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FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2003

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Dear Shareholder

During the course of the year, your Directors improved the future cashflow and income prospects for Equity -1 Resources NL [EIR]. EIR purchased a 10% shareholding in NILNAV Orthopaedics Pty Ltd [NILNAV] a company with a revolutionary hip replacement surgical procedure and modified tool set system for $3.5 million. The purchase was made to facilitate a future cash flow for EIR. Since the purchase of this 10% stake, NILNAV has signed a global distribution agreement with Monet Technology Inc which will see NILNAV receive a US$20 million gross per annum royalty; funds from this royalty will then flow to EIR by way of a dividend stream.

The stake in NILNAV will give EIR a cash flow which will negate the necessity of continually looking to placements for their funding requirements, which have the effect of diluting the shareholding.

During the year, Phillip Thomas who has qualifications and experience in Geology, marketing and investment banking and Shane Mulcahy who has qualifications and experience in geochemistry and investment banking were appointed to the Board, along with Marc Flory. Scott Reid and Marc Flory resigned in May 2003.

The unsuccessful takeover of the company by Equity-1 Limited of Hong Kong at the last AGM saw that company divest itself of its shareholding in EIR.

Other projects in Australia and Argentina are being targeted for further exploration in the coming year, and shareholders can keep abreast of these activities from the company's website www.admiraltyresources.com.au.

In June, the directors of EIR began negotiations with Perolin Investments Pty Ltd on a $2 million debt facility. These monies are to be used to complete the Phase Chemistry and Engineering Feasibility on the Rincon Salar Project in Argentina.

Subsequent to the end of the financial year, EIR signed a loan document with Perolin Investments Pty Ltd on 28 July 2003 for a $2 million debt facility; repayment of this facility will be from the dividend stream from NILNAV, and repayment will commence 2 years and 6 months from drawdown and will be over a four-year period at an interest rate of 90 day Bank Bill plus 1%.

With the above loan and the projected dividend stream from the NILNAV investment, the Directors of EIR believe that the coming twelve months will see the company move forward on the Rincon Salar Project and continue to evaluate the Bulman zinc deposit. They are looking forward to this with a great degree of excitement and expectation.

I look forward to keeping you informed of our activities in the coming year and, as always, I would like to extend to you, our shareholders – whether large or small – my invitation for you to attend our meetings and keep in contact with our Directors with any queries or comments you may have.

Chairman
Equity-1 Resources NL

Frank B Edge

Dated at Brisbane this 15th day of October 2003

ARGENTINA

Rincon Salar Li-Mg-K Project, Salta

For the fiscal year 2003, substantial work has been carried out in the central and southeast part of Rincon Salar.

All water reservoirs have been secured for future treatment plant requirements and to allow for potable water to be pumped to a potential dam site, with sufficient quantities available for the proposed operations camp to be located on the southeast side of the salar. A water capacity of 0.5 litres per second will be needed for future usage in a plant site selected on the basis of favourable pumping locations.

Pond sites for salar evaporation have been located within the Rincon Salar; these ponds will be of sizable dimensions, to be defined according to the final feasibility studies.

Bulk samples composited from various locations within the central crystalline mass have been obtained for shipment to the Hazen Laboratory facilities in Golden, Colorado, USA. Phase Chemistry will now be conducted by Hazen under the direction of Mr Cornelius Berthold, a foremost authority in Li-Mg salts separation. Hazen is considered the best possible available research institute for this type of exercise. The cost of the Phase Chemistry program will be high, in the range of US$45,000, but worth every dollar invested.

All 34 mining leases covering the approximately 250 square kilometres have been retained, and acceptance notification of the proposed work plan has been received from the Salar Mines Department for 2004, including road building and the preparation of additional drill sites to verify potential depth of the resource. We believe this could be increased by 50%.

The overall potential for the Rincon Salar, based upon results of a prior 11 hole drill program, is inferred at 1.5 million tonnes (Mt) of Lithium, 13.5 Mt of Magnesium, and 29 Mt of Potassium, which could generate annual revenues exceeding US$100 million, depending upon tonnage markets at the time of production. Infrastructure support for the Rincon Salar project in Argentina is considered among the best in the world for comparable deposit types.

AUSTRALIA

Browns Reef – EL 5374 N.S.W.

The Browns Reef Project targeted silver – lead – zinc and copper – gold mineralisation of the same style as the mineralisation in the Cobar district of New South Wales. The Browns Reef zinc – lead resource which had been drill tested by previous explorers is of sub-economic grade (21 million tonnes @ 1.1% lead and 2% zinc at a 1% combines lead & zinc cut off.). Equity 1 has conducted extensive exploration over the possible extensions to the known mineralisation with limited success.

Re-assays of intercepts from the 2001 drilling for gold reported a best result of

2m @ 1.4 g/t gold, 3.7% lead and 5.9 % zinc.

Drill testing of a combined gravity and magnetic target to the east of the known mineralisation was severely compromised by the high influx of groundwater. A subsequent re-appraisal of the geophysical model on the basis of the limited drilling data has downgraded the potential of the project to host economic mineralisation and the project will be divested.

Bulman - MLN 726 & 727, ELA 23814. N.T.

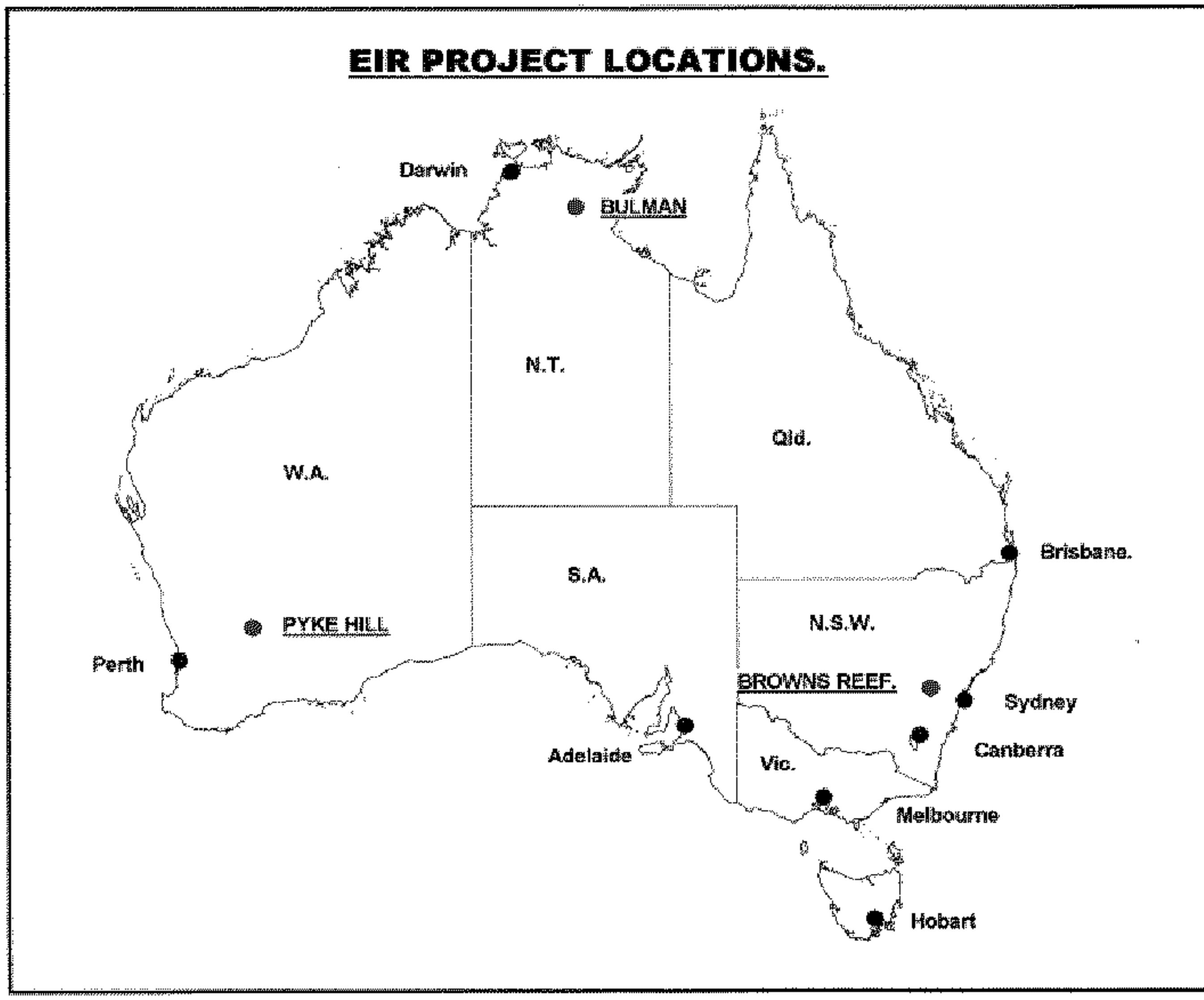
The Bulman Project comprises two granted mineral leases and an exploration licence application in central Arnhem Land in the Northern Territory. The two leases contain high-grade oxide zinc – lead mineralisation and were subject to exploration during the 1950's and 60's. An estimate of the resource dating from this time was 175,000t @ 20% zinc and 2 % lead. The surrounding ELA encompasses further oxide zinc deposits with the potential for further resources to be discovered utilising modern exploration technologies.

During the year company geologists examined historic drill core held by the NT geological survey from the Bulman region and compiled all the existing data into a GIS database. Negotiations to access the leases during the second half of 2003 were finalised with the traditional owners and the application for the exploration licence lodged.

An evaluation of the market for high-grade oxide zinc ore indicated a demand to supply existing plants in Asia. Further evaluation of the metallurgical characteristics of the Bulman ore will be undertaken to examine the potential to beneficiate the ore for transport to these existing plants.

Pyke Hill – M39/159, W.A.

The Pyke Hill tenement contains a small laterite nickel resource. The limited success of other laterite nickel operations has downgraded the potential for development of this resource.


