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Amalg Resources NL (ABN 16 061 595 051) and its Controlled Entity

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2000

DIRECTORS' REPORT

for the year ended 30 June 2000

The Directors present their report together with the financial report of Amalg Resources NL ("the Company") and the consolidated financial report for the consolidated entity being the Company and its controlled entity, for the year ended 30 June 2000 and the auditors' report thereon.

DIRECTORS

The names and particulars of the Directors of Amalg Resources NL holding office at any time during or since the financial year are:

Graham McGarry AASA, CD (Chairman and Managing Director) (Director since 1993)
(Chairman since March 1999)

Graham McGarry (52) has been employed directly or indirectly in the mining industry in the Eastern Goldfields for over 30 years, including 10 years as Company Secretary of a publicly listed mining Company.

McGarry was employed by the Amalg Syndicate for the eight years prior to the formation of Amalg Resources NL principally in identifying and securing mining opportunities capable of profitable exploitation. This work has resulted in the exploitation of gold, copper and nickel deposits in Western Australia, Northern Territory and South Australia.

McGarry has had extensive administration experience in the mining/exploration industry including three years as an industry representative on the Mining Industry Liaison Committee advising the Minister of Mines in Western Australia. McGarry was a director of Moonta Mining NL between 1987 and 1997. Moonta was a partner with the Amalg Syndicate in a copper/gold mining operation in South Australia from 1987 to 1994.

Geoffrey Warren Greenhill AWASM (Operations Director) (Director since 1993)

Geoff Greenhill (50) is a metallurgist who graduated from the Western Australian School of Mines and has over 25 years experience in the mining industry. Greenhill has been involved in the production of gold, copper, nickel, vanadium, tin/tantalum and mineral sands during this time.

Greenhill has been responsible for the design, construction and commissioning of a number of small to medium scale mining and processing operations in Western Australia, Northern Territory and South Australia. For the ten years prior to 1996, Greenhill was involved in full-time work with the Amalg Syndicate's projects and was project manager for the Moonta Mining Joint Venture operations and a director of Moonta Mining NL.

Since July 1998, Greenhill has been General Manager of Loongana Lime Pty Ltd.

John Albert Alman (Director) (Director since 1993)

John Alman (65) has operated a successful contracting business in the Eastern Goldfields since 1964. Alman was a partner in Amalg Syndicate since its inception and was the Chairman of Moonta Mining NL for seven years. Moonta Mining NL was a partner with the Amalg Syndicate in a copper/gold mining operation in South Australia from 1987 to 1994.

Garry Patrick Connell (Director) (Appointed Director on 1 October 1999)

Garry Connell (48) has gained valuable experience in the mining industry through successful fuel supply and earthmoving businesses.

Between 1984 and 1998 Connell was the Managing Director, and with his wife, owned the Kalgoorlie Fuel Company (Kalfuel). Kalfuel was one of BP Australia Limited's largest independent fuel distributors in Australia and supplied many of the largest mining and industrial companies in the Kalgoorlie / Goldfields area. Under Connell's management, the business grew from a small distributorship to one of major significance for BP Australia Ltd.

Prior to this Connell had extensive experience in the earthmoving business and has undertaken many large and complex projects.

Garry has a 'hands on' approach to management and is a well-known and charismatic identity in both the Perth and Kalgoorlie business communities.

Douglas Charles Daws JP (Alternate Director) (Alternate Director for John Alman)
(Appointed Alternate on 1 October 1999)

Doug Daws (57) has over 35 years diverse experience in the resources industry - in particular, exploration and mining in Western Australia.

Between 1982 and 1986 he was Regional Administrator of the Goldfields-Esperance Region and during this period he was responsible for initiating and facilitating the development of major resource and regional development projects.

Between 1986 and 1991 Daws was Manager of Projects, Western Australian Mint and Manager of the Australian Gold Refineries, Kalgoorlie.

In March 1991 Daws was appointed Chairman of Gold Capital Corporation Limited, a mining finance and investment corporation specialising in gold and other precious metals. Since then Daws has conducted a number of investigations into the development of mining and downstream processing projects in several overseas countries including Romania, Sri Lanka, Myanmar and China.

Andrew Neil White B.Bus, ASA (Alternate Director) (Alternate Director for Geoffrey Greenhill)
(Appointed Alternate on 25 October 1999)

Andrew White (34) who is also the Company Secretary has worked in the mining sector since 1994 in both Western Australia and New South Wales.

Prior to joining Amalg Resources he was an accountant for the David Mitchell Group.

Mark George Wilkinson B Com B Compt (Hons) CA (Director) (Appointed Director in August 1999)
(Resigned as Director 28 September 1999)

Mark Wilkinson (44) is the Chief Executive of McRoss Developments Pty Ltd, which is owned by the Walker Family. Wilkinson has experience in accounting, finance and investment.

Langley Alexander Walker (Alternative Director for Mark Wilkinson) (Appointed Alternate in August 1999)
(Resigned as Alternate on 29 September 1999)

Lang Walker (55) is the founder and Chief Executive of Walker Corporation Ltd and the Executive Chairman of McRoss Developments Pty Ltd. Walker has extensive experience in property development and investment.

DIRECTORS' INTERESTS AND MEETINGS OF DIRECTORS

The following table sets out the relevant interests of each director in the share capital of the Company at the date of this report, the numbers of meetings of the Directors held during the year ended 30 June 2000 whilst they held the position of Director and the number of meetings attended by each director. Due to the size and nature of the Company's operations it has not been considered necessary to form an audit committee of the Board of Directors.

Name of Director	Directors' Interests in Ordinary Shares	Number of Directors' Meetings Attended	Number of Directors' Meetings Held
G McGarry	27,182,516*	15	16
G W Greenhill	24,675,747*	16	16
J A Alman	27,521,497*	15	16
G P Connell	28,858,552	7	12
M G Wilkinson	-	-	-
L A Walker (alternate)	-	-	-
D C Daws (alternate)	280,001	1	1
A N White (alternate)	-	-	-

* includes shares owned by Alameda Pty Ltd, Moonta Mining Pty Ltd and Spargoville Nickel Pty Ltd, companies in which Messes J A Alman, G W Greenhill and G McGarry each hold an interest.

No options have been issued to Directors of the Company.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial year were those of copper, gold, limestone and quicklime production and the mineral exploration and development of gold, nickel and copper.

RESULT

The consolidated loss after income tax for the financial year was $218,000 (1999: loss of $2,148,000).

REVIEW OF OPERATIONS

The review of operations and the results of operations of the consolidated entity during the year are discussed in other sections of the Annual Report.

DIVIDENDS

Dividends paid or declared since the end of the previous financial year are:

2000 • The Directors recommend that no dividend be paid in respect of the current financial year.

