Appendix 4E

Preliminary final report

Introduced 30/6/2002.

Name of entity

GTN Resources Ltd

ABN or equivalent company reference	Half yearly *(tick)*	Preliminary final *(tick)*	Financial year ended ('current period')
40 004 681 734		√	30 June 2003

Results for announcement to the market

	2003	2002	% change
Revenues from ordinary activities	3,979,930	4,637,480	(14.2%)
Profit (loss) from ordinary activities after tax attributable to members	(4,437)	72,084	(93.8%)
Net profit (loss) for the period attributable to members	(4,437)	72,084	(93.8%)

$A

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend *(Preliminary final report only - item 15.4)* Interim dividend *(Half yearly report only - item 15.6)*	N/A	N/A
Previous corresponding period *(Preliminary final report - item 15.5; half yearly report - item 15.7)*	N/A	N/A

+Record date for determining entitlements to the dividend,

N/A

Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

Sales revenue for 2003 fell by 14.2% during the financial year compared with the prior year. This was due to the continued downward pressure on prices and a lower turnover. The loss incurred for the year reflected the lower revenue and higher costs incurred as a result of the proposed merger with ZBB Energy Inc.

REVIEW OF OPERATIONS

FINANCIAL PERFORMANCE

The full year result was a loss of $4,000. The company's core activity, the rough sapphire business declined in profitability primarily due to the substantial reduction in the level of activity resulting from diminished rough sapphire demand. Revenue from sapphire sales decreased from $3.7m in 2001/02 to $2.1m this year.

ROUGH SAPPHIRE MARKET

International markets for sapphire remain severely depressed. The strong appreciation of the A$ against the Thai baht 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.

SAPPHIRE MINING

All operations were placed on care and maintenance effective 1 July 2002 with intermittent low level mining since that date.

Subera (GTN 100%)

Plant throughput during the year decreased by 80% to 29,900 bcm due to the extremely weak market conditions. The production of sapphire bearing material fell by 81% to 302kg reflecting the lower throughput during this year. The Subera operation was sold as a going concern on 6 June 2003.

Weean (GTN 100% to 1 June, 50% thereafter)

Plant throughput during the year decreased by 73% to 12,900 and the production of sapphire bearing material fell by 70% to 515kg reflecting the lower throughput during this year. In order to reduce operating costs a new joint venture agreement was entered into with an Inverell based miner in late May. Under this arrangement from 1 June 2003, GTN share of the Weean project fell to 50%.

Yarrandoo Project (GTN 74.5%)

No progress occurred with the Yarrandoo project during the year due to the depressed market and a continued lack of agreement with the landowner. The nearby Narran Vale plant is being maintained on a care and maintenance basis as it remains an appropriate site for processing of this resource. A reorganisation of the joint venture has led to GTN's direct share of the project increasing to 74.5%.

SAPPHIRE EXPLORATION

Due to the depressed state of the market, no exploration was undertaken during the year. All exploration tenements were relinquished to minimise corporate holding costs.

CUT STONES

GTN continued to cut and market small quantities of the larger, high quality green and gold sapphire from Subera. A substantial stockpile of this material is available and will enable an ongoing business for some years.

COPPER

GTN retains its investment in GTN Copper Technology but is not currently promoting or assessing opportunities in the copper industry which would be appropriate for the application of the Intec hydrometallurgical process. GTN Copper Technology owns licensees and options to acquire licensees for the use of the Intec process.

GTN/ZBB MERGER

As previously announced GTN has entered into an agreement to merge with ZBB Energy Inc. GTN continues to divest itself of its gems assets as required under the terms of the merger agreement. GTN has called a general meeting on 24 September 2003 seeking, amongst other things, approval of the merger. Further information can be found in the Notice of Meeting.

GTN RESOURCES LIMITED
ABN 40 004 681 734
AND CONTROLLED ENTITIES

STATEMENTS OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003

	Note	**Consolidated**		**The Company**	
		2003	***2002***	***2003***	***2002***
		$	***$***	***$***	***$***
Revenue from ordinary activities	2	3,979,930	4,637,480	3,563,473	63,291
Expenses from ordinary activities – Gems		(3,952,269)	(4,507,818)	(1,523,326)	(121,278)
Borrowing costs expense		(32,098)	(57,578)	(349)	-
Share of net profit/(losses) of associates accounted for using the equity method		-	-	-	-
(Loss)/Profit from ordinary activities before income tax expense	3	(4,437)	72,084	2,039,798	(57,987)
Income tax expense relating to ordinary activities	5	-	-	-	-
Net (loss)/profit		(4,437)	72,084	2,039,798	(57,987)
Basic (loss)/earnings per share	6	(0.0002)	0.0037		
Diluted (loss)/earnings per share		(0.0002)	0.0037		

The statements of financial performance are to be read in conjunction with the notes to the financial statements set out on pages 8 to 32.

GTN RESOURCES LIMITED
ABN 40 004 681 734
AND CONTROLLED ENTITIES

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2003

	Note	Consolidated		The Company	
		2003	2002	2003	2002
		$	$	$	$
CURRENT ASSETS					
Cash assets	9	2,343,249	883,891	1,670,106	22,999
Receivables	10	66,718	335,265	16,161	145,000
Inventories	11	1,036,838	1,610,150	-	-
Other	19	267	86,392	-	-
TOTAL CURRENT ASSETS		3,447,072	2,915,698	1,686,267	167,999
NON-CURRENT ASSETS					
Receivables	10	204,922	189,436	708,934	358,974
Investments accounted for using the equity method	12	100,000	100,000	-	-
Other financial assets	13	-	-	100,004	1,022,556
Plant and equipment	17	133,702	1,183,819	-	-
Exploration and development expenditure	18	249,276	672,265	-	-
Other	19	1,850	1,850	870	870
TOTAL NON-CURRENT ASSETS		689,750	2,147,370	809,808	1,382,400
TOTAL ASSETS		4,136,822	5,063,068	2,496,075	1,550,399
CURRENT LIABILITIES					
Payables	20	401,707	264,013	313,951	31,349
Interest bearing liabilities	21	-	426,443	-	-
Provisions	23	226,066	329,860	-	102,000
TOTAL CURRENT LIABILITIES		627,773	1,020,316	313,951	133,349
NON-CURRENT LIABILITIES					
Payables	20	-	-	129,561	1,404,285
Interest bearing liabilities	21	-	207,951	-	-
Provisions	23	-	321,315	-	-
TOTAL NON-CURRENT LIABILITIES		-	529,266	129,561	1,404,285
TOTAL LIABILITIES		627,773	1,549,582	443,512	1,537,634
NET ASSETS		3,509,049	3,513,486	2,052,563	12,765
EQUITY					
Contributed equity	24	13,121,707	13,121,707	13,121,707	13,121,707
Accumulated losses	25	(9,612,658)	(9,608,221)	(11,069,144)	(13,108,942)
TOTAL EQUITY		3,509,049	3,513,486	2,052,563	12,765

The statements of financial position are to be read in conjunction with the notes to the financial statements set out on pages 8 to 32.