EIR PROJECT LOCATIONS.
Darwin
BULMAN
N.T.
Qld.
W.A.
Brisbane.
S.A.
N.S.W.
PYKE HILL
Perth
BROWNS REEF.
Sydney
Adelaide
Canberra
Vic.
Melbourne
Hobart

EQUITY-1 RESOURCES NL ACN 010 195 972

DIRECTORS' REPORT

The directors of Equity-1 Resources NL submit herewith the annual financial report for the financial year ended 30 June 2003. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and particulars of the directors of the company during or since the end of the financial year are:

DIRECTORS

Frank Edge
Chairman of Directors

Frank Edge was elected Chairman of the Board of Equity-1 Resources NL on 23 October 2001 following his appointment as CEO in February of that year. Frank was a senior executive of Citibank NA. He also established his own investment banking company, Inver Brass, which operated in Australia and overseas. Frank brings to the company a wealth of experience and knowledge of the finance and investment banking industry.

Gary Damp
Director

Gary Damp became a director of Equity-1 Resources NL on 23 October 2001. As a representative of Equity-1 Ltd, Hong Kong, Gary has a diverse business background with experience operating his own businesses. On behalf of Equity-1 Ltd, Gary has performed business acquisition and investment internationally in industries from Information Technology (IT), Banking, Industrial, Mining and Resources. Gary brings to the board a lateral approach, possessing a specialist skill set in negotiating, investigative and analytical processes. Gary plays an integral role in the operations of Equity-1 Ltd and provides a unique dimension to the board.

Marc Flory
Director

Marc Flory became a director of Equity-1 Resources NL on 20th January 2003. Marc has 25 years experience in financial markets and the mining industry. He also has held senior positions at Goldfields, Anglo American, Canadian Imperial Bank of Commerce, First National Securities, Citibank and the AMP. Marc brings a wealth of knowledge to the company.

Shane Mulcahy
Director

Shane Mulcahy became a director of Equity-1 Resources NL on 11th September 2002. Shane is a qualified Industrial Chemist with experience in the mineral processing sector. Shane has experience in the Financial Services Industry and provides the board with valuable input in promoting and fund raising for the company. Shane is also the Chief Executive Officer of NILNAV Orthopaedics Pty Ltd, in which Equity-1 Resources holds a strategic 10% interest.

Scott Reid B.Sc.(Syd), Grad.Dip.Sci. (Geophys.), A.S.I.A., M.A.I.G.
Director

Scott Reid became a director of Equity-1 Resources NL on 18 August 1999. As a resource analyst and geophysicist, his skills and experience cross the boundary between high tech exploration, corporate finance, investment advisory and communication. He brings to the board extensive technical and corporate expertise.

Phillip Thomas
Director

Phillip Thomas, became a director of Equity-1 Resources NL on 22nd April 2003. Philip commenced his career workings for the Control Data mining centre as a consultant specialising in drill hole analysis and computer based exploration and mine applications. He is currently the managing partner of Panopus Partners and a director of NILNAV Orthopaedics Pty Ltd, in which Equity-1 Resources holds a strategic 10% interest. Philip is also currently a senior consultant to Zero Bond Financial Services. Philip brings invaluable experience and knowledge to the company.

DIRECTORS' REPORT

The above named directors held office during and since the end of the financial year except for:

Gary Damp Resigned from office on 16th January 2003;

Marc Flory Resigned from office on 6th June 2003;

Scott Reid Resigned from office on 6th June 2003.

PRINCIPAL ACTIVITIES

The continuing activity of the company and the consolidated entity is the exploration and development of economic mineral deposits. During the financial year, the consolidated entity purchased a 10% interest in Nilnav Orthopaedics Pty Ltd.

REVIEW OF OPERATIONS

The operations of the consolidated entity for the year returned an overall loss after income tax of $2,369,132. This compares with an overall loss after income tax of $1,285,520 during the 2002 year.

DIVIDENDS

No dividends were paid during the year, nor are any recommended at 30 June 2003.

CHANGES IN STATE OF AFFAIRS

During the financial year there was no significant change in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

FUTURE DEVELOPMENTS

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

AFTER BALANCE DATE EVENTS

On 28 July 2003, the directors of the company entered into a loan facility with Perolin Investments Pty Ltd for $2 million. It is anticipated that once available, this facility will be used by the company to further the Rincon Star Project in Argentina. Repayment of the $2 million facility once drawn is anticipated to be from a dividend stream from the company's investment in NILNAV Orthopaedics Pty Ltd and over an estimated six years. The first payment under the facility will be due in two years and six months from the date of drawdown.

NILNAV Orthopaedics Pty Ltd, the company in which Equity-1 Resources NL holds a 10% investment, has signed a contract with Monet Technology Inc from which NILNAV Orthopaedics Pty Ltd forecasts receiving US $20 million per annum. Equity-1 Resources NL is forecasting to receive a dividend stream from Nilnav Orthopaedics Pty Ltd sufficient to meet the ongoing financing of the consolidated entity.

OPTIONS

172,515,425 options were issued during the financial year ended 30 June 2003 exercisable at 10 cents and will expire on 29 October 2004.

There are 181,015,425 unissued ordinary shares for which options are outstanding as at the date of this report. 2,500,000 are held by a current director (F Edge), 6,000,000 are held by retired directors and their related entities (N Calabro 2,250,000, G Billinghurst 1,875,000 and S Reid 1,875,000) and 172,515,425 are held by MTM Holdings.

There were no unlisted options that were granted to directors during the year.

No further options have been issued since the end of the financial year.

EQUITY-1 RESOURCES NL ACN 010 195 972

DIRECTORS' REPORT

MEETINGS OF DIRECTORS

During the financial year 14 directors meetings were held. Attendances at the meetings were as follows:

	Number Eligible to attend	Number Attended
F Edge	14	14
G Damp	8	7
S Reid	11	11
S Mulcahy	12	12
M Flory	3	3
P Thomas	3	3

There are no formally constituted committees of the board of directors as at the date of this report.

DIRECTORS' SHARE AND OPTION HOLDINGS

The directors disclose their interest in shares and options, as at the date of this report:

Shares and options held beneficially or where there is a relevant interest:

	No. of shares	No. of options
F Edge	3,501,918	2,500,000
S Mulcahy	400,000	-
P Thomas	-	-
S Reid	-	1,875,000
M Flory	-	-
G Damp	-	-

DIRECTORS' REMUNERATION

Method of Determining Fees

The matters of remuneration for directors are dealt with by the Board of directors and are determined according to merit and normal industry levels. Remuneration levels are not directly linked to the performance of the company and the consolidated entity.

Remuneration Received

Details of the nature and amount of each major element of the remuneration of each director of the company and consolidated entity are:

Name of Director	Emoluments Received $	Nature of Remuneration	Value of Options granted $	Total $
F Edge	157,684	Consultancy Fees	Nil*	
	10,909	Director Fees	Nil*	168,593
S Mulcahy	13,636	Director Fees	Nil*	13,636
P Thomas	5,455	Director Fees	Nil*	5,455
S Reid	116,364	Consultancy Fees	Nil*	
	10,909	Director Fees	Nil*	127,273
M Flory	71,818	Consultancy Fees	Nil*	
	10,909	Director Fees	Nil*	82,727
G Damp	-	Not applicable	Not applicable	-
				397,684

EQUITY-1 RESOURCES NL ACN 010 195 972

DIRECTORS' REPORT

* Relates to directors options issued which are exercisable at 2.5 cents per share.

No value has been placed on the options issued to the directors as they are not able to be reliably measured due to the existence of performance hurdles and have therefore been valued at nil.

EXECUTIVE OFFICERS

The names and particulars of the executive officers of the company and the consolidated entity during or since the end of the financial year are:

Mr Frank Edge	(resigned in April 2003, re-appointed in June 2003)
Mr Mark Flory	(appointed in April 2003, resigned June 2003)
Mr Scott Reid	(appointed August 1999, resigned June 2003)

Method of Determining Fees

The matters of remuneration for executive officers are dealt with by the Board of directors and are determined according to merit and normal industry levels. Remuneration levels are not directly linked to the performance of the company and the consolidated entity.

Remuneration Received

Details of the nature and amount of each major element of the remuneration of each executive officer of the company and consolidated entity are:

Name	Emoluments Received $	Nature of Remuneration	Value of Options granted $	Total $
Company				
F Edge	157,684	Consultancy Fees	Nil	
	10,909	Director Fees	Nil	168,593
M Flory	71,818	Consultancy Fees	Nil	
	10,909	Director Fees	Nil	82,727
Scott Reid	116,364	Consultancy Fees	Nil	
	10,909	Director Fees	Nil	127,273
Consolidated Entity				
F Edge	157,684	Consultancy Fees	Nil	
	10,909	Director Fees	Nil	168,593
M Flory	71,818	Consultancy Fees	Nil	
	10,909	Director Fees	Nil	82,727
Scott Reid	116,364	Consultancy Fees	Nil	
	10,909	Director Fees	Nil	127,273

ENVIRONMENT

The consolidated entity aims to ensure that the highest standard of environmental care is achieved. The Board maintains the responsibility to ensure that the consolidated entity's environment policies are adhered to and to ensure that the consolidated entity is aware of and is in compliance with all relevant environmental legislation. There have been no environmental breaches during the 2003 financial year.

DIRECTORS' REPORT

INDEMNIFICATION OF OFFICERS AND AUDITORS

During or since the financial year, the company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor. In addition, the company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

Signed in accordance with a resolution of the Board of Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

F Edge
Chairman

Dated at Brisbane, this 30th day of September 2003.

EQUITY-1 RESOURCES NL ACN 010 195 972

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE

Corporate Governance is the process and structure used to direct and manage the business and affairs of a corporation. The objective is to enhance shareholder value, including ensuring the financial viability of the corporation. Corporate Governance processes and structures establish ways to ensure accountability. They also take into account how the direction and management of the business will affect all people involved with the company, including shareholders, employees, suppliers and communities. The directors are responsible for the corporate governance practices of the company. This statement sets out the main corporate governance practices that were in operation throughout the financial year, except where otherwise indicated.

