolved at balance date, and negotiations are continuing.

22. COMMITMENTS FOR EXPENDITURE

	Consolidated		Company	
	30 June 2003 $	30 June 2002 $	30 June 2003 $	30 June 2003 $
(a) Exploration				
In order to maintain rights of tenure to mining tenements, the consolidated entity is required to outlay for tenement rentals and to meet the minimum exploration expenditure requirements of the Western Australian Department of Minerals and Energy. This commitment in 2003/04 will continue for future years with the amount dependent upon tenement holdings	950,500	947,900	950,500	947,900

23. EMPLOYEES

(a) *Number of Employees*

Number of employees at financial year end	-	-	-	-

24. RELATED PARTIES

(a) *Directors*

The names of persons who were Directors of the Company at any time during each year are as follows:

S.W. Miller
C.L. Readhead
K.A. Dundo
A.D. Rule

(b) *Remuneration and Retirement Benefits*

Information on remuneration and retirement benefits of Directors is disclosed in Notes 17 and 18 respectively.

(c) *Loans to Directors and Director-Related Entities*

There were no loans to Directors of entities in the consolidated entity and their director-related entities during each of the years ended 30 June 2003 (2002: nil)

(d) *Other related parties – ultimate holding company*

St Barbara Mines Limited, the ultimate parent entity of the Company, has provided funding to the Company during the course of the year as follows:

	30 June 2003 $	30 June 2002 $
Balance at beginning of financial year	4,876,539	-
- net funding advanced for exploration and all other activities on normal commercial terms	2,841,715	4,646,438
- cost of shares issued by St Barbara Mines Limited to PKKP for Native Title Agreement	616,000	-
- funding advanced for repayment of convertible note	7,372,017	-
- interest	1,141,424	230,101
Balance at end of financial year	16,847,695	4,876,539

The amount payable to the ultimate holding company is secured and bears interest at 10% per annum (2002: 10%).

25. INVESTMENTS IN CONTROLLED ENTITIES

The Consolidated entity consists of the Company and its wholly-owned controlled entities as follows.

		Equity holding		Cost of Company's investment	
Name of entity	Class of Shares	June 2003 %	June 2002 %	June 2003 $	June 2002 $
Bushsun Pty Ltd	Ordinary	100	100	1	1
				1	1

Each company in the consolidated entity was incorporated in Australia.

26. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Consolidated		Company	
	30 June 2003 $	30 June 2002 $	30 June 2003 $	30 June 2002 $
Operating (loss) after income tax	(19,701,932)	(1,293,991)	(19,713,199)	(1,293,991)
Mining properties change in accounting policy	18,220,934	-	18,220,934	-
Depreciation and amortisation	39,519	16,397	39,519	16,397
(Profit) / loss on disposal of shares	(11,254)	(3,957)	13	(3,957)
Interest on ultimate holding company loan	1,141,424	230,101	1,141,424	230,101
Interest on convertible note	303,319	668,286	303,319	668,286
Changes in operating assets and liabilities:				
- Decrease / (increase) in trade and other debtors	335,469	(232,624)	335,469	(232,624)
- Increase in trade and other creditors, employee entitlements and provisions	(115,933)	539,883	(104,666)	539,883
Net cash inflow / (outflows) from operating activities	211,546	(75,904)	222,813	(75,904)

Non-cash financing and investing activities

The following transactions occurred which affected assets and liabilities which are not reflected in the Statements of Cash Flows.

(a) ***Year ended 30 June 2002***

Exploration expenditure of $3,571,992 was funded through the ultimate holding company.

(b) ***Year ended 30 June 2003***

Exploration expenditure of $2,841,715 was funded through the ultimate holding company. On 29 November 2002, St Barbara Mines Limited, the ultimate holding company, paid $7,372,000 on behalf of the Company to redeem the convertible notes.

27. LOSS PER SHARE

	Consolidated	
	30 June 2003 cents/share	30 June 2002 cents/share
Basic and diluted (loss) per share	**(9.12)**	**(0.65)**
	$	**$**
Accumulated (loss) for the year used in the calculation of basic loss per share	(19,701,932)	(1,403,673)
	Number	**Number**
Weighted average number of fully paid ordinary shares on issue during the year used in the calculation of basic loss per share	215,925,636	215,925,636

28. EVENTS OCCURRING AFTER REPORTING DATE

Since 30 June 2003 the following has occurred:

- On 30 September 2003, the Company entered into an unsecured convertible note with Claymore Capital Pty Ltd for $1.0 million. The note is convertible into fully paid ordinary shares of the Company at $0.065 per share. The note is repayable on or before 30 September 2004 and bears interest at 13.5%.

The financial effects of the above transaction has not been brought to account at 30 June 2003.

DIRECTORS' DECLARATION

In the opinion of the directors of Taipan Resources NL:

1. the financial statements and notes as set out on pages 6 to 21 are in accordance with the Corporations Act 2001, including:

    (a) giving a true and fair view of the financial position of the Company and the consolidated entity's financial position as at 30 June 2003 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date; and

    (b) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made and signed in accordance with a Resolution of Directors and is signed for and on behalf of the Directors by:

STEPHEN W. MILLER
EXECUTIVE CHAIRMAN

Dated at Perth this 30th day of September 2003

PRICEWATERHOUSECOOPERS

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Independent audit report to the members of Taipan Resources NL

Audit opinion

In our opinion, the financial report of Taipan Resources NL:

- gives a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of Taipan Resources NL and the Taipan Resources Group (defined below) as at 30 June 2003, and of its performance for the year ended on that date, and
- is presented in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, and the Corporations Regulations 2001.

This opinion must be read in conjunction with the rest of our audit report.

Inherent uncertainty regarding continuation as a going concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of matters described in note 1, there is significant uncertainty whether Taipan Resources NL will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

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 Taipan Resources NL (the company) and the Taipan Resources Group (the consolidated entity), for the year ended 30 June 2003. The consolidated entity comprises both the company and the entities it controlled during the 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, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and its performance as represented by the results of its 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.

When this audit report is included in a document containing the directors' report, our procedures include reading the directors' report to determine whether it contains any material inconsistencies with the financial report.

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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

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

PricewaterhouseCoopers

PricewaterhouseCoopers

David J Smith
Partner

Perth
30 September 2003