

---

## Corporate Directory

### Directors:

Alan R Fraser  
Christian B Fraser  
Stuart M McGregor

### Company Secretary:

David B Hill

### Administration Office:

Level 25  
500 Collins Street  
MELBOURNE VIC 3000

Phone: (03) 9614 0600  
Fax: (03) 9614 0550  
E-mail: nhm@ozzinet.net

### Registered Office:

Level 25  
500 Collins Street  
MELBOURNE VIC 3000

### Share Registry Office:

Computershare Investor Services Pty Ltd  
Level 12, 565 Bourke Street  
MELBOURNE VIC 3000  
Phone: (03) 9611 5765  
Fax: (03) 9611 5710

### Auditor:

PKF  
Level 11, 485 Latrobe Street  
MELBOURNE VIC 3000

### Stock Exchange Listing:

Australian Stock Exchange Ltd  
Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

### ASX Code: NHM

### Incorporated:

Western Australia  
26 March 1985

### INDEX:

Director's Report	1
Director's Declaration	4
Statement of Financial Performance	5
Statement of Financial Position	6
Statement of Cash Flows	7
Notes to the Financial Statements	8-20
Audit Report	21

---

---

## Directors' Report

The directors present the financial report of New Holland Mining Limited ("the Company", "New Holland") and the consolidated economic entity, being the Company and its controlled entities, for the year ended 30 June 2003.

### DIRECTORS

The directors of the Company in office during the whole of the year and to the date of this report are as follows:

**Alan R Fraser** – Chairman and Executive Director  
Mr Fraser has wide experience in Victorian mineral exploration and in industrial and mining construction. He is chief executive officer of the Company.

**Stuart M McGregor** – Non-Executive Director  
Mr McGregor is a pharmacist with a varied business background including mineral exploration ventures in Western Australia and Victoria. Mr McGregor is a member of the Audit Committee and of the Remuneration Committee.

**Christian B Fraser** – Non-Executive Director  
Mr Fraser is an engineer with experience in civil engineering and construction. Mr Fraser is a member of the Audit Committee and of the Remuneration Committee.

### DIRECTORS' INTERESTS

At the date of this report directors held relevant interests in shares of the Company as set out below:

AR Fraser	3,942,515
CB Fraser	1,683,972
SM McGregor	3,998,022

### DIRECTORS EMOLUMENTS

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the directors and the chief executive officer. The Committee assesses the appropriateness of the nature and amount of emoluments on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive.

Remuneration for the services of the executive Director are formalised in a service agreement

Details of the nature and amount of each element of the emoluments of each director of the Company for the financial year are shown in Note 18 to the Financial Statements.

### MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Board of Directors and of the Board Committees attended by each director and the number of meetings held during the period of his appointment.

	Board of Directors		Committees	
	Held	Attended	Held	Attended
AR Fraser	16	16	-	-
CB Fraser	16	16	2	2
SM McGregor	16	16	2	2

### PRINCIPAL ACTIVITIES

The principal activities of the economic entity during the year were gold and base metal exploration, and pursuing opportunities in the oil and gas sector.

### CONSOLIDATED RESULTS

The net consolidated loss of the economic entity for the year after income tax was \$527,623.

### DIVIDENDS

The directors do not recommend and have not provided for payment of a dividend. No dividend was paid during or since the end of the financial year.

### SHARE OPTIONS

No options were exercised during the year and 37,526,901 options over unissued shares in the capital of the Company expired unexercised on 30 September 2002.

### IDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

The company has not, during or since the end of the financial year in respect to any person who is or has been an officer or auditor of the Company or related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the cost or expenses to defend legal proceedings.

---

## STATE OF AFFAIRS – SIGNIFICANT CHANGES & LIKELY DEVELOPMENTS

During the year the Company undertook capital raisings of \$693,208 by the issue of 28,486,524 shares for working capital purposes.

### Events Since Balance Date

Since balance date the company issued 7,600,000 fully paid ordinary shares at an issue price of 1 cent per share to raise \$76,000 and settled the sale of freehold land, the consideration of \$18,900 being held by the company at balance date.

The Directors are not aware of any other matter or circumstance that has arisen since 30 June 2003 that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years except as stated elsewhere in this report or in the financial report.

## REVIEW OF OPERATIONS

### *West Victoria Project – EL 4514 (Dunkeld) (New Holland 100%)*

The Mount Stavely Volcanic Complex was subject to an intensive exploration effort in the last 10 years by North Ltd and CRAE (now Rio Tinto) leading to the discovery of a number of different styles of mineralisation. Volcanic Hosted Massive Sulphide (VHMS) gold and copper mineralisation, granite associated copper with minor gold (porphyry copper style) and laterite nickel mineralisation were all located near surface through simple geochemical methods supported by aeromagnetic interpretation.

NHM believes that the potential of this complex is yet to be fully realised. Recent airborne geophysical data released by the Geological Survey of Victoria shows a previously unrecognised repeat unit of the Mount Stavely Volcanic Complex 15 to 20 kilometres west of the outcropping (explored) Cambrian volcanics, between Dunkeld and Glenthompson. These volcanics lie under shallow alluvium or Tertiary basalts, and strike north under the younger sediments of the Grampians Group within the Grampians National Park.

EL4514 offers potential for VHMS style copper + gold mineralisation similar to that found within identical units on the West Coast of Tasmania from which mining operations in the 1997-1998 year alone produced over US\$400m of gold, copper, lead, zinc and silver. NHM has already shown through its management of the Mt Wellington Project in eastern Victoria that the Cambrian Volcanics of Victoria do have strong potential for these styles of mineralisation.

