

TANTALUM AUSTRALIA NL

ABN 58 009 127 020

ANNUAL REPORT 30 JUNE 2003

TANTALUM AUSTRALIA NL

CORPORATE DIRECTORY

Directors

Mr Michael Fotios
Mr Timothy King
Mr David Reynolds
Ms Sasya Sebi

Secretary

Mr Peter Farrah

Auditors

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West Perth WA 6005

Bankers

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TANTALUM AUSTRALIA NL

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CHAIRMAN'S REPORT

Dear Shareholder,

The Company's 2003 year was heavily influenced by low tantalum prices, as a result of the inventory overhang from the downturn after the 2001 tantalum boom, and the absence of the Company's fixed price off-take agreement that was closed out as a part of the buy-back of the 50% interest in Tantalum Australia Operations Pty Ltd ("TAO").

In response to the low tantalum price, and in order to manage other mining risks, the Company continued its strategy of moving down stream in the tantalum business, securing contracts for the sale of tantalum metal, and continuing to develop the technology for conversion of tantalum concentrate into tantalum metal in association with Boston University. The tantalum metal is to be produced in part from concentrate supplied by TAO from a combination of mining activities, and purchase of ore and concentrate to be upgraded at the Balcatta processing facility.

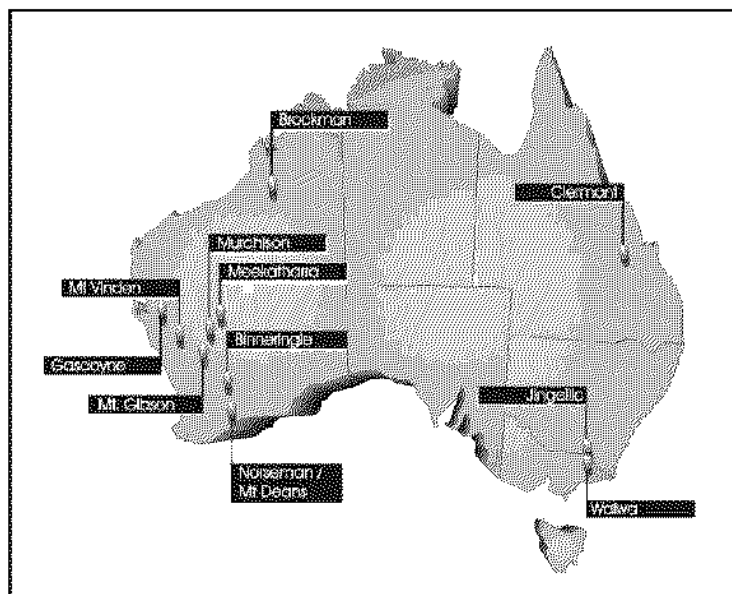
The Company takes the view that, whilst tantalum prices are at present weak, the supply and demand dynamics for the metal for the future are attractive for producers. The Company is therefore committed to progressing its strategy of developing an integrated tantalum business, that allows for effective risk management through involvement in the mining and processing, concentration, downstream marketing and technology aspects of the business.

During the year the Company also moved to diversify its exposure from tantalum into niobium, a commodity considered to be complimentary to tantalum by virtue of its geological occurrence, processing technology and marketing outlets, and which is currently at a more buoyant stage in its commodity cycle. TAO acquired niobium resource projects at Gascoyne and Brockman. It expects to mine the existing Gascoyne resource over a three month trial period, whilst conducting additional resource definition activities. Evaluation of the massive Brockman project is in process.

The Company's strategy in floating off the gold assets into Savannah Gold NL was not successful due to the market being particularly weak at the time. The Board reviewed its strategy in relation to the gold assets, and determined that Norseman is an area of strategic advantage for the Company, both in tantalum and gold. Taking into account the Company's expertise and experience in gold exploration and mining in this region, and the existing plant and infrastructure owned by the Company, the Board believes that it should pursue generating value from the Norseman gold assets through further development. To this end, a feasibility study is due for completion in November.

Gold assets in the Meekatharra, Murchison and Clermont regions are not considered strategic, and are expected to be realised through farm-out or sale.

Mr Kim Robinson retired as Chairman at the end of the financial year, and I take this opportunity to thank him for his significant contribution to the Company over the past four and a half years. Mr Harris Crowley also retired from KEMET Electronics and as a director of the Company, and we thank him for his contribution, and welcome Mr David Reynolds from KEMET Electronics as a director.



Australia - Project Location Plan

Timothy King
Chairman

REVIEW OF OPERATIONS

INTRODUCTION

The Company has continued its focus of developing a world class resource base of rare metals with emphasis on tantalum and niobium. Tantalum Australia has retained its gold projects at Norseman, Meekatharra and Clermont and continued the exploration that Savannah had intended to carry out.

At Norseman a reverse circulation drill program confirmed a zone of moderate-grade gold mineralization at the Iron Duke prospect. As a consequence, a follow-up program to delineate the strike length and depth continuation of the mineralization has been implemented. The remaining projects are currently being maintained with the minimum requirements of activity.

The exploration for rare metal (tantalum/niobium) deposits has continued whilst the market value of the metals remains low. As a result new projects at Gascoyne and the Kimberly have been added. The company continues to receive approaches from holders of rare metal projects attracted by the companies proven exploration and development capabilities.

Further work has been conducted on the resources at Binneringie and Mt Deans focussing on metallurgical test work and optimal processing design. The lack of success through native title negotiations for additional resources at Dalgaranga have resulted in that project being put on a care and maintenance basis. A new project, Arkaroola, in South Australia has been acquired but to date no field work has been undertaken. Land access at Walwa was finally negotiated but field work has been delayed till the end of winter.

MINING OPERATIONS

The Dalgaranga processing plant treated 49,000 tonnes of ore for the period July-December 2002, producing a total of 30,500kg of concentrate containing 6,434kg Ta₂O₅. Throughput rates exceeded design capacity at up to 42tph. All previously mined Dalgaranga ore was processed by the end of December 2002. Additional ore stocks were identified on nearby tenements but were not processed due to prevailing market conditions. The Dalgaranga processing plant was placed on care and maintenance in January 2003 pending an improvement in Tantalum concentrate prices.

Detailed design and planning for the Gascoyne tantalite/columbite prospect commenced in January 2003 as the next project for Tantalum Australia's operations. A new jig pilot plant is being constructed at the company's Balcatta premises to be operated at the Gascoyne leases to provide more detailed resource and metallurgical data and to produce commercial scale parcels of concentrates for existing and potential customers.

The jig plant has been designed on a modular basis to provide flexibility in the processing configuration, ease of transport and erection and low capital and operating costs. The plant was designed to incorporate the jig modules from the Dalgaranga

Processing Plant. The remaining Dalgaranga circuit will be reconfigured as a spiral and table plant to process microlite ores from the Niobe deposit once market conditions warrant. Construction of the jig plant utilising in-house labour commenced at the Balcatta facility in February 2003 and the plant is expected to be ready for deployment to site in October 2003.

The Balcatta Dry Dressing Plant is fully operational with the capability to crush, dry, screen, airtable, magnetically separate and wet scavenge concentrate feed stock from any source.

The Balcatta dressing facility treated 45,000kg of concentrate producing export grade products with an overall recovery of 97%.

A wet scavenging circuit was installed and commissioned in January 2003 to treat the tailings from the dry separators. The circuit has processed in excess of 100 tonnes of tailings to date. The scavenger circuit can also be augmented with batch crushing and mineral jigging to provide a 1tph pilot scale gravity circuit. The latter plant has been used to process material from a number of different prospects to provide data for the geological and metallurgical assessment of potential ores.

Concentrate shipments totalling 29,000 pounds (13,151kg) of contained Ta₂O₅ were made during the year to two different clients.

In addition:

- Metallurgical assessment and operational planning for Dalgaranga and other prospects is continuing.
- Generation of differing product specifications continues in response to ongoing marketing negotiations.

RESEARCH AND DEVELOPMENT – Boston University

The Company has made substantial progress during the year in its oxide to metal research with the Boston University Department of manufacturing Engineering. High purity tantalum metal has successfully been produced using the Solid Oxygen-ion Conducting Membrane (SOM) process using both refined tantalum oxide and tantalum concentrates as a feedstock. The SOM process is a green process that has the potential to significantly reduce operating and capital costs of refining rare metals compared to the current complex solvent extraction refining process. Advantages include:

- high purity metal product from oxide (>99.99%) and concentrate (>99%);
- metallic yield of greater than 90% compared to existing 80-85%; and

REVIEW OF OPERATIONS

- extremely low oxygen contents.

Tantalum Australia has the world rights to the SOM process in the field of use including tantalum, niobium, yttrium, gallium, germanium tungsten and nickel. The technology is patented and the company intends to lodge additional patent applications over new IP created as a result of the R&D. Stage II of the R&D is expected to proceed November 2003 as part of a feasibility into the development of a pilot plant in Western Australia during Stage III in 2005.

EXPLORATION – Tantalum

Murchison

The Murchison project is centred on the company's plant at Dalgaranga and includes prospects in the Warda Warra and Yalgoo greenstone belts. No significant exploration was carried out during the year. As a result of previous exploration the hard-rock resources outlined at Tantalus (Warda Warra belt) and Johnson's Well (Yalgoo belt) were considered of insufficient size or grade to economically exploit. Also, alluvial/eluvial material as well bulk drill samples from Tantalus that were tested through the company's ore dressing facility in Perth gave recoveries of tantalum minerals too low to justify further development. Whilst a small resource of tantalum remains in situ at Niobe prospect the failure of procuring access for mining has resulted in the postponement of development.

As a consequence, the Murchison project has been placed on a care-and-maintenance basis until market values improve.

Mt Deans

The Mt Deans project is located in the well forested Dundas Hills which extend 5-14km south of Norseman, Western Australia.

The geology of the project area, which covers some 13sq km, is dominated by tholeiitic basalts of the Woolyeenyer Formation (Archaean), which have been metamorphosed to the amphibolite facies grade. Intruded into these rocks is a swarm of pegmatites that extends north-south the length of the tenement block and into the neighbouring property.

The pegmatites are generally 5-8m thick and quite consistent in composition and extent. Some individual veins have been traced for over 1,100m. Those in the southern half of the zone tend to be flat lying (10-15°) whilst those to the north are moderately-to-steeply (45-85°) dipping.

The Mt Deans pegmatites are well fractionated with respect to alkali elements, which is an encouraging indicator for rare metals, and in which sense is comparable to the Greenbushes deposit (a principal world producer of tantalum regarded as a "model-type"). A feature of this deposit is the consistent tantalum tenor: there are no barren quartz-core developments and little or no low-grade zones. More than 95% of assays are in the range 100-500ppm Ta₂O₅. The tantalum:niobium ratio is between 2 and 5:1.

No exploration was carried out during the year as market forces did not require any up-grade in the resource inventory. Previously an indicated and inferred resource of 9,100,000t of pegmatite containing 4,300,000lb of Ta₂O₅ and 3,460,000lb tin had been identified within 60m of the ground surface.

Flora surveys have been carried out in preparation for mining proposals. Also, negotiations for native title agreements have successfully continued in preparation for securing mining leases prior to mining.