GTN RESOURCES LIMITED
ABN 40 004 681 734
AND CONTROLLED ENTITIES

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2003

	Note	**Consolidated**		**The Company**	
		2003	***2002***	***2003***	***2002***
		$	***$***	***$***	***$***
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts in the course of operations		2,360,221	4,916,487	90,010	6,957
Cash payments in the course of operations		(1,845,291)	(4,596,762)	(132,668)	(123,290)
Management fees received		-	-	250,000	50,000
Interest received		59,973	47,992	6,972	6,334
Borrowing costs paid		(349)	(2,071)	(349)	-
Net cash provided by/(used in) operating activities	8(b)	574,554	365,646	213,965	(59,999)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of plant and equipment		641,466	42,228	-	-
Payment for controlled entities	14	(24,998)	-	-	-
Payments for joint venture interests	15	(65,521)	-	-	-
Purchase of plant and equipment		-	(12,756)	-	-
Payments for exploration, evaluation and development expenditure		-	-	-	-
Proceeds from sale of controlled entity		1,000,000	-	1,000,000	-
Net cash provided by investing activities		1,550,947	29,472	1,000,000	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of borrowings		(666,143)	(397,297)	-	-
Loans from/(to) controlled entities		-	-	433,142	25,418
Net cash (used in) / provided by financing activities		(666,143)	(397,297)	433,142	25,418
Net increase/(decrease) in cash held		1,459,358	(2,179)	1,647,107	(34,581)
Cash at the beginning of the financial year		883,891	886,070	22,999	57,580
Cash at the end of the financial year	8(a)	2,343,249	883,891	1,670,106	22,999

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 8 to 32.

GTN RESOURCES LIMITED
ABN 40 004 681 734
AND CONTROLLED ENTITIES

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of this report are:

a) Basis of preparation

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

The financial report has been prepared on the basis of historical cost and, except where stated, does not take into account changing money values or fair values of non-current assets.

These accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy, are consistent with those of the prior year.

b) Principles of consolidation

Controlled entities
The financial statements of controlled entities are included from the date control commences until the date control ceases.

Outside interests in equity and the results of entities that are controlled are shown as a separate item in the consolidated financial report.

A list of controlled entities is contained in Note 14 to the financial report.

Associates
Associates are those entities, other than partnerships, over which the consolidated entity exercises significant influence and which are not intended for sale in the near future.

In the consolidated financial statements investments in associates are accounted for using equity accounting principles. Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. The consolidated entity's share of the associates' net profit or loss is recognised in the consolidated statement of financial performance from the date significant influence commences until the date significant influence ceases. Other movements in reserves are recognised directly in the consolidated reserves.

Joint venture operations
The consolidated entity's interest in unincorporated joint ventures are brought to account by including its proportionate share of the joint venture's assets, liabilities and expenses and the consolidated entity's revenue from the sale of output on a line by line basis, from the date joint control commences to the date joint control ceases.

Transactions eliminated on consolidation
All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation.

Unrealised gains resulting from transactions with associates and joint ventures including those relating to contributions of non-monetary assets on establishments are eliminated to the amount of the consolidated entity's interest. Unrealised gains relating to associates are eliminated against the carrying amount of the investment. Unrealised losses are eliminated in the same way as unrealised gains, unless they evidence a recoverable amount impairment.

c) Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenue.

Sale of goods
Revenue from sale of goods is recognised (net of returns, discounts and allowances) when control of the goods passes to the customer.

Rendering of services
Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Interest
Interest income is recognised as it accrues.

Sale of non current assets
The gross proceeds of non-current asset sales are included as revenue at the date control passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

e) Foreign Currency Transactions and Balances

Transactions
Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the rate of exchange ruling at that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statement of financial performance in the financial year in which the exchange rates change.

Hedges
The consolidated entity does not hedge foreign currency exposure.

f) Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, foreign exchange losses net of hedged amounts on borrowings and lease finance charges.

Borrowing costs are expensed as incurred.

g) Taxation

The consolidated entity adopts the income statement liability method of tax-effect accounting. Income tax expense is calculated on operating profit or loss before income tax adjusted for permanent differences between taxable and accounting income.

g) Taxation (continued)

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit before income tax and taxable income are brought to account as either a provision for 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 amount 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 taxation 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.

h) Acquisition of assets

All assets acquired including property, plant and equipment and intangibles, other than goodwill, are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. When equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received, otherwise expensed.

The cost of assets constructed or internally generated by the consolidated entity, other than goodwill, include the cost of materials and direct labour. Directly attributable overheads and other incidental costs are also capitalised to the asset. Borrowing costs are capitalised to qualifying assets.

Expenditure, including that on internally generated assets, other than research and development costs, is only recognised as an asset when the entity controls future economic benefits as a result of the costs incurred, it is probable that the future economic benefits will eventuate, and the costs can be measured reliably. Costs attributable to feasibility and alternative approach assessments are expensed as incurred.

Subsequent additional costs
Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the consolidated entity in future years. Costs that do not meet the criteria for capitalisation are expensed as incurred.

i) Revisions of accounting estimates

Revisions to accounting estimates are recognised prospectively in current and future periods only.

j) Receivables

All trade debtors are recognised at the amount receivable, as they are due for settlement no more than 30 days from the date of recognition. Collectability of trade debtors is reviewed on an ongoing basis and specific provision is made for any doubtful accounts. Debts that are known to be uncollectable are written off.

k) Inventories

Cost includes direct labour, direct variable costs and allocated production overheads necessary to bring inventories to their present location and production base on normal operating capacity of the production facilities.