Concentrations of nickel have already been identified in oxidised serpentinite (a type of volcanic rock) by previous explorers in the Mt Stavely Volcanic Complex, and it is interesting to note that the nickel potential of the same rocks in Tasmania has recently been recognised, particularly near Zeehan.

Recent reprocessing and interpretation of the regional magnetics and gravity data has led to a more insightful appreciation of the tectonic setting and mode of mineralisation that the company believes to exist within this licence. The aeromagnetic data clearly show the Heifer Swamp anomaly is located on a dilational jog of a regional sinistral shear zone. A major structure can be clearly seen extending from west of Mortlake in the south, through the project area to the Black Range in the West Grampians, a total distance of 140 kilometres.

A number of gold prospects in the Black Range lie on the northern end of this structure, just before it disappears under the Murray Basin sediments further to the north.

This structure is parallel to the major regional trends (at 350°), including the mineralised Moyston Fault, but swings to 315° in the Glenthompson-Dunkeld area. This swing creates a dilational “jog” in the sinistral shear zone, allowing for the introduction of intrusive bodies such as granodiorites which are often associated with gold and base metal mineralisation. Within this dilational jog can be seen additional dilational and compressional structures which would be favourable to the conduit and trapping of metal-rich hydrothermal fluids, leading to the deposition of economic mineralisation. The presence of these structures gives confidence to the locating of drill targets.

Known mineral deposits in the immediate vicinity (Wickliffe, Thursday’s Gossan and Junction) are all associated with small granodiorite intrusions or plugs, and all lie on the eastern margin of the main shear. The small and low tenor of these deposits (copper and gold, with some lead and zinc) can be explained by this setting, which also explains much of the anomalous geochemistry located through previous regional reconnaissance drilling.

### *Fosterville EL3211 (New Holland – 2.5% production royalty)*

Owned by Perseverance Exploration Pty Ltd, EL 3529 (in that part that corresponds to the former EL3211), is subject to a 2.5% production royalty with New Holland. No production was undertaken on the royalty area in the last 12 months.

### *Cornella EL 3237 & MIN 4149 (New Holland - 51%)*

The Cornella Prospect, jointly owned by New Holland Mining Ltd (51%) and Perseverance Exploration Pty Ltd (49%), covered by the Mining Licence 4149 and

---

Exploration Licence 3237, is located 40 kilometres north of the Company's Heathcote plant.

Review of the historic data has led to a new mineralisation model being developed based on a series of folded and faulted mineralised chert horizons, with a steep north plunging fold axis. Gold mineralisation is stronger at the hinge zones than in the limbs.

A series of north-east striking, steeply dipping cross faults cause the north-plunging folded chert beds to be brought back to the existing surface every 100 metres northwards, thus presenting an optimal mining situation.

Target parameters based on this model indicate a significant increase in previous resource estimates, based on present drilling which only intersected the western limb of the anticlinal structure. Before an Ore Resource Estimate can be made to JORC standards, a modest drill program of 600 metres is planned to test the eastern limb, and close the existing drill spacing to 12.5 x 10 metres. Any near surface ore can be readily extracted and processed in the nearby Heathcote Plant, currently on care & maintenance.

#### *Heathcote Gold Treatment Plant*

The gold treatment plant installed at the Heathcote mine has since cessation of mining been fully maintained in operating order by the Company.

A third party is giving consideration to the purchase of 50% of the plant to treat ore from nearby locations in joint venture with the Company. A number of sites are under consideration for this proposed venture.

#### *Publicdebate.com.au Pty Ltd (New Holland – 50%)*

Publicdebate is the proprietor of the Australian current affairs internet website [www.publicdebate.com.au](http://www.publicdebate.com.au) which has topical issues available to its readers for debating and voting. Since acquisition of its interest the Company has seen traffic levels to the site gain steadily. The on-line voting system has proved a reliable gauge of public opinion, and has potential commercial applications. The commercial potential of the website has however yet to be realised.

#### **New Opportunities**

During the year the Company has pursued opportunities in the oil and gas sector, in projects either substantially advanced or in production. Project costs carried forward at year end relate to negotiations and due diligence on an offshore gas production project. The costs carried forward will be applied by the Company to project equity when a project acquisition is finalised.

#### **Native Title**

The Company holds tenements in Victoria which are, or in the future may be, subject to native title claims. The Company is complying with the requirements of the current law with respect to native title and will continue to do so. During the year there have been uncertainties with respect to the extent to which native title claims may or may not impact upon the operations of the Company. In particular, the granting of exploration rights and ultimately mining within granted tenements, will be subject to the outcome of any native title claims which will be determined by due process of law involving negotiations with the Company and the state governments. The Company is unable to predict the nature of the restraints, if any, which may result from any determination of these native title issues.

#### **Environmental Considerations**

During the year the Company continued rehabilitation of the Heathcote mine site and has maintained provisioning as at 30 June 2003 to reflect costs of final site reclamation.

The Company has adopted practices in its mineral exploration activities in Australia consistent with the Australian Minerals Industry Code for Environmental Management promulgated by the Minerals Council of Australia.

The Code commits companies in the mining industry to respond to community aspirations, values and concerns through consultation, demonstrated environmental performance, continual improvement and public reporting.