The next phase of work will involve metallurgical testing (at the Perth facility) of bulk samples. Preliminary metallurgical test work on drill samples has been encouraging and confirmed the drill-indicated grades. Recoveries of up to 55% have been achieved after only preliminary treatment of crushing to -1mm and a single pass over a spiral concentrator. It is expected more intensive work will increase this recovery.

Binneringie

The Binneringie tenements, which cover about 4sq km, are located 60km east of Widgiemooltha and are adjacent to Haddington International Resources Ltd's Bald Hill project, Binneringie is approximately 90km northeast of the Mt Deans project.

No exploration was carried out during the year. Previously, Binneringie deposit, which occurs in Archaean pegmatites intruding clastic sediments, was shown to contain a measured resource containing about 385,000 lbs contained Ta₂O₅. Peripheral to this zone are indicated and inferred resources requiring further definition. The total in situ resource is thus: 498,000 lbs contained Ta₂O₅. There remains potential to increase the resource to the south. Metallurgical testing at the mineral dressing facility in Perth, of bulk drill hole samples, has consistently returned values up to 30% higher than the indicated drill assays. Hence, the treatment of bulk samples taken from several sites is required to better indicate the tenor of the deposit.

REVIEW OF OPERATIONS

Walwa Victoria (option to purchase)

The Walwa tantalum project is centred on the historic Mt Alwa tin mine near the village of Walwa on the Murray River about 90km east of Albury-Wodonga. The project area was greatly reduced during the year with one licence being surrendered and another reduced (statutorily) to 20 blocks (nominally 20sq km). The licence adjacent in New South Wales remains to be granted.

No field work was carried out during the year. However, approval was gained to enter a private allotment in order to carry out drill sampling. The onset of winter has delayed exploration on that ground.

Arkaroola

The company has formed a joint venture with a private syndicate to explore for and develop rare metal mineralization in a licence area in the North Flinders Ranges of South Australia about 450km north of Adelaide. The effective project area is approximately 49sq km.

The region consists primarily of Adelaidean clastic sediments with minor Adelaidean-lower Palaeozoic breccias and felsic intrusive rocks. The breccias or "diapirs" of this region are a mixed group of uncertain origin and occur as isolated and irregular masses, often in the axes of major anticlinal structures. Of specific interest to Tantalum Australia is a suite of **apogranites** and associated tourmaline pegmatites whose intrusions are confined to the diapirs. The apogranites (soda leucogranites) themselves have undergone late stage metasomatism with the subsequent introduction of sodium, rare metals, tungsten, beryllium, titanium and rare earths. Whilst most of these elements may occur in anomalous amounts within the diapirs the tantalum and niobium (occurring as tantalite) are confined to the felsic intrusions; (best historic assay: 1,800ppm Ta₂O₅).

Previous exploration programs (separately, for tungsten, beryllium and gold) have not tested the apogranite suite and have largely excluded tantalum and niobium from their geochemistry.

Apogranites are rare and have not constituted any significance for metal production in Australia. However, these rock types are the principal hosts for tantalum mineralization in Egypt and China. Tantalum Australia will initiate exploration through a mapping and rock chip sampling program.

Brockman

Tantalum Australia Operations has exchanged letters of agreement with Aztec Resources Ltd to farm into the latter's Brockman Rare Earth Project in the Kimberley District of Western Australia. Final negotiations are currently in progress.

Brockman is located some 15km southeast of Halls Creek and comprises two Mining Lease applications that cover 20sq km of folded lower Proterozoic sediments and volcanic rocks. The rare earth mineralization was discovered more than 20 years ago and experienced intensive geological and metallurgical testing for the determination of chemical composition and extraction methodology. Whilst of significant dimensions the mineralization was deemed uneconomic because of the difficulty in extracting the rare earths and zirconium and hence no development ever took place.

Besides the zirconium and rare earth elements the mineralized unit also contains **niobium** at an average grade of 4,400ppm Nb₂O₅ and **tantalum** at 270ppm Ta₂O₅ which is where Tantalum Australia's interest lies. The prospective unit is a trachytic ash flow, called the **Niobium Tuff**, that can be traced for over 3.5km of strike; the unit is steeply dipping and between 5m and 35m thick and is estimated to contain 4.3 million tonnes to a depth of 50m. Previous studies showed that the niobium mineralization was, at least in part, in the form of columbite and whilst it was very fine grained (10-20 micron) recoveries of over 50% were possible in the extractive systems designed for the zirconium. No methods aimed specifically at niobium have ever been documented. The nature of the tantalum mineralization is unknown but it appears to be different and separate from the niobium.

Tantalum Australia will conduct its own extraction research on the mineralization once the joint venture agreement is finalized.

Gascoyne

Tantalum Australia is in the final stages of completing a deal with Rare Resources NL through which it will acquire two mining leases that cover rare metal mineralization in a remote part of the Gascoyne region of Western Australia. The two leases are at Arthur River and Nardoo Well, themselves 34km apart, and are surrounded by five exploration licence applications that cover approximately 930sq km. This project area is centred 80km northeast of Gascoyne Junction.

REVIEW OF OPERATIONS

This region is in a lower Proterozoic tectonic zone comprising ortho- and paragneisses and includes numerous sites from which mica and beryl were produced up to World War II. Several occurrences of tantalite, in pegmatite and alluvium, eg, Pyramid Hill, Beryl Hill and Morrissey Hill are recorded within the exploration licence areas. More recently, at Arthur River, approximately 3,000kg of coarse lump ferro-columbite have been produced from an unusual, hydrothermally kaolinized, pegmatite.

Over the next year Tantalum Australia will systematically prospect the project area for rare metal deposits.

EXPLORATION - Gold

Whilst exploration of the company's gold projects has been of subordinate interest to the tantalum program, an intensive RC drill program was completed at the Norseman project. Furthermore, the company has concentrated on prospects in which correlatable and economic grades of mineralization have been intersected. As a consequence to this policy, farm-in proposals are being sought for the Meekatharra and Clermont (Qld) projects.

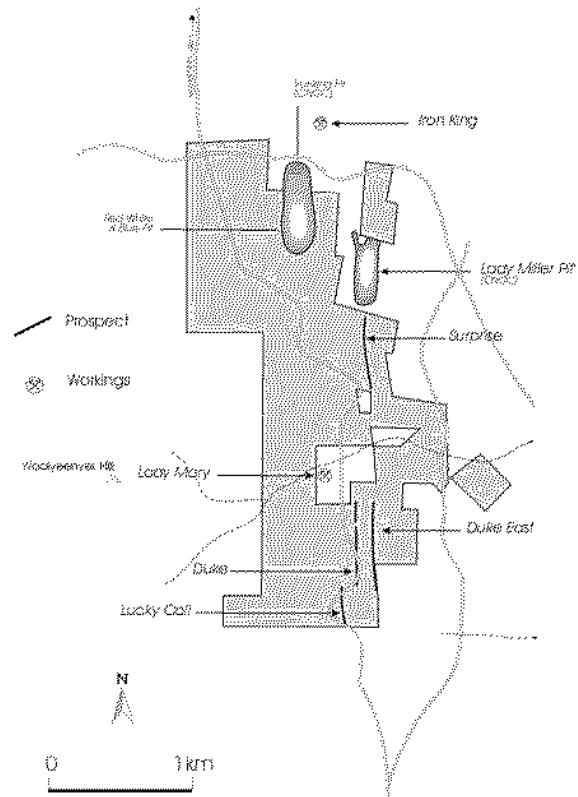
Norseman

The Norseman Project includes a number of old contiguous gold mining leases, aggregating approximately 3.5sq km adjacent to the Red White and Blue open pit and gold recovery plant. This area is centred about 6km south of Norseman and within 2km of the company's Mt Deans project.

Gold mineralization at Surprise and Iron Duke prospects is associated with the Mt Henry shear. The host rock for the mineralization is a series of tholeiitic basalts with minor interflow sediments which have been metamorphosed to an amphibolite facies grade. Subsequent shearing and metasomatism have produced a silicified and sulphide rich

zone which weathers to a "banded iron stone". Parts of the Iron Duke property have remnants of laterite.

RC drilling was carried out in two phases at Iron Duke prospect; an initial program of 475m (17 holes) followed up intersections that had been reported in previous years. The work confirmed two parallel zones of mineralization about 20m apart that crop out and extend for about 270m of strike. They are well oxidized to at least 20m depth. The average grade of the mineralization is about 2.9ppm Au. Subsequently, an infill and extension program 1,120m (36 holes) was carried out to define the zone of mineralization. Some of the better results are tabulated.



Norseman Project
Location and Regional Geology

IRON DUKE RC DRILLING RESULTS

Hole ID	Northing	Easting	Hole Depth	Down Hole Interval	Width	Gold g/t
NDE 49	6429671	387531	40m	26-40m	14m	9.86
NDE 56	6429721	387547	25m	13-20m	7m	2.43
NDE 58	6429566	387506	45m	14-23m and 38-39m	9m 1m	3.84 32.07
NDE 61	6429765	387540	40m	19-22m and 25-31m	3m 6m	6.65 2.62
NDE 69	6429580	387495	45m	19-35m	16m	6.04
NDE 71	6429620	387490	50m	34-47m	13m	20.09
NDE 73	6429625	387512	45m	30-39m	9m	4.27
NDE 77	6429640	387510	50m	36-38m	2m	9.63
NDE 78	6429650	387528	40m	29-36m	7m	6.23

All holes were inclined -60° to the west.
Assays have not been cut.

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SUMMARY OF MINING TENEMENTS AND AREAS OF INTEREST

FOR THE QUARTER ENDED 30 JUNE 2003

Areas of interest	Tenements	Economic Entity's Interest	Joint Venture Partners
WESTERN AUSTRALIA			
Binneringie	M15/217	100	
	M15/468	100	
Broad Arrow	G24/14	100	
	G24/15	100	
	G24/16	100	
	L24/131	100	
	L24/132	100	
	M24/104	100	
Broad's Dam	G16/11	100	Kinross Option
	G16/12	100	Kinross Option
	G16/13	100	Kinross Option
	G16/14	100	Kinross Option
	M16/88	100	Kinross Option
Dalgaranga	E59/969	100	
	E59/970	100	
	E59/967	100	
	M59/106	100	
	M20/131	100	
	MLA59/553	100	Part E59/967
	MLA59/554	100	Part E59/967
Gascoyne	ELA09/1099	100	Tantalum Australia Operations Pty Ltd
	ELA09/1100	100	Tantalum Australia Operations Pty Ltd
	ELA09/1136	100	Tantalum Australia Operations Pty Ltd
	ELA09/1137	100	Tantalum Australia Operations Pty Ltd
Meekatharra	E51/319	100	
	E51/361	100	
	MLA51/691	100	formerly E51/319
	MLA51/692	100	formerly E51/319
	MLA51/693	100	formerly E51/319
	MLA51/708	100	formerly E51/324
	MLA51/701	100	formerly E51/361
	MLA51/702	100	formerly E51/361
	ELA51/984	100	
	ELA51/985	100	
	E51/473	80.6	Newmont Mining Corporation
	E51/290	80.6	Newmont Mining Corporation
	MLA51/695	80.6	formerly E51/408
	MLA51/696	80.6	formerly E51/408
	MLA51/697	80.6	formerly E51/409
	MLA51/689	80.6	formerly E51/290
	MLA51/690	80.6	formerly E51/290
	ELA51/1012	100	
	ELA51/1018	100	Savannah Gold NL

TANTALUM AUSTRALIA NL

SUMMARY OF MINING TENEMENTS AND AREAS OF INTEREST (CONT.)