Inventories are measured at the lower of cost and net realisable value.

Mining activities
The cost of mining inventories is determined using a weight average basis.

Net realisable value
Net realisable value (NRV) is determined on the basis of the consolidated entity's normal selling pattern. Expenses of marketing, selling and distribution to customers are estimated and deducted to establish NRV.

l) Investments

Controlled entities
Investments in controlled entities are carried in the Company's financial statements at the lower of cost and recoverable amount. Dividends and distributions are brought to account in the statement of financial performance when they are declared by the controlled entities.

Associates

In the Company's financial statements investments in associates are carried at the lower of cost and recoverable amount. Income from dividends is brought to account in the statement of financial performance.

Other entities
Investments in other unlisted companies are carried at the lower of cost, and recoverable amount, being a director's valuation based on market values at the time of the valuation. Dividends are brought to account as they are received.

m) Leases

Leases of plant and equipment where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities within the consolidated entity, are classified as finance leases. Other leases are classified as operating leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are amortised on a straight line basis over their estimated useful lives.

Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Payment made under operating leases are expensed on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

n) Exploration and Development Expenditure

Exploration and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full 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 the economically recoverable reserves.

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.

o) Recoverable amount of non current assets valued on a cost basis

The carrying amounts of non current assets valued on the cost basis, other than exploration and evaluation expenditure carried forward, are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write down is recognised as an expense in the net profit or loss in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets.

In assessing recoverable amounts of non current assets the relevant cash flows have not been discounted to their present value, except where stated.

Cost versus fair value
Except where specifically stated, non current assets are recorded at the lower of cost and recoverable amount.

p) Depreciation and amortisation

Complex assets
Major items of plant and equipment comprising a number of components that have different useful lives, are accounted for as separate assets and separately depreciated.

Depreciation and amortisation
All assets, including intangibles, have limited useful lives and are depreciated/amortised using the straight line method over their estimated useful lives. Exploration and development expenditure is amortised over the life of the economically recoverable reserves. Finance lease assets are amortised over the term of the relevant lease, or where it is likely the consolidated entity will obtain ownership of the asset, the life of the asset.

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are recognised prospectively in current and future periods only. Depreciation and amortisation are expensed, except to the extent that they are included in the carrying amount of another asset as an allocation of production overheads.

The depreciation and amortisation rates used for each class of assets are as follows:

	Depreciation Rate	
Class of Fixed Asset	2003	2002
Plant and Equipment	20 %	20 %
Leased Plant and Equipment	20 %	20 %

q) Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

r) Provisions

A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

In the effect is material, a provision is determined by discounting the expected future cash flow required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, except where noted below.

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, the recovery receivable is recognised as an asset when it is probable that the recovery will be received and is measured on a basis consistent with the measurement of the related provision.

In the statement of financial performance, the expense recognised in respect of a provision is presented net if the entity:

- has a legally recognised right to set-off the recovery receivable and the provision; and
- intends to settle on a net basis, or to realise the asset and settle the provision simultaneously.

Restoration
Provisions are made for estimated costs relating to the remediation of soil, groundwater and untreated waste as soon as the need is identified.

Provisions are made for mine site rehabilitation and restoration on an incremental basis during the course of mine life (which includes the mine closure phase). Provisions are determined on an undiscounted basis and include the following costs: reclamation, plant closure, waste site closure and monitoring activities. These costs have been determined based on current costs, current legal requirements and current technology. Changes in estimates are dealt with on a prospective basis.

Significant uncertainties exist as to the amount of restoration obligations that will be incurred due to the following factors:

- uncertainty as to the remaining life of existing operating sites; and
- the impact of changes in environmental legislation

r) Provisions (continued)

Assumptions have been made as to the remaining life of existing sites based on studies conducted by independent technical advisors.

Site restoration
Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis. Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

s) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

t) Change in accounting policy

The consolidated entity has applied AASB 1044 Provisions, Contingent Liabilities and Contingent Assets for the first time from 1 July 2001 without material effect.

AASB 1044 requires dividends to be recognised at the time they are declared determined or publicly recommended. Previously, final dividends were recognised in the financial year to which they related, even though the dividends were announced after the end of that financial year.

	Consolidated		The Company	
	2003	*2002*	*2003*	*2002*
	$	$	$	$
NOTE 2 – REVENUE FROM ORDINARY ACTIVITIES				
Revenue from operating activities				
Sales of goods	2,081,862	3,714,661	-	-
Rendering of services	55,014	565,611	-	-
Other revenue:				
Management fees received from controlled entities	-	-	250,000	50,000
Interest received				
Other Parties	59,973	47,992	6,972	6,334
Revenue from outside operating activities				
Proceeds on disposal of non current assets	641,466	42,228	-	-
Proceeds on disposal of investments	1,000,000	-	1,000,000	-
Intercompany loan forgiven	-	-	2,224,680	-
Other revenue	141,615	266,988	81,821	6,957
Total revenue from ordinary activities	3,979,930	4,637,480	3,563,473	63,291

NOTE 3 – PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX

(a) Expenses from ordinary activities were arrived at as follows:

	Consolidated 2003 $	Consolidated 2002 $	The Company 2003 $	The Company 2002 $
Changes in inventories of finished goods	913,152	(212,946)	-	-
Consumables	144,383	385,655	-	-
Consultants	560,125	311,666	404,467	48,675
Employee benefits	-	1,815,348	-	(10,496)
Payments to subcontractors	280,600	-	-	-
Equipment hire & contracting	99,928	384,515	6,068	4,480
Repairs & maintenance	47,569	285,945	1,558	58
Royalties	169,895	202,508	-	-
Depreciation and amortisation	665,970	975,151	64,854	-
Provision for diminution – GTN Copper Technology	-	28,947	-	28,947
Cost of non current assets sold	741,027	-	922,552	-
Other expenses from ordinary activities	329,620	331,029	123,827	49,614
	3,952,269	4,507,818	1,523,326	121,278