The Company has complied with all terms and conditions of its mining and exploration licences relating to environmental rehabilitation and has made full provision for the continuing mine site rehabilitation at Heathcote. At the date of this report there are no outstanding environmental matters.

Signed in accordance with a resolution of Directors.

**ALAN R FRASER**

Director

Melbourne 30 September 2003

---

## **DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of New Holland Mining Limited, I declare that:

In the opinion of the directors:

- (a) the financial statements and notes of the Company and of the consolidated entity are in accordance with 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 and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

**ALAN R FRASER**

Director

Melbourne 30 September 2003

---

**STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2003**

	Note	Consolidated		The Company	
		2003	2002	2003	2002
		\$	\$	\$	\$
Revenues from ordinary activities	2	13,963	9,451	13,963	9,451
Share of net loss of associate using the equity method		(2,866)	(48,472)	-	-
Expenses from ordinary activities	3	(538,720)	(886,097)	(541,586)	(934,569)
Loss from ordinary activities before income tax		(527,623)	(925,118)	(527,623)	(925,118)
Income tax expense relating to loss from ordinary activities	4	-	-	-	-
Net loss from ordinary activities after income tax expense		(527,623)	(925,118)	(527,623)	(925,118)
Expenses recognised directly in equity					
Share issue costs		(21,000)	(77,193)	(21,000)	(77,193)
Total changes in equity other than those resulting in transactions with owners as owner		(548,623)	(1,002,311)	(548,623)	(1,002,311)
Basic (loss) earnings per share (cents per share)	19	(0.2)	(0.4)		
Diluted (loss) earnings per share (cents per share)	19	(0.2)	(0.4)		

The statement of financial performance should be read in conjunction with the notes to the financial statements.

**STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 30 JUNE 2003**

	Note	Consolidated		The Company	
		2003	2002	2003	2002
		\$	\$	\$	\$
<b>CURRENT ASSETS</b>					
Cash assets		104	59,178	104	59,178
Receivables	5	9,365	6,336	9,365	6,336
Other financial assets	6	4,275	2,405	4,275	2,405
Other	10	6,000	6,000	6,000	6,000
Freehold land held for resale	7	13,012	-	13,012	-
<b>TOTAL CURRENT ASSETS</b>		<b>32,756</b>	<b>73,919</b>	<b>32,756</b>	<b>73,919</b>
<b>NON-CURRENT ASSETS</b>					
Other financial assets	6	-	5,308	59,247	64,555
Property, plant & equipment	7	15,687	18,998	15,687	18,998
Mineral exploration costs carried forward	8	118,792	218,792	114,692	214,692
Project costs carried forward	9	1,004,757	618,805	1,004,757	618,805
Other	10	69,000	79,000	69,000	79,000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,208,236</b>	<b>940,903</b>	<b>1,263,383</b>	<b>996,050</b>
<b>TOTAL ASSETS</b>		<b>1,240,992</b>	<b>1,014,822</b>	<b>1,296,139</b>	<b>1,069,969</b>
<b>CURRENT LIABILITIES</b>					
Payables	11	142,175	70,441	142,175	70,441
Interest bearing liabilities	12	-	160,000	-	160,000
Provisions	13	90,974	56,078	90,974	56,078
<b>TOTAL CURRENT LIABILITIES</b>		<b>233,149</b>	<b>286,519</b>	<b>233,149</b>	<b>286,519</b>
<b>NON-CURRENT LIABILITIES</b>					
Payables	11	-	-	102,760	102,760
Interest bearing liabilities	12	220,000	-	220,000	-
Provisions	13	74,000	100,045	74,000	100,045
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>294,000</b>	<b>100,045</b>	<b>396,760</b>	<b>202,805</b>
<b>TOTAL LIABILITIES</b>		<b>527,149</b>	<b>386,564</b>	<b>629,909</b>	<b>489,324</b>
<b>NET ASSETS</b>		<b>713,843</b>	<b>628,258</b>	<b>666,230</b>	<b>580,645</b>
<b>EQUITY</b>					
Contributed equity	14	20,202,578	19,589,370	20,202,578	19,589,370
Accumulated losses	15	(19,488,735)	(18,961,112)	(19,536,348)	(19,008,725)
<b>TOTAL EQUITY</b>		<b>713,843</b>	<b>628,258</b>	<b>666,230</b>	<b>580,645</b>

The statement of financial position should be read in conjunction with the notes to the financial statements.

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

	Note	Consolidated		The Company	
		2003	2002	2003	2002
		\$	\$	\$	\$
Cash Flows used in Operating Activities					
Receipts from customers and others		20,050	1,500	20,050	1,500
Payments to suppliers and employees		(276,705)	(411,273)	(276,705)	(411,273)
Interest received		3,982	6,844	3,982	6,844
Net cash flows used in operating activities	21	(252,673)	(402,929)	(252,673)	(402,929)
Cash Flows used in Investing Activities					
Payment for plant and equipment		-	(2,795)	-	(2,795)
Proceeds from sale of plant and equipment		-	6,979	-	6,979
Payment for project costs		(368,501)	(616,256)	(368,501)	(616,256)
Loans to controlled entity		-	-	-	(36,910)
Loans to associate		-	(36,910)	-	-
Net cash flows used in investing activities		(368,501)	(648,982)	(368,501)	(648,982)
Cash Flows from Financing Activities					
Proceeds from share issues		232,100	698,600	232,100	698,600
Payment of costs of share issues		-	(77,192)	-	(77,192)
Proceeds from applications for shares		-	80,000	-	80,000
Proceeds from convertible note issues		330,000	260,000	330,000	260,000
Net cash flows provided by financing activities		562,100	961,408	562,100	961,408
Net decrease in cash assets		(59,074)	(90,503)	(59,074)	(90,503)
Cash assets at the beginning of the financial year		59,178	149,681	59,178	149,681
Cash assets at the end of the financial year	1	104	59,178	104	59,178

The statement of cash flows should be read in conjunction with the notes to the financial statements.