BOARD OF DIRECTORS

The Board of Directors is responsible for the overall Corporate Governance of Equity-1 Resources NL and its controlled entities. This includes:

- Setting the strategic direction of the consolidated entity;
- Setting objectives and goals for management with a view to maximising shareholders wealth and monitoring management performance against this benchmark;
- Adopting an annual budget and monitoring the consolidated entity's financial performance;
- Ensuring adequate internal controls exist and are appropriately monitored for compliance;
- Ensuring an adequate business risk management process is in place to appropriately manage identified business risks;
- Selecting, appointing and reviewing the performance of the senior executive management; and
- Maintaining the highest business standards and ethical behaviour.

Composition of the Board

At the date of this statement, the Board comprises two non-executive directors and one executive director, including the chairman. All directors are initially appointed by the Board to fill casual vacancies and are then subject to election by shareholders at the next general meeting. At least one third of the directors must retire each year and subject to the provisions of the Corporations Act 2001, may resubmit themselves for re-election.

The Articles of Association provide that the number of directors shall be not less than three directors nor more than seven directors. The Board should comprise a majority of non-executive directors.

The directors should bring characteristics to the Board which would provide a mix of qualifications, skills and experience, both commercially and technically.

DIRECTORS' DEALINGS IN COMPANY SHARES

The company policy is to allow directors to deal in company shares only:

- in the forty-five day period subsequent to the release of the company's quarterly, half-yearly and annual results to the stock exchange; and
- in the forty-five day period subsequent to the release of price sensitive information.

DIRECTORS' DEALINGS IN COMPANY OPTIONS

The company policy is to allow directors to deal in company options only:

- in the forty-five day period subsequent to the release of the company's quarterly, half-yearly and annual results to the stock exchange; and
- in the forty-five day period subsequent to the release of price sensitive information.

EQUITY-1 RESOURCES NL ACN 010 195 972

CORPORATE GOVERNANCE STATEMENT

Independent Professional Advice

With the prior approval of the Chairman, each director has the right to seek independent legal and other professional advice at the company's expense concerning any aspect of the company's operations or undertakings in order to fulfil their duties and responsibilities as directors.

Ethical Standards

Directors and management are expected to perform their duties for the consolidated entity in a professional manner and act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the consolidated entity.

The Role of the Shareholders

The Board aims to ensure that the shareholders are informed of all major developments affecting the consolidated entity's state of affairs. Information is communicated by:

- the annual and quarterly reports which are distributed to all shareholders;
- the Board ensures that the annual report includes relevant information about the operations of the consolidated entity during the year, any changes in the state of affairs of the consolidated entity and details of future developments in addition to all disclosures required by the Corporations Act 2001, Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board;
- the half yearly report contains summarised financial information and a review of the operations of the consolidated entity during the period;
- half year reviewed financial statements are prepared in accordance with the requirements of Accounting Standards and the Corporations Act 2001. These are lodged with the Australian Securities and Investments Commission and the Australian Stock Exchange; and
- ensuring that major changes to the consolidated entity which may impact on share ownership rights are put to a vote of shareholders.

The Board encourages full participation of shareholders at the annual general meeting to ensure a high level of accountability and identification of the consolidated entity's strategy and goals. Important issues are presented to shareholders as special resolutions.

Compensation Arrangements

The Board considers it appropriate that directors be given incentives to promote the company's interest and thereby participate in any improvements by the issue of options to themselves rather than receiving directors fees. However, where a director provides regular consultancy services to the consolidated entity, appropriate fees will be negotiated by the Board at normal commercial rates.

Audit

The Board, in view of the nature and size of the company's business, has decided that it is not necessary to maintain an audit committee.

Risk Management

Identification and management of business risks is the role of the full Board.

EQUITY-1 RESOURCES NL ACN 010 195 972

CORPORATE GOVERNANCE STATEMENT

Code of Ethics

The company aims to maintain the highest standard of ethical behaviour in ethical business dealings. In maintaining the ethical standards the company will:

- behave with integrity in all its dealings with customers, shareholders, government, employees, suppliers and the community;

- ensure that its actions comply with applicable laws and regulations and maintain harmonious relations with communities located near the company's operations;

- maintain and implement policies that will enable the company's employees to avoid situations where conflicts of interest could arise;

- not engage in any activity that could be construed to involve an improper inducement and achieve a working environment where:

  - equal opportunity is practiced;
  - harassment and other offensive behaviour is not tolerated;
  - the confidentiality of commercially sensitive information is protected; and
  - employees are encouraged to discuss concerns about ethical behaviour with their supervisor.

Responsibilities

The chairman is responsible to the Board for establishing compliance and evaluating the effectiveness of the company's Code of Ethics.

EQUITY-1 RESOURCES NL ACN 010 195 972

SCHEDULE OF MINING TENEMENTS

Tenement Reference	Locality	Registered Holder	State	Other Notes
16879	Rincon	100% Argentina Diamonds Ltd	Argentina	Rincon Project
16880	Rincon I	100% Argentina Diamonds Ltd	Argentina	Rincon Project
16881	Rincon II	100% Argentina Diamonds Ltd	Argentina	Rincon Project
16882	Rincon III	100% Argentina Diamonds Ltd	Argentina	Rincon Project
16883	Rincon IV	100% Argentina Diamonds Ltd	Argentina	Rincon Project
16884	Rincon V	100% Argentina Diamonds Ltd	Argentina	Rincon Project
16982	Rincon VI	100% Argentina Diamonds Ltd	Argentina	Rincon Project
16983	Rincon VII	100% Argentina Diamonds Ltd	Argentina	Rincon Project
16984	Rincon VIII	100% Argentina Diamonds Ltd	Argentina	Rincon Project
16985	Rincon IX	100% Argentina Diamonds Ltd	Argentina	Rincon Project
16986	Rincon X	100% Argentina Diamonds Ltd	Argentina	Rincon Project
16987	Rincon XI	100% Argentina Diamonds Ltd	Argentina	Rincon Project
16988	Rincon XII	100% Argentina Diamonds Ltd	Argentina	Rincon Project
16989	Rincon XIII	100% Argentina Diamonds Ltd	Argentina	Rincon Project
16990	Rincon XIV	100% Argentina Diamonds Ltd	Argentina	Rincon Project
16991	Rincon XV	100% Argentina Diamonds Ltd	Argentina	Rincon Project
17052	Adriana II	100% Argentina Diamonds Ltd	Argentina	Rincon Project
17053	Adriana III	100% Argentina Diamonds Ltd	Argentina	Rincon Project
17054	Adriana IV	100% Argentina Diamonds Ltd	Argentina	Rincon Project
17055	Adriana V	100% Argentina Diamonds Ltd	Argentina	Rincon Project
17056	Adriana VI	100% Argentina Diamonds Ltd	Argentina	Rincon Project
17057	Adriana VII	100% Argentina Diamonds Ltd	Argentina	Rincon Project
17058	Adriana VIII	100% Argentina Diamonds Ltd	Argentina	Rincon Project
17059	Adriana IX	100% Argentina Diamonds Ltd	Argentina	Rincon Project
17083	Belen	100% Argentina Diamonds Ltd	Argentina	Rincon Project
17084	Belen I	100% Argentina Diamonds Ltd	Argentina	Rincon Project
17112	Belen IV	100% Argentina Diamonds Ltd	Argentina	Rincon Project
17190	Paula V	100% Argentina Diamonds Ltd	Argentina	Rincon Project
17170	Paula XV	100% Argentina Diamonds Ltd	Argentina	Rincon Project
17004	Alvaro	100% Argentina Diamonds Ltd	Argentina	Rincon Project
17227	Paciencia I	100% Argentina Diamonds Ltd	Argentina	Rincon Project
5449	Estela	100% Argentina Diamonds Ltd	Argentina	Rincon Project
9084	Silvina	100% Argentina Diamonds Ltd	Argentina	Rincon Project
4730	Inti	100% Argentina Diamonds Ltd	Argentina	Rincon Project
M39/159	WA	100% Greater Australian Gold NL	Australia	Pykes Hill
EL5374	NSW	100% Moonlight Mining NL	Australia	Browns Reef
MLN726	NT	100% Moonlight Mining NL	Australia	Bulman
MLN 727	NT	100% Moonlight Mining NL	Australia	Bulman
ELA23814	NT	100% Moonlight Mining NL	Australia	Bulman

EQUITY-1 RESOURCES NL ACN 010 195 972

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Consolidated 2003 $	Consolidated 2002 $	Company 2003 $	Company 2002 $
Revenue from ordinary activities	2	8,445	57,671	8,445	57,671
Other expenses from ordinary activities	3	(2,377,577)	(1,343,191)	(3,595,867)	(1,371,330)
Loss from ordinary activities before income tax expense		(2,369,132)	(1,285,520)	(3,587,422)	(1,313,659)
Income tax expense relating to ordinary activities	5	-	-	-	-
Loss from ordinary activities after income tax expense		(2,369,132)	(1,285,520)	(3,587,422)	(1,313,659)
Total changes in equity other than those resulting from transactions with owners as owners		(2,369,132)	(1,285,520)	(3,587,422)	(1,313,659)
Earnings Per Share: Basic and diluted (cents per share)	9	(0.73)	(0.50)		

Notes to the financial statements are included on pages 13 to 35

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2003

	Notes	Consolidated 2003 $	Consolidated 2002 $	Company 2003 $	Company 2002 $
CURRENT ASSETS					
Cash assets	10	42,581	664,728	36,773	640,529
Receivables	11	62,023	56,709	52,023	46,709
Other financial assets	12	3,600	5,700	3,600	5,700
Other	15	2,483	1,788	2,483	1,788
TOTAL CURRENT ASSETS		110,687	728,925	94,879	694,726
NON CURRENT ASSETS					
Receivables	11	-	-	3,328,830	2,114,190
Other financial assets	12	3,328,830	-	-	-
Property, plant & equipment	14	112,226	132,649	22,977	29,498
Other	15	1,113,551	1,973,346	6,112	2,300
TOTAL NON CURRENT ASSETS		4,554,607	2,105,995	3,357,919	2,145,988
TOTAL ASSETS		4,665,294	2,834,920	3,452,798	2,840,714
CURRENT LIABILITIES					
Payables	16	248,225	103,531	248,225	103,531
Interest-bearing liabilities	17	145,982	-	145,982	-
Provisions	18	2,708	1,935	2,708	1,935
TOTAL CURRENT LIABILITIES		396,915	105,466	396,915	105,466
TOTAL LIABILITIES		396,915	105,466	396,915	105,466
NET ASSETS		4,268,379	2,729,454	3,055,883	2,735,248
EQUITY					
Contributed equity	19	18,824,531	14,916,474	18,824,531	14,916,474
Accumulated losses	20	(14,556,152)	(12,187,020)	(15,768,648)	(12,181,226)
TOTAL EQUITY		4,268,379	2,729,454	3,055,883	2,735,248