	Consolidated 2003 $	Consolidated 2002 $	The Company 2003 $	The Company 2002 $
(b) Profit/(loss) from ordinary activities before income tax has been arrived at after charging/(crediting) the following items:				
Cost of goods sold	821,261	2,984,684	-	-
Borrowing costs:				
- Other persons	349	2,071	349	-
– Related parties	-	-	-	-
– Finance lease charges	31,749	55,507	-	-
Total borrowing costs	32,098	57,578	349	-
Depreciation of plant and equipment	249,144	440,880	64,854	-
Amortisation of non-current assets:				
– Leased plant & equipment	282,920	325,239	-	-
– Capitalised exploration expenditure	133,906	209,032	-	-
Total depreciation and amortisation	665,970	975,151	64,854	-
Net expense from movements in provision for:				
– Doubtful debts	-	(34,000)	-	(9,000)
– Employee entitlements	(171,956)	(55,437)	-	-
– Mine site restoration	(194,301)	(73,847)	-	(50,000)
– Government royalties	(64,055)	(79,686)	-	-
– Other	5,366	-	-	-
	(424,946)	(242,970)	-	(59,000)
Rental expense on operating leases	70,952	334,515	5,168	10,997
Government royalties paid	27,248	58,126	-	-
Landowner royalties paid	142,647	144,382	-	-
Write down of non current assets				
– Investments accounted for using the equity method	-	28,947	-	28,947
– Plant & equipment	194,865			
– Capitalised development	127,334	-	-	-
Write down of inventory	(297,566)	-	-	-
Loss on sale of investments	11,668	-	-	-
Profit on disposal of non-current assets:				
– Plant and equipment	498,988	40,011	-	-
– Controlled entity	401,726	-	77,448	-

NOTE 4 – AUDITORS' REMUNERATION

	Consolidated 2003 $	Consolidated 2002 $	The Company 2003 $	The Company 2002 $
Audit Services:				
Auditors of the Company – KPMG				
Audit and review of financial reports	32,000	32,000	32,000	32,000
Other auditors – Grant Thornton				
Audit and review of the financial reports	-	11,000	-	5,000
Other services:				
Auditors of the Company – KPMG				
Other assurance services	-	3,000	-	-

NOTE 5 – INCOME TAX EXPENSE

	Consolidated		The Company	
	2003	*2002*	*2003*	*2002*
	$	*$*	*$*	*$*
Prima facie income tax expense/(benefit) calculated at 30% (2002: 30%) on profit/(loss) from ordinary activities:	(1,331)	21,625	611,939	(17,396)
Increase in income tax expense due to:				
– Legal expenses	88,499	-	88,499	-
– Other non-deductible items	62,536	150	9,010	-
– Income tax losses not recognised	-	-	-	23,627
– Timing differences not recognised	12,436	18,457	(84)	(6,231)
	162,140	40,232	709,364	-
Decrease in income tax expense due to:				
– Intercompany loan forgiven	-	-	(667,404)	-
– Profit on sale of controlled entity	(120,518)	-	(23,234)	-
– Other non-assessable items	(5,190)	-	-	-
– Tax losses recouped	(36,432)	(40,232)	(18,726)	-
Income tax (benefit)/ expense attributable to operating profit/(loss)	-	-	-	-
Future Income Tax Benefits not brought to account at 30% (2002:30%) The potential future income tax benefit arising from tax losses and timing differences has not been recognised as an asset because recovery of the tax losses is not virtually certain and recovery of timing differences is not assured beyond any reasonable doubt. The deferred income tax liability has not been recognised because the consolidated entity has sufficient tax losses to cover the liability in the event that it crystallises.				
- Timing Differences	63,374	50,938	36,600	36,685
- Tax Losses	1,154,730	1,255,624	1,154,730	1,250,512
	1,218,464	1,306,562	1,191,330	1,287,197

The potential further income tax benefit will only be obtained if;

(i) the relevant company derives future assessable income of a nature and an amount sufficient to enable the benefit be realised, or the benefit can be utilised by another company in the consolidated entity in division 170 of the Income Tax Assessment Act 1997;

(ii) the relevant company and/or consolidated entity continues to comply with the conditions for deductibility imposed by the law; and

(iii) no changes in tax legislation adversely affect the relevant company and/or the consolidated entity in realising benefit.

NOTE 6 – EARNINGS PER SHARE

	Consolidated	
	2003	*2002*
Earnings reconciliation	*$*	*$*
Net profit/(loss)	(4,437)	72,084
Basic earnings	(4,437)	72,084
Diluted earnings	(4,437)	72,084
Weighted average number of shares used as a denominator		
Number for basic earnings per share		
Ordinary shares	19,689,713	19,689,713
Number for diluted earnings per share	19,689,713	19,689,713
Basic (loss)/earnings per share	(0.0002)	0.0037
Diluted (loss)/earnings per share	(0.0002)	0.0037

There were no options on issue of the year end. On 27 May 2003 Mr Haggarty and Soper relinquished their entitlement to 225,000 options each. The options up to that date have not been included in the calculations of diluted EPS as they were not dilutive.

	Consolidated		The Company	
	2003	*2002*	*2003*	*2002*
	No.	*No.*	*No.*	*No.*

NOTE 7 – REMUNERATION AND RETIREMENT BENEFITS

(a) Directors' Income

Number of the Company Directors whose income from the Company and any related parties was within the following bands:	*No.*	*No.*	*No.*	*No.*
$0 - $9,999	-	-	-	1
$10,000 - $19,999	1	-	1	2
$20,000 - $29,999	1	3	1	1
$70,000 - $79,999	1	-	-	-
$130,000 - $139,999	-	1	-	-
	$	***$***	***$***	***$***
Total income paid or payable, or otherwise made available, to all directors of the Company and controlled entities from the Company or any related party	107,650	199,900	36,050	49,700

(b) Executive Remuneration

Executive officers are those officers involved in the strategic direction, general management or the control of business at a company or operating division level.

There were no employees, other than directors, who meet the definition of executives of the company during the financial year.