1999 • The Directors recommended that no dividend be paid in respect of the 1999 financial year.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely future developments in the operations of the consolidated entity are referred to in other sections of the Annual Report. Other than as referred to in this Annual Report, further information as to likely developments in the operations of the consolidated entity and the expected results of those operations would be, in the opinion of the Directors, likely to result in unreasonable prejudice to the consolidated entity.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 10 August 1999, Amalg Resources NL announced the placement of 32 million fully paid shares to clients of CIBC Wood Gundy at 12 cents per share to raise $3.64 million, net of share issue costs of $0.196 million. The Australian Stock Exchange granted official quotation to the placement on 16th August 1999.

In the opinion of the Directors, other than as set out above, there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year.

ENVIRONMENTAL REGULATION

The consolidated entity's operations are subject to significant environmental regulations under both Commonwealth and State legislation in relation to its mining activities.

Amalg Resources NL views environmental management as essential to its own future and that of the mining industry in general. The consolidated entity considers that sound environmental management benefits all stakeholders, including shareholders, employees, nearby residents and the community in general.

The Directors recognise that environmental management is an integral part of all activities, from exploration and mining to processing and exporting. As a result, all operations of the consolidated entity are committed to developing, implementing and maintaining good environmental policies and practices.

The consolidated entity's mining activities are situated in Queensland and Western Australia. There are significant environmental regulations under the Queensland and Western Australian Mining and Environmental Protection Acts. There are license requirements relating to waste disposal, water and air pollution and the handling of dangerous goods in relation to the consolidated entity's activities.

The Board believes that the consolidated entity has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the consolidated entity.

DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

The Board of Directors' is responsible for setting the remuneration of executive Board members and senior executives of the Company. Their broad policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and to ensure that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Company's performance is taken into consideration when setting remuneration.

Details of the nature and amount of each major element of the emoluments of each Director of the Company and each of the five named officers of the Company and the consolidated entity receiving the highest emoluments are:

	Base Emolument $	Non-cash Benefits $	Super Contributions $	Total $
Director				
Mr G McGarry	143,500	-	12,500	156,000
Mr G W Greenhill	120,000	-	12,500	132,500
Mr J A Alman	13,500	-	-	13,500
Mr G P Connell	3,375	-	-	3,375
Mr M G Wilkinson	-	-	-	-
Officer				
The Company				
Mr A J Lord	130,000	-	9,100	139,100
Mr G C Lucas	115,000	-	8,050	123,050
Mr L Taylor	103,477	-	6,946	110,423
Mr J Penna	94,050	-	11,408	105,458
Mr H Conrad	84,623	-	3,252	87,875
Consolidated				
Mr A J Lord	130,000	-	9,100	139,100
Mr G C Lucas	115,000	-	8,050	123,050
Mr L Taylor	103,477	-	6,946	110,423
Mr J Penna	94,050	-	11,408	105,458
Mr C R Burns	85,884	4,691	6,036	96,611

OPTIONS

At the date of this report the following employee share options over unissued ordinary shares of the Company were outstanding:

Exercisable Before	Exercise Price	Granted	Exercised	Lapsed	Outstanding
27 July 2000	68 cents	1,183,052	-	633,254	549,798
14 February 2002	50 cents	850,000	-	200,000	650,000

At the date of this report the following options over unissued ordinary shares of the Company, issued to Macquarie Bank Ltd as part of the loan facility, were outstanding:

5 November 2004 *	20 cents	7,500,000	-	-	7,500,000

* Options are not exercisable after 30 June 2001 if all amounts outstanding to Macquarie Bank Limited are repaid.

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate. No options have been issued to Directors or Senior Executives during or since the end of the financial year. There are no unissued shares under option as at the date of this report, other than those referred to above.

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

There has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in subsequent financial years.

INSURANCE PREMIUMS

Since the end of the previous financial year the Company has paid insurance premiums in respect of Directors' and Officers' Liability and Company Reimbursement Insurance contracts, for the current Directors and current and former officers, including executive officers and secretaries of the Company. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of this insurance, as disclosure is prohibited under the terms of the contract.

ROUNDING OFF

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in this report and the accompanying financial report have been rounded off to the nearest one thousand dollars unless otherwise indicated.

Dated at Kalgoorlie this 20th day of September 2000.

Signed in accordance with a resolution of the Directors.

G McGarry
DIRECTOR

This statement outlines the main Corporate Governance practices that were in place throughout the financial year unless otherwise stated.

Board of Directors

The Board is responsible for the overall Corporate Governance of the consolidated entity including its strategic direction, establishing goals for management and monitoring the achievement of those goals. The Board operates in accordance with Amalg Resources NL's Constitution, ASX Listing Rules, the Corporations Law, various Mining Acts and other applicable laws whilst achieving these goals.

At the start of the financial year, the Board of Directors was comprised of one non-executive Director, and two executive Directors, one of whom was Managing Director and Chairman and one of whom was Operations Director. A non-executive director was elected to the Board in August 1999 and resigned in September 1999. In September 1999 a further non-executive director was elected to the Board.

The consolidated entity is not considered to be of a size, nor is its affairs of such complexity to justify the establishment of separate committees, accordingly all matters, which may be capable of delegation to a committee, are dealt with by the full Board.

In addition to formal Board meetings, the Board meets informally regularly in order to retain full and effective control over the consolidated entity and monitor the executive management. The Board has established a framework for the management of the consolidated entity including a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

The names of each director, together with the details of their relevant qualifications and experience are set out in the financial report.

The Company's Articles of Association and the Listing Rules of Australian Stock Exchange Limited govern the procedures for election and retirement of Directors.

All Directors have the right to seek independent legal and accounting advice concerning any aspect of the Company's operations and undertakings.

Auditors

Whilst the Company does not have a formally constituted audit committee, the Board reviews the performance of the external auditors on a regular basis. They also review the draft financial statements and audit/review reports at year-end and half year.

Internal Control Framework

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility the Board relies on several internal controls:

- There is a comprehensive monthly management reporting system. Management reports detailing consolidated entity expenditure are prepared and presented to Board members monthly. Results are reported against budget and variations from budget have been discussed with site personnel to ascertain the reasons for the variances each month for each of the consolidated entity's operations. Budgets are revised when management has sufficient historical information to make informed forecasts.

- Procedures are in place to ensure that price sensitive information is reported to the ASX in accordance with the Continuous Disclosure Requirements.
- The consolidated entity conducts a review of the ability and experience of potential senior employees prior to appointment. Informal appraisals are conducted regularly together with on the job monitoring and training for all employees.
- The Managing Director and Operations Director are in regular contact with senior site personnel at all the consolidated entity's operations on an informal basis. In addition, formal monthly reporting together with periodic site visits by the Managing Director and Operations Director all contribute to controls in this area.

Ethical Standards

Amalg Resources NL recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics in conducting its business, and intends to maintain a reputation of integrity.

Whilst the consolidated entity does not believe it is of a size to warrant the development of formal ethical guidelines, the Directors endeavour to ensure that their actions are appropriate and believe they provide the benchmark for their employees.

Environment

The consolidated entity aims to ensure a high standard of environmental care is achieved. Refer to the Directors' report for further discussion.

Business Risks

The Board adopts practices to identify significant areas of risk and to effectively manage those risks in accordance with the consolidated entity's risk profile.