Notes to the financial statements are included on pages 13 to 35

EQUITY-1 RESOURCES NL ACN 010 195 972

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Consolidated 2003 $ Inflows (Outflows)	Consolidated 2002 $ Inflows (Outflows)	Company 2003 $ Inflows (Outflows)	Company 2002 $ Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		-	24,672	-	24,672
Payments to suppliers and employees		(1,314,167)	(1,235,375)	(1,072,140)	(908,813)
Refund of GST input tax credits		91,831	76,710	91,831	76,710
Interest received		8,445	12,873	8445	12,873
Interest paid		-	(254)	-	(254)
Net cash used in operating activities	23(b)	(1,213,891)	(1,121,374)	(971,864)	(794,812)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for mining tenement exploration		(122,252)	(241,945)	(3,810)	(2,300)
Loans to controlled entities		-	-	(372,228)	(598,229)
Purchase of property, plant and equipment		(10,320)	(49,077)	-	(27,441)
Purchase of investment		(19,830)	-	-	-
Sale of mining tenements		-	8,000	-	8,000
Sale of property, plant and equipment		-	16,281	-	16,281
Sale of shares in listed companies		-	13,200	-	13,200
Net cash used in investing activities		(152,402)	(253,541)	(376,038)	(590,489)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		235,600	2,142,000	235,600	2,142,000
Payment for share issue costs		-	(109,600)	-	(109,600)
Proceeds from borrowings		508,546	-	508,546	-
Repayment of director loans		-	(10,000)	-	(10,000)
Net cash provided by/(used in) financing activities		744,146	2,022,400	744,146	2,022,400
Net increase/(decrease) in cash held		(622,147)	647,485	(603,756)	637,099
Cash at the beginning of the financial year		664,728	17,243	640,529	3,430
Cash at the end of the financial year	10	42,581	664,728	36,773	640,529

Notes to the financial statements are included on pages 13 to 35

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Framework

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Urgent Issues Group Consensus Views, and complies with other requirements of the law.

The financial report covers the consolidated entity of Equity-1 Resources NL and controlled entities, and Equity-1 Resources NL as an individual parent entity. Equity-1 Resources NL is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless stated otherwise.

Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report.

(a) Going Concern

The directors have prepared the financial statements on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

The ability of the Company and the Consolidated Entity to continue as going concerns is dependent upon the continuation and availability of funds under a secured loan facility of $2 million from Perolin Investments Pty Ltd entered into on 28 July 2003 and the future income stream from the investment in Nilnav Orthopaedics Pty Ltd.

The terms of the facility from Perolin Investments Pty Ltd are as follows:

Facility:	$2,000,000
Security:	Assignment of Income / Dividend stream from Nilnav Orthopaedics Pty Limited
Term:	6 years
Repayment:	$500,000 per annum commencing 2 years 6 months from draw down of facility
Interest Rate:	NAB 90 BBR + 1%. Capitalised for 24 months then payable 6 months in arrears
Draw down:	On or before 30 November 2003. Part draw downs will be made available 14 days from notification.

The $2 million loan facility is anticipated to be repaid from the future dividend stream from the investment in Nilnav Orthopaedics Pty Ltd. Neumedix Inc (a subsidiary of Monet Technologies Inc) have signed an agreement with Nilnav Orthopaedics Pty Ltd for an exclusive licence to distribute, market and sub-licence the Hip Replacement Technology in certain territories in return for a licence fee of US$20 million per annum for a 15 year term commencing 2 years and 3 months after the signing of the agreement.

The view of the directors is that the facility will continue to be made available to meet the ongoing cashflow requirements of the company and consolidated entity and that a dividend stream from the investment in Nilnav will be sufficient to fund the repayment of this facility.

Based upon the views outlined above, the directors believe that, whilst there exists significant uncertainty with respect to going concern, the going concern basis of preparation is appropriate.

Should the Company and Consolidated Entity be unable to continue as going concerns, they may be required to realise their assets and extinguish liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(a) Going Concern (cont)

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities and appropriate disclosures that may be necessary should the company and the consolidated entity be unable to continue as going concerns.

(b) Principles of Consolidation

A controlled entity is any entity controlled by Equity-1 Resources NL. Control is as defined in Accounting Standard AASB 1024 'Consolidated Accounts'. Control exists where Equity-1 Resources NL has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the entity operates with Equity-1 Resources NL to achieve the objectives of Equity-1 Resources NL. Details of the controlled entities are contained in Note 13 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each controlled entity from the date on which the company obtains control and until such time as the company ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(c) Mining Tenements

Mining tenements are shown at cost. Ultimate recoupment of these costs are dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas. If an area of interest is abandoned or is considered to be of no further commercial interest, the mining tenement costs relating to the area are written off against income in the year of abandonment. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

(d) Exploration and Evaluation Expenditure

Expenditure represents direct costs incurred. Costs are accumulated in respect of areas of interest still in the exploration and/or evaluation phase where they have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Ultimate recoupment of these costs is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas. If an area of interest is abandoned or is considered to be of no commercial interest the accumulated exploration costs relating to the area are written off against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of economically recoverable reserves. Any costs of site restoration are provided for in the production stages and included in the costs of that stage.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(e) Investments

Investments in controlled entities are recorded at directors' valuation based on the net tangible assets of each controlled entity. Other investments are recorded at cost.

Shares in listed companies held as current assets are valued at market value. The gains or losses, whether realised or unrealised, are included in the profit from ordinary activities before income tax.

Non-current investments are measured on the cost basis. The carrying amount of non-current investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for listed investments.

(f) Income Tax

The consolidated entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(f) Income Tax (cont)

Timing differences, which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amounts of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(g) Property, Plant and Equipment

Property, plant and equipment are carried at cost less, where applicable, any accumulated depreciation or amortisation.

Plant and Equipment

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets are depreciated over their useful lives to the consolidated entity using the diminishing value or prime cost method, commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful lives used for each class of depreciable assets are:-

Class of Fixed Asset	Useful Life
Office Furniture	9 yrs
Leasehold Improvements	6 yrs
Plant & Equipment	4 – 8 yrs
Motor Vehicles	4 – 7 yrs

The gain or loss on disposal of all fixed assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal and is included in the profit from ordinary activities before income tax of the company in the year of disposal.

(h) Interest Bearing Liabilities

Bills of exchange are recorded at an amount equal to the net proceeds received, with the premium or discount amortised over the period until maturity. Interest expense is recognised on an effective yield basis.

Debentures, bank loans and other loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis.

Ancillary costs incurred in connection with the arrangement of borrowings are deferred and amortised over the period of the borrowing.

(i) Cash

For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(j) Employee Entitlements

Provision is made for the employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year, together with entitlements arising from wages and salaries and annual leave, which will be settled after one year, have been measured at their nominal amount.

Contributions are made by the consolidated entity to employee superannuation funds and are expensed when incurred.

(k) Revenue Recognition

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.
Dividend revenue is recognised when the right to receive a dividend has been established.
Rent revenue is recognised when the right to receive rent has been established.
All revenue is stated net of the amount of goods and services tax (GST).

(l) Accounts Payable

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(m) Foreign Currency

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date.
Exchange differences are brought to account in the profit and loss in the period in which they arise except that:

i. exchange differences which relate to assets under construction for future productive use are included in the cost of those assets; and
ii. exchange differences on transactions entered into in order to hedge the purchase or sale of specific goods and services are deferred and included in the measurement of the purchase or sale.

(n) Leased assets

Leased assets classified as finance leases are recognised as assets. The amount initially brought to account is the present value of minimum lease payments.

A finance lease is one which effectively transfers from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased property.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Finance lease payments are allocated between interest expense and reduction of lease liability over the term of the lease. The interest expense is determined by applying the interest rate implicit in the lease to the outstanding lease liability at the beginning of each lease payment period.

Operating lease payments are recognised as an expense on a basis which reflects the pattern in which economic benefits from the leased asset are consumed.

Surplus Leased Space

In the event that premises leased by the consolidated entity pursuant to a non-cancellable operating lease are identified as surplus to the needs of the consolidated entity, a liability and expense are recognised equal to the present value of the total expected outlay relating to the surplus space as specified under the lease agreement.

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(o) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is probable that recovery will be received and the amount of the receivable can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

(p) Receivables

Trade receivables and other receivables are recorded at amounts due less any allowance for doubtful debts.

Finance lease receivables are initially recorded at amounts equal to the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term. Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the terms of the lease in accordance with the actuarial method.

Bills of exchange are recorded at amortised cost, with revenue recognised on an effective yield basis.

(q) Recoverable Amount of Non-Current Assets

Non-current assets are written down to recoverable amount where the carrying value of any non-current asset exceeds recoverable amount. In determining the recoverable amount of non-current assets, the expected net cash flows have not been discounted to their present value.

(r) Financial Instruments Issued by the Company

Debt and Equity Instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction Costs on the Issue of Equity Instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and Dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the classification in the statement of financial position of the related debt or equity instruments or component parts of compound instruments.

(s) Acquisition of Assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amount payable in the future to their present value as at the date of acquisition.

(t) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(t) Goods and Services Tax (cont)

Cash flows are included in the statement of cash flows on a group basis. The GST component of cash flows arising from investing and financing activities which is recoverable from or payable to, the taxation authority is classified.

(u) Tax consolidation

Legislation to allow groups, comprising a parent entity and its Australian resident, wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002. This legislation, which includes both mandatory and elective elements, is applicable to the company.

At the date of this report the directors have not assessed the financial effect, if any, that implementation of the tax consolidation of the tax consolidation system may have on the company and economic entity, and accordingly, the directors have not made a decision whether or not to elect to be taxed as a single entity.