---

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

### **NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 which includes applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report has been prepared in accordance with the historical cost convention. The accounting policies adopted are consistent with those of the previous year.

#### **Comparative Figures**

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

#### **Going Concern Basis**

The report has been prepared on the going concern basis (Refer to Note 24).

#### **Project Costs**

Project costs relating to the oil and gas sector are carried forward to the extent that the following conditions have been met:

- it is probable that the future economic benefits embodied in the asset will eventuate; and
- the asset possesses a cost or other value that can be measured reliably

Costs which no longer satisfy the above conditions are written off against the results for the year.

#### **Principles of Consolidation**

The consolidated financial statements of the consolidated entity comprise those of the Company and the entities it controlled at year end or from the time to time during the year. The effects of all transactions between entities in the consolidated entity have been eliminated.

The financial statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

#### **Cash Assets**

Cash assets include cash on hand and cash equivalents used in the cash management function of the economic entity, bank balances net of outstanding overdrafts and deposits at call, carried at nominal values.

#### **Income Tax**

The consolidated entity applies the liability method of tax effect accounting, whereby the income tax expense in the

statement of financial performance is matched with the accounting profit after allowing for permanent differences. A future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

#### **Goods and Services Tax (GST)**

Revenues, expenses, assets and commitments are recognised net of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included

#### **Recoverable Amount**

The carrying amounts of all non-current assets are reviewed at least annually to determine whether they are in excess of their recoverable amount. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower value. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

#### **Investments**

Investments in associates are carried at the lower of equity accounted amount and recoverable amount in the consolidated financial statements and at the lower of cost and recoverable amount in the Company's financial statements.

Other investments are carried at the lower of cost and recoverable amount.

---

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

### **Property, Plant And Equipment**

Items of property, plant and equipment are carried at the lower of cost less accumulated depreciation, and recoverable amount.

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

Items of property, plant and equipment are depreciated using the straight-line method over 4 to 5 years.

### **Exploration, Evaluation, Development and Restoration Costs**

Exploration, evaluation and development costs are accumulated in respect of each separate area of interest. These costs are carried forward where they are expected to be recouped through sale or successful development and exploitation of the area of interest or where activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

When an area of interest is abandoned or the directors decide that it is not commercial, accumulated costs are written off in the year the decision is made. Each area of interest is reviewed annually and accumulated costs written off to the extent that they will not be recoverable in the future.

When production commences, costs carried forward are amortised on a unit of production basis over the life of the economically recoverable reserves.

Restoration costs are provided for in full, at the time of the activities which give rise to the need for restoration. Restoration costs include reclamation, plant and waste site closure and the monitoring of those activities and are based on undiscounted prospective current cost estimates which satisfy current legal requirements using current technology.

### **Joint Ventures**

Interests in unincorporated joint ventures are brought to account by proportionate consolidation which involves including the following amounts in the appropriate categories in the financial statements:

- \* the interest in each of the individual assets employed in the joint venture;
- \* liabilities incurred in relation to the joint venture and the share of any liabilities for which there is joint and/or several liability; and

- \* the share of the expenses incurred in relation to the joint venture.

### **Employee Benefits**

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. Benefits include wages and salaries, annual leave, sick leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled and recognised against profits on a net basis in their respective categories.

### **Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

#### *Sale of Goods*

Control of the goods has passed to the buyer.

#### *Rendering of Services*

Where the contract outcome can be reliably measured, control of the right to be compensated for the services and the state of completion can be reliably measured. Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent that costs have been incurred.

#### *Interest*

Control of the right to receive the interest payment.

#### *Dividends*

Control of the right to receive the dividend payment.

### **Contributed Equity**

Issued and paid up capital is recognised at the fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

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

Note	Consolidated		The Company	
	2003 \$	2002 \$	2003 \$	2002 \$
<b>NOTE 2 REVENUE FROM ORDINARY ACTIVITIES</b>				
Operating Activities				
Miscellaneous	-	1,500	-	1,500
Non-Operating Activities				
Interest	3,913	7,042	3,913	7,042
Reimbursement of administration costs	10,050	-	10,050	-
Proceeds on disposal of mining plant	-	909	-	909
	13,963	7,951	13,963	7,951
Total revenues from ordinary activities	13,963	9,451	13,963	9,451

**NOTE 3 EXPENSES AND LOSSES (GAINS) FROM ORDINARY ACTIVITIES**

Depreciation of plant and equipment	1,323	29,931	1,323	29,931
Mine rehabilitation	-	2,023	-	2,023
Employee remuneration	199,851	192,646	199,851	192,646
Provision for employee benefits	8,851	8,992	8,851	8,992
Rental on operating leases	45,537	35,982	45,537	35,982
Interest	24,340	-	24,340	-
Oil & gas project expenses	53,438	23,352	53,438	23,352
Mineral exploration expenses	21,788	11,145	21,788	11,145
Other expenses from ordinary activities	94,044	140,339	94,044	163,753
Provision for diminution in value of				
- advances to associate	-	36,910	-	-
- investment in associate	2,442	23,414	-	-
- investment in listed entity	(1,870)	2,796	(1,870)	2,796
- investment in unlisted entity	-	30,239	-	30,239
- investment in controlled entity	-	-	5,308	48,472
- mineral exploration tenement	100,000	348,328	100,000	348,328
- advances to controlled entity	-	-	-	36,910
- property, plant & equipment	(11,024)	-	(11,024)	-
Total expenses from ordinary activities	538,720	886,097	541,586	934,569