Where appropriate the Board draws on the expertise of appropriate external consultants to assist in dealing with or mitigating risk.

The Company's main areas of risk include:

- exploration, development and production;
- fluctuating commodity prices and exchange rates;
- financing; and
- title to assets.

The Board gives regular consideration to all these matters.

The Role of Shareholders

The Board of Directors ensures that all shareholders are informed of all developments affecting the consolidated entity's state of affairs. Shareholders are forwarded:

- the Company's Annual Report;
- the Company's Quarterly Reports; and
- a copy of any major announcements made to the market.

PROFIT AND LOSS STATEMENTS

for the year ended 30 June 2000

	Note	Consolidated 2000 $'000	Consolidated 1999 $'000	The Company 2000 $'000	The Company 1999 $'000
Revenue	2	72,696	67,697	59,131	56,657
Operating profit/(loss) before income tax	2	(443)	(2,148)	580	(1,743)
Income tax benefit attributable to operating profit/(loss)	4	225	-	92	-
Operating profit/(loss) after income tax		(218)	(2,148)	672	(1,743)
Accumulated losses at the beginning of the year		(3,063)	(915)	(2,850)	(1,107)
Accumulated losses at the end of the year		(3,281)	(3,063)	(2,178)	(2,850)

The profit and loss statements are to be read in conjunction with the notes to and forming part of the financial statements.

BALANCE SHEETS
as at 30 June 2000

	Note	Consolidated		The Company	
		2000	1999	2000	1999
		$'000	$'000	$'000	$'000
CURRENT ASSETS					
Cash		665	176	1,204	132
Receivables	5	3,048	2,036	996	553
Investments	6	9	196	9	9
Inventories	7	5,130	6,375	2,114	4,824
Other	8	727	460	529	441
TOTAL CURRENT ASSETS		9,579	9,243	4,852	5,959
NON CURRENT ASSETS					
Receivables	5	843	936	24,216	19,696
Property, plant and equipment	9	29,155	29,207	6,163	7,177
Exploration and development expenditure	10	18,222	20,389	18,220	20,387
Other	8	372	-	-	-
TOTAL NON CURRENT ASSETS		48,592	50,532	48,599	47,260
TOTAL ASSETS		58,171	59,775	53,451	53,219
CURRENT LIABILITIES					
Accounts payable	11	9,263	12,085	6,897	7,037
Borrowings	12	2,390	6,137	1,359	5,562
Provisions	13	505	708	293	465
Other	14	-	118	-	118
TOTAL CURRENT LIABILITIES		12,158	19,048	8,549	13,182
NON-CURRENT LIABILITIES					
Borrowings	12	4,424	2,489	2,240	1,741
Provisions	13	2,356	2,431	2,326	2,276
TOTAL NON-CURRENT LIABILITIES		6,780	4,920	4,566	4,017
TOTAL LIABILITIES		18,938	23,968	13,115	17,199
NET ASSETS		39,233	35,807	40,336	36,020
SHAREHOLDERS' EQUITY					
Share capital	15	42,514	38,870	42,514	38,870
Accumulated losses		(3,281)	(3,063)	(2,178)	(2,850)
TOTAL SHAREHOLDERS' EQUITY		39,233	35,807	40,336	36,020

The balance sheets are to be read in conjunction with the notes to and forming part of the financial statements.

STATEMENTS OF CASH FLOWS
for the year ended 30 June 2000

	Note	Consolidated 2000 $'000	Consolidated 1999 $'000	The Company 2000 $'000	The Company 1999 $'000
Cash flows from operating activities					
Cash receipts in the course of operations		70,995	69,430	58,553	58,943
Cash payments in the course of operations		(58,968)	(49,657)	(44,201)	(39,742)
Net cash provided by operating activities	22(b)	12,027	19,773	14,352	19,201
Cash flows from investing activities					
Payments for investments		-	(283)	-	(11)
Proceeds from the sale of investments	2(a)	277	109	-	50
Payments for exploration and development		(6,501)	(6,848)	(6,501)	(6,848)
Payments for property, plant and equipment		(3,081)	(13,989)	(786)	(1,038)
Proceeds from the sale of plant and equipment	2(a)	307	107	96	100
Interest received	2(a)	58	202	41	169
Loan to controlled entity	5	-	-	(4,613)	(12,272)
Net cash used in investing activities		(8,940)	(20,702)	(11,763)	(19,850)
Cash flow from financing activities					
Proceeds from issue of shares	15	3,840	-	3,840	-
Costs of issue of shares	15	(196)	-	(196)	-
Proceeds from borrowings	12	2,000	2,582	2,000	1,266
Repayment of borrowings	12	(5,418)	(3,977)	(5,418)	(3,544)
Repayment of lease liability		(1,677)	(1,166)	(777)	(684)
Dividends paid		-	(1,201)	-	(1,201)
Interest and costs of finance paid	2(b)	(1,147)	(582)	(966)	(531)
Net cash used in financing activities		(2,598)	(4,344)	(1,517)	(4,694)
Net increase/(decrease) in cash held		489	(5,273)	1,072	(5,343)
Cash at the beginning of the financial year		176	5,449	132	5,475
Cash at the end of the financial year	22(a)	665	176	1,204	132

The statements of cash flows are to be read in conjunction with the notes to and forming part of the financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of Preparation

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

It has been prepared on the basis of historical costs and, except where stated, do not take into account changing money values or current valuations of non-current assets.

The accounting policies have been consistently applied and, except where there is a change in accounting policy, are consistent with those of the previous year.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

b) Going Concern

The consolidated entity has incurred a loss after taxation during the year of $218,000 and has a deficiency of working capital of $2,615,000. The accounts have been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Directors believe this to be appropriate for the following reasons:

(i) The Loongana Lime kiln commissioning problems have been overcome. They are expected to generate significant positive cash flow in the future;

(ii) The increasing world copper price is expected to increase cash flows from the Eloise Copper Mine. By 30th September 2000 the Company will have delivered into all of its outstanding sold call options, which at 30 June 2000 covered US$5.1 million exercisable at 0.7475. Subsequent US dollar sales are expected to be delivered into spot, which at 30 June 2000 was 0.60;

(iii) The debt to Macquarie Bank Limited has reduced by $5.3 million this half year, with only $1.67 million outstanding at year-end.

c) Sales Revenue

Sales revenue is recognised when there has been a passing of risk to the customer in accordance with the sales contracts.

Sales revenue is calculated after commodity and foreign exchange hedging, and foreign exchange differences on sales receipts, but prior to treatment, refining and freight costs. Sales revenue may be adjusted due to assay, metal price, weight and currency variations

d) Foreign Currency

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 have been 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 profit and loss account in the financial year in which exchange rates change.

e) Derivatives

The consolidated entity is exposed to changes in foreign exchange rates and commodity prices from its activities. It is the Company's policy to use derivative financial instruments from time to time to hedge these risks. The consolidated entity's policy is not to enter, hold or issue these derivative financial instruments for trading purposes.