FOR THE QUARTER ENDED 30 JUNE 2003 (CONT.)

Areas of interest	Tenements	Economic Entity's Interest	Joint Venture Partners	
Mt Deans	P63/740	100	Tantalum Australia Operations Pty Ltd	
	P63/741	100		
	P63/758	100		
	P63/945	100		
	P63/946	100		
	P63/947	100		
	P63/948	100		
	P63/949	100		
	P63/950	100		
	MLA63/397	100		formerly P63/740,741,758
	MLA63/513	100		formerly P63/945-950
MLA63/541	100	formerly P63/1074,1075		
Mt Gibson South	ELA59/875	80	Resource Exploration NL	
	ELA59/876	80	Resource Exploration NL	
	ELA59/890	80	Resource Exploration NL	
Mt Vinden	ELA09/1093		Colby Corporation Pty Ltd Falx Pty Ltd	
Norseman	L63/46	100		
	P63/719	100		
	P63/749	100		
	P63/798	100		
	P63/799	100		
	P63/800	100		
	P63/801	100		
	P63/911	100		
	M63/172	100		
	M63/225	100		
	M63/226	100		
	M63/247	100		
	M63/262	100		
	M63/229	100		
	MLA63/369	100	formerly P63/749	
	MLA63/347	100	formerly P63/719	
	MLA63/374	100	formerly P63/800	
	MLA63/375	100	formerly P63/801	
	MLA63/376	100	formerly P63/798	
MLA63/377	100	formerly P63/799		
MLA63/475	100	formerly P63/911		

TANTALUM AUSTRALIA NL

SUMMARY OF MINING TENEMENTS AND AREAS OF INTEREST (CONT.)

FOR THE QUARTER ENDED 30 JUNE 2003 (CONT.)

Areas of interest	Tenements	Economic Entity's Interest	Joint Venture Partners
<u>VICTORIA</u>			
Walwa	E4431	0	JM Brady Option
<u>NEW SOUTH WALES</u>			
Jingellic	ELA1647	100	Tantalum Australia Operations Pty Ltd
<u>QUEENSLAND</u>			
Clermont	MDL28	100	Savannah Gold NL
	MDL103	100	Savannah Gold NL
	MDL106	100	Savannah Gold NL
	MDL143	100	Savannah Gold NL

(Savannah Gold NL is a wholly owned subsidiary of Tantalum Australia NL)

DIRECTORS' REPORT

The directors present their report together with the financial report of Tantalum Australia NL and its subsidiaries for the year ended 30 June 2003 and the auditor's report thereon.

Directors

The directors at any time during or since the end of the financial year are:

Mr Michael George Fotios	
Mr Timothy John King	
Mr Kim Robinson	Resigned 1 July 2003
Ms Sasya Sebi	
Mr Harris L Crowley	Appointed 18 February 2002, Resigned 17 April 2003
Mr David Reynolds	Appointed 17 April 2003

Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

Director	Board	Available
	Meetings	Meetings
	A	B
Mr MG Fotios	11	11
Mr T King	11	11
Mr K Robinson	7	11
Ms ASA Sebi	3	11
Mr H L Crowley	5	9
Mr D A Reynolds	1	2

A = Number of meetings attended

B = Number of meetings held during the time the director held office

Principal Activities

The principal activity of the company during the course of the financial year was to continue an active exploration program for tantalite and the development and installation of the mining facility at Dalgaranga.

Result of operations

The consolidated net loss of the economic entity for year ended 30 June 2003 was \$4,630,934 (2002: loss \$2,700,324). This includes exploration expenditure write downs of \$736,644, depreciation of \$864,650 and inventory write downs of \$2,204,000.

The net cash used in operating activities was \$1,259,624 (2002: net cash provided by operating activities was \$923,635) this includes expensed R&D and Gascoyne capital expenditure of \$573,908 and \$468,664 of exploration expenditure.

In 2002 the controlled entity (Tantalum Australia Operations Pty Ltd) bought back 50% of its issued capital from KEMET Corporation, resulting in the parent entity (Tantalum Australia NL) moving from 50% ownership of the controlled entity to 100%. These shares were issued for \$10,000,000 in April 2001. The buyback involved the payment of \$250,000, and the cancellation of an off-take agreement.

As a result of the way in which the accounting standards operated in respect to the buyback only \$2.25 million of the profit on the buyback was included in the accounting profit for 2002.

DIRECTORS' REPORT (CONT.)

The tantalum mining and processing operations conducted during the year by the economic entity were adversely impacted by the continued decline in tantalum oxide prices after the buyback in the absence of the fixed price off-take agreement with KEMET. The sale price achieved for tantalum oxide was 25% of the original fixed price.

Exploration and Mining

During the year it became evident that the floating of Savannah Gold NL was not going to be successful in the prevailing market. The ability to list and maintain a respectable market price of securities was uncertain and as a consequence investors showed reluctance to participate. Tantalum Australia has retained the tenements and continued the exploration Savannah had intended to carry out.

At Norseman a reverse circulation drill program confirmed a zone of moderate-grade gold mineralisation at the Iron Duke prospect. As a consequence, a follow-up program to delineate the strike length and depth continuation of the mineralisation has been implemented. The remaining projects are currently being maintained with the minimum requirements of activity.

The exploration for rare metal (tantalum/niobium) deposits has remained at a low level whilst the market value of the metals remains low. No further work has been conducted on the resources at Binneringie and Mt Deans. The lack of success through native title negotiations for additional resources at Dalgaringa have resulted in that project being put on a care and maintenance basis. A new project, Arkaroola, in South Australia has been acquired but to date no field work has been undertaken. Land access at Walwa was finally negotiated but field work has been delayed till the end of winter.

New niobium projects in the Gascoyne and Kimberly districts are in their final stages of acquisition.

Dividends

There were no dividends paid or declared during the year.

Significant changes in state of affairs

1. In July 2002, Tantalum Australia NL announced a shortfall of 4,727,209 shares in the rights issue at 11 cents per share, issued on the basis of one share for each 10 shares held at the record date
2. As of 12 July 2002, the Company and subsidiary both changed their names. Australasian Gold Mines NL has become Tantalum Australia NL, and Tantalum Australia Pty Ltd has become Tantalum Australia Operations Pty Ltd.
3. In October 2002, Tantalum Australia NL announced a technology breakthrough in tantalum metal extraction with the Boston University utilising the Solid ion Oxygen Membrane (SOM) process.
4. In October 2002, Tantalum Australia NL announced the signing of its first tantalum concentrate sales contact with a Japanese customer.
5. In November 2002, Tantalum Australia NL announced an issue of 6,000,000 fully paid ordinary shares issued at an issue price of 8 cents per share to raise additional working capital for the company.
6. In December 2002, Tantalum Australia NL announced a Share Purchase Plan and Sale of Unmarketable Parcels.
7. In February 2003, Tantalum Australia NL announced further significant breakthroughs in its work with Boston University's Department of Manufacturing Engineering.
8. In February 2003, Tantalum Australia NL announced an issue of 2,533,307 fully paid ordinary shares issued in the Share Purchase Plan at an issue price of 6 cents per share.

DIRECTORS' REPORT (CONT.)

Significant changes in state of affairs (cont.)

10. In March 2003, Tantalum Australia NL announced a tantalum/niobium project acquisition in Gascoyne and Kimberley in Western Australia and a sales contract with a European refiner for the supply of 60 tonnes of columbite concentrates from the Gascoyne region.
11. In April 2003, Tantalum Australia NL announced that its proposal to separately list its subsidiary Savannah Gold NL would not proceed due to the inability in current market conditions to successfully list Savannah Gold NL on the ASX.
12. In April 2003, Tantalum Australia NL announced the retirement of Mr Harris Crowley and the appointment of Mr David Reynolds, having been nominated by KEMET Corporation Inc.
13. In May 2003, Tantalum Australia NL announced an issue of 12,000,000 ordinary fully paid shares issued at an issue price of 5 cents per share.
14. In May 2003, Tantalum Australia NL announced interim results for the recently completed reverse circulation (RC) drilling program at its Iron Duke and Surprise Gold projects in Norseman WA.
15. In June 2003, Tantalum Australia NL announced an issue of 1,434,945 ordinary fully paid shares issued at an issue price of 5 cents per share to comply with anti dilution agreement of 10% of equity as per Shareholders Agreement and shareholders approval on 9 April 2001.
16. In June 2003, Tantalum Australia NL announced that KEMET Tantalum Pty Ltd exercised its right to maintain its equity investment in the company at 10%.
17. In June 2003, Tantalum Australia NL announced the award of a long term contract that is expected to generate revenue of A\$56m with the potential to reach A\$123m. TAA considers that the margins it will achieve in these contracts can be regarded as normal and commercial for trading in such commodities.

Environmental regulation

The Consolidated entity's operations are subject to significant environmental regulations under both Commonwealth and State legislation. The company has a Management Committee which monitors compliance with environmental regulations. The directors are not aware of any significant breaches during the period covered by this report.

Events subsequent to balance date

1. In July 2003, Tantalum Australia NL announced the resignation of Mr Kim Robinson and Mr Timothy King was appointed Chairman of the Board.
2. In July 2003, Tantalum Australia NL announced it has exercised its Option for a worldwide exclusive license with Boston University fundamental SOM process in the fields of tantalum, niobium, tungsten, gallium, germanium, thallium and yttrium.
3. In July 2003, Tantalum Australia NL announced it had acquired exclusive world license to manufacture of rare metals including nickel.
4. In August 2003, Tantalum Australia NL announced that Boston University had been successful in extracting metal directly from tantalum concentrate.
5. In September 2003, Tantalum Australia NL announced drilling results of a RC drilling programme at Iron Duke in the Company's Norseman Project.
6. In September 2003, Tantalum Australia NL announced that it had issued 11,781,481 ordinary fully paid shares at an issue price of 9 cents per share.

DIRECTORS' REPORT (CONT.)

Events subsequent to balance date (cont.)

Other than the events discussed above, there has not arisen in the interval between the end of the financial period 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 company, the results of those operations, or the state of affairs in the company in future financial years.

Likely developments

The consolidated entity will continue to pursue its policy of establishing the profitability and increasing the market share of its major business sectors during the next financial year. This will require further investment in exploration and development that offers sound opportunities for creating value for the Company.

The Company expects to raise additional capital to fund its requirements over the next two years. The funds will assist in the financing of the R&D programme with Boston University and the conduct of feasibility studies on the Gascoyne tantalum/niobium project and the Norseman Gold Project.

Information on Directors**Particulars of directors' interests in the Shares of Tantalum Australia NL**

The particulars of directors' interests in shares are at the date of this directors' statement.

Director	Special Responsibilities	Ordinary Shares	Options over shares
M G Fotios	Managing Director	8,224,610	1,000,000
T J King	Non-executive Director	3,340,200	500,000
A S A Sebi	Non-executive Director	Nil	Nil
D A Reynolds	Non-executive Director	Nil	Nil

DIRECTORS' REPORT (CONT.)