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

Note	Consolidated		The Company	
	2003 \$	2002 \$	2003 \$	2002 \$
<b>NOTE 4 TAXATION</b>				
Income Tax Expense				
Prima facie income tax (benefit) on loss from ordinary activities varies from the income tax provided in the financial statements as follows:				
Prima facie income tax benefit on loss from ordinary activities	(158,287)	(277,535)	(158,287)	(277,535)
Tax effect of Tax losses deferred	158,287	277,535	158,287	277,535
Income Tax Expense	-	-	-	-
Future Income Tax Benefit				
Estimated future income tax benefit not recognised as an asset because recovery is not virtually certain				
Tax losses	928,849	807,577	928,849	807,577
Timing differences	150,061	366,722	150,061	366,722
	1,078,910	1,174,299	1,078,910	1,174,299
The potential future income tax benefit will only be obtained if:				
i. the relevant company derives future assessable income of a nature and amount sufficient to enable the benefit to be realised, or the benefit can be utilised by another company in the consolidated entity in accordance with tax legislation				
ii. the relevant company continues to comply with the conditions for deductibility imposed by the tax legislation; and				
iii. no changes in tax legislation adversely affect the relevant company in realising the benefit.				
<b>NOTE 5 RECEIVABLES</b>				
Current				
Goods and services tax	2,819	5,841	2,819	5,841
Other	6,546	495	6,546	495
	9,365	6,336	9,365	6,336
Non-Current				
Controlled entities	-	-	582,991	541,656
Less: Provision for doubtful debts	-	-	(582,991)	(541,656)
	-	-	-	-

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

	Note	Consolidated		The Company	
		2003 \$	2002 \$	2003 \$	2002 \$
<b>NOTE 6 OTHER FINANCIAL ASSETS</b>					
Current					
Shares in listed company at market value		4,275	2,405	4,275	2,405
Non-Current					
Shares in controlled entities at cost		-	-	2,640,918	2,640,918
Less: Provision for diminution in value		-	-	(2,581,671)	(2,576,363)
Shares in associate at equity accounted amount	16	-	5,308	-	-
		-	5,308	59,247	64,555
Investment in Controlled Entities					
The controlled entities listed below are 100% owned, (2002 – 100%) incorporated in Australia, balance June 30 and are audited by PKF					
Rushworth Mines Pty Ltd				2,282,313	2,282,313
Pourmore Pty Ltd				2	2
Sheraton Pines Pty Ltd				59,245	59,245
Opinionex Pty Ltd				299,358	299,358
				2,640,918	2,640,918
<b>NOTE 7 PROPERTY, PLANT AND EQUIPMENT</b>					
Current					
Freehold land held for sale at cost	25	13,012	-	13,012	-
Non-Current					
Furniture, equipment and vehicles at cost		26,641	30,616	26,641	30,616
Loss: Accumulated depreciation		(23,966)	(26,618)	(23,966)	(26,618)
		2,675	3,998	2,675	3,998
Mining plant and equipment at cost		1,418,563	1,418,563	1,418,563	1,418,563
Less: Accumulated depreciation		(1,418,563)	(1,418,563)	(1,418,563)	(1,418,563)
		-	-	-	-
Freehold land at cost		13,012	26,024	13,012	26,024
Less: Provision for diminution in value		-	(11,024)	-	(11,024)
		13,012	15,000	13,012	15,000
		15,687	18,998	15,687	18,998
Movement in carrying amounts for each class of property, plant and equipment between balances at the beginning and end of the year.					
Non-Current					
Furniture, equipment and vehicles					
Balance at beginning of year		3,998	2,828	3,998	2,828
Depreciation for year		(1,323)	(1,625)	(1,323)	(1,625)
Additions for year		-	2,795	-	2,795
Balance at end of year		2,675	3,998	2,675	3,998

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

Note	Consolidated		The Company	
	2003	2002	2003	2002
	\$	\$	\$	\$
<b>NOTE 7 PROPERTY, PLANT AND EQUIPMENT (continued)</b>				
Mining plant and equipment				
Balance at beginning of year	-	28,306	-	28,306
Depreciation for year	-	(28,306)	-	(28,306)
Balance at end of year	-	-	-	-
Freehold land				
Balance at beginning of year	15,000	15,000	15,000	15,000
Write-back provision for diminution in value	11,024	-	11,024	-
Transfer to current asset	(13,012)	-	(13,012)	-
Balance at end of year	13,012	15,000	13,012	15,000
	15,687	18,998	15,687	18,998
<b>NOTE 8 MINERAL EXPLORATION COSTS CARRIED FORWARD</b>				
Balance at beginning of year	218,792	554,363	214,692	550,263
Expenditure incurred during the year	3,000	12,757	3,000	12,757
Expenditure written off	(103,000)	(348,328)	(103,000)	(348,328)
Balance at end of year	118,792	218,792	114,692	214,692
<b>NOTE 9 PROJECT COSTS CARRIED FORWARD</b>				
Balance at beginning of year	618,805	-	618,805	-
Costs during the year	385,952	618,805	385,952	618,805
	1,004,757	618,805	1,004,757	618,805
<p>During the year the Company pursued opportunities in the oil and gas sector, in projects either substantially advanced or in production. Project costs carried forward relate to negotiations and due diligence on an offshore gas production project. The costs carried forward will be applied by the Company to project equity when a project acquisition is finalized. Ultimate recovery of project costs carried forward is dependent upon the company achieving appropriate funding by capital raising or sale or farmout of project interests to support continued activities. There is uncertainty as to ultimate recovery pending completion of project acquisition and appropriate funding being obtained.</p>				
<b>NOTE 10 OTHER ASSETS</b>				
Current				
Security deposit – operating lease	6,000	6,000	6,000	6,000
Non-Current				
Term deposit security guarantee in relation to mining leases	69,000	79,000	69,000	79,000