NOTE 8 – NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Reconciliation of cash

For the purposes of the statements of cash flows, cash includes all cash on hand and at bank and short-term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statements of financial position as follows:

	Consolidated 2003 $	Consolidated 2002 $	The Company 2003 $	The Company 2002 $
Cash assets	2,343,249	883,891	1,670,106	22,999

(b) Reconciliation of profit/(loss) from ordinary activities after income tax to net cash provided by/(used in) operating activities

	Consolidated 2003 $	Consolidated 2002 $	The Company 2003 $	The Company 2002 $
Profit/(loss) from ordinary activities after income tax	(4,437)	72,084	2,039,798	(57,987)
Add/(less) items classified as financing/ investing activities:				
(Profit) on sale of non current assets	(498,988)	(40,011)	-	-
(Profit)/Loss on disposal of controlled entity	(401,726)	-	(77,448)	-
Loss on disposal of investments	11,668	-	-	-
Finance lease charges	31,749	55,507	-	-
Add/(less) non-cash items:				
– Depreciation / Amortisation	665,970	975,151	64,854	-
– (Decrease) in provisions	(424,946)	(242,970)	-	(59,000)
– Discount on acquisition	(17,299)	-	-	-
– Write down in investments	-	28,947	-	28,947
– Write down of Non Operating Plant	194,865	-	-	-
– Write down of capitalised development	127,334	-	-	-
– Write down of inventory	(297,566)	-	-	-
– Write back of intercompany loan	-	-	(2,224,680)	-
Changes in assets and liabilities adjusted for the effect of purchase and disposal of controlled entities during the financial year:				
– Decrease in trade and term debtors	195,243	387,949	128,839	55,544
– (Increase)/decrease in inventories	870,879	(423,346)	-	-
– (Increase)/decrease in other assets	-	(13,037)	-	5,674
– Increase/(decrease) in trade creditors and accruals	121,808	(434,628)	282,602	(33,177)
Net cash provided by/(used in) operating activities	574,554	365,646	213,965	(59,999)

		Consolidated		The Company	
		2003	2002	2003	2002
		$	$	$	$
NOTE 9 – CASH ASSETS					
Cash at bank and on hand		2,343,249	883,891	1,670,106	22,999
NOTE 10 – RECEIVABLES					
CURRENT					
Trade debtors		56,718	190,265	6,161	-
Security deposits		10,000	145,000	10,000	145,000
		66,718	335,265	16,161	145,000
NON CURRENT					
Loans to controlled entities		-	-	708,934	358,974
Security deposits		204,922	189,436	-	-
		204,922	189,436	708,934	358,974

Further details of loans to controlled entities are set out in Note 31.

NOTE 11 – INVENTORIES					
CURRENT					
Finished goods at cost		1,036,838	1,610,150	-	-
NOTE 12 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD					
Investment in associate		128,947	128,947	-	-
Provision for diminution		(28,947)	(28,947)	-	-
	16	100,000	100,000	-	-
NOTE 13 – OTHER FINANCIAL ASSETS					
NON-CURRENT					
- shares in controlled entities at cost		-	-	4	922,556
- investment in associate		-	-	128,947	128,947
provision for diminution		-	-	(28,947)	(28,947)
		-	-	100,000	100,000
		-	-	100,004	1,022,556

NOTE 14 - PARTICULARS IN RELATION TO CONTROLLED ENTITIES

	Country Of Incorporation	Percentage Owned 2003	Percentage Owned 2002
		%	%
The Company:			
GTN Resources Limited	Australia		
Controlled entities of the Company:			
Great Northern Mining Pty Ltd	Australia	-	100
Queensland Polymetallic Resources Pty Ltd	Australia	100	100
Seraph Sapphires Pty Ltd	Australia	100	100
GTN Tanzania Pty Ltd	Australia	100	100
GTN Operations Pty Ltd	Tanzania	65	65
Great Northern NSW Pty Ltd	Australia	100	100
Eastern Feeder Holdings Pty Ltd	Australia	100	100
Puriri Pty Ltd	Australia	100	-

The results from ordinary activities of companies acquired during the year have been included in the consolidated profit from the date of acquisition. The results from ordinary activities of companies disposed of during the year have been included in the consolidated result until the date of disposal.

Acquisition of entities

During the financial year the Company acquired 100% of the ordinary share capital of Puriri Pty Ltd for $25,000.

	Consolidated		The Company	
	2003	*2002*	*2003*	*2002*
	$	*$*	*$*	*$*
Consideration	25,000	-	-	-
Cash acquired	(2)	-	-	-
Outflow of cash	24,998	-	-	-
Fair Value of net assets of entity acquired :				
Cash assets	2	-	-	-
Investments	20,000	-	-	-
Goodwill	4,998	-	-	-
Consideration	25,000	-	-	-

Disposal of entities

During the year the Company disposed of its interest in Great Northern Mining Pty Ltd for $1,000,000. There was no other cash flow impact arising from the transaction. The details of the disposal are as follows:

Consideration (cash)	1,000,000		1,000,000	
Net assets of entity disposal of				
- prepayments	27,421	-	-	-
- other financial assets	-	-	922,552	-
- plant and equipment	578,623	-	-	-
- security deposits	111,656	-	-	-
- rehabilitation	(119,426)	-	-	-
Profit/(loss) of disposed	401,726		77,448	
	%	%	%	%
Interest held after disposal	-	-	-	-

NOTE 15 – INTEREST IN JOINT VENTURE OPERATIONS

The consolidated entity holds an interest of 74.5% (2002: 41.67%) in the Eastern Feeder Joint Venture (EFJV). The principal activities of the joint venture are sapphire mining and exploration. For the year ended 30 June 2003 the contribution of the EFJV to the operating profit of the consolidated entity was a loss of $1,973 (2002: loss of 7,496).

The consolidated entity also holds a 50% interest in the Weean Joint Venture (2002: NIL). For the year ended 30 June 2003, the contribution to the consolidated entity's operating profit was a loss of $1,557 (2002: NIL)

Acquisition of joint venture interests
During the financial year the consolidated entity acquired the remaining 50% of the ASJV and a further 32.83% of the EFJV for $125,000.

	Consolidated		The Company	
	2003	*2002*	*2003*	*2002*
	$	*$*	*$*	*$*
Consideration	125,000	-	-	-
Cash acquired	(59,479)	-	-	-
Outflow of cash	65,521	-	-	-
Fair Value of net assets of entity acquired :				
Cash assets	59,479	-	-	-
Receivables	51,142			
Security deposits	121,147	-	-	-
Plant and equipment	136,165	-	-	-
Payables	(93,041)	-	-	-
Provisions	(119,262)	-	-	-
Discount on acquisition	(30,630)	-	-	-
Consideration	125,000	-	-	-

Included in the assets and liabilities of the consolidated entity are the following items which represent the consolidated entity's interest in the assets and liabilities employed in the joint ventures, recorded in accordance with the accounting policies set out in Note 1(b).

