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REPORT FOR THE QUARTER ENDED 30 June 2003

Key Features

- *Both mines continued on a care and maintenance basis with limited production;*
- *Subera mine sold*
- *Weean mine operating under new joint venture*
- *Sapphire markets remain extremely subdued.*

Operations - Subera Mine (Rubyvale, Qld)

Limited mining activity recommenced in April with a total of 11,600 bcm treated that yielded 115 kg of sapphire bearing material. No production was carried out in the previous quarter. After obtaining shareholder approval, the Subera operation was sold as a going concern on 6 June.

Operations - Weean Mine (Inverell, NSW)

In order to reduce operating costs a new joint venture agreement was entered into with an Inverell based miner in late May. Limited mining was carried out at Weean throughout the quarter. The plant processed 3,400bcm of material compared to 3,900 bcm in the March quarter. Corundum recovered was 125kg compared to 139kg in the March quarter reflecting the substantial quantity of tailings that were re-processed. A total of 75kg of this corundum was attributable to GTN.

Outlook

International markets for sapphire remain severely depressed. The strong appreciation of the A$ against the Thai bath has added further difficulties to a market already suffering from the impact of the economic downturn in the USA, US buyer resistance to Thai cut material due to diffusion scandals, uncertainty due to continuing conflicts in the Middle East and the SARS epidemic. Sapphire markets have been depressed for over two years and at this stage it appears highly unlikely that any improvements in market conditions will be experienced during calendar 2003.

K HEYWOOD
General Manager

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