Hedges

Where hedge transactions are designated as a hedge of the sale of products, exchange differences arising up to the date of sale, together with gains arising at the time of entering into the hedge, are deferred and included in the measurement of the sale.

If a hedge transaction is redesignated as a hedge of another specific sale, and the original transaction is still expected to occur, the gains and losses that arise in the hedge prior to this redesignation are deferred and included in the measurement of the original sale when it takes place.

Premium income received on hedging instruments is deferred and recognised in the profit and loss statement over the period of the hedge.

Options

The consolidated entity has sold options as part of its strategy to manage exposure to foreign currency movements. These sold options are not hedges as they do not protect against fluctuations in exchange rates. Exchange differences are accounted for when the options are exercised.

f) Income Tax

The Company adopts the liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted 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 balance sheet as a future income benefit or a deferred tax liability.

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

g) Non-current Assets

The carrying amounts of non-current assets, other than exploration and evaluation expenditure carried forward (refer Note 10 and Note 1k) 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 the recoverable amount, the asset is written down to the lower value. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

h) Acquisition of Assets

Items of property, plant and equipment are initially recorded at cost and depreciated as outlined below.

The cost of property, plant and equipment constructed by the consolidated entity includes the cost of materials and direct labour costs.

i) Depreciation

Depreciation is calculated on a straight-line basis so as to write off the net cost of each item of property, plant and equipment over its expected useful life. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The depreciation rates used vary between 5% and 40% for plant and equipment. Assets are depreciated from the dale of acquisition, or in respect of internally constructed assets, from the time the asset is completed and held ready for use.

j) Leased Plant and Equipment

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

Finance leases are capitalised. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Capitalised lease assets are depreciated on a straight-line basis over the term of the relevant lease, or where it is likely the consolidated entity will obtain ownership of the asset, the life of the asset. Repayments of principal reduce lease liabilities. The interest components of the lease payments are charged to the profit and loss account.

k) Exploration, Evaluation, Development and Production Expenditure

Exploration and Evaluation Expenditure

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

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

Development and Production Expenditure

Amortisation is not charged on costs carried forward in respect of areas of interest until production commences. When production commences, carried forward exploration, evaluation, development and production costs in respect of the area of interest are amortised on a units of production basis over the life of the economically recoverable reserves.

l) Employee Entitlements

The provision for employee entitlements to wages, salaries and annual leave represents the amount that the consolidated entity has a present obligation to pay resulting from employee's services provided up to the balance date. The provisions have been calculated at nominal amounts based on current wage and salary rates and includes related on-costs.

The liability for employee's entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date. In determining the liability for employee entitlements, consideration has been given to future increases in wages and salary rates, and the consolidated entity's experience with staff departures. Related on-costs have also been included in the liability.

The Company has granted options to certain employees under an employee share plan. Further information is set out in Note 15 to the financial statements. Other than the costs incurred in administering the plan, which are expensed as incurred, the plan does not result in any expense to the Company. The Company does not contribute to any defined benefit superannuation plans.

m) Inventories of Materials, Supplies and Store Stocks

Inventories of finished stocks and ore stocks are carried at the lower of cost of production and net realisable value. Inventories of materials and supplies are stated at the lower of cost and net realisable value. Net realisable value is determined on the basis of each finished product's market value. Further costs to bring the stock to a marketable product and expenses of marketing, selling and transport to customers are estimated and are deducted to establish net realisable value.

n) Investments

Investments are carried at the lower of cost, or recoverable amount, being a Directors' valuation based on market values at the time of the valuation or, in the case of investments held as current assets at the lower of cost and net realisable value. Dividends are brought to account as they are received.

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

o) Principles of Consolidation

The consolidated financial statements of the Company include the financial statements of the Company, being the chief entity, and its controlled entity ("the consolidated entity").

The balances and effects of transactions between controlled entities included in the consolidated financial statements have been eliminated.

p) Rehabilitation

The Company performs rehabilitation on an on-going basis and the costs associated with this activity are expensed as they occur. A provision for future rehabilitation costs is raised during the course of a project, after consultation with the Department of Minerals and Energy, for any expected future costs to bring the site up to acceptable standards. These restoration obligations are recognised on a gradual basis during the course of the mine life (which includes the mine closure phase).

Provisions, which are determined on an undiscounted basis, include the following costs: reclamation, revegetation, plant closure, waste site closure and monitoring activities.

Significant uncertainty exists as to the amount of restoration obligations, which will be incurred due to the uncertainty as to the remaining life of existing operating sites and the impact of changes in environmental legislation. Assumptions have been made as to the remaining life of existing sites based on current resource and reserve calculations.

q) Joint Ventures

The Company's interest in an unincorporated joint venture (refer Note 25) is brought to account by including its interest in the appropriate category in the balance sheet.

r) Trade Debtors – Note 5

Trade debtors to be settled within 60 days are carried at amounts due. The collectibility of debts is assessed at balance date and specific provision is made for any doubtful accounts.

s) Accounts Payable - Note 11

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the consolidated entity. Trade accounts are normally settled within 60 days.

t) Bank Loans - Note 12

Bank loans are carried on the balance sheet at their principal amount, subject to offset arrangements. Interest expense is accrued at the contracted rate and included under "Other accrued expenses" in Accounts Payable - Note 11.

	Consolidated 2000 $'000	Consolidated 1999 $'000	The Company 2000 $'000	The Company 1999 $'000
2. REVENUE AND OPERATING PROFIT / (LOSS)				
The operating profit/(loss) was arrived at after including:				
a) Revenue				
Operating Revenue				
Copper revenue	51,744	48,234	51,744	48,234
Gold revenue	5,898	6,850	5,898	6,850
Silver revenue	1,352	1,237	1,352	1,237
Quicklime & limestone revenue	13,058	10,902	-	-
Interest received or due and receivable from:				
Other persons	58	202	41	169
Total Operating Revenue	72,110	67,425	59,035	56,490
Revenue from outside operating activities				
Insurance payout	-	17	-	17
Gross proceeds from the sale of:				
Investments	277	109	-	50
Non-current assets	307	107	96	100
Other Revenue	2	39	-	-
Total Revenue	72,696	67,697	59,131	56,657
b) Expenses				
Operating Expenses				
Interest and costs of finance paid or due and payable to:				
Other persons	914	472	912	472
Finance charges on capitalised leases	233	110	54	59
Total finance costs	1,147	582	966	531
Depreciation				
Plant and equipment	4,007	3,091	2,136	2,074
Amortisation				
Mine development and production expenditure	8,007	9,591	8,007	9,591
Deferred expenditure - exploration cost	661	574	661	574
Total amortisation	8,668	10,165	8,668	10,165