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

	Note	Consolidated		The Company	
		2003 \$	2002 \$	2003 \$	2002 \$
<b>NOTE 11 PAYABLES</b>					
Current					
Trade creditors		28,669	38,566	28,669	38,566
Interest on convertible notes		7,597	-	7,597	-
Related parties	23	87,009	31,875	87,009	31,875
Deposit for sale of land	25	18,900	-	18,900	-
		142,175	70,441	142,175	70,441
Non-Current					
Controlled entities		-	-	102,760	102,760
<b>NOTE 12 INTEREST BEARING LIABILITIES</b>					
Current					
Advances for convertible notes	14	-	160,000	-	160,000
Non-Current					
Convertible notes	14	220,000	-	220,000	-
<b>NOTE 13 PROVISIONS</b>					
Current					
Employee benefits		90,974	56,078	90,974	56,078
Non-Current					
Employee benefits		-	26,045	-	26,045
Mine restoration obligations		74,000	74,000	74,000	74,000
		74,000	100,045	74,000	100,045
Aggregate employee benefits		90,974	82,123	90,974	82,123
<b>NOTE 14 CONTRIBUTED EQUITY</b>					
Issued and Paid Up Capital					
Fully paid ordinary shares		20,202,578	19,509,370	20,202,578	19,509,370
Application moneys for shares		-	80,000	-	80,000
		20,202,578	19,589,370	20,202,578	19,589,370
		<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Movements in Shares on Issue					
Balance at beginning of year		242,082,058	199,685,392	19,509,370	18,773,563
Shares issued for working capital		14,345,787	34,930,000	332,100	698,600
Costs of issue		-	-	(21,000)	(77,193)
Shares issued on conversion of notes	21	8,999,999	6,666,666	270,000	100,000
Shares issued in payment of:					
directors' remuneration	21	3,732,382	800,000	74,648	14,400
interest on convertible notes	21	618,883	-	16,460	-
share issue costs	21	789,473	-	21,000	-
		270,568,582	242,082,058	20,202,578	19,509,370

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

### NOTE 14 CONTRIBUTED EQUITY (continued)

#### Shares Issued Since Balance Date

Since balance date 7,600,000 ordinary shares have been issued (Note 26).

#### Convertible Notes

At balance date 8,270,675 10% convertible notes with a face value of 2.66 cents each were outstanding (Note 12). Maturing on 26 August 2004, each note is convertible into an ordinary share.

Advances of \$160,000 outstanding at the beginning of the year (Note 12) gave rise to the issue of 5,333,333 10% convertible notes with a face value of 3 cents each on 29 November 2002 following shareholder approval which were subsequently converted into ordinary shares. A further 3,666,666 10% convertible notes with a face value of 3 cents each were converted into ordinary shares during the year.

#### Share Options

On 30 September 2002 37,526,901 options exercisable at 20 cents per share expired unexercised.

#### Terms and Conditions of Contributed Equity

The holders of ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

	Note	Consolidated		The Company	
		2003	2002	2003	2002
		\$	\$	\$	\$
<b>NOTE 15 ACCUMULATED LOSSES</b>					
Balance at beginning of year		(18,961,112)	(18,035,994)	(19,008,725)	(18,083,607)
Net loss		(527,623)	(925,118)	(527,623)	(925,118)
		(19,488,735)	(18,961,112)	(19,536,348)	(19,008,725)

### NOTE 16 INVESTMENT IN ASSOCIATES USING THE EQUITY METHOD

Carrying amount at beginning of year		5,308	53,780	-	-
Share of associates' loss		(2,866)	(25,058)	-	-
Investment at equity accounted amount	1	2,442	28,722	-	-
Write down to recoverable amount		(2,442)	(23,414)	-	-
Carrying amount at end of year	6	-	5,308	-	-
Share of Assets and Liabilities of Associate					
Current assets		17	-		
Non-current assets		17,250	18,888		
Current liabilities		(14,825)	(13,580)		
		2,442	5,308		
Share of Associate's Losses:					
Balance at beginning of year		(118,601)	(93,543)		
Loss for the year		(2,866)	(25,058)		
		(121,467)	(118,601)		
Name of Associate:		Publicdebate.com.au Pty Ltd			
Principal Activity of Associate:		Proprietor of internet software			
Interest Held:		50% (2002: 50%)			

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

Note	Consolidated		The Company	
	2003	2002	2003	2002
	\$	\$	\$	\$

**NOTE 17 AUDITOR'S REMUNERATION**

Amounts received or due and receivable for:

Audit or review of the financial reports of the Company and the consolidated entity	15,750	13,712	15,750	13,712
Other services	-	5,200	-	5,200
	15,750	18,912	15,750	18,912

**NOTE 18 DIRECTORS' REMUNERATION**

Income paid or payable or otherwise made available, directly or indirectly in respect of the financial year to all directors of the Company, by the Company or by any related party.	152,600	157,405	152,600	157,405
--	---------	---------	---------	---------

The number of directors of the Company whose total income (including superannuation contributions) paid or payable or otherwise made available in respect of the financial year, directly or indirectly by the Company or by any related party fell within each successive band of income:

	Number of Directors	
\$10,000 - \$19,999	-	2
\$20,000 - \$29,999	2	1
\$100,000 - \$109,999	1	1

Nature and amount of each element of the emolument of each director of the Company for the financial year

	Total	Directors Fees	Fees for Services	Superannuation
	\$	\$	\$	\$
AR Fraser	109,000	-	100,000	9,000
CB Fraser	21,800	20,000	-	1,800
SM McGregor	21,800	8,334	-	13,466
	152,600	28,334	100,000	24,266

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

Note	Consolidated		The Company	
	2003	2002	2003	2002
	\$	\$	\$	\$

**NOTE 19 EARNINGS PER SHARE**

Income and share data used in the calculations of basic and diluted earnings (loss) per share

	Consolidated			
	2003	2002		
	\$	\$		
Net loss	(527,623)	(925,118)		
	<b>Number of</b>	<b>Number of</b>		
	<b>Shares</b>	<b>Shares</b>		
Weighted average number of ordinary shares used in calculation of basic and diluted earnings (loss) per share	257,343,334	215,866,058		

**NOTE 20 EXPENDITURE COMMITMENTS**

Minimum expenditure commitments contracted for under exploration licences not provided for in the financial statements

Not longer than 1 year	59,100	263,800	59,100	263,800
Longer than 1 year and not longer than 5 years	147,900	147,900	147,900	147,900
	207,000	411,700	207,000	411,700

Minimum expenditure commitments may, subject to negotiation and with approval, be avoided by sale, farmout or relinquishment.

**NOTE 21 STATEMENT OF CASH FLOWS**

Reconciliation of loss from ordinary activities after income tax to net cash used in operating activities:

Loss from ordinary activities after income tax	(527,623)	(925,118)	(527,623)	(925,118)
Adjustments for non-cash items				
Depreciation	1,323	29,931	1,323	29,931
Amounts set aside to provisions (reversed)	(10,452)	93,359	(7,586)	118,417
Equity issues to settle payables	91,108	14,400	91,108	14,400
Loss (profit) on sale of non-current assets	-	(909)	-	(909)
Write down exploration expenditure	100,000	348,328	100,000	348,328
Share of associate's loss	2,866	25,058	-	-
Changes in assets and liabilities				
Receivables	(2,645)	9,304	(2,645)	9,304
Other operating assets	10,000	(12,758)	10,000	(12,758)
Payables	82,750	15,476	82,750	15,476
Net cash used in operating activities	(252,673)	(402,929)	(252,673)	(402,929)

---

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

		<b>Consolidated</b>		<b>The Company</b>	
	<b>Note</b>	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
				<b>\$</b>	<b>\$</b>
<b>NOTE 21 STATEMENT OF CASH FLOWS (continued)</b>					
Non-cash Operating and Financing Activities					
		<b>Shares</b>	<b>Shares</b>		
During the year the Company issued shares in settlement of:					
Operating Activities					
Directors' remuneration	14	3,732,382	800,000	74,648	14,400
Interest on convertible notes	14	618,883	-	16,460	-
Financing Activities					
Conversion of convertible notes	14	8,999,999	6,666,666	270,000	100,000
Costs of share issues	14	789,473	-	21,000	-

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

### NOTE 22 SEGMENT INFORMATION – PRIMARY SEGMENT

The Company's operations are confined to mineral exploration and an internet website within Australia and an oil and gas project offshore.

	MINERAL EXPLORATION		INTERNET WEBSITE		OIL & GAS PROJECT		CONSOLIDATED	
	2003	2002	2003	2002	2003	2002	2003	2002
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>								
Segment revenue	-	2,409	-	-	-	-	-	2,409
Unallocated revenue							13,963	7,042
Total consolidated revenue							13,963	9,451
<b>Results</b>								
Segment result	(121,788)	(380,282)	(5,308)	(108,796)	(53,438)	-	(180,534)	(489,078)
Unallocated expenses							(347,089)	(436,040)
Consolidated entity loss from ordinary activities before income tax expense							(527,623)	(925,118)
Income tax expense							-	-
Consolidated entity profit (loss) from ordinary activities after income tax expense							(527,623)	(925,118)
<b>Assets</b>								
Segment assets	203,479	297,792	-	5,308	1,004,757	618,805	1,208,236	921,905
Unallocated assets							32,756	92,917
Total Assets							1,240,992	1,014,822
<b>Liabilities</b>								
Segment liabilities	74,000	74,000	-	-	-	-	74,000	74,000
Unallocated liabilities							453,149	312,564
Total Liabilities							527,149	386,564
<b>Other segment information:</b>								
Acquisition of intangible assets	-	-	-	-	385,952	618,805	385,952	618,805
Depreciation	-	28,305	-	-	-	-	1,323	29,931