Information on Directors (cont.)

Director	Special Responsibilities	Qualifications and Experience
T J King	Non-executive Chairman	Mr King is a Chartered Accountant with over 20 years experience in corporate finance, accounting and taxation. Formerly a partner with a West Perth accounting firm, Mr King is a director of several listed public companies including Western Areas NL, Sphere Investments Limited, and is Chairman of Reclaim Industries Limited. Mr King is also Chairman of SIDS and Kids WA and the Rehabilitation Foundation. Mr King has extensive experience in the management, administration and financing of companies across a range of industries, including particularly the resource industry. He is a member of the Institute of Chartered Accountants, the Securities Institute of Australia, and the Taxation Institute of Australia.
M G Fotios	Managing Director	Mr Fotios is currently the Managing Director of Tantalum Australia NL. He has a BSc(Hons) majoring in geology from UWA. Over the last 21 years he has had continuous involvement in the mineral exploration and mining industries, working for large companies such as Homestake Australia Ltd, Sons of Gwalia NL and also being involved in the junior exploration sector. He has also completed an evaluation of projects overseas including the Philippines and the United States focussing in the most part on gold, tantalum and to a lesser extent base metals. Mr Fotios has been the Managing Director the Company since 1992.
A S A Sebi	Non-executive Director	Ms Sebi has 7 years experience in corporate management and finance and is on the board of several operating subsidiary companies of a Malaysian listed corporation. She has a B.Comm, Graduate Diploma of Economics and Master of Finance gained from Australian Universities.
D A Reynolds	Non-executive Director	Mr Reynolds is Manager of KEMET's Anode Manufacturing facility in Simpsonville South Carolina, USA. He has spent over 25 years working in various positions at Union Carbide and KEMET including Engineering, and Manufacturing at various tantalum locations. He has been working directly with tantalum raw material since 1995 and has been a member of T.I.C. (Tantalum-Niobium International Study Center) Executive Committee since 2001. He has a BS degree from the University of South Carolina.

Directors' and executive officers' emoluments

The emoluments of each Director and each of the two executive officers are as follows:

Directors

	Consulting Fees \$	Director's Fees \$	Total \$
M G Fotios	155,000	-	155,000
K Robinson	-	20,000	20,000
T J King	37,520	15,000	52,520
D Reynolds ¹	-	2,500	2,500
ASA Sebi	-	15,000	15,000
H L Crowley ²	-	12,500	12,500
	192,520	65,000	257,520

DIRECTORS' REPORT (CONT.)

Directors' and executive officers' emoluments (cont.)

¹ Appointed director 17 April 2003.

² Resigned as director 17 April 2003.

The fees paid to directors are inclusive of superannuation and are not separated in the above table.

Rexfam Consulting Pty Ltd, a company associated with Mr TJ King, is entitled to receive a total of \$37,520 in consulting fees for corporate advice and assistance provided to Tantalum Australia NL and Tantalum Australia Operations Pty Ltd.

Executive officers

	Salary	Consulting Fees	Superannuation Contributions	Total
	\$	\$	\$	\$
B Rees	114,600	-	26,664	141,264
T Brittliffe	-	18,999	-	18,999
	114,600	18,999	26,664	160,263

Options issued to directors and executives

Number of
Options
2003

Unlisted Options

Exercisable at 20 cents, on or before 31 March 2004

Balance at 1 July 2001

3,250,000

Issued during the year

-

Exercised during the year

-

Balance at 30 June 2002

3,250,000

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

Employee incentive options

Number of
Options
2003

Unlisted Options

(ii) Exercisable at 25 cents, on or before 28 February 2004

Balance at 1 July 2001

250,000

Issued during the year

-

Exercised during the year

-

Balance at 30 June 2002

250,000

(iii) Exercisable at 25 cents, on or before 28 February 2005

Balance at 1 July 2001

1,095,000

Issued during the year

-

Exercised during the year

-

Balance at 30 June 2002

1,095,000

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate

DIRECTORS' REPORT (CONT.)

Indemnification and insurance of officers and auditors

Indemnification

Since the Company's incorporation, the Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Company.

Dated at Perth (city) this 30th day of September 2003.

Signed in accordance with a resolution of the directors.

M G Fotios
Director

**INDEPENDENT AUDIT REPORT
FOR THE PERIOD ENDED 30 JUNE 2003**



STANTON PARTNERS

1 HAVELOCK STREET
WEST PERTH 6005
WESTERN AUSTRALIA

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**INDEPENDENT AUDIT REPORT TO THE MEMBERS
OF TANTALUM AUSTRALIA NL**

SCOPE

We have audited the financial report of Tantalum Australia NL for the financial year ended 30 June 2003 as set out on pages 18 and 21 to 49. The financial report includes the consolidated financial statements of the consolidated entity comprising Tantalum Australia NL and the entities it controlled at the year's end or from time to time during the financial year. The Company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

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

AUDIT OPINION

In our opinion, the financial report of Tantalum Australia NL is in accordance with:

- a) The Corporations Act 2001, including:
 - (i) Giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2003 and of their performance for the year ended on that date; and
 - (ii) Complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

**INDEPENDENT AUDIT REPORT
FOR THE PERIOD ENDED 30 JUNE 2003 (CONT.)**

- b) Other mandatory professional reporting requirements in Australia.

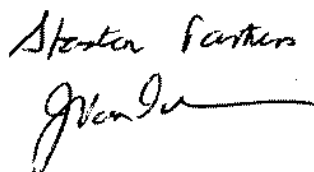
REALISATION OF ASSET AND GOING CONCERN

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

Included in the financial statement is an amount described as Drilling Fund for a total amount of \$738,633. The ability to utilise this fund by way of Colby Corporation Pty Ltd ("Colby") undertaking drilling services to the Company over the term of the Drilling Fund contract is dependent upon the ability of Colby to undertake the drilling services at no cash cost to the Company. In the event that Colby cannot perform the drilling services (other than for cash), the Drilling Fund asset may need to be expensed to the Statement of Financial Performance. Any services to be rendered by Colby on cash terms may affect the ability of the Company to undertake its drilling programs as planned without arranging alternative sources of finance. Also, attention is drawn to Note 1 that identifies the requirement for additional capital to be raised to ensure the Company continues as a going concern. If the Company is unable to raise additional debt or equity finance, significant uncertainty would exist as to whether the Company would continue as a going concern.

If the Company is unable to continue as a going concern it will be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts that may materially differ from those stated in the financial report. Furthermore, non-current liabilities would crystallise and become immediately due and payable.

STANTON PARTNERS



J P Van Dieren
Partner

Perth, Western Australia
30 September 2003

DIRECTORS' DECLARATION

The directors of the economic entity declare that:

1. the financial statements and notes, as set out on pages 21 to 49 are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2003 and of the performance for the year ended on that date of the company and economic entity;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

M G Fotios
Director

Perth, Western Australia
30 September 2003

CORPORATE GOVERNANCE STATEMENT

This statement outlines the main Corporate Governance practices that were in place throughout the period 1 July 2001 to 30 June 2002. These practices are dealt with under the following headings: Board of Directors, Risk Management, Ethical Standards and Shareholders.

1. BOARD OF DIRECTORS

The Board is responsible for the overall Corporate Governance of the company including the strategic direction, establishing goals for management and monitoring the achievement of these goals. Due to the size of the board, issues of nomination and remuneration of directors and management are considered by the full board. The Board has established a framework for the management of the company including an overall framework of internal control, a business risk management process and the establishment of appropriate ethical standards.

Composition of Board

The directors of the company in office at the date of this statement are:

<i>Name</i>	<i>Age</i>	<i>Position</i>	<i>Expertise</i>
M G Fotios	41	Managing Director	Technical
T King	42	Non-executive Director	Finance
D A Reynolds	54	Non-executive Director	Technical
ASA Sebi	38	Non-executive Director	Finance

The composition of the Board is determined using the following principles:

- The Board comprises at least three directors and may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified.
- The Board should comprise directors with a broad range of expertise.
- The Board reviews its composition on an annual basis to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Board selects a panel of candidates with the appropriate expertise and experience. The Board identifies potential candidates with advice from an external consultant, if necessary. The Board then appoints the most suitable candidate who must stand for election at the general meeting of shareholders.

Independent Professional Advice

Each director has the right to seek independent professional advice at the company's expense. However, prior approval of the Chairman is required, which is not unreasonably withheld.

Remuneration

Remuneration levels are competitively set to attract the most qualified and experienced directors and senior executives.

Further details of directors' remuneration, superannuation and retirement payments are set out in the notes to the financial statements.

CORPORATE GOVERNANCE STATEMENT (CONT.)

Audit

The Board has not established a separate audit committee due to the small size of the company, the number of directors, and the fact that the external auditor has full access to the Board throughout the year.

The responsibilities of the Board do ordinarily include:

- reviewing internal control and recommending enhancements;
- monitoring compliance with the Corporations Act 2001, Stock Exchange Listing Rules, matters outstanding with auditors, Australian Taxation Legislation, Australian Securities and Investments Commission, Australian Stock Exchange and financial institutions;
- improving the quality of the accounting function;
- reviewing external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified appropriate and prompt remedial action is taken by management; and
- liaising with the external auditors and ensuring that the annual audit and half-year review are conducted in an effective manner.

The Board reviews the performance of the external auditors on an annual basis. Nomination of auditors is at the discretion of the Board.

2. RISK MANAGEMENT

The Board meets regularly to evaluate, control, review and implement the Company's operations and objectives. Regular controls established by the Board include detailed monthly financial reporting and operations. The Board recognises the need to identify areas of significant business and financial risk and to develop and implement strategies to investigate and manage these risks.

3. ETHICAL STANDARDS

The Board supports the highest standards of corporate governance and requires its members and the staff of the Company to act with integrity and objectivity in relation to:

- compliance with the law;
- record keeping;
- conflicts of interests;
- confidentiality; and
- inside information.

4. SHAREHOLDERS

The Board aims to ensure that shareholders are at all times fully informed in accordance with the spirit and letter of the Stock Exchange's continuous disclosure requirements.

5. PRINCIPLES OF GOOD GOVERNANCE AND BEST PRACTICE RECOMMENDATIONS

The Board is aware of the ASX Corporate Governance Council's Best Practice Recommendations and will implement policies for the Company over the next 12 months that best reflect the recommendations as they are applicable to the Company having consideration as to the business that the Company operates and the size of the Company.