	Note	Consolidated 2000 $'000	Consolidated 1999 $'000	The Company 2000 $'000	The Company 1999 $'000
2. REVENUE AND OPERATING PROFIT / (LOSS) (continued)					
Operating Expenses (continued)					
Write down of:					
Deferred expenditure - mining tenement cost		-	84	-	84
Deferred expenditure - exploration cost		-	282	-	282
Research and development expenditure		-	49	-	49
Total write downs		-	415	-	415
Deferred loss on sale and lease back brought to account		143	-	-	-
Diminution in value of investment		-	1	-	1
Bad trade debts written back to the profit and loss		-	(13)	-	-
Amounts set aside/(credited) to provision for:					
Employee entitlements	13	(46)	67	(24)	(67)
Rehabilitation	13	147	120	147	120
Other	13	(154)	138	(153)	148
Total amounts set aside/(credited) to provisions		(53)	325	(30)	201
Lease rental expense - operating lease		56	59	24	24
General exploration expenditure incurred and written off		100	121	100	121
Government royalties on mineral sales or production		1,074	882	993	787
c) Sales of Non-Current Assets					
Profit/(loss) on disposal of non-current assets		(145)	(20)	(58)	(26)
Profit on sale of investment		92	12	-	-

	$	$	$	$
3. REMUNERATION OF AUDITORS				
Amounts received, or due and receivable, for audit services by:				
Auditors of the Company	40,000	32,000	31,000	23,000
Amounts received, or due and receivable, for other services by:				
Auditors of the Company	14,710	29,845	14,710	24,845

	Consolidated		The Company	
	2000	1999	2000	1999
	$'000	$'000	$'000	$'000
4. INCOME TAX				
The prima facie tax expense/(benefit) on operating profit/(loss) differs from the income tax expense/(benefit) as follows:				
Prima facie tax expense/(benefit) on operating profit/(loss) calculated at 36% (1999: 36%)	(160)	(773)	209	(627)
Tax effect of permanent differences:				
Amortisation of tenement acquisition costs	259	337	230	337
Other	51	2	50	1
Tax benefit of tax losses not brought to account	-	434	-	289
Recognition of deferred tax balances previously not brought to account	(143)	-	(356)	-
Income tax expense attributable to operating profit/(loss)	7	-	133	-
Abnormal tax item:				
Restatement of deferred tax balances due to change in company tax rates	(232)	-	(225)	-
Total income tax benefit	(225)	-	(92)	-
Income tax benefit attributable to operating profit/(loss) is made up of movements in the:				
Current income tax provision	-	(454)	-	(309)
Deferred income tax provision	(225)	454	(92)	309
	(225)	-	(92)	-
Future Income Tax Benefit Not Taken To Account				
The future income tax benefit from losses not brought to account has not been recognised as an asset because recovery of the loss is not virtually certain.				
Tax loss carried forward	2,101	434	1,000	289

4. INCOME TAX (continued)

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

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

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

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

	Note	Consolidated 2000 $'000	Consolidated 1999 $'000	The Company 2000 $'000	The Company 1999 $'000
5. RECEIVABLES					
CURRENT					
Trade debtors		2,798	1,804	704	321
Other		250	232	292	232
		3,048	2,036	996	553
NON-CURRENT					
Loans to controlled entity (a)	17	-	-	23,423	18,810
Other - bonds		843	936	793	886
		843	936	24,216	19,696

(a) Loans to controlled entity are interest free and unsecured. There are no formal repayment arrangements, however the Company will not call for payment prior to 1 July 2001 except to the extent that the controlled entity has surplus funds available.

	Consolidated 2000 $'000	Consolidated 1999 $'000	The Company 2000 $'000	The Company 1999 $'000
6. INVESTMENTS				
CURRENT				
Shares listed on a prescribed stock exchange - at cost	31	218	31	31
Less: provision for diminution in value	(22)	(22)	(22)	(22)
	9	196	9	9
7. INVENTORIES				
CURRENT				
Consumables and spares - at cost	784	578	204	133
Ore stocks - at cost	1,023	1,702	1,023	1,702
Copper concentrate stocks - at cost	887	2,989	887	2,989
Quicklime stocks - at cost	358	522	-	-
Limestone stocks - at cost	2,078	584	-	-
	5,130	6,375	2,114	4,824

		Consolidated		The Company	
		2000	1999	2000	1999
		$'000	$'000	$'000	$'000
8.	OTHER ASSETS				
	CURRENT				
	Prepayments	555	460	529	441
	Deferred loss on sale and lease back	172	-	-	-
		727	460	529	441
	NON-CURRENT				
	Deferred loss on sale and lease back	372	-	-	-
9.	PROPERTY, PLANT AND EQUIPMENT				
	Land and buildings at cost	32	25	-	-
	Plant and equipment - at cost	38,765	20,107	12,558	12,017
	Less: Accumulated depreciation	(10,506)	(6,808)	(7,193)	(5,312)
		28,259	13,299	5,365	6,705
	Capital works in progress - at cost	864	15,883	798	472
	Total property, plant and equipment - at net book value	29,155	29,207	6,163	7,177
10.	EXPLORATION AND DEVELOPMENT				
	Costs carried forward in respect of areas of interest in:				
	Exploration and/or evaluation phase	2,125	2,073	2,123	2,071
	Less: Accumulated amortisation	(263)	(256)	(263)	(256)
	Development and production phase	54,485	48,029	54,485	48,029
	Less: Accumulated amortisation	(38,125)	(29,457)	(38,125)	(29,457)
	Total exploration and development	18,222	20,389	18,220	20,387

The ultimate recoupment of exploration and evaluation expenditure is dependent upon successful development and commercial exploitation or alternatively sale of the respective areas of interest.

		Consolidated		The Company	
		2000	1999	2000	1999
11.	ACCOUNTS PAYABLE				
	CURRENT				
	Trade creditors	8,514	11,215	6,360	6,373
	Other accrued expenses	749	870	537	664
		9,263	12,085	6,897	7,037

		Note	Consolidated 2000 $'000	Consolidated 1999 $'000	The Company 2000 $'000	The Company 1999 $'000
12.	BORROWINGS					
	CURRENT					
	Bank loan - secured	23	1,000	5,000	1,000	5,000
	Lease/hire purchase liability	16	1,390	1,137	359	562
			2,390	6,137	1,359	5,562
	NON-CURRENT					
	Lease/hire purchase liability	16	2,473	1,120	289	372
	Bond facility	23	776	869	776	869
	Loan from Directors' related entity	17	500	500	500	500
	Bank loan – secured	23	675	-	675	-
			4,424	2,489	2,240	1,741
13.	PROVISIONS					
	CURRENT					
	Employee entitlements	20	361	437	199	245
	Rehabilitation		144	117	94	67
	Other		-	154	-	153
			505	708	293	465
	NON-CURRENT					
	Employee entitlements	20	155	125	103	81
	Rehabilitation		450	330	450	330
	Deferred income tax		1,751	1,976	1,773	1,865
			2,356	2,431	2,326	2,276
14.	OTHER LIABILITIES					
	CURRENT					
	Deferred income		-	118	-	118

	Note	Consolidated 2000 $'000	Consolidated 1999 $'000	The Company 2000 $'000	The Company 1999 $'000
15. SHARE CAPITAL					
Issued and Paid-up Capital					
128,108,338 ordinary shares, fully paid (1999: 96,108,338)		42,514	38,870	42,514	38,870
Movements in ordinary share capital					
Balance at the beginning of the financial year		38,870	24,027	38,870	24,027
Share premium reserve included with share capital	(i)	-	14,843	-	14,843
Shares issued:					
- 32,000,000 shares issued for cash	(ii)	3,644	-	3,644	-
Balance at the end of the financial year		42,514	38,870	42,514	38,870

Notes:

(i) The Company Law Review Act 1998 ("the Act") came into effect on 1 July 1998. The Act abolished par value shares and any amount standing to the credit of the share premium reserve became part of the Company's share capital on 1 July 1998. From 1 July 1998 share capital does not have a nominal (par) value.