The financial effect of the implementation of the tax consolidation system on the company and consolidated entity has not been recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated		Company	
	2003	2002	2003	2002
	$	$	$	$
NOTE 2 REVENUE				
Operating activities:				
Rental revenue	-	6,750	-	6,750
Interest revenue				
- other corporations	8,445	13,440	8,445	13,440
	8,445	20,190	8,445	20,190
Non-operating activities:				
Proceeds on disposal of assets	-	16,281	-	16,281
Proceeds from disposal of listed shares	-	13,200	-	13,200
Other income	-	8,000	-	8,000
Total Revenue	8,445	57,671	8,445	57,671
NOTE 3 EXPENSES FROM ORDINARY ACTIVITIES				
Classification of expense by nature:				
Operating activities:				
Professional costs	818,916	671,741	668,786	497,391
Employee costs	80,350	66,882	76,226	62,248
Takeover defence	-	67,193	-	67,193
Travel and entertainment	161,659	129,591	141,945	93,525
Occupancy costs	83,807	56,734	75,460	42,040
Borrowing costs	5,204	11,389	2,632	2,204
Overheads	243,493	334,861	162,130	240,583
	1,393,429	1,338,391	1,127,179	1,005,184
Non-operating activities:				
Diminution in listed shares	2,100	4,800	2,100	4,800
Diminution in inter-entity loans	-	-	2,466,588	361,346
Exploration costs written off	982,048	-	-	-
	984,148	4,800	2,468,688	366,146
	2,377,577	1,343,191	3,595,867	1,371,330

The write down of non-current investments was based on the expected realisable values of the assets at the end of the financial year.

NOTE 4 LOSS FROM ORDINARY ACTIVITIES

Loss from ordinary activities before income tax includes the following items of expense:

	Consolidated 2003	Consolidated 2002	Company 2003	Company 2002
Depreciation of non-current assets	30,743	35,978	6,521	9,137
Foreign exchange gain (loss)	3,528	12,340	-	-
Loss on disposal of securities and investments	-	35,600	-	35,600
Net loss on disposal of fixed assets	-	11,877	-	11,877
Interest paid - other corporations	982	254	982	254
Rental expense on operating leases - minimum lease payments	81,236	55,808	74,580	42,141
Transfer to provision for employee Entitlements	2,708	1,935	2,708	1,935

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated		Company	
	2003 $	2002 $	2003 $	2002 $
NOTE 5 INCOME TAX EXPENSE				
The prima facie income tax expense on pre-tax accounting loss reconciles to the income tax expense in the financial statements as follows:				
Loss from ordinary activities	(2,369,132)	(1,285,520)	(3,587,422)	(1,313,659)
Income tax expense calculated at 30%	(710,740)	(385,656)	(1,076,227)	(394,098)
Permanent differences				
- capital loss on write off of tenements	-	-	-	-
- write-down of investments	630	1,440	630	1,440
- write-down of loans to controlled entities	-	-	739,976	108,404
- non-deductible expenses	14,452	30,484	14,914	30,375
- tax losses and timing differences not brought to account as future income tax benefits	695,658	353,732	320,707	253,879
Income tax expense relating to ordinary activities	-	-	-	-
The future income tax benefits Not brought to account as assets:				
Tax losses - revenue	5,029,242	4,078,249	2,697,147	2,374,302
Tax losses - capital	1,135,901	993,991	292,928	291,567
Exploration and development expenditure carried forward	2,930	2,930	-	-
Foreign losses - revenue*	527,197	368,271	-	-
	6,695,270	5,443,441	2,990,075	2,665,869

* Access to the foreign losses is extremely limited due to the taxation provisions relating to the recovery of those losses.

Realisation of the above benefits is dependent on:

(a) the ability of the parent entity and the consolidated entity to derive future assessable income of a nature and of a sufficient amount to enable the benefit to be realised;

(b) the ability of the parent entity and the consolidated entity to continue to comply with the conditions for deductibility imposed by law; and

(c) an expectation that legislation will not change in a manner which would adversely affect the parent entity's and the consolidated entity's ability to realise the benefits.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated 2003 $	Consolidated 2002 $	Company 2003 $	Company 2002 $

NOTE 6 REMUNERATION AND RETIREMENT BENEFITS

(a) Directors' Remuneration

The names of directors of the company who have held office during or since the end of the current financial year are:-

F Edge
S Mulcahy
P Thomas
G Damp – resigned 16 January 2003
S Reid – resigned 6 June 2003
M Flory - resigned 6 June 2003

	Consolidated 2003 $	Consolidated 2002 $	Company 2003 $	Company 2002 $
The aggregate of income paid or payable, or otherwise made available, in respect of the financial year, to all directors of each entity in the consolidated entity, directly or indirectly, by the entities in which they are directors or by any related party.	397,684	176,000		
The aggregate of income paid or payable or otherwise made available, in respect of the financial year, to all directors of the company, directly or indirectly, by the company or by any related party.			397,684	176,000

The number of directors of the company whose aggregate income paid or payable, or otherwise made available falls within each successive $10,000 band of income *(commencing at $0)*:

	Company 2003 No.	Company 2002 No.
$0 - $9,999	2	3
$10,000 - $19,999	1	-
$40,000 - $49,999	-	1
$80,000 - $89,999	1	-
$120,000 - $129,999	1	-
$130,000 - $139,999	-	1
$160,000 - $169,999	1	-

(b) Executives' Remuneration

	Consolidated 2003 $	Consolidated 2002 $	Company 2003 $	Company 2002 $
Aggregate remuneration of executive officers of each entity in the consolidated entity (including executive directors) working mainly in Australia and receiving $100,000 or more from the entity for which they are executive officers or from any related party.	295,866	131,791		
Aggregate remuneration of executive officers of the company (including executive directors) working mainly in Australia and receiving $100,000 or more from the company or from any related party.			295,866	131,791

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

		Consolidated		Company	
		2003	2002	2003	2002
		$	$	$	$
NOTE 6	**REMUNERATION AND RETIREMENT BENEFITS (cont)**				
	The number of executive officers (including executive directors) whose remuneration falls within each successive $10,000 band of income	No.	No.	No.	No.
	$120,000 - $129,999	1	-	1	-
	$130,000 - $139,999	-	1	-	1
	$160,000 - $169,999	1	-	1	-
(c)	**Retirement Benefits**				
	Aggregate retirement benefits paid to all directors of the company, by the company or by any related party			-	95,200
	Aggregate retirement benefits paid to all directors of each entity in the consolidated entity, by the entities in which they are directors or by any related party	-	-		

Particulars of directors' retirement benefits are disclosed in aggregate only as the directors believe that the provision of full particulars would be unreasonable.

NOTE 7 REMUNERATION OF AUDITORS

	Consolidated 2003 $	Consolidated 2002 $	Company 2003 $	Company 2002 $
Remuneration of the auditor of the parent entity for:				
- auditing the financial report	39,500	26,000	35,000	26,000
- other services	4,635	300	4,635	300
	44,135	26,300	39,635	26,300

NOTE 8 DIVIDENDS

At 30 June 2003, the balance of the franking account of the consolidated entity and parent entity was nil (2002: nil).

NOTE 9 EARNINGS PER SHARE

	Cents per share	Cents per share
Basic and diluted earnings per share	(0.73)	(0.50)

Diluted earnings per share has not been calculated as the "trigger test" in AASB 1027 was not satisfied and as such, the standard did not require reporting of the diluted earnings per share.

The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share:

	2003 No. '000	2002 No. '000
Unlisted Options	181,015	-
	181,015	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

NOTE 9 EARNINGS PER SHARE (cont)

	Consolidated		Company	
	2003	2002	2003	2002
	$	$	$	$
BASIC EARNINGS PER SHARE				
Earnings	(2,369,132)	(1,285,520)		
Weighted average number of ordinary shares	326,493,141	258,919,389		

Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

Weighted average number of ordinary shares used in the calculation of basic EPS	326,493,141	-		

NOTE 10 CASH

Cash at bank	42,581	664,728	36,773	640,529

NOTE 11 RECEIVABLES

CURRENT				
Security deposits	10,950	11,700	950	1,700
GST receivable	31,415	26,804	31,415	26,804
Sundry receivables	19,658	18,205	19,658	18,205
	62,023	56,709	52,023	46,709
NON-CURRENT				
Loans to controlled entities	-	-	11,118,757	7,437,529
Less: allowance for doubtful debts	-	-	(7,789,927)	(5,323,339)
	-	-	3,328,830	2,114,190

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated		Company	
	2003 $	2002 $	2003 $	2002 $
NOTE 12 OTHER FINANCIAL ASSETS				
CURRENT				
Shares in listed entities – at cost (i)	5,700	55,127	5,700	55,127
Less: provision for diminution	(2,100)	(49,427)	(2,100)	(49,427)
	3,600	5,700	3,600	5,700
NON-CURRENT				
Shares – at cost (ii)	3,328,830	-	-	-
Less: provision for diminution	-	-	-	-
Shares in controlled entities – at cost (iii)	-	-	238,000	238,000
Less: provision for diminution	-	-	(238,000)	(238,000)
	3,328,830	-	-	-

(i)

The consolidated entity owns 300,000 ordinary shares in SmartTrans Holdings Ltd, a mining exploration and technology company, and this investment represents approximately 0.16% of the issued capital of that company. The carrying amount of the investment is $3,600 at 30 June 2003.

(ii)

The consolidated entity holds 10% (2002: nil) of the ordinary share capital of Nilnav Orthopaedics Pty Ltd, a company involved in minimally invasive hip replacement procedures and toolset design, modification and manufacture.

(iii)

The investment in the controlled entities was fully provided for by directors in the 30 June 2002 year having regard to the net assets of those entities.

The net fair value of shares in listed entities is disclosed in Note 24 to the financial statements.

NOTE 13 CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Principal Activity	Group Beneficial Interest 2003 %	Group Beneficial Interest 2002 %
Greater Australian Gold NL	Australia	Mineral exploration	100	100
Three Star Mining NL	Australia	Gold exploration	100	100
Solgold Pty Ltd*	Australia	Gold exploration	100	100
Moonlight Mining NL	Australia	Mineral exploration	100	100
Argentina Diamonds Ltd	Australia	Diamond exploration	100	100

Equity-1 Resources NL is the ultimate parent entity of the group. The country of incorporation is Australia.