CURRENT ASSETS				
Cash	209,615	64,891	-	-
Receivables	317	51,166	-	-
Inventories	17,200	297,536	-	-
TOTAL CURRENT ASSETS	227,132	413,593	-	-
NON CURRENT ASSETS				
Plant and Equipment - at cost	49,692	337,585	-	-
Other	143,345	128,382	-	-
TOTAL NON CURRENT ASSETS	193,037	465,967	-	-
Share of assets employed in joint ventures	420,169	879,560	-	-
CURRENT LIABILITIES				
Payables	22,513	107,632	-	-
Other	128,529	50,000	-	-
	151,042	157,632	-	-
NON CURRENT LIABILITIES				
Other	-	71,890	-	-
Net interest in joint ventures	269,127	650,038	-	-

NOTE 16 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The details of the investment in associate is as follows:

			Ownership interest (consolidated)		*Investment carrying amount*	
Name	*Principal activities*	*Balance date*	*2003*	*2002*	*2003*	*2002*
			%	%	$	$
GTN Copper Technology Ltd	Evaluation of copper projects using Intec technology	30 June	36.3	36.3	100,000	100,000

The investment in GTN Copper Technology (GTNCT) is recorded at cost less provision for diminution in value of $28,947. GTNCT has no commitments but has a contingent liability of approximately US$ 100k to one of the directors, Mr Ray Soper, which represents unpaid fees.

Summary of financial position of associate

The consolidated entity's share of aggregate assets and liabilities of the associate is as follows:

	Consolidated	
	2003	***2002***
	$	***$***
Non current assets	128,947	128,947
Provision for diminution	(28,947)	(28,947)
Net assets as reported by the associate	100,000	100,000

NOTE 17 – PLANT AND EQUIPMENT

	Consolidated 2003 $	Consolidated 2002 $	The Company 2003 $	The Company 2002 $
Plant and equipment – at cost	1,868,028	3,377,389	-	-
Less accumulated depreciation	(1,734,326)	(2,621,325)	-	-
	133,702	756,064	-	-
Leased plant and equipment				
– Capitalised assets	-	1,626,195	-	-
Less accumulated amortisation	-	(1,198,440)	-	-
	-	427,755	-	-
Total plant and equipment	133,702	1,183,819	-	-

Reconciliations

	Consolidated 2003 $	Consolidated 2002 $	The Company 2003 $	The Company 2002 $
Plant and equipment				
Carrying amount at the beginning of the year	756,064	1,186,405	-	-
Assets acquired from increase in share of JV interest	48,145	12,756	-	-
Disposals	(241,958)	(2,217)	-	-
Transfers from group companies	15,460	-	-	-
Write down in non operating plant	(194,865)	-	-	-
Depreciation	(249,144)	(440,880)	-	-
Carrying amount at the end of the year	133,702	756,064	-	-
Leased plant & equipment				
Carrying amount at the beginning of the year	427,755	752,994	-	-
Additions	-	-	-	-
Transfers to group companies	(15,460)	-	-	-
Disposals	(129,375)	-	-	-
Amortisation	(282,920)	(325,239)	-	-
Carrying amount at the end of the year	-	427,755	-	-

NOTE 18 – EXPLORATION AND DEVELOPMENT EXPENDITURE

	Consolidated 2003 $	Consolidated 2002 $	The Company 2003 $	The Company 2002 $
Production phase at cost	1,121,759	2,522,890	-	-
Less accumulated amortisation	(872,483)	(1,850,625)	-	-
Total development and mine property	249,276	672,265	-	-

The ultimate recoupment of costs carried forward for exploration and development expenditure is dependent on the successful development and commercial exploitation or sale of the respective areas.

NOTE 19 – OTHER ASSETS

	Consolidated 2003 $	Consolidated 2002 $	The Company 2003 $	The Company 2002 $
CURRENT				
Prepayments	267	32,965	-	-
Other	-	53,427	-	-
	267	86,392	-	-
NON CURRENT				
Other	1,850	1,850	870	870

	Consolidated		The Company	
	2003	*2002*	*2003*	*2002*
	$	*$*	*$*	*$*
NOTE 20 – PAYABLES				
CURRENT				
Trade, accrued and other creditors	401,707	248,928	313,951	31,349
Amounts payable to related parties	-	15,085	-	-
	401,707	264,013	313,951	31,349
NON CURRENT				
Amounts payable to controlled entities	-	-	129,561	1,404,285

Further details of loans from controlled entities are set out in Note 31.

NOTE 21 – INTEREST BEARING LIABILITIES

CURRENT				
Lease Liability	-	426,443	-	-
NON CURRENT				
Lease Liability	-	207,951	-	-

Lease Liabilities
The lease liabilities of the consolidated entity are secured by charges over the equipment to which they relate.

NOTE 22 – FINANCING ARRANGEMENTS

The consolidated entity has access to the following lines of credit.

Total facilities				
Loans from related parties	-	2,200,000	-	2,200,000
Facilities used at balance date				
Loans from related parties	-	-	-	-
Facilities not used				
Loans from related parties	-	2,200,000	-	2,200,000

Loans from related parties

The loans from related parties are denominated in Australian dollars. In 2002 loans were secured by a fixed and floating charge over the assets of the consolidated entity. The loans bore an interest rate of 90 bank bills plus 5% payable quarterly in arrears. The weighted average interest rate at 30 June 2003 was Nil% (2002: Nil%).

In June 2003 the facility was cancelled by Excel Mining Ltd and Excel Equities Pty Ltd. The charges were removed from the Company and consolidated entity at the same time.