(ii) On the 16th August 1999 32,000,000 ordinary shares were issued at $0.12. Share issue costs of $195,792 were recognised as a reduction of the proceeds of issue.

Options

At balance date the following employee share options, subject to the terms and conditions set out in the Rules of the Amalg Resources NL Share Option Plan, which was implemented by shareholders at the Company's Annual General Meeting on 21 November 1994, were outstanding:

Exercisable Before	Exercise Price	Granted	Lapsed	Outstanding
27 July 2000 *	68 cents	1,183,052	633,254	549,798
14 February 2002 *	50 cents	850,000	200,000	650,000

** These options expire on the employees' termination of employment with the Company.*

No options were granted under the plan during the financial year. 344,679 options were cancelled during the year ended 30 June 2000.

At balance date the following options were issued to Macquarie Bank Ltd as part of the loan facility.

5 November 2004 **	20 cents	7,500,000	-	7,500,000

*** Options are not exercisable after 30 June 2001 if all amounts outstanding to Macquarie Bank Limited are repaid.*

No ordinary shares were issued under the plan during the financial year.

The market value of the shares under these options at 30 June 2000 was 10.5 cents.

	Consolidated		The Company	
	2000	1999	2000	1999
	$'000	$'000	$'000	$'000

16. COMMITMENTS

a) Lease/Hire Purchase Commitments

Lease/hire purchase repayments are payable as follows:				
not later than one year	1,650	1,257	396	617
later than one year but not later than five years	2,816	1,255	325	414
	4,466	2,512	721	1,031
Less: future lease/hire purchase charges	(603)	(255)	(73)	(97)
	3,863	2,257	648	934
Lease/hire purchase liabilities provided for in the financial statements				
Current	1,390	1,137	359	562
Non-current	2,473	1,120	289	372
Total lease/hire purchase liability	3,863	2,257	648	934

b) Exploration Commitments

The consolidated entity has minimum expenditure obligations in pursuance of the terms and conditions of mining tenements in the forthcoming year of approximately $2,007,000 (1999: $1,250,000).

c) Forward Sales Commitments

As at 30 June 2000, Amalg Resources NL had the following forward sales contracts in place:

- nil forward exchange sales contracts in place. (1999: 4 contracts totalling A$7,787,974 with an average strike price of US$0.7536);
- 1 fixed forward contract covering 2,600 tonnes of copper at a copper price of US$1,825 in August 2000;

d) Options

As at 30 June 2000 the following options were outstanding:

- 3 US Dollar sold call put options covering US$5.1 million at an average strike price of US$0.7475. (1999: US$20.4 million at US$.7475), exercisable between July 2000 and September 2000;
- Nil copper call options in place. (1999: 5,200 tonnes at US$1,468 per tonne); and
- Nil copper put options in place. (1999:2,600 tonnes at US$1,468 per tonne);

e) Capital Commitments

As at 30 June 2000, the consolidated entity had the following capital commitments:

- Nil. (1999: $824,000 to finalise construction of the vertical shaft kilns).

17. RELATED PARTY DISCLOSURES

Directors

The names of each person holding the position of director at Amalg Resources NL during the financial year were:

G McGarry
G W Greenhill
J A Alman
G Connell
M G Wilkinson

Directors' Remuneration

Information on Directors' remuneration is disclosed in Note 18.

Directors' Holdings of Shares and Share Options

The relevant interests of Directors of the Company and their director-related entities in shares and share options of the Company are set out as follows:

	2000 Number Held	1999 Number Held
Ordinary shares in Amalg Resources NL	31,628,269	27,815,020
Options over ordinary shares	-	-

	Consolidated		The Company	
	2000 $'000	1999 $'000	2000 $'000	1999 $'000
Other Transactions with Directors				
Transactions between parties are on normal commercial terms and conditions unless otherwise stated:				
Amounts paid or payable to Alameda Pty Ltd, a Company in which Messrs. J A Alman, G W Greenhill and G McGarry have an interest:				
- for the treatment of gold bearing carbon and gravity material to recover gold bullion	-	4	-	4
- for the lease of office premises	18	30	18	30
- for the supply of labour on a cost plus overheads basis	18	16	-	2
- for the purchase of goods and services on the Company's behalf and recharged at cost	29	7	24	-
- for the hire of equipment used in mining and milling	552	87	-	3
- for the purchase of plant & equipment at independent valuation	-	5	-	-
Amounts paid or payable to Cosmelia Holdings Pty Ltd, a Company in which Mr G Connell has an interest:				
- for the supply of goods and services	90	-	-	-
Total amounts paid or payable	707	149	42	39

	Note	Consolidated 2000 $'000	Consolidated 1999 $'000	The Company 2000 $'000	The Company 1999 $'000
17. RELATED PARTY DISCLOSURES (continued)					
Amounts received or receivable from Alameda Pty Ltd					
for the provision of labour on a cost plus overheads basis		19	2	-	-
for the purchase of plant & equipment		65	-	-	-
for the reimbursement for the cost of goods and services purchased on their behalf		4	9	-	9
Total amounts received or receivable from Alameda Pty Ltd		88	11	-	9
Amounts owing to related parties at balance date are:					
Alameda Pty Ltd (trade creditors)		264	50	-	9
Non-current borrowings from Alameda Pty Ltd	23	500	500	500	500
Cosmelia Holdings Pty Ltd		21	-	-	-
Total amounts received or receivable from related parties		785	550	500	509

The interest rate on the borrowings from Alameda Pty Ltd is a floating interest rate the same as that of the Company's primary funding facility from Macquarie Bank Limited and is paid quarterly in arrears.

WHOLLY OWNED GROUP

TRANSACTIONS

The Company performs certain office services and pays for certain items on behalf of Loongana Lime Pty Ltd. These transactions are in the normal course of business and on normal terms and conditions.