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

	Note	CONSOLIDATED		COMPANY	
		2003	2002	2003	2002
		\$	\$	\$	\$
Revenue from sale of goods	2	1,819,167	1,292,971	-	-
Revenue - Interest Income	2	27,132	96,365	25,052	91,255
Other revenues from ordinary activities	2	418,121	151,036	19,159	125,423
		<u>2,264,420</u>	<u>1,540,372</u>	<u>44,211</u>	<u>216,678</u>
Changes in inventories of finished goods and work in progress	3	2,614,816	2,552,542	-	-
Inventory written off	3	2,204,294	-	-	-
Employee expenses	3	326,266	420,449	176,474	368,100
Depreciation and amortisation expenses	3	141,197	147,761	98,605	111,022
Consultancy expenses		338,256	428,877	130,658	259,530
Director Fees		65,000	125,400	65,000	125,400
Rehabilitation, mining and exploration costs		757,589	256,711	109,598	256,500
Provision for doubtful debts		75,807	-	1,394,956	-
Share registry and listing costs		42,089	36,244	42,089	36,244
Other expenses for ordinary activities	3	405,847	272,712	402,913	373,968
Loss from ordinary activities before related income tax expense		(4,630,934)	(2,700,324)	(2,376,082)	(1,314,086)
Income tax expense relating to ordinary activities	5(a)	-	-	-	-
Net loss attributable to members of the parent entity	17	<u>(4,630,934)</u>	<u>(2,700,324)</u>	<u>(2,376,082)</u>	<u>(1,314,086)</u>
Basic loss per share (cents)	6	<u>(2.4)</u>	<u>(1.5)</u>		

Diluted earnings per share has not been included as it results in a more favourable earnings per share figure than basic earnings per share.

The statement of financial performance is to be read in conjunction with the notes to the financial statements set out on pages 24 to 49.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2003

	Note	CONSOLIDATED		COMPANY	
		2003	2002	2003	2002
		\$	\$	\$	\$
CURRENT ASSETS					
Cash assets	7	304,430	457,765	108,339	344,735
Receivables	8	452,954	1,228,400	5,937,813	6,116,434
Inventories	9	17,392	850,545	-	-
Other	10	406,584	416,946	406,584	416,946
Total current assets		1,181,360	2,953,656	6,452,736	6,878,115
NON-CURRENT ASSETS					
Receivables	8	631,253	645,831	580,223	594,800
Other	10	338,633	422,845	338,633	423,845
Property, plant and equipment	11	2,534,127	3,857,215	553,979	644,380
Exploration, evaluation, development expenditure	12	2,537,558	2,244,756	2,537,558	2,244,756
Total non-current assets		6,041,571	7,170,647	4,010,393	3,907,781
Total Assets		7,222,931	10,124,303	10,463,129	10,785,896
CURRENT LIABILITIES					
Payables	13	1,584,761	1,441,591	1,229,869	762,946
Interest-bearing liabilities	14	384,554	9,432	384,554	9,432
Provisions	15	182,403	177,894	182,403	177,894
Total current liabilities		2,151,718	1,628,917	1,796,826	950,272
NON-CURRENT LIABILITIES					
Interest - bearing liabilities	14	-	5,905	-	5,905
Provisions	15	657,992	650,288	610,992	603,288
Total non-current liabilities		657,992	656,193	610,992	609,193
Total liabilities		2,809,710	2,285,110	2,407,818	1,559,465
Net assets		4,413,221	7,839,193	8,055,311	9,226,431
EQUITY					
Contributed equity	16	38,556,701	37,351,739	38,556,701	37,351,739
Accumulated losses	17	(34,143,480)	(29,512,546)	(30,501,390)	(28,125,308)
Total equity	18	4,413,221	7,839,193	8,055,311	9,226,431

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 24 to 49.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2003

	Note	CONSOLIDATED		COMPANY	
		2003	2002	2003	2002
		\$	\$	\$	\$
Cash flows from operating activities					
Cash receipts in the course of operations		1,649,623	1,011,161	-	2,896
Cash payments in the course of operations		(2,936,379)	(178,032)	(1,529,702)	(3,856,447)
Interest received		27,132	90,506	25,052	85,396
Net cash provided by/(used in) operating activities	22b	(1,259,624)	923,635	(1,504,650)	(3,768,155)
Cash flows from investing activities					
Bond deposits		14,578	-	14,578	-
Proceeds from non-current assets		4,262	25,613	2,344	-
Proceeds from sale of investments		14,625	-	14,625	-
Payments for property plant and equipment		(105,825)	(4,682,393)	(8,205)	(129,261)
Payments for exploration, evaluation and development		(384,452)	(324,222)	(318,189)	(272,981)
Net cash provided by/(used) in investing activities		(456,812)	(4,981,002)	(294,847)	(402,242)
Cash flows from financing activities					
Hire purchase borrowings repaid		(10,629)	(9,810)	(10,629)	(9,810)
Proceeds from issue of shares		1,269,760	833,634	1,269,760	833,634
Cost of issuing shares		(64,798)	(30,460)	(64,798)	(30,460)
Loans from directors		368,768	-	368,768	-
Net cash provided by financing activities		1,563,101	793,364	1,563,101	793,364
Net (decrease) in cash held		(153,335)	(3,264,003)	(236,396)	(3,377,033)
Cash at the beginning of the financial year		457,765	3,721,768	344,735	3,721,768
Cash at the end of the financial year		304,430	457,765	108,339	344,735

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 24 to 49.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

It has been prepared on the basis of accrual accounting and historical costs 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 and, except where there is a change in accounting policy, are consistent with those of the previous 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 the equity and results of the entities that are controlled by the Company are shown as a separate item in the consolidated financial statements.

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 equity accounted 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 consolidated reserves.

Joint ventures

A joint venture is either an entity or operation that is jointly controlled by the consolidated entity.

Joint venture entities

In the consolidated financial statements in joint venture entities, including partnerships, are accounted for using equity accounting principles. Investments in joint venture entities are carried at the lower of the equity accounted amount and recoverable amount.

The consolidated entity's share of the joint venture entity's net profit or loss is recognised in the consolidated operating statement of financial performance from the date joint control commenced until the date joint control ceases. Other movements in reserves are recognised directly in consolidated reserves.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (CONT.)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(b) *Principles of consolidation (cont.)*

Transactions eliminated on consolidation

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

Unrealised gains resulting from transactions with associates and joint ventures are eliminated to the extent of the consolidated entity's interest. Unrealised gains relating to associates and joint venture entities are eliminated against the carrying amount of the investment. Unrealised losses are eliminated in the same way as unrealised gains, unless there is evidence 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). Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Sale of goods

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

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Sale of non-current assets

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset 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.

Any related balance in the asset revaluation reserve is transferred to the capital profits reserve on disposal.

(d) ***Goods and services tax***

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax 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 the 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (CONT.)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(d) **Goods and services tax (cont.)**

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

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on 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.

(f) **Taxation**

The consolidated entity adopts the income statement liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjustment for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain. The tax effect of capital losses are not recorded unless realisation is virtually certain.

(g) **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 inequity subject to the extent of proceeds received, otherwise expensed.

The costs 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.

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 those future economic benefits will eventuate, and the costs can be measured reliably. Costs attributable to feasibility and alternative approach assessments are expensed as incurred.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (CONT.)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(g) *Acquisition of assets (cont.)*

Research and development costs

Research and development expenditure is expensed as incurred except to the extent that its recoverability is assured beyond any reasonable doubt, in which case it is deferred.

(h) *Receivables*

The collectibility of debts is assessed at balance date and specific provision is made for any doubtful accounts.

The carrying amount of receivables approximates fair value.

(i) *Inventories*

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

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

Net realisable value

Net realisable value is determined on the basis of the products normal selling pattern. Expenses of marketing, selling and distribution to customers are estimated and are deducted to establish net realisable value.

(j) *Investments*

A joint venture is either an entity or operation that is jointly controlled by the consolidated entity.

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting.

(k) *Leased assets*

Leases under which the Company or its controlled entities assume substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

(l) *Exploration, evaluation and development expenditure*

Exploration, evaluation and development costs are accumulated in respect of each separate area of interest.

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (CONT.)**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(l) Exploration, evaluation and development expenditure (cont.)

Development costs related to an area of interest are carried forward to the extent that they are expected to be recouped either through sale or successful exploitation of the area of interest.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period in which the decision is made.

(m) Recoverable amount of non-current assets valued on cost basis

The carrying amounts of non-current assets valued on the cost basis 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 flows, 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 specifically stated.

(n) Depreciation and amortisation

Useful lives

All assets, including intangibles, have limited useful lives and are depreciated/amortised using the reducing balance method over their estimated lives.

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 reflected 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/amortisation rates used for each class of asset are as follows:

	2003	2002
<i>Property, plant and equipment</i>		
Plant and equipment	10-40%	10-40%
Leased assets ¹		
- plant and equipment	10-40%	10-40%

(o) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 90 days. The carrying amount of accounts payable approximates net fair value.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (CONT.)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(p) Employees entitlements

Wages, salaries and annual leave

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages, salaries and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Long service leave

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to balance date.

The provision is calculated using estimated future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national government securities at balance date which most closely match the terms of maturity of the related liabilities.

Employee share and option plans

Where shares or options are issued to employees as remuneration for past services, the difference between fair value of the shares or options issued and the consideration received, if any, from the employee is expensed. The fair value of the shares or options issued is recorded in contributed equity.

Other share or options issued to employees are recorded in contributed equity at the fair value of consideration received, if any.

Transaction costs associated with issuing shares and options are recognised in equity subject to the extent of the proceeds received, otherwise expensed. Other administrative costs are expensed.

Superannuation plan

The Company and other controlled entities contribute to several defined benefit and defined contribution superannuation plans. Contributions are charged against income as they are made.

(q) Provisions

Restoration

Restoration, rehabilitation and environmental expenditure to be incurred during the production phase of operations is accrued when the need for such expenditure is established, and then written off as part of the cost of production of the mine property concerned. Significant restoration, rehabilitation and environmental expenditure to be incurred subsequent to the cessation of production at each mine property is accrued in proportion to production, when its extent can be reasonably estimated.

The entity has certain obligations for restoration and rehabilitation of mining areas. Such obligations have been accrued and the accrual will be adequate to meet those obligations. The estimated future costs not yet accrued have not been determined.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (CONT.)**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)*(r) Going Concern*

The company and consolidated entity's statement of financial position shows net assets of \$8,055,311 and \$4,413,221 respectively and the company and consolidated entity's have incurred consolidated losses of \$2,376,082 and \$4,630,93 respectively during the 12 month period to 30 June 2003. A large part of the deficit reflects the costs incurred and expended in establishing the mine plant at Dalgaranga, and the mineral dressing operation at Balcatta.

The deficit has also been created by the close out of the KEMET take-off agreement which occurred as part of the buy-back of KEMET's 50% interest in Tantalum Australia Operations Pty Ltd. The sale price of tantalum concentrate achieved was substantially below the fixed price in the KEMET off-take agreement.

The consolidated entity has established and commissioned both a processing plant and a mineral dressing plant. During the development phase the consolidated entity remains reliant upon equity capital. The directors consider that the company can continue to obtain investor support to meet its further funding requirements.