* This controlled entity is classified as a small proprietary company and, in accordance with the Corporations Act 2001, is relieved from the requirement to prepare, audit and lodge a financial report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

NOTE 14 PROPERTY, PLANT & EQUIPMENT

	Consolidated			
	Office Furniture	Plant & Equipment	Motor Vehicles	Total
Gross Carrying Amount				
Balance at 30 June 2002 – at cost	16,383	37,203	142,221	195,807
Additions	2,584	7,158	578	10,320
Disposals	-	-	-	-
Balance at 30 June 2003 – at cost	18,967	44,361	142,799	206,127
Accumulated Depreciation				
Balance at 30 June 2002	1,926	14,219	47,013	63,158
Depreciation expense	2,064	7,231	21,448	30,743
Disposals	-	-	-	-
Balance at 30 June 2003	3,990	21,450	68,461	93,901
Net Book Value				
As at 30 June 2002	14,457	22,984	95,208	132,649
As at 30 June 2003	14,977	22,911	74,338	112,226

	Company			
	Office Furniture	Plant & Equipment	Motor Vehicles	Total
Gross Carrying Amount				
Balance at 30 June 2002 – at cost	13,173	30,094	-	43,267
Additions	-	-	-	-
Disposals	-	-	-	-
Balance at 30 June 2003 – at cost	13,173	30,094	-	43,267
Accumulated Depreciation				
Balance at 30 June 2002	1,443	12,326	-	13,769
Depreciation expense	1,526	4,995	-	6,521
Disposals	-	-	-	-
Balance at 30 June 2003	2,969	17,321	-	20,290
Net Book Value				
As at 30 June 2002	11,730	17,768	-	29,498
As at 30 June 2003	10,204	12,773	-	22,977

Aggregate depreciation allocated during the year is recognised as an expense and disclosed in Note 4 to the financial statements.

	Consolidated		Company	
	2003	2002	2003	2002
	$	$	$	$
NOTE 15 OTHER ASSETS				
CURRENT				
Prepayments	2,483	1,788	2,483	1,788
	2,483	1,788	2,483	1,788
NON-CURRENT				
Development & exploration interest - at cost*	1,113,551	1,973,346	6,112	2,300
	1,113,551	1,973,346	6,112	2,300

* In accordance with Accounting Standard AASB 1041 "Revaluation of Non-Current Assets", the directors have deemed that development and exploration interests are to be recorded at cost for financial reporting purposes. This is consistent with the prior financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

		Consolidated		Company	
		2003	2002	2003	2002
		$	$	$	$
NOTE 16	**CURRENT PAYABLES**				
	Trade payables and accruals	248,225	103,531	248,225	103,531
NOTE 17	**INTEREST-BEARING LIABILITIES**				
	Unsecured:				
	Other loans	145,982	-	145,982	-
NOTE 18	**PROVISIONS**				
	Employee benefits	2,708	1,935	2,708	1,935
	The company has one employee at year end (2002 : 1)				
NOTE 19	**CONTRIBUTED EQUITY**				
	394,342,630 fully paid ordinary shares (Consolidated Entity) (2002: 276,983,115)	18,824,531	14,916,474	18,824,531	14,916,474
	Fully paid ordinary shares carry one vote per share and the right to dividends.				
	(a) **Ordinary Shares**				
	At the beginning of the reporting period	14,916,474	12,884,074	14,916,474	12,884,074
	Shares issued during 2003 year:				
	- 48,879,373 on 25 November 2002	1,710,778	-	1,710,778	-
	- 10,975,000 on 13 March 2003	175,600	-	175,600	-
	- 57,505,142 on 13 March 2003	2,021,679	-	2,021,679	-
	Shares issued during 2002 year:				
	- 17,840,000 on 3 August 2001	-	892,000	-	892,000
	- 1,375,000 on 9 November 2001	-	34,375	-	34,375
	- 2,400,000 on 7 January 2002	-	120,000	-	120,000
	- 5,600,000 on 9 January 2002	-	280,000	-	280,000
	- 625,000 on 15 February 2002	-	15,625	-	15,625
	- 8,000,000 on 7 March 2002	-	400,000	-	400,000
	- 8,000,000 on 22 March 2002	-	400,000	-	400,000
	Transaction costs relating to issue of shares	-	(109,600)	-	(109,600)
	At reporting date	18,824,531	14,916,474	18,824,531	14,916,474

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated		Company	
	2003	2002	2003	2002
	$	$	$	$

NOTE 19 CONTRIBUTED EQUITY (cont)

2003 Transactions:

In November 2002, 48,879,373 ordinary shares were issued at 3.5 cents per share, to Hartshill Investments (Australia) Pty Ltd being part settlement of the 10% interest in Nilnav Orthopaedics (formely known as MIS Orthopaedics).

In March 2003, 10,975,000 ordinary shares were issued at 1.6 cents per share, being a placement to raise additional working capital.

In March 2003, 57,505,142 ordinary shares were issued at 3.5 cents per share being the settlement of outstanding consideration for the purchase of the 10% interest in Nilnav Orthopaedics Pty Ltd (formely known as MIS Orthopaedics).

2002 Transactions:

In August 2001, 17,840,000 ordinary shares were issued at 5 cents per share, being a placement to raise additional working capital.

In November 2001, 1,375,000 ordinary shares were issued at 2.5 cents per share, being an exercise of options by N Calabro and G Billinghurst.

In January 2002, 8,000,000 ordinary shares were issued at 5 cents per share being a placement to raise additional working capital.

In February 2002, 625,000 ordinary shares were issued at 2.5 cents per share being an exercise of options by S Reid.

In March 2002, 16,000,000 ordinary shares were issued at 5 cents per share being a placement to raise additional working capital.

(b) Options	No.		No.	
At the beginning of the reporting period	175,860,000	13,900,000	175,860,000	13,900,000
Expired during the 2003 year: - 30 June 2003	(167,360,000)	-	(167,360,000)	-
Expired during the 2002 year: - 30 September 2002	-	(13,900,000)	-	(13,900,000)
Issued during the 2003 year: - 13 March 2003	172,515,425	-	172,515,425	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

		Consolidated		Company	
		2003	2002	2003	2002
		$	$	$	$
NOTE 19	**CONTRIBUTED EQUITY (cont)**				
		No.		No.	
	Issued during the 2002 year:				
	- 21 October 2001	-	8,000,000	-	8,000,000
	- 29 November 2001	-	71,360,000	-	71,360,000
	- 30 November 2001	-	2,500,000	-	2,500,000
	- 14 January 2002	-	9,600,000	-	9,600,000
	- 15 January 2002	-	22,400,000	-	22,400,000
	- 7 March 2002	-	32,000,000	-	32,000,000
	- 22 March 2002	-	32,000,000	-	32,000,000
	Exercised during the 2002 year:				
	- 9 November 2001	-	(1,375,000)	-	(1,375,000)
	- 25 January 2002	-	(625,000)	-	(625,000)
	At reporting date	181,015,425	175,860,000	181,015,425	175,860,000
NOTE 20	**ACCUMULATED LOSSES**				
	Accumulated losses at the beginning of the financial year	(12,187,020)	(10,901,500)	(12,181,226)	(10,867,567)
	Net loss	(2,369,132)	(1,285,520)	(3,587,422)	(1,313,659)
	Accumulated losses at the end of the financial year	(14,556,152)	(12,187,020)	(15,768,648)	(12,181,226)

NOTE 21 CAPITAL AND LEASING COMMITMENTS

The consolidated entity is committed to capital expenditure on its various mining tenements and leases as follows:

Payable:				
- not later than 1 year	320,000	320,000	320,000	320,000
- later than 1 year but not later than 2 years	320,000	320,000	320,000	320,000
- lather than 2 years but not later than 5 years	-	320,000	-	320,000
	640,000	960,000	640,000	960,000

Operating Lease and Rental Commitments

Non-Cancellable Operating Leases contracted for but not capitalised in the financial statements are as follows:

Office Premises

Payable:				
- not later than 1 year	63,527	63,527	63,527	63,527
- later than 1 year but not later than 5 years	42,351	105,878	42,351	105,878
	105,878	169,405	105,878	169,405

The lease of office premises is for a three-year term. The lease is subject to annual CPI rent reviews and a market rent review at the expiration of the lease term.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

NOTE 22 STATEMENT OF OPERATIONS BY SEGMENT

Primary reporting – Geographical segments
The consolidated entity operates in two geographical locations, Australia and Argentina.

	Australia		Argentina		Eliminations		Consolidated Entity	
	2003 $	2002 $	2003 $	2002 $	2003 $	2002 $	2003 $	2002 $
Revenue								
External revenue	-	14,750	-	-	-	-	-	14,750
Unallocated revenue	8,445	13,440	-	-	-	-	8,445	13,440
Total revenue from ordinary activities	8,445	28,190	-	-	-	-	8,445	28,190
Result								
Segment result	(4,577,003)	(1,319,717)	(258,717)	(322,095)	2,466,588	361,346	(2,369,132)	(1,280,466)
Unallocated expenses	-	(5,054)	-	-	-	-	-	(5,054)
Operating profit before income tax	(4,577,003)	(1,324,771)	(258,717)	(322,095)	2,466,588	361,346	(2,369,132)	(1,285,520)
Assets								
Segment assets	6,829,051	3,759,922	1,173,773	1,197,886	(3,337,531)	(2,122,888)	4,665,294	2,834,920
Liabilities								
Segment liabilities	8,027,144	4,289,069	3,488,528	3,253,924	(11,118,757)	(7,437,527)	396,915	105,466
Other								
Acquisitions of non-current segment assets	3,328,830	166,391	17,585	100,131	-	-	3,346,415	266,522
Depreciation and amortisation of segment assets	6,521	9,137	24,222	26,841	-	-	30,743	35,978

Secondary reporting – Business segments
The consolidated entity operates solely in one business segment, being mineral exploration.