BALANCES WITH CONTROLLED ENTITY

The aggregate amounts receivable from Loongana Lime Pty Ltd by the Company at balance date are:

	The Company 2000 $'000	The Company 1999 $'000
Receivables – current		
Trade Creditors	46	18
Receivables – non current		
Loan to controlled entity	23,423	18,810
	23,469	18,828

	Consolidated		The Company	
	2000	1999	2000	1999
18. DIRECTORS' REMUNERATION				
The number of Directors of the Company whose income from the Company or any related parties falls within the following bands:				
$ 0 - $ 9,999			2	-
$ 10,000 - $ 19,999			1	1
$ 20,000 - $ 29,999			-	1
$130,000 - $139,999			1	-
$140,000 - $149,999			-	2
$150,000 - $159,999			1	-
	$	$	$	$
Total income paid or payable, or otherwise made available to all Directors of the Company and controlled entities from the Company or any related party	305,375	323,100	305,375	190,600

19. EXECUTIVE REMUNERATION

The number of executive officers, including executive Directors, of the Company and of controlled entities, whose remuneration from the Company or related parties, and from entities in the consolidated entity, falls within the following bands:

	Consolidated 2000	Consolidated 1999	The Company 2000	The Company 1999
$100,000 - $109,999	1	-	1	-
$110,000 - $119,999	1	1	1	1
$120,000 - $129,999	1	1	1	1
$130,000 - $139,999	2	1	1	1
$140,000 - $149,999	-	2	-	1
$150,000 - $159,999	1	-	1	-
	$	$	$	$
Total remuneration received, or due and receivable, from the Company, entities in the consolidated entity or related parties by executive officers of the Company and of controlled entities whose income is $100,000 or more	766,531	663,691	634,031	519,882

	Consolidated		The Company	
	2000	1999	2000	1999
	$'000	$'000	$'000	$'000

20. EMPLOYEE ENTITLEMENTS

a) Aggregate Employee Entitlements Including Oncosts

	Consolidated 2000 $'000	Consolidated 1999 $'000	The Company 2000 $'000	The Company 1999 $'000
- Current	361	437	199	245
- Non-Current	155	125	103	81
	516	562	302	326

The present values of employee entitlements not expected to be settled within twelve months of balance date have been calculated using the following weighted averages:

	Consolidated 2000	Consolidated 1999	The Company 2000	The Company 1999
Assumed rate of increase in wage and salary rates	3%	3%	3%	3%
Discount rate	5%	5%	5%	5%
Settlement terms (years)	10	10	10	10

b) Employee Share Option Plan

Refer to Note 15.

21. SEGMENT INFORMATION

Amalg Resources NL operates in the mining industry within Australia.

22. NOTES TO STATEMENTS OF CASH FLOWS

a) Reconciliation of Cash

For the purposes of the Statements of Cash Flows, cash includes cash on hand and at bank. Cash at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the balance sheet as follows:

	Consolidated 2000 $'000	Consolidated 1999 $'000	The Company 2000 $'000	The Company 1999 $'000
Cash on hand	1	1	1	1
Cash at bank	664	175	1,203	131
	665	176	1,204	132

22. NOTES TO STATEMENTS OF CASH FLOWS (continued)

b) Reconciliation of Operating Profit/(Loss)

After income tax to net cash provided by operating activities

	Consolidated 2000 $'000	Consolidated 1999 $'000	The Company 2000 $'000	The Company 1999 $'000
Operating profit/(loss) after income tax	(218)	(2,148)	672	(1,743)
Add /(less) items classified as investing/financing activities				
(Profit)/loss on sale of non-current assets	145	20	58	26
Interest and costs of finance paid	1,147	582	966	531
Interest received or due and receivable	(58)	(202)	(41)	(169)
(Profit) on sale of investment	(92)	(12)	-	-
Exploration expenditure incurred and written off	-	121	-	121
Add non-cash items				
Amortisation of exploration expenditure	661	574	661	574
Amortisation of mine development & production expenditure	8,007	9,591	8,007	9,591
Deferred loss on sale & leaseback brought to account	143	-	-	-
Write down of exploration and tenement expenditure	-	366	-	366
Write down of research & development expenditure	-	49	-	49
Write off/(back) bad debts	-	(13)	-	-
Depreciation	4,007	3,091	2,136	2,074
Diminution in value of investment	-	1	-	1
Net cash provided by operating activities before changes in assets and liabilities	13,742	12,020	12,459	11,421
Change in assets and liabilities during the financial year				
Decrease in inventories	1,245	1,454	2,710	2,066
(Increase)/decrease in prepayments	(95)	349	(88)	351
(Increase)/decrease in receivables	(919)	1,824	(350)	2,330
Increase/(decrease) in trade and other creditors	(1,550)	5,175	(139)	4,195
Increase/(decrease) in provisions	(53)	4	(30)	(109)
Increase/(decrease) in deferred taxes payable	(225)	309	(92)	309
(Decrease) in deferred income	(118)	(1,362)	(118)	(1,362)
Net cash provided by operating activities	12,027	19,773	14,352	19,201

22. NOTES TO STATEMENTS OF CASH FLOWS (continued)

c) Non cash financing activities

During the financial year the consolidated entity acquired property plant and equipment with an aggregate fair value of $1,428,000 (1999: $1,533,000) by means of finance leases. The acquisitions are not reflected in the Statements of Cash Flows.

	Note	Consolidated 2000 $'000	Consolidated 1999 $'000	The Company 2000 $'000	The Company 1999 $'000
23. FINANCING ARRANGEMENTS					
Amalg Resources NL has access to the following lines of credit:					
Total facilities available:					
Loan Facility	12	1,675	5,000	1,675	5,000
Alameda Pty Ltd Loan		500	500	500	500
Performance Bond Facility		1,000	1,500	1,000	1,500
		3,175	7,000	3,175	7,000
Facilities used at balance date:					
Loan Facility	12	1,675	5,000	1,675	5,000
Alameda Pty Ltd Loan		500	500	500	500
Performance Bond Facility		776	869	776	869
		2,951	6,369	2,951	6,369

The Loan Facility is provided by Macquarie Bank Limited ('MBL'). Security for the facility exists with a first ranking fixed and floating charge over the assets and undertakings of the Company, incorporating a fixed charge over the Eloise Plant, a first ranking Mining Act Mortgage over the Eloise Project tenements and a first ranking share mortgage over the issued shares in Loongana Lime Pty Ltd. The facility is to be repaid by 30 June 2001. The Alameda Pty Ltd loan is a loan provided by the Directors' of the Company. The terms of the Loan Facility by Alameda Pty Ltd loan include:

- will be subordinated to the loan provided by MBL; and
- will not be repaid until the MBL loan is repaid.

The Performance Bond Facility is to provide unconditional Performance Bonds to satisfy the Minister of Mines' (Western Australia and Queensland) requirements under the terms and conditions of the mining leases held by Amalg Resources NL and its controlled entities. Security for the facility is the same as the Loan Facility. The facility is to be repaid by June 2001.

		2000 Cents	1999 Cents
24.	LOSS PER SHARE		
	Basic loss per share (cents per share)	(0.17)	(2.23)
	Weighted average number of ordinary shares used in the calculation of basic loss per share	126,709,431	96,108,338

The diluted loss per share is not materially different to basic loss per share.

25. JOINT VENTURES

The Company holds an interest of 65% (1999: 65%) in a joint venture named Ravmag Joint Venture, whose principal activity is the evaluation and, if viable, the commercial exploitation of magnesite deposits located east of Ravensthorpe in Western Australia. During the year ended 30 June 2000, the Company, together with the other venturers, was tenants-in-common in an area of mining interest. For the year ended 30 June 2000, this joint venture had no effect on the revenue of Amalg Resources NL (1999: no effect) and had no effect on the operating profit of Amalg Resources NL (1999: no effect).