	CONSOLIDATED		COMPANY	
	2003	2002	2003	2002
	\$	\$	\$	\$
2. REVENUE FROM ORDINARY ACTIVITIES				
Sale of goods revenue from operating activities	1,819,167	1,292,971	-	-
Other revenues:				
<i>From operating activities</i>				
Interest:				
Other parties	27,132	96,365	25,052	91,255
<i>From outside operating activities</i>				
Management fees received	-	83,500	-	83,500
Gross proceeds from sale of investments	14,625	-	14,625	-
Gross proceeds from disposal of non-current assets	4,262	25,613	2,344	-
Net foreign exchange gain-other	55,251	-	-	-
Rebates and other income	343,983	2,896	2,190	2,896
Royalties	-	39,027	-	39,027
Total other revenues	445,253	247,401	44,211	216,678
Total revenue from ordinary activities	2,264,420	1,540,372	44,211	216,678

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (CONT.)**

	CONSOLIDATED		COMPANY	
	2003	2002	2003	2002
	\$	\$	\$	\$
3. LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX				
Loss from ordinary activities before income tax expenses has				
been arrived at after charging/crediting the following items:				
(a) Expenses				
Cost of investments sold	12,000	-	12,000	-
Cost of plant and equipment sold	3,480	-	1,980	-
Exploration expenditure written off (refer Note 12)	736,644	39,711	109,598	39,500
Provision for doubtful debts	75,807	6,345	1,394,956	76,636
Depreciation of plant & equipment expensed	141,197	147,761	98,605	111,022
Depreciation of plant & equipment capitalised to work in progress	725,432	1,285,288	-	-
Net expense from movements in provision for employee entitlements	12,213	132,093	12,213	132,093
Cost of sales	1,889,384	1,267,254	-	-
(b) Revenues and net gains				
Net (gain)/loss on disposal of non-current assets	(782)	(7,342)	(364)	-
Net (gain)/loss on disposal of investments	(2,625)	-	(2,625)	-
4. AUDITORS' REMUNERATION				
Audit services:				
Auditors of the Company	20,000	21,050	10,000	11,300
Other services:				
Auditors of the Company	2,000	1,875	2,000	1,875
	<u>22,000</u>	<u>22,925</u>	<u>12,000</u>	<u>13,175</u>

The audit fees of the subsidiaries are borne by the parent entity.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (CONT.)**

	CONSOLIDATED		COMPANY	
	2003	2002	2003	2002
	\$	\$	\$	\$
5. TAXATION				
(a) Income tax expense				
Prima facie income tax expense calculated at 30% (2002:30%) on the loss from ordinary activities	(1,389,280)	(810,097)	(712,825)	(394,226)
Increase in income tax expense due to:				
Permanent differences	226,901	89,883	29,816	87,353
Decrease in income tax expense due to:				
Unbooked future tax benefit in respect of tax losses and timing differences	1,162,379	720,214	683,009	306,873
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Income tax expense attributable to operating profit	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(b) Income tax attributable to operating loss

At 30 June 2003, the Company has unconfirmed estimated carry forward losses not brought to account of \$ 8,306,891 (2002 - \$5,218,123).

The potential future income tax benefit arising from tax losses and timing differences has not been recognised as an asset because recovery is not virtually certain.

The potential future income tax benefit will only be obtained if:

- (i) the Company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised, in accordance with the Income Tax Assessment Act 1997;
- (ii) the Company continues to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the company in realising the benefit.

	CONSOLIDATED	
	2003	2002
6. EARNINGS PER SHARE		
Weighted average number of ordinary shares used in the calculation of basic earnings per share	<u>194,156,814</u>	<u>172,767,483</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (CONT.)**

	CONSOLIDATED		COMPANY	
	2003	2002	2003	2002
	\$	\$	\$	\$
7. CASH ASSETS				
Current account	199,785	150,072	3,694	38,737
At call	104,645	307,693	104,645	305,998
	<u>304,430</u>	<u>457,765</u>	<u>108,339</u>	<u>344,735</u>
The weighted average interest rate at 30 June 2003 is 2.4% (2002- 3.9%)				
8. RECEIVABLES				
Current				
Trade debtors	483,618	258,594	-	-
Trade debtors (Tantalum Australia Operations Pty Ltd)	-	-	1,390,558	1,347,945
Other debtors	26,186	969,806	21,708	958,554
Loans to associated entities	-	179,290	5,797,547	4,059,516
Provision for doubtful debts	(56,850)	(179,290)	(1,272,000)	(249,581)
	<u>452,954</u>	<u>1,228,400</u>	<u>5,937,813</u>	<u>6,116,434</u>
Non-current				
Bond term deposit*	631,253	645,831	580,223	594,800
	<u>631,253</u>	<u>645,831</u>	<u>580,223</u>	<u>594,800</u>
*The bond term deposits represent cash deposits with BankWest and CBA fully secured by way of fixed charge in respect of environmental rehabilitation expenditure.				
9. INVENTORIES				
Current				
Raw materials – at cost	2,750	3,303	-	-
Work in progress – at net realisable value	14,642	847,242	-	-
Total inventories	<u>17,392</u>	<u>850,545</u>	<u>-</u>	<u>-</u>
10. OTHER				
Current				
Drilling fund*	400,000	400,000	400,000	400,000
Prepayments	6,584	4,946	6,584	4,946
Listed shares, at cost	-	12,000	-	12,000
	<u>406,584</u>	<u>416,946</u>	<u>406,584</u>	<u>416,946</u>
Non-current				
Drilling fund*	338,633	422,845	338,633	422,845
Shares in other associated entities (refer note 20)	-	-	1,000	1,000
Provision for diminution	-	-	(1,000)	-
	<u>338,633</u>	<u>422,845</u>	<u>338,633</u>	<u>423,845</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (CONT.)**

10. OTHER FINANCIAL ASSETS (CONT.)

*This represents a credit with Colby Corporation, which may be utilised over five years from 26 June 1998 to pay for future drilling expenditure (as defined). A Drilling Agreement was executed on 26 June 1998 between the Company and the drilling contractor. The terms and conditions of that agreement were negotiated by the former Administrator of the Company and Colby Corporation.

Under the Colby Agreement, Colby must within 24 days of receiving an operations notice commence carrying out drilling works specified in the notice subject to availability of suitable equipment. Colby shall not be obliged to carry out drilling works exceeding \$50,000 in value in any 30-day period. If at any time during the term of the Agreement, should the trading price of Tantalum Australia NL's shares be lower than 4 cents for a duration of one week, then Colby may suspend drilling works and any drilling undertaken in the resumption period is payable in cash by the Company.

In the event that the determined value of any drilling works performed during any 30 day period exceeds \$100,000 then shares are released from escrow to Colby out of the drilling fund to the value of \$100,000 and the balance is payable in cash within 7 days. Any amount payable beyond the due date will attract interest at the rate of 8% per annum. If the Drilling Fund has no shares to be released, the drilling works are payable in cash.

On 28 August 2002 Tantalum Australia Operations Pty Ltd extended the terms of the Drilling Agreement by an additional 24 months, with termination now on 26 April 2005.

	CONSOLIDATED		COMPANY	
	2003	2002	2003	2002
	\$	\$	\$	\$
Freehold land at cost	87,322	87,322	87,322	87,322
Plant and equipment				
At cost	2,938,724	2,898,368	576,850	578,830
Accumulated depreciation	(762,259)	(406,312)	(237,914)	(194,196)
	2,176,465	2,492,056	338,936	384,634
Motor vehicle				
At cost	67,966	67,966	37,511	37,511
Accumulated depreciation	(34,251)	(23,225)	(20,780)	(14,684)
	33,715	44,741	16,731	22,827
Office equipment				
At cost	364,359	355,135	303,948	295,742
Accumulated depreciation	(227,998)	(166,633)	(192,958)	(146,145)
	136,361	188,502	110,990	149,597

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (CONT.)**

	CONSOLIDATED		COMPANY	
	2003	2002	2003	2002
	\$	\$	\$	\$
11. PROPERTY, PLANT AND EQUIPMENT (CONT.)				
Mining plant				
At cost	2,790,930	2,738,167	-	-
Consolidation adjustment	(1,173,471)	(612,689)	-	-
Accumulated depreciation	(1,517,195)	(1,080,884)	-	-
	<u>100,264</u>	<u>1,044,594</u>	<u>-</u>	<u>-</u>
Total property, plant and equipment at net book value	<u>2,534,127</u>	<u>3,857,215</u>	<u>553,979</u>	<u>644,380</u>
Reconciliations				
Reconciliations of the carrying amounts of each class of property, plant and equipment are set out below:				
Freehold land				
Carrying amount at beginning of year	87,322	87,322	87,322	87,322
Additions	-	-	-	-
Disposals	-	-	-	-
Carrying amount at end of year	<u>87,322</u>	<u>87,322</u>	<u>87,322</u>	<u>87,322</u>
Plant and equipment				
Carrying amount at beginning of year	2,492,056	391,180	384,634	391,180
Additions	43,837	2,329,076	-	39,385
Disposals	(3,480)	-	(1,980)	-
Depreciation	(355,948)	(228,200)	(43,718)	(45,931)
Carrying amount at end of year	<u>2,176,465</u>	<u>2,492,056</u>	<u>338,936</u>	<u>384,634</u>
Motor vehicles				
Carrying amount at beginning of year	44,741	30,691	22,827	30,691
Additions	-	50,644	-	-
Disposals	-	(24,090)	-	-
Depreciation	(11,026)	(12,504)	(6,096)	(7,864)
Carrying amount at end of year	<u>33,715</u>	<u>44,741</u>	<u>16,731</u>	<u>22,827</u>
Office equipment				
Carrying amount at beginning of year	188,502	116,948	149,597	116,947
Additions	9,224	148,511	8,206	89,876
Depreciation	(61,365)	(76,957)	(46,813)	(57,226)
Carrying amount at end of year	<u>136,361</u>	<u>188,502</u>	<u>110,990</u>	<u>149,597</u>
Mining plant				
Carrying amount at beginning of year	1,044,594	-	-	-
Reduction due to consolidation adjustment	(560,782)	(612,689)	-	-
Additions	52,763	2,738,167	-	-
Depreciation	(436,311)	(1,080,884)	-	-
Carrying amount at end of year	<u>100,264</u>	<u>1,044,594</u>	<u>-</u>	<u>-</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002 (CONT.)**

	CONSOLIDATED		COMPANY	
	2003	2002	2003	2002
	\$	\$	\$	\$
12. EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE				
Costs carried forward in respect of areas of interest in:				
Exploration and/or evaluation phase				
Balance brought forward	2,244,756	5,089,451	2,244,756	2,053,009
Expenditure incurred during the period	468,464	231,458	402,400	231,247
Consolidation adjustment	560,782	(3,036,442)	-	-
Expenditure written off and down	(736,644)	(39,711)	(109,598)	(39,500)
	<u>2,537,358</u>	<u>2,244,756</u>	<u>2,537,558</u>	<u>2,244,756</u>
The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.				
13. PAYABLES				
Trade creditors	1,158,088	847,230	903,312	390,449
Other creditors and accruals	426,673	594,361	326,557	372,497
	<u>1,584,761</u>	<u>1,441,591</u>	<u>1,229,869</u>	<u>762,946</u>
14. INTEREST-BEARING LIABILITIES				
Current				
Hire purchase (refer Note 19)	4,708	9,432	4,708	9,432
Other loans	379,846	-	379,846	-
	<u>384,554</u>	<u>9,432</u>	<u>384,554</u>	<u>9,432</u>
Non-Current				
Hire purchase (refer Note 19)	-	5,905	-	5,905
	<u>-</u>	<u>5,905</u>	<u>-</u>	<u>5,905</u>
15. PROVISIONS				
Current				
Employee entitlements (refer Note 21)	182,403	177,894	182,403	177,894
	<u>182,403</u>	<u>177,894</u>	<u>182,403</u>	<u>177,894</u>
Non-Current				
Employee entitlements (refer Note 21)	49,792	42,088	49,792	42,088
Environmental bonds	608,200	608,200	561,200	561,200
	<u>657,992</u>	<u>650,288</u>	<u>610,992</u>	<u>603,288</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (CONT.)**