	Consolidated		The Company	
	2003	*2002*	*2003*	*2002*
	$	*$*	*$*	*$*

NOTE 23 – PROVISIONS

CURRENT				
Employee entitlements	-	171,956	-	-
Restoration and rehabilitation costs	217,472	102,000	-	102,000
Crown royalty	3,228	55,904	-	-
Other	5,366	-	-	
	226,066	329,860	-	102,000
NON CURRENT				
Restoration and rehabilitation costs	-	321,315	-	-
Reconciliations				
Balance at beginning of financial year	423,315	497,162	102,000	102,000
Amounts provided/(written back)	64,588	(73,847)	-	-
Provisions acquired	56,638	-		-
Transfer to group company	-	-	(102,000)	-
Provisions sold	(119,426)	-		-
Payments made	(207,643)	-	-	-
Balance of end of financial year	217,472	423,315	-	102,000

NOTE 24 – CONTRIBUTED EQUITY

Share Capital

19,689,713 (2002: 19,689,713) ordinary shares - Fully paid	13,121,707	13,121,707	13,121,707	13,121,707

Ordinary shares

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up of the Company ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

NOTE 25 – ACCUMULATED LOSSES

Accumulated losses at beginning of year	(9,608,221)	(9,680,305)	(13,108,942)	(13,050,955)
Net profit/(loss)	(4,437)	72,084	2,039,798	(57,987)
Accumulated losses at the end of the year	(9,612,658)	(9,608,221)	(11,069,144)	(13,108,942)

NOTE 26 – FINANCIAL INSTRUMENTS

(a) Foreign Exchange risks

The consolidated entity is not exposed to significant financial risks from movements in foreign exchange rates as there are no financial assets and liabilities denominated in foreign currencies. The consolidated entity does not participate in any type of hedging transaction or derivatives.

(b) Accounting policies and methods adopted

The accounting policies and methods adopted in relation to each class of financial asset and liability are disclosed in Note 1.

(c) Interest Rate Risk

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates on those financial assets and liabilities, is as follows:

2003	Note	Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing: Within 1 year or less	Fixed Interest Rate Maturing: 1 to 5 years	Non Interest Bearing	Total
		%	$	$	$	$	$
Financial Assets							
Cash assets	9	4.59	2,343,249	-	-	-	2,343,249
Receivables	10	3.99	-	-	-	56,718	56,718
Security Deposits	10	3.99	214,922	-	-	-	214,922
Total Financial Assets			2,558,171	-	-	56,718	2,614,889
Financial Liabilities							
Payables	20	-	-	-	-	401,707	401,707
Total Financial Liabilities			-	-	-	401,707	401,707

2002	Note	Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing: Within 1 year or less	Fixed Interest Rate Maturing: 1 to 5 years	Non Interest Bearing	Total
		%	$	$	$	$	$
Financial Assets							
Cash assets	9	4.3	883,891	-	-	-	883,891
Receivables	10	-	-	-	-	190,265	190,265
Security Deposits	10	4.3	334,436	-	-	-	334,436
Total Financial Assets			1,218,327	-	-	190,265	1,408,592
Financial Liabilities							
Payables	20	-	-	-	-	264,013	264,103
Lease Liabilities	21	6.68	-	426,443	207,951	-	634,394
Total Financial Liabilities			-	426,443	207,951	264,013	898,497

NOTE 26 – FINANCIAL INSTRUMENTS (Continued)

(d) 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 disclosed in the statement of financial position and notes to the financial report.

The Company does not have any material credit risk exposure to any single debtor or group of debtors.

(e) Net Fair Values

For all other financial assets and liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to and forming part of the accounts.

	Consolidated		The Company	
	2003	*2002*	*2003*	*2002*
	$	*$*	*$*	*$*
NOTE 27 – COMMITMENTS				
Finance Lease Commitments				
Payable				
- not longer than 1 year	-	461,155	-	-
- longer than 1 year but no longer than 5 years	-	215,617	-	-
Minimum lease payments	-	676,772	-	-
Less: Future finance charges	-	(42,378)	-	-
Total Lease Liability	-	634,394	-	-

In 2002 the consolidated entity leased production plant and equipment under finance leases expiring from one to two years. At the end of the lease term the consolidated entity has the option to purchase the equipment at a price deemed to be a bargain purchase option. Between March and April 2003 the finance leases were fully repaid.

Operating Lease Commitments				
Future operating lease rentals not provided for in the financial statements and payable:				
Not later than one year	12,000	12,000	12,000	12,000
Later than one year but not later than five years	4,000	16,000	4,000	16,000
	16,000	28,000	16,000	28,000

The consolidated entity leases its Sydney premises under operating lease expiring 31 October 2004.

NOTE 28 – CONTINGENT LIABILITIES

Environmental

The Company provides for all known environmental liabilities. While the directors believe that, based upon current information its provisions for environmental rehabilitation are adequate there can be no assurance that new material provisions will not be required as a result of new information or regulatory requirements with respect to known sites or identification of new remedial obligations at other sites.

The Environmental Protection Agency (EPA) issued a request in November for further analysis of the mill site at Herberton in Queensland, the location of a former tin operation of the Company. Following testing, it was determined that further rehabilitation of the site was required. The Company has yet to finalise the rectification required with the EPA and local council. Although a reliable estimate of the contingent liability is not yet available, the Directors believe that the cost of such work should not exceed $50,000.

Rehabilitation

The consolidated entity has certain commitments imposed by the New South Wales Department of Mineral Resources (DMR) and the Queensland Department of Natural Resources and Mines to perform minimum exploration work on tenements. These obligations may be varied from time to time, are subject to approval and are expected to be fulfilled in the normal course of operations.

The consolidated entity has provided bank guarantees totalling $10,000 (2002: $145,000) to the DMR and DME as mining security deposits.

NOTE 29 – SEGMENT REPORTING

Business and geographical segments

The consolidated entity operates entirely in the field of alluvial sapphire mining. The consolidated entity's operations are located entirely in Australia. The consolidated entity supplies sapphire predominantly to Thailand.

NOTE 30 – EVENTS SUBSEQUENT TO BALANCE DATE

The Merger agreement with ZBB was signed on 25 July 2003. The Company now intends to hold a general meeting of shareholders on 24 September 2003. The shareholders at that meeting will be asked to approve amongst other things the following:

(i) The acquisition of 100 % of the share capital of ZBB;
(ii) A 1:4.52637 share consolidation of existing GTN issued capital;
(iii) The disposal of the remaining sapphire assets to Excel Mining Ltd, a related party;
(iv) The change of name of the company to ZBB Energy Limited; and
(v) The raising of a minimum of $10m in new capital.

On 14 August 2003 the Company entered into an agreement with Excel Mining Ltd and Excel Gems Pty Ltd to acquire Great Northern NSW Pty Ltd, Eastern Feeder Holdings Pty Ltd, GTN Tanzania Pty Ltd and GTN Copper Technology Ltd for $750,000. Completion of the sale is subject to shareholder approval.