Accounting Policies
Segment revenues and expenses are those directly attributable to the segments.
Segment assets and liabilities include all assets used in and all liabilities generated by the segments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated		Company	
	2003	2002	2003	2002
	$	$	$	$

NOTE 23 CASH FLOW INFORMATION

(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Consolidated 2003 $	Consolidated 2002 $	Company 2003 $	Company 2002 $
Cash at bank	42,581	664,728	36,773	640,529
	42,581	664,728	36,773	640,529

(b) Reconciliation of loss from ordinary activities after related income tax to net cash flows from operating activities

	Consolidated 2003 $	Consolidated 2002 $	Company 2003 $	Company 2002 $
Loss from ordinary activities after income tax	(2,369,132)	(1,285,520)	(3,587,422)	(1,313,659)
Non cash flows in operating loss:				
Net loss on disposal of securities and investments	-	35,600	-	35,600
Net loss on disposal of fixed assets	-	11,877	-	11,877
Depreciation	30,743	35,978	6,521	9,137
Exploration, evaluation or development costs written off	982,048	-	-	-
Shares issued for directors' retirement benefits	-	95,200	-	95,200
Provision for diminution of carrying value of investments	2,100	4,800	2,100	4,800
Provision for diminution in value of investment in subsidiaries	-	-	2,466,588	-
Provision for doubtful recovery of subsidiary loans	-	-	-	361,346
Changes in assets and liabilities:				
Decrease/(increase) in receivables	(766)	13,328	4,827	8,291
Increase/(decrease) in trade creditors and accruals	145,594	(9,403)	145,594	15,830
Increase/(decrease) in provisions	773	1,935	763	1,935
Decrease/(increase) in prepayments	(695)	(1,788)	(5,352)	(1,788)
Decrease/(increase) in advances	-	(2,811)	(2,189)	(2,811)
Decrease/(increase) in bonds	750	(200)	750	(200)
Decrease/(increase) in TFN withholding	(695)	(567)	567	(567)
Decrease/(increase) in GST	(4,611)	(19,803)	(4,611)	(19,803)
Cash Flow from Operations	(1,213,891)	(1,121,374)	(971,864)	(794,812)

(c) There are no standby or unused credit facilities available to the consolidated entity or parent entity at year end.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated		Company	
	2003	2002	2003	2002
	$	$	$	$

NOTE 23 CASH FLOW INFORMATION (cont)

(d) Cash balances not available for use

Bank Guarantee Security Deposit	16,552	16,000	16,552	16,000

The bank guarantee security deposit is held at Macquarie Bank at an interest rate of 3.4% per annum.

(e) Non-cash Financing and Investing Activities

During the financial year, the consolidated entity through Solgold Pty Ltd, a wholly owned subsidiary, purchased 10% of the issued share capital in Nilnav Orthopaedics Pty Ltd. The purchase was financed through the issue of 106,384,515 shares in Equity-1 Resources NL comprised of:

Issued to	Shares	Consideration
Hartshill Investments Pty Ltd	48,879,373	$1,710,778
MTM Holdings Pty Ltd	57,505,142	$2,012,680
	106,384,515	$3,723,458

NOTE 24 RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Director related entities

Year ended 30 June 2003:

(i) During the financial year, the consolidated entity purchased a 10% interest in Nilnav Orthopaedics Pty Ltd. F Edge and S Mulcahy are both directors of Nilnav Orthopaedics Pty Ltd.

(ii) F Edge provided consultancy services to the company of $157,684 during the year.

(iii) SAR Consulting, a company associated with S Reid provided consultancy services to the company of $116,364 during the year.

(iv) M Flory provided consultancy services to the company of $71,818 during the year.

(iv) F Edge received $10,909 in director fees during the year in his capacity as director of the company.

(v) S Reid received $10,909 in director fees during the year in his capacity as director of the company.

(vi) M Flory received $10,909 in director fees during the year in his capacity as director of the company.

(vii) S Mulcahy received $13,636 in director fees during the year in his capacity as director of the company.

(viii) P Thomas received $5,455 in director fees during the year in his capacity as director of the company.

All consultancy services above were provided at normal commercial rates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

NOTE 24 RELATED PARTY TRANSACTIONS (cont)

Year Ended 30 June 2002:

(i) F Edge provided consultancy services to the company of $131,791 during the year.

(ii) SAR Consulting, a company associated with S Reid provided consultancy services to the company of $40,909 during the year.

(iii) Colhurst Investment Bankers, a company associated with G Billinghurst, provided consultancy services to the company of $3,300 during the year.

(iv) Calabro Partners, a partnership associated with N Calabro, provided accounting and secretarial services to the consolidated entity of $84,288 during the year. The amount attributable to the company was $84,288. The amount accrued in the consolidated entity at 30 June 2003 was $20,000.

(iv) At 30 June 2003, Rimfire Pacific Mining NL holds 7,000,000 ordinary shares in Equity-1 Resources NL and this investment represents approximately 2.5% of the issued share capital. Messrs N Calabro, G Billinghurst and S Reid are directors of Rimfire Pacific Mining NL.

(v) Rimfire Pacific Mining NL rented office space for its geographical office from Equity-1 Resources NL during the period 1 July 2002 to 31 March 2003 for an amount of $7,425 inclusive of GST.

(w) On 8 August 2001 the company repaid $10,000 plus $110 interest that was loaned to the company by Mr Norbert Calabro on 27 June 2001.

(b) The aggregate number of shares and options in Equity-1 Resources NL transacted by directors during the year ended 30 June 2003 were:

	2003 No. of shares	2003 No. of options	2002 No. of shares	2002 No. of options
Issued:	400,000	-	2,125,000	6,500,000

The directors share and option holdings both direct and indirect in Equity-1 Resources NL at 30 June 2003 were:

	2003 No. of shares	2003 No. of options	2002 No. of shares	2002 No. of options
F Edge	3,501,918	2,500,000	1,401,918	2,500,000
S Mulcahy	400,000	-	-	-
P Thomas	-	-	-	-
S Reid	-	1,875,000	625,000	1,875,000
M Flory	-	-	-	-
G Damp	-	-	-	-
N Calabro	-	-	1,571,212	2,250,000
G Billinghurst	-	-	1,640,000	1,875,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

NOTE 24 RELATED PARTY TRANSACTIONS (cont)

(c) Transactions with entities in the wholly owned group

Name of Entity	Loan balance at 30 June 2003 $	Loan balance at 30 June 2002 $	Loan Details
Greater Australian Gold NL	-	315,284	Interest free, payable at call
Three Star Mining NL	-	-	Interest free, payable at call
Solgold Pty Ltd	3,328,830	-	Interest free, payable at call
Moonlight Mining NL	-	603,925	Interest free, payable at call
Argentina Diamonds Ltd	-	1,194,979	Interest free, payable at call

The above loans are shown net of an allowance for doubtful debts which has been made in the books of Equity-1 Resources NL. The gross amount of the loan and allowance for doubtful debts for each entity is as follows:

Name of Entity	Gross loan balance at 30 June 2003 $	Allowance for doubtful debts at 30 June 2003 $	Net loan balance at 30 June 2003 $
Greater Australian Gold NL	-	-	-
Three Star Mining NL	-	-	-
Solgold Pty Ltd	3,328,830	-	3,328,830
Moonlight Mining NL	-	-	-
Argentina Diamonds Ltd	-	-	-

(d) Equity interest in related parties

Equity interest in controlled entities

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 13 to the financial statements.

(e) Directors' Remuneration and Retirement Benefits

Details of directors remuneration is disclosed in Note 6 to the financial statements.

NOTE 25 FINANCIAL INSTRUMENTS

Interest Rate Risk

The consolidated entity manages its exposure to interest rate fluctuations through a formal set of policies and procedures established by the board of directors.

The company does not engage in transactions which are speculative in nature.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

NOTE 25 FINANCIAL INSTRUMENTS (cont)

Exposures to interest rate risks on financial assets and liabilities for the consolidated entity are summarised as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Non-Interest Bearing	
	2003	2002	2003	2002	2003	2002
	%	%	$	$	$	$
FINANCIAL ASSETS						
Cash	6.35	2.65	36,574	640,329	6,007	24,399
Receivables	-	-	-	-	62,023	56,709
Listed shares	-	-	-	-	3,600	5,700
Shares at cost	-	-	-	-	3,328,830	-
Total Financial Assets			36,574	640,329	3,400,460	86,808
FINANCIAL LIABILITIES						
Trade payables and Accruals	10	-	145,982	-	248,225	103,531
Employee provisions	-	-	-	-	2,708	1,935
Total Financial Liabilities			145,982	-	250,933	105,466
Net Financial (Liabilities)/Assets			(109,408)	640,329	3,149,529	(18,658)

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any allowance for doubtful debts of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

Net Fair Values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at balance date is as follows:

	Total carrying amount as per the statement of financial position		Aggregate net fair value	
	2003	2002	2003	2002
	$	$	$	$
Financial Assets				
Cash	42,581	664,728	42,581	664,728
Receivables	62,023	56,709	62,023	56,709
Listed Shares	3,600	5,700	3,600	5,700
Shares – at cost	3,328,830	-	3,328,830	-
Total Financial Assets	3,437,034	727,137	3,437,034	727,137
Financial Liabilities				
Trade Creditors	394,207	103,531	394,207	103,531
Employee Provisions	2,708	1,935	2,708	1,935
Total Financial Liabilities	396,915	105,466	396,915	105,466

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

NOTE 25 FINANCIAL INSTRUMENTS (cont)

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

Recognised financial instruments

Cash: The carrying amount approximates fair value.

Receivables: The carrying amount approximates fair value.

Listed shares: For financial instruments traded in organised financial markets, fair value is the current market bid price for the asset. The values of the shares held are reviewed by the Board at balance date. Where it is considered necessary a write down of the carrying value of individual investments is made. At balance date a write down was made for current and non-current assets. The portfolio of shares will continue to be monitored by the Board in accordance with the company's corporate governance.

Shares – at cost: The carrying amount approximates fair value.

Trade creditors: The carrying amount approximates fair value.

Employee Provisions: The carrying amount approximates fair value.