	CONSOLIDATED		COMPANY	
	2003	2002	2003	2002
	\$	\$	\$	\$
16. CONTRIBUTED EQUITY				
Issued Capital				
Balance at the beginning of the financial year: 187,425,356 ordinary fully paid shares (2002: 172,384,150)	37,351,739	35,651,967	37,351,739	35,651,967
6,000,000 ordinary fully paid shares issued at 8 cents per share	480,000	-	480,000	-
2,533,307 ordinary fully paid shares issued at 6 cents per share pursuant to the company Share Purchase Plan	151,998	-	151,998	-
12,000,000 ordinary fully paid shares each issued at 5 cents per share	600,000	-	600,000	-
755,234 ordinary fully paid shares issued at 5 cents per share – KEMET Corporation	37,762	-	37,762	-
1,300,000 ordinary fully paid shares issued on payment of outstanding portion of contributing shares at 9.9 cents per share	-	128,700	-	128,700
1,000,000 ordinary fully paid shares from the exercise of director options at 20 cents per share	-	200,000	-	200,000
12,741,206 ordinary fully paid shares each issued at 11 cents per share	-	1,401,532	-	1,401,532
Less share issue costs	(64,798)	(30,460)	(64,798)	(30,460)
Balance at the end of the financial year: 208,713,897 ordinary fully paid shares (2002: 187,425,356)	38,556,701	37,351,739	38,556,701	37,351,739
Options on issue				
3,250,000 director and executive options exercisable at 20 cents expiring on 31 March 2004				
1,345,000 executive options exercisable at 25 cents, of which 250,000 options expire on 28 February 2004, and 1,095,000 options expire on 28 February 2005.				

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (CONT.)**

	CONSOLIDATED		COMPANY	
	2003	2002	2003	2002
	\$	\$	\$	\$
17. RETAINED LOSSES				
Retained losses at beginning of year	(29,512,546)	(26,812,222)	(28,125,308)	(26,811,222)
Net loss attributable to members of the parent entity	(4,705,744)	(2,700,324)	(2,376,082)	(1,314,086)
Deconsolidation of subsidiary	74,810	-	-	-
Retained losses at the end of the year	<u>(34,143,480)</u>	<u>(29,512,546)</u>	<u>(30,501,390)</u>	<u>(28,125,308)</u>
18. TOTAL EQUITY RECONCILIATION				
Total equity at beginning of year	7,839,193	8,839,745	9,226,431	8,840,745
Total changes in parent and economic entity interest in equity recognised in statement of financial performance	(4,630,934)	(2,700,324)	(2,376,082)	(1,314,086)
Transactions with owners as owners:				
Contributions of equity	1,204,962	1,699,772	1,204,962	1,699,772
Total equity at end of year	<u>4,413,221</u>	<u>7,839,193</u>	<u>8,055,311</u>	<u>9,226,431</u>
19. COMMITMENTS				
(i) Finance lease commitments				
Payable:				
Not later than one year	4,708	11,472	4,708	11,472
Later than one year or later and no later than five year	-	4,798	-	4,798
Later than five years	-	-	-	-
	<u>4,708</u>	<u>16,270</u>	<u>4,708</u>	<u>16,270</u>
Less future interest charges	(125)	(933)	(125)	(933)
Total lease liability	<u>4,583</u>	<u>15,337</u>	<u>4,583</u>	<u>15,337</u>
	14			
(ii) Exploration expenditure commitments				
In order to maintain current rights of tenure to exploration tenements, the Company and the consolidated entity are required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State governments. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report and are payable:				
Within one year	448,000	440,000	188,200	50,000
One year or later and no later than five years	1,100,000	1,700,000	188,200	200,000
Later than five years	1,950,000	1,950,000	-	-
	<u>3,498,000</u>	<u>4,090,000</u>	<u>376,400</u>	<u>250,000</u>
(iii) Research and development commitments				
Contracted but not provided for and payable:				
Within one year	80,700	335,000	-	-
One year or later and no later than five years	146,800	-	146,800	-
Later than five years	-	-	-	-
	<u>227,500</u>	<u>335,000</u>	<u>227,500</u>	<u>-</u>

Upon execution of a Licensing Agreement with Boston University, the Company will be obliged to issue 750,000 ordinary shares to Boston University.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (CONT.)**

	ORDINARY SHARE CONSOLIDATED ENTITY INTEREST			
	CONSOLIDATED		COMPANY	
	2003 %	2002 %	2003 %	2002 %

20. CONTROLLED ENTITIES**(a) Particulars relation to controlled entities****Controlled entities**

Broad Arrow Mill Pty Ltd	100	100	100	100
Tantalum Australia Operations Pty Ltd	100	100	100	100
Savannah Gold NL	Nil	100	Nil	100

Associated entities

WirelessNet Pty Ltd	37	37	37	37
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Notes

- (i) Tantalum Australia Operations Pty Ltd ("TA") was incorporated in Australia on 9 November 2000. Tantalum Australia Operations Pty Ltd's principal activities during the year were to fund, develop and operate tantalum investments.
- (ii) On 11 April 2001, Tantalum Australia Operations Pty Ltd issued 1,000 ordinary fully paid shares for a consideration of \$10,000 per share thereby diluting Tantalum Australia NL interest from 100% equity interest to 50% equity interest.
- (iii) On 3 January 2002, Tantalum Australia NL announced a buy-back of KEMET's 50% equity interest in Tantalum Australia Operations Pty Ltd, thereby increasing Tantalum Australia NL interest from 50% to 100% equity interest effective from 20 February 2002.
- (iv) WirelessNet Pty Ltd was established to take advantage of the opportunities in the technology market. The total investment cost for WirelessNet Pty Ltd was \$179,290 and this has been written down to nil value.
- (v) Savannah Gold NL was established to acquire the gold assets of Tantalum Australia NL, to raise capital and seek admission to the official list of the Australian Stock Exchange, these shares were distributed in specie to the Shareholders of Tantalum Australia NL. On 4 April 2003 Tantalum Australia NL announced it was not proceeding with the listing of Savannah Gold NL and has been deconsolidated from the group accounts.

	CONSOLIDATED		COMPANY	
	2003	2002	2003	2002
	\$	\$	\$	\$

21. EMPLOYEE ENTITLEMENTS

Aggregate liability for employee entitlements,
including on-costs:

Current	182,403	177,894	182,403	177,894
Non-current	49,792	42,088	49,792	42,088
	232,195	219,982	232,195	219,982

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (CONT.)**

21. EMPLOYEE ENTITLEMENTS (CONT.)

	CONSOLIDATED		COMPANY	
	2003	2002	2003	2002
Number of employees				
Number of employees at year end	23	41	23	41

Superannuation plans

The group contributes to superannuation for employees in accordance with Government Superannuation Guarantee Legislation. The economic entity has no obligation to meet any shortfall in the superannuation fund's obligations to provide benefits to employees on retirement.

	CONSOLIDATED		COMPANY	
	2003	2002	2003	2002
	\$	\$	\$	\$
Details of contributions to the superannuation plans during the year and contributions payable at 30 June 2003 are as follows:				
Employer contributions to the plans	2,605	141,843	2,605	141,843
Employer contributions payable to the plans at balance date	153,661	42,735	153,661	42,735

22. NOTES TO THE STATEMENT OF CASH FLOWS**(a) Reconciliation of cash**

For the purpose of the statement of cash flows, cash includes 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 statement of financial position as follows:

Cash assets	304,430	457,766	108,339	344,735
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (CONT.)**

**22. NOTES TO THE STATEMENT OF CASH FLOWS
(CONT.)**

**(b) Reconciliation of profit from ordinary activities after
income tax to net cash provided by operating
activities**

Profit/Loss from ordinary activities after income tax	(4,630,934)	(2,700,324)	(2,376,082)	(1,314,086)
Add/(Less) items classified as investment/financing activities:				
(Profit)/loss on sale of non-current assets	(781)	(7,342)	(364)	-
(Profit)/Loss on sale of investments	(2,625)	-	(2,625)	-
Add/Less non-cash items:				
Amounts set aside to provisions	12,213	132,093	12,213	132,093
Depreciation	864,650	1,433,049	96,626	111,022
Exploration expenditure written off/down	736,644	39,711	109,598	39,500
Recognition of future rehabilitation mining costs	-	217,000	-	217,000
Shares of associates' and joint venture entities' net	-	(1,000)	-	-
Provision for diminution in investments	-	-	1,000	-
Adjustment due to deconsolidation of associate	(74,810)	-	-	-
Provision for doubtful debts	516	6,345	1,215,666	76,636
Net cash provided by operating activities before change in assets and liabilities	<u>(3,095,127)</u>	<u>(880,468)</u>	<u>(943,968)</u>	<u>(737,835)</u>
Change in assets and liabilities adjusted for effects of purchase and disposal of controlled entities during the financial year:				
(Increase)/decrease in other assets	(1,638)	(3,946)	(1,638)	(4,946)
(Increase)/decrease in trade/term debtors	848,241	706,516	1,066,491	(371,581)
(Increase)/decrease in inventory	833,153	(850,545)	-	-
(Decrease)/increase in accounts payable	155,747	1,034,478	478,000	308,833
Increase/(decrease) in loans from associate	-	917,600	(2,103,535)	(2,962,626)
	<u>(1,259,624)</u>	<u>923,635</u>	<u>(1,504,650)</u>	<u>(3,768,155)</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (CONT.)**

	CONSOLIDATED		COMPANY	
	2003	2002	2003	2002
	\$	\$	\$	\$
23. DIRECTORS' REMUNERATION				
Directors' remuneration				
\$ 0 - \$ 9,999	1	-	1	-
\$ 10,000 - \$ 19,999	2	3	2	3
\$ 30,000 - \$ 39,999	-	1	1	1
\$ 70,000 - \$ 79,999	1	-	1	-
\$ 80,000 - \$ 89,999	-	1	-	1
\$150,000 - \$159,999	1	-	1	-
\$170,000 - \$179,999	-	1	-	1
\$210,000 - \$219,999	-	-	-	-
Total remuneration paid or payable, or otherwise made available, to all directors from the Company or any related party	<u>257,520</u>	<u>330,080</u>	<u>257,520</u>	<u>330,080</u>

Directors' remuneration includes unlisted share options and an allocation of insurance premiums paid by the Company or related parties in respect of directors' and officers' liabilities and legal expenses' insurance contracts, in accordance with common commercial practice.

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

The amounts disclosed for remuneration of directors include the assessed fair values at the date they were granted of options granted to directors during the year ended 30 June 2002. Fair values have been assessed using the Black-Scholes option pricing model. Factors taken into account by this model include the exercise price, the term of the option, the current price and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

There were no superannuation or retirement benefits paid on behalf of the directors during the financial year, all directors fees are inclusive of superannuation.