On 18 August 2003 the Company lodged a prospectus with ASIC. The prospectus seeks to raise $15m from the issue of up to 15 million post consolidation shares in the Company. In accordance with the Listing Rules the capital raising is subject to shareholder approval. On 22 August 2003, the Company lodged a replacement prospectus with ASIC after a number of changes were made to the original document.

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

NOTE 31 – RELATED PARTY TRANSACTIONS

Directors
The names of each person holding the position of Director of GTN Resources Limited during the financial year ended 30 June 2003 are RJ Soper, AJ Haggarty and KP Heywood.

Details of directors' remuneration and retirement benefits are set out in Note 7.

Apart from the details disclosed in this note, no director has entered into a material contract with the company or the consolidated entity since the end of the previous financial year and there were no material contracts involving directors' interests subsisting at year-end.

Directors holdings of shares and share options
The interests of directors of the reporting entity and their director related entities in shares and share options of the entities within the consolidated entity at the year-end are set out below:

Ordinary shares in GTN Resources Limited

As at 30 June 2003 the following shares were held by the directors or director related companies:

- Excel Mining Ltd a company related to Mr Haggarty held 587 shares in the Company.
- Ipseity Pty Ltd a company controlled by Mr Soper held 60,012 shares in the Company.
- Mr Soper held Company 2,500 shares in his own name.
- The Glen Rural Pty Ltd, a company controlled by Mr Haggarty held 434,151 shares in the Company.

Options over ordinary shares in GTN Resources Ltd
Share options
There were no share options granted during the financial year. No options were held by the directors and executive officers of the Company.

Directors' transactions in shares and share options
There were no transactions by directors in shares of the Company. Mr Soper and Mr Haggarty relinquished their entitlement to 225,000 options each for no consideration on 27 May 2003.

Directors transactions with the Company or its controlled entities

A director of the Company, Mr AJ Haggarty is a director of MEM Consultants Pty Limited, a company which he controls. This company renders management consulting services and sublets office space at 1 York Street to the consolidated entity in the ordinary course of business.

Ipseity Pty Ltd, a company controlled by Mr Soper, rendered consulting services to the consolidated entity in the ordinary course of business and on normal terms and conditions.

BBS Management, a company controlled by Mr Heywood rendered consulting services to the consolidated entity in the ordinary course of business and on normal terms and conditions.

The terms and conditions of the transactions with the directors and their director related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non director related entities on an arm's length basis.

The value of the transactions, including loan repayments, during the year with directors and their director related entities were as follows:

		Consolidated		*The Company*	
		2003	*2002*	*2003*	*2002*
Director	*Director related entity*	*$*	*$*	*$*	*$*
AJ Haggarty	MEM Consultants Pty Ltd	217,762	218,958	96,483	97,138
	Excel Equities Pty Ltd	140	-	140	-
	Excel Mining Ltd	400	-	400	-
RJ Soper	Ipseity Pty Ltd	20,000	20,000	20,000	15,000
KP Heywood	BBS Management Pty Ltd	71,600	135,600	-	-

NOTE 31 – RELATED PARTY TRANSACTIONS (continued)

Directors transactions with the Company or its controlled entities

The amounts payable to/from directors and their director related entities at balance date arising from these transactions were as follows:

Current payables

Director related entity	*Consolidated* 2003 $	*Consolidated* 2002 $	*The Company* 2003 $	*The Company* 2002 $
MEM Consultants Pty Ltd	21,847	5,185	21,847	-
BBS Management Pty Ltd	7,040	4,400	-	-
Ipseity Pty Ltd	-	5,500	-	-
Current Receivables				
Excel Mining	659	-	659	-

From time to time directors of the Company or its controlled entities, or their director related entities, may purchase goods from the consolidated entity. These purchases are on the same terms and conditions as those entered into by other consolidated entity employees or customers and are trivial or domestic in nature.

Non director related parties

Wholly owned group
Details of interests in wholly owned controlled entities are set out in Note 14. Details of dealings with these entities are set out below:

Loans
Loans between entities in the wholly owned group are interest free and repayable on call, although there is no intention of requiring repayment within the next twelve months.

Balances with entities within the wholly owned group

	The Company 2003 $	*The Company* 2002 $
Receivables		
Non current	708,934	358,974
Payables		
Non current	170,958	1,404,285

During the year, a former wholly owned subsidiary, Great Northern Mining Pty Ltd, forgave all loans with other group companies.

Partly owned controlled entities
Details of interests in partly owned controlled entities are set out in Note 14.

The aggregate amount payable to the Company by the partly owned controlled entity was $468,115 (2002: $468,115). A provision of $468,115 has been raised against the cost of this investment in the accounts of the Company.

All dealings with partly owned controlled entities are in the ordinary course of business and on normal terms and conditions.

Entities subject to common control
During the year Great Northern Mining Pty Ltd sold production of $117,958 of rough parti stone (2002: $173,774) to Seraph Sapphires Pty Ltd. These transactions were in the ordinary course of business and on normal terms and conditions.

NOTE 31 – RELATED PARTY TRANSACTIONS (continued)

Non director related parties

Interest in associates
Refer Note 16.

Interest in joint venture operations
Refer Note 15.

Place of Incorporation

The company is incorporated in New South Wales, Australia

NOTE 32 – EMPLOYEE ENTITLEMENTS

The aggregate liability for employee entitlements including on costs:

	Consolidated		The Company	
	2003	*2002*	*2003*	*2002*
	$	*$*	*$*	*$*
Current	-	171,956	-	-

Number of employees

Number of employees at year end	-	19	-	-

All employees are employed on a casual basis. There are no employee entitlements accrued at 30 June 2003.

Compliance statement

1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus.

2 This report, and the accounts upon which the report is based, use the same accounting policies.

3 This report gives a true and fair view of the matters disclosed.

4 This report is based on +accounts to which one of the following applies.
(Tick one)

☐ The +accounts have been audited.

☐ The +accounts have been subject to review.

☑ The +accounts are in the process of being audited or subject to review.

☐ The +accounts have *not* yet been audited or reviewed.

5 If the audit report or review by the auditor is not attached, details of any qualifications will follow immediately they are available.

6 The entity has a formally constituted audit committee.

Sign here: .... Date: 12 September 2003
(Company Secretary)

Print name: Nigel Jones