NOTE 26 AFTER BALANCE DATE EVENTS

On 28 July 2003, the directors of the company entered into a loan facility with Perolin Investments Pty Ltd for $2 million. It is anticipated that once available, this facility will be used by the company to further the Rincon Star Project in Argentina. Repayment of the $2 million facility once drawn is anticipated to be from a dividend stream from the company's investment in NILNAV Orthopaedics Pty Ltd and over an estimated six years. The first payment under the facility will be due in two years and six months from the date of drawdown.

NILNAV Orthopaedics Pty Ltd, the company in which Equity-1 Resources NL holds a 10% investment, has signed a contract with Monet Technology Inc from which NILNAV Orthopaedics Pty Ltd forecasts receiving US $20 million per annum. Equity-1 Resources NL is forcasting to receive a dividend stream from Nilnav Orthopaedics Pty Ltd sufficient to meet the onging financing of the consolidated entity.

NOTE 27 NON-HEDGED FOREIGN CURRENCY BALANCES

The Australian dollar equivalent of foreign currency balances included in the financial statements which are not effectively hedged are as follows:

	Consolidated		Company	
	2003	2002	2003	2002
	$	$	$	$
Argentine Pesos				
Cash	5,809	19,024	-	-

NOTE 28 CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities in existence as at the date of this report.

EQUITY-1 RESOURCES NL ACN 010 195 972

DIRECTORS' DECLARATION

The directors declare that:

(a) The attached financial statements and notes thereto comply with Accounting Standards;

(b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the company and the consolidated entity;

(c) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and

(d) In the directors' opinion, 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 made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the directors

T Edge
Director

Dated at Brisbane, this 26th day of September 2003.

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF EQUITY-1 RESOURCES NL

Scope

The financial report and directors' responsibility
The financial report comprises the statement of financial position, statement of financial performance, statement of cashflows, accompanying notes to the financial statements, and the directors' declaration for both Equity-1 Resources NL (the company) and the consolidated entity, for the financial year ended 30 June 2003 as set out on pages 10 to 36. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial 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 have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance 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 controls, 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 form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the Corporations Act 2001 and Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and 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.

The audit opinion expressed in this report has been formed on the above basis.

Independence

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

Deloitte
Touche
Tohmatsu

Audit Opinion

In our opinion, the financial report of Equity-1 Resources NL is in accordance with:

(a) the Corporations Act 2001, including:

(i) giving 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; and

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

(b) other mandatory professional reporting requirements in Australia.

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 the matters described in Note 1(a) "Going Concern", there is significant uncertainty whether the company and the consolidated entity will be able to continue as going concerns and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

M. Sheerin

MG Sheerin
Partner
Chartered Accountants

Brisbane, 30 September 2003

EQUITY-1 RESOURCES NL ACN 010 195 972

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

1. The shareholder information set out below was applicable as at 27th August 2003.

(a) Distribution of Shareholders by Class

Category (size of holding)	Ordinary Shares	No of Holders	Unlisted Options	No of Holders
1 - 1,000	246,607	1,267	-	-
1,001 - 5,000	1,456,965	483	-	-
5,001 – 10,000	2,032,913	248	-	-
10,001 - 100,000	48,744,510	1,029	-	-
100,001 and over	284,356,493	506	181,015,425	5
	336,837,488	3,533	181,015,425	5

(b) The number of shareholdings held in less than marketable parcels is 2,178 as at 27th August 2003.

(c) The number of holders of each class of equity security as at 27th August 2003 was:

Class of Security	Number
Ordinary fully paid shares	3,533
Unlisted options	1

(d) The names of the substantial shareholders listed in the holding company's register as at 27th August 2003 are:

Shareholder	No. Ordinary Shares
Hartshill Investments (Australia) Pty Ltd	48,879,373

(e) Voting Rights

Every Member is entitled to be present at a meeting and may vote. Options do not carry a right to vote.

On a show of hands, every Member has one vote.

On a poll every Member has:
- one vote for each fully paid share; and
- voting rights pro rata to the amount paid up on each partly paid share held by the Member.

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ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

(f) 20 Largest Shareholders - Ordinary Capital as at 27th August 2003.

	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	Hartshill Investments (Australia) Pty Ltd	48,879,373	14.51%
2.	Mr Charles Edward Zimmerman	8,000,000	2.38%
3.	Powerise Technology Ltd	5,950,000	1.77%
4.	RJ Brown Holdings Pty Ltd	5,760,000	1.71%
5.	Mr David John Martell	5,010,000	1.49%
6.	Tresspassers "W" Pty Ltd	5,000,000	1.48%
7.	W & K Associates Pty Ltd	5,000,000	1.48%
8.	Action Funds Management	4,749,668	1.41%
9.	Mr David Ian Farrell	4,620,815	1.37%
10.	Shemariah Pty Ltd	4,257,500	1.26%
11.	Mrs Rochelle Bull	2,810,000	0.83%
12.	Westpac Custodian Nominees	2,274,548	0.68%
13.	Mr Frank Blair Edge	2,000,000	0.59%
14.	Richmond Bridge Pty Ltd	2,000,000	0.59%
15.	Sapele Pty Ltd	2,000,000	0.59%
16.	WWB Investments Pty Ltd	2,000,000	0.59%
17.	Neonreach Pty Ltd	1,833,362	0.54%
18.	WWB Investments S/F A/c	1,700,000	0.50%
19.	National Nominees Ltd	1,633,888	0.49%
20.	Hegarty Super Fund A/c	1,597,300	0.47%
		117,076,454	34.73%

2. The name of the company secretary is Joanna Byrne.

3. The address and telephone number of the administrative office and registered office are as follows:

Administrative Office
Level 3, 320 Adelaide Street
Brisbane, Queensland 4000

Telephone: (07) 3229 2677
Facsimile: (07) 3229 4066

Registered Office
Level 3, 320 Adelaide Street
Brisbane, Queensland 4000

Telephone: (07) 3229 2677
Facsimile: (07) 3229 4066

4. The register of securities is held at the following address:

Queensland
Computershare Investor Services Pty Ltd
Level 27, Central Plaza One
345 Queen Street
Brisbane, Queensland 4000

Telephone: (07) 3237 2173
Facsimile: (07) 3229 9860

5. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited.

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ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

6. Vendor Securities

There are no restricted securities on issue as at 27th August 2003.

7. Unquoted Securities

20 Largest Holders of Unlisted Options as at 27th August 2003.

	Name	Number of Unlisted Options Held	%
1.	MTM Holdings	172,515,425	95.30%
		172,515,425	95.30%

8. Mining Tenements held

SCHEDULE OF MINING TENEMENTS

Tenement Reference	Locality	Registered Holder	State	Other Notes
16879	Rincon	100% Argentina Diamonds Ltd	Argentina	Rincon Project
16880	Rincon I	100% Argentina Diamonds Ltd	Argentina	Rincon Project
16881	Rincon II	100% Argentina Diamonds Ltd	Argentina	Rincon Project
16882	Rincon III	100% Argentina Diamonds Ltd	Argentina	Rincon Project
16883	Rincon IV	100% Argentina Diamonds Ltd	Argentina	Rincon Project
16884	Rincon V	100% Argentina Diamonds Ltd	Argentina	Rincon Project
16982	Rincon VI	100% Argentina Diamonds Ltd	Argentina	Rincon Project
16983	Rincon VII	100% Argentina Diamonds Ltd	Argentina	Rincon Project
16984	Rincon VIII	100% Argentina Diamonds Ltd	Argentina	Rincon Project
16985	Rincon IX	100% Argentina Diamonds Ltd	Argentina	Rincon Project
16986	Rincon X	100% Argentina Diamonds Ltd	Argentina	Rincon Project
16987	Rincon XI	100% Argentina Diamonds Ltd	Argentina	Rincon Project
16988	Rincon XII	100% Argentina Diamonds Ltd	Argentina	Rincon Project
16989	Rincon XIII	100% Argentina Diamonds Ltd	Argentina	Rincon Project
16990	Rincon XIV	100% Argentina Diamonds Ltd	Argentina	Rincon Project
16991	Rincon XV	100% Argentina Diamonds Ltd	Argentina	Rincon Project
17052	Adriana II	100% Argentina Diamonds Ltd	Argentina	Rincon Project
17053	Adriana III	100% Argentina Diamonds Ltd	Argentina	Rincon Project
17054	Adriana IV	100% Argentina Diamonds Ltd	Argentina	Rincon Project
17055	Adriana V	100% Argentina Diamonds Ltd	Argentina	Rincon Project
17056	Adriana VI	100% Argentina Diamonds Ltd	Argentina	Rincon Project
17057	Adriana VII	100% Argentina Diamonds Ltd	Argentina	Rincon Project
17058	Adriana VIII	100% Argentina Diamonds Ltd	Argentina	Rincon Project
17059	Adriana IX	100% Argentina Diamonds Ltd	Argentina	Rincon Project
17083	Belen	100% Argentina Diamonds Ltd	Argentina	Rincon Project
17084	Belen I	100% Argentina Diamonds Ltd	Argentina	Rincon Project
17112	Belen IV	100% Argentina Diamonds Ltd	Argentina	Rincon Project
17190	Paula V	100% Argentina Diamonds Ltd	Argentina	Rincon Project
17170	Paula XV	100% Argentina Diamonds Ltd	Argentina	Rincon Project

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Tenement Reference	Locality	Registered Holder	State	Other Notes
17004	Alvaro	100% Argentina Diamonds Ltd	Argentina	Rincon Project
17227	Paciencia I	100% Argentina Diamonds Ltd	Argentina	Rincon Project
5449	Estela	100% Argentina Diamonds Ltd	Argentina	Rincon Project
9084	Silvina	100% Argentina Diamonds Ltd	Argentina	Rincon Project
4730	Inti	100% Argentina Diamonds Ltd	Argentina	Rincon Project
M39/159	WA	100% Greater Australian Gold NL	Australia	Pykes Hill
EL5374	NSW	100% Moonlight Mining NL	Australia	Browns Reef
MLN726	NT	100% Moonlight Mining NL	Australia	Bulman
MLN 727	NT	100% Moonlight Mining NL	Australia	Bulman
ELA23814	NT	100% Moonlight Mining NL	Australia	Bulman