Executive's remuneration

	CONSOLIDATED		COMPANY	
	2003	2002	2003	2002
The number of executives whose remuneration from the Company or any related party falls within the following bands:				
\$ 130,000 - \$ 139,999	-	1	-	1
\$ 140,000 - \$ 149,999	1	1	1	1

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (CONT.)**

	CONSOLIDATED		COMPANY	
	2003	2002	2003	2002
	\$	\$	\$	\$
23. DIRECTORS' REMUNERATION (CONT.)				
Executives' remuneration (cont.)				
Total remuneration paid or payable, or otherwise made available, to all directors from the Company or any related party	160,263	278,768	160,263	278,768

Executive's remuneration includes unlisted share options and superannuation.

One executive has 500,000 unlisted options exercisable at 20 cents on or before 31 March 2004.

The other executive was granted 1,000,000 unlisted employee incentive options exercisable at 25 cents of which 500,000 are exercisable on or before 28 February 2003 which have now lapsed, 250,000 are exercisable on or before 28 February 2004, and 250,000 are exercisable on or before 28 February 2005. No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

The amounts disclosed for remuneration of executives include the assessed fair values at the date they were granted of options granted to executives during the year ended 30 June 2002. Fair values have been assessed using the Black-Scholes option pricing model. Factors taken into account by this model include the exercise price, the term of the option, the current price and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

24. RELATED PARTIES

Directors

The names of each person holding the position of director of the Company during the financial year are Messrs, M G Fotios, T J King, K Robinson, HL Crowley (resigned 28 April 2003), Ms A S A Sebi and DA Reynolds (appointed 28 April 2003).

Mr HL Crowley was senior vice president of KEMET Corporation, the previous other equity investor in Tantalum Australia Pty Ltd. Mr D Reynolds is manager of KEMET's anode manufacturing facility in Simpsonville South Carolina.

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

Loans to directors

No loans were made to directors during the year.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (CONT.)**

24. RELATED PARTIES (CONT.)

	2003	2002
<i>Directors' shareholdings</i>		
The number of shares and options of the Company acquired or disposed of by directors of the Company and their director-related entities during the year are:		
Acquisitions – Ordinary shares	333,330	3,365,308
Acquisitions – Options	-	-
Disposals – Ordinary shares	-	-
Disposals – Contributing shares	-	585,000
	<u>No. held 2003</u>	<u>No. held 2002</u>
The relevant interests of directors and their director-related entities in shares and options of the company at year end are:		
Ordinary shares	11,221,145	13,229,605
Options	1,500,000	2,000,000

The equity held by Mr Kim Robinson, who resigned effective of 1 July 2003, is not included in the 2003 Directors' holdings. They are however included in the 2002 Directors' holdings.

Loans from directors and director related entities

Loan facility agreements were entered into with the following directors:

Director	Facility	Loans Advanced	Accrued Interest	Interest Rate
M Fotios	\$225,000	\$108,768	\$2,932	7.5%
K Robinson	\$375,000	\$260,000	\$4,281	7.5%

Other transactions of director and director related entities

Payments for geological, management services and the provisions of commercial vehicle to MG Fotios & Associates Pty Ltd, a company in which Mr MG Fotios has a beneficial interest amount to \$155,000 were paid by Tantalum Australia NL, of which \$77,500 has been recharged to Tantalum Australia Operations Pty Ltd. These payments were made on normal commercial terms.

Mr G Fotios (father) was paid \$39,480 by Tantalum Australia NL during the year for services provided which has been recharged to Tantalum Australia Operations Pty Ltd. Mrs N Smith (mother-in-law) was paid \$13,000 for cleaning services, of which \$6,500 has been recharged to Tantalum Australia Operations Pty Ltd. All payments have been based on normal commercial terms and conditions.

Mr TJ King was paid a total of \$37,520 for corporate and accounting services. These payments have been based on normal commercial terms and conditions.

25. SEGMENT REPORTING

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets and revenue, interest bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (CONT.)

25. SEGMENT REPORTING (CONT.)

Business segments

The consolidated entity comprises the following main business segments, based on the consolidated entity's management reporting system.

Gold	Exploration
Tantalum	Exploration, development & mining of tantalum

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

The consolidated entity's business segments operate geographically as follows:

Australia	Operating facilities and head office
Thailand	Customer for tantalum

TANTALUM AUSTRALIA NL

	Gold		Tantalum		Other		Eliminations		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Primary reporting	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Business segments										
Revenue										
External segment revenue			1,819	1,293	-				1,819	1,293
Inter-segment revenue										-
Total segment revenue		-	1,819	1,293	-	-	-	-	1,819	1,293
Other unallocated revenue									445	247
Total revenue									<u>2,264</u>	<u>1,540</u>
Result										
Segment result			(3,000)	(1,260)					(3,000)	(1,260)
Share of net profit or loss/result of equity accounted investments										
Unallocated corporate expenses									(1,531)	(1,441)
Loss from ordinary activities before income tax									(4,631)	(2,701)
Income tax expense									-	-
Loss from ordinary activities after income tax									(4,631)	(2,701)
Extraordinary items after tax									-	-
Net profit									<u>(4,631)</u>	<u>(2,701)</u>
Depreciation and amortisation	44	46	767	1,268	56	85			867	1,399
Non-cash expenses other than depreciation and amortisation	26	257			117	130			143	387
Individually significant items										
Inventory write-down			2,204	1,797					2,204	1,797
Assets										
Segment assets	3,958	4,305	3,128	4,114					7,086	8,419
Equity accounted investments										
Unallocated corporate assets									137	1,705
Consolidated total assets									<u>7,223</u>	<u>10,124</u>
Liabilities										
Segment liabilities	561	561	47	47	50				658	658
Unallocated corporate liabilities									2,202	1,677
Consolidated total liabilities									<u>2,810</u>	<u>2,285</u>
Acquisitions of non-current assets	8	39	98	2,864	-	99			106	3,002

TANTALUM AUSTRALIA NL

Secondary reporting Geographical segments	Australasia		Thailand		Other		Consolidated	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
External segment revenue by location of customers	1,819	-	-	1,293	-	-	11,819	1,293

	Western Australia		Victoria		Queensland		Other		Consolidated	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Segment assets by location of assets	6,846	9,182	328	312	49	3	-	-	7,223	10,124
Acquisitions of non-current assets	106	3,002							106	3,002

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (CONT.)**

26. EVENTS SUBSEQUENT TO BALANCE DATE

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 Company, the results of those operations, or the state of affairs in the Company in future financial years other than:

1. On 31 July 2003, the Company announced that it had exercised its option to enter into a Licensing Agreement with Boston University for the worldwide rights over its SOM and related technologies;
2. On 15 August 2003, the Company announced gold assay results from its drilling programme carried out at Iron Duke in the Norseman Project;
3. On 18 August 2003, the Company announced that Boston University had been successful in extracting metal directly from tantalum concentrate using its SOM technology;
4. On 21 August and 3 September 2003, the Company announced final gold assay results of its drilling programme at Iron Duke in the Norseman Project; and
5. On 1 September 2003 the Company announced that it had placed 11,781,481 ordinary fully paid shares at an issue price of 9 cents per share. This issue was partly underwritten at a cost of \$40,965.

27. FINANCIAL INSTRUMENTS DISCLOSURE***Interest rate risk exposure***

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

	Note	Weighted average interest rate	Floating interest rate	FIXED INTEREST MATURING IN:			Non-interest bearing	Total
				1 Year or less	1 to 5 years	more than 5 years		
2003								
<i>Financial assets</i>								
Cash assets	7	2.5%	304,430	-	-	-	-	304,430
Receivables	8	-	-	-	-	-	452,954	452,954
			304,430	-	-	-	452,954	757,384
<i>Financial liabilities</i>								
Payables	13	-	-	-	-	-	1,584,761	1,584,761
Interest-bearing liabilities	14	7.5%	-	384,554	-	-	-	384,554
			-	384,554	-	-	1,584,761	1,969,315
2002								
<i>Financial assets</i>								
Cash assets	7	3.9%	457,765	-	-	-	-	457,765
Receivables	8	-	-	-	-	-	1,228,400	1,228,400
			457,765	-	-	-	1,228,400	1,686,165
<i>Financial liabilities</i>								
Payables	13	-	-	-	-	-	1,441,591	1,441,591
Interest-bearing liabilities	14	8.1%	-	9,432	5,905	-	-	15,337
			-	9,432	5,905	-	1,441,591	1,456,928

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (CONT.)

27. FINANCIAL INSTRUMENTS DISCLOSURE (CONT.)

Credit risk exposures

The credit risk on financial assets, excluding investments, of the consolidated entity which have been recognised on the statement of financial position, is the carrying amount, net of any provision for doubtful debts.

Net fair values of financial assets and liabilities

For all assets and liabilities the net fair value approximates their carrying value.

28. CONTINGENT ASSET

A controlled entity will submit a claim for a R&D tax concession with AusIndustry for its tantalite processing project.

The contingent asset has not been recognised as a receivable at 30 June 2003.

SHAREHOLDER INFORMATION

The Shareholder Information set out below was appropriate at 17 September 2003.

a. Substantial Shareholders

The Company's Register of substantial Shareholders, prepared in accordance with the Corporations Law, recorded the following information:

Name	Number of Shares	Class of Equity Security	%
Synergy Gold Incorporated	27,775,000	Ordinary	11.45
KEMET Tantalum Pty Ltd	22,049,538	Ordinary	10.00

b. Distribution of Equity Securities

i) Distribution schedule of holdings:

1	-	1,000
1,001	-	5,000
5,001	-	10,000
10,001	-	100,000
100,000	-	over
Total number of holders		

	Class of equity security		
	Ordinary Shares	Executive Options	Director Options
	12	-	-
	102	-	-
	208	-	-
	877	2	-
	259	5	6
	1,458	7	6

ii) Number of holders of less than a marketable parcel: 80

iii) Percentage held by the 20 largest holders: 46.07% 100% 100%

c. Largest Security Holders

i) Names of the 20 largest holders of Ordinary Shares are listed below:

NAME	No Held	%
UNITED OVERSEAS BANK LTD	25,250,000	11.45%
KEMET TANTALUM PTY LTD	22,049,538	10.00%
BRUGES PTY LTD	5,215,654	2.37%
PERTH SELECT SEAFOODS PTY LTD	4,318,559	1.96%
AUSTMINEX NL	4,153,333	1.88%
FAKUBA PTY LTD	3,570,000	1.62%
TEWAL PTY LTD,	3,429,527	1.56%
FOTIOS MICHAEL GEORGE	3,425,944	1.55%
S G J INVESTMENTS PTY LTD	3,239,215	1.47%
JEMAYA PTY LTD	3,050,000	1.38%
MAIER MR WOLFGANG	2,881,602	1.31%
RAVINA LTD	2,700,000	1.22%
SYNERGY GOLD INC	2,525,000	1.15%
VISTA BLUE LIMITED	2,500,000	1.13%
COLBY CORPORATION PTY LTD	2,429,192	1.10%
UNITED FOOD CORPORATION PTY LTD	2,370,000	1.07%
COULTAS MR DONALD NORMAN	2,300,000	1.04%
UNIVERSAL ENTERPRISES PTY LTD	2,250,000	1.02%
KAHLER MR TERRENCE WILLIAM	2,170,000	0.98%
POPE DESMOND JAMES	1,764,272	0.80%
	<u>101,591,836</u>	<u>46.07%</u>