### NOTE 23 RELATED PARTY TRANSACTIONS

		Interest at Balance Date		Acquisitions (Issues) During Year		Remuneration Applied to Acquisition	
		2003	2002	2003	2002	2003	2002
		Shares	Shares	Shares	Shares	\$	\$
The name of the Directors in office during the year and equity interest held by each Director.							
AR Fraser	(1)	3,942,515	2,097,833	1,844,682	200,000	35,141	3,600
CB Fraser	(1)	1,683,972	459,222	1,224,750	200,000	15,991	-
SM McGregor		3,998,022	2,822,222	1,175,800	600,000	23,516	10,800
	(1)	8,652,437	4,920,055	3,732,382	800,000	74,648	14,400

(1) Totals do not include shares in which AR Fraser and CB Fraser each held an indirect interest.

#### Payables and Receivables

Accounts receivable from related parties are disclosed in Note 5. Accounts payable to related parties are disclosed in Note 11.

---

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

### NOTE 23 RELATED PARTY TRANSACTIONS (continued)

#### Associated Company

The Company, through the subsidiary Opinionex Pty Ltd, holds 50% of Publicdebate.com.au Pty Ltd the proprietor of the Publicdebate.com.au internet website of which Mr A Fraser is a director. The investment in Publicdebate.com.au Pty Ltd is detailed in Note 16. The Company provided administration services to Publicdebate.com.au Pty Ltd during the year free of charge.

#### Controlled Entities

Information relating to controlled entities is set out in Note 6. Loans to and from controlled entities are interest free and payable on demand, subject to the ability of the relevant entity to satisfy such demand.

### NOTE 24 GOING CONCERN

The Company has prepared this financial report on the going concern basis which assumes the realisation of assets and the extinguishment of liabilities in the normal course of business at the amounts stated in the financial statements.

If the company is unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the company be unable to continue as a going concern and meet its debts as and when they fall due.

The constitution of the Company provides for the issue of shares by the directors. The Listing Rules of ASX provide for the issue by directors of a certain number of shares, and for pro-rata issues to shareholders without member approval and for further issues of shares with member approval.

Since balance date the directors have issued a total of 7,600,000 shares pursuant to the ASX Listing Rule "15% rule". The ability of directors to issue further shares under that rule remains to the extent of 22,126,491 shares.

At the forthcoming annual general meeting of members, directors propose to seek member approval of the following:

- Ratification of the issue of 7,600,000 shares issued under the "15% rule" referred to above.

- Ratification of the issue of 8,270,675 10% convertible notes during the year convertible into ordinary shares at 2.66 cents per share and approval for the issue of the relevant shares.

The effect of the above approvals will be to re-instate the ability of the directors to issue further shares to the full extent of the 15% rule.

The directors believe the company will be able to obtain adequate additional sources of finance to fund operations for the next 12 months.

### NOTE 25 SUBSEQUENT EVENTS

Since balance date the Company has issued 7,600,000 shares subscribed for after balance date at an issue price of 1cent per share raising \$76,000.

The funds raised have been applied to administration and to project costs.

Since balance date the company has sold freehold land carried as a current asset (note 7) at \$13,012 for a consideration of \$18,900 inclusive of GST. At balance date the consideration of \$18,900 was held as a deposit (note 11).

### NOTE 26 FINANCIAL INSTRUMENTS

#### (a) Interest Risk

The economic entity's exposure to interest rate risks for financial assets at balance date, are immaterial.

The economic entity's exposure to interest rate risks for financial liabilities at balance date, are immaterial other than for the following:

- convertible notes for \$220,00 (refer note 12) issued the 26 February 2003 at an interest rate of 10% per annum. These convertible notes have a redemption date of 26 August 2004.

#### (b) Net Fair Values

The aggregate net fair values of financial assets and liabilities are the same as the carrying amounts.

#### (c) Credit Risk

The maximum credit risk exposure is represented by the carrying amounts of assets.

### NOTE 27 CORPORATE INFORMATION

The Company operates in the mineral exploration sector in Australia and in the oil and gas sector in Indonesia, employing 3 persons. The Company's registered and administration office is located at Level 25, 500 Collins Street, Melbourne.

## **INDEPENDENT AUDIT REPORT TO THE MEMBERS OF NEW HOLLAND MINING LIMITED**

### **Scope**

#### *The Financial Report and Directors' Responsibility*

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for New Holland Mining Limited (the company), for the year ended 30 June 2003. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at years 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 conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing and Assurance Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- (a) examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- (b) assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

### **Independence**

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

### **Audit Opinion**

In our opinion, the financial report of New Holland Mining Limited 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 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 financial reporting requirements in Australia.

### **Inherent Uncertainty Regarding Continuation as a Going Concern and Carrying Value of Project Costs**

Without qualification to the opinion expressed above, attention is drawn to the following matters.

As a result of the matters described in Note 1 and Note 24, there is significant uncertainty whether New Holland Mining Limited will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Included in the Statement of Financial Position are Project Costs carried forward of \$1,004,757 relating to expenditure on an offshore gas production project by the Company as described in Note 9. The recoverability of this asset is uncertain and dependent upon the success of current negotiations with parties aligned with the economic entity to secure access to the projects concerned and upon the successful development and commercial exploitation or alternatively, sale of the respective projects.



**PKF**  
Chartered Accountants  
A Victorian Partnership



M L Port  
Partner

30 September 2003  
Melbourne