Included in the assets and liabilities of the Company are the following items which represented the Company's interest in the assets employed in the joint venture, recorded in accordance with the accounting policies described in Note 1(q).

	Consolidated		The Company	
	2000 $'000	1999 $'000	2000 $'000	1999 $'000
Non-Current Assets				
Exploration expenditure carried forward in respect of areas of interest in:				
Development phase	95	63	95	63
Total non-current assets	95	63	95	63

26. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURES

a) Foreign Exchange Risk

The consolidated entity's policy is to enter into, from time to time, forward foreign exchange contracts and foreign currency option contracts to hedge a portion of anticipated sale commitments denominated in US dollars in each financial period.

Board approval is required before any forward foreign exchange or foreign currency option contract is entered into. The amount of anticipated future sales are forecast in light of budgeted production and shipping schedules.

i) Forward Foreign Exchange Contracts

At year-end, the consolidated entity had entered into foreign currency forward contracts to sell nil US$ (US$5.1million).

The following table sets out the gross value to be received under foreign currency contracts, the weighted average contracted exchange rates and the settlement periods of outstanding contracts for the Company.

			Consolidated	
	2000	1999	2000	1999
	Weighted Average Rate		$'000	$'000
US Dollar Forward Sales				
Not longer than one year	-	0.7536	-	7,788
			-	7,788

The fair value of the above contracts, is a loss of nil (1999: $3,855,000) represents the mark to market comparison of the contractual rate to the current market rate for a contract with the same period to maturity. As these contracts are hedging specific commitments the unrealised loss of nil (1999: $3,855,000) will be recognised in the operating results at the time the underlying transaction occurs.

ii) Foreign Currency Options

At year-end, the consolidated entity had entered into foreign currency call options contracts covering $US 5.1 million at an average strike price of 0.7475. (1999: $US20.4 million at an average of 0.7475).

The contracts outstanding at 30 June 2000 were:

			Consolidated	
	2000	1999	2000	1999
	Exercisable above rate		$'000	$'000
US Dollar Sold Call options				
Not longer than one year	0.7475	0.7475	5,100	20,468
Longer than one year but not longer than two years	-	0.7475	-	6,823
			5,100	27,291

The net fair value of the above option contracts at 30 June 2000 was a loss of $1,694,000 (1999: $1,172,000). Unrealised premiums for the granting of foreign currency options were nil (1999: $118,000).

26. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURES (continued)

b) Commodity Price Risk

The consolidated entity enters into forward sales and options contracts to hedge a portion of commodity sale prices on the anticipated sales of copper and gold.

At 30 June 2000, the Company had the following commodity contracts in place:

- 1 fixed forward contract covering 2,600 tonnes of copper at a copper price of US$1,825 in August 2000;
- No copper put options (1999: 2,600 tonnes at US$1,468 per tonne);
- No copper call options (1999: 5,200 tonnes at US$1,468 per tonne).

As these contracts are hedging anticipated sales, any unrealised gains and losses on the contracts, together with the costs of the contracts and premiums received when the contracts were entered into, will be recognised in the financial statements at the time the underlying transaction occurs. The net unrecognised loss on hedges of anticipated commodity sales at 30 June 2000 was nil (1999: $730,000). Unrealised premiums for the granting of commodity options were nil (1999: nil).

c) Credit Risk Exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk on financial assets of the consolidated entity, which have been recognised on the balance sheet, is the carrying amount, less any provision for doubtful debts.

Concentration on trade debtors is: Glencore International AG - 25% and various mining companies - 75%.

Credit risk on off-balance sheet derivative contracts is minimised, as the counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency. As all futures contracts are transacted through a recognised futures exchange, there is no credit risk associated with these contracts.

Commodity option and foreign exchange contracts are subject to credit risk in relation to the relevant counterparties, which are principally large financial institutions. The maximum credit risk exposure on foreign currency and commodity contracts is the full amount the consolidated entity pays when settlement occurs should the counterparty fail to pay the amounts which it is committed to pay the consolidated entity. The full amount of the exposure is disclosed at Note 26 (a) and (b).

d) Interest Rate Risk

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

	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate	Non-interest Bearing	Total
2000					
Financial Assets					
Cash	3.9%	665	-	-	665
Receivables	-	-	-	3,891	3,891
Shares in listed corporations	-	-	-	9	9
Financial Liabilities					
Bank Loans	8.8%	2,951	-	-	2,951
Accounts payable	-	-	-	9,263	9,263
Lease liabilities	7.3%	-	3,863	-	3,863
Employee entitlements	-	-	-	516	516

26. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURES (Continued)

	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate	Non-interest Bearing	Total
1999					
Financial Assets					
Cash	1.1%	176	-	-	176
Receivables	-	-	-	2,972	2,972
Shares in listed corporations	-	-	-	196	196
Financial Liabilities					
Bank loans	5.9%	6,369	-	-	6,369
Accounts payable	-	-		12,085	12,085
Lease liabilities	6.8%	-	2,257	-	2,257
Employee entitlements		-	-	562	562

e) Net Fair Values

Net fair values of financial assets and liabilities are determined by the Company on the following basis:

Listed shares included in Investments are traded in an organised financial market and the net fair value is determined by valuing them at the quoted market bid price for the shares at balance date.

Monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the amounts due from customers (reduced for expected credit losses) or due to suppliers. The carrying amounts of accounts receivable, accounts payable, bank loans and dividends payable approximate net fair value.

The value of off-balance sheet financial instruments reflects the estimated amounts the Company would expect to pay or receive to terminate the contracts as at the reporting date. This is based on independent valuation.

26. ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURES (Continued)

The carrying amounts and net fair values of financial assets and liabilities as at the reporting date were as follows:

	Consolidated		Consolidated	
	2000 Carrying Amount $'000	2000 Net fair Value $'000	1999 Carrying Amount $'000	1999 Net Fair Value $'000
Financial Assets				
Cash	665	665	176	176
Receivables	3,891	3,891	2,972	2,972
Shares in listed corporations	9	9	197	224
Financial Liabilities				
Loans	2,951	2,951	5,869	5,869
Accounts payable	9,263	9,263	12,085	12,085
Lease liabilities	3,863	3,863	2,257	2,257
Off-Balance Sheet Financial Instruments				
Forward foreign exchange and option contracts	-	(1,694)	-	(5,027)
Futures commodity contracts	-	-	-	(730)

27. CONTROLLED ENTITY

	Interest Held	
	2000	1999
Name	%	%
Amalg Resources NL		
Controlled Entity		
Loongana Lime Pty Ltd	100	100

Loongana Lime Pty Ltd was incorporated in Australia.

DIRECTORS' DECLARATION

In the opinion of the Directors of Amalg Resources NL:

(a) the financial statements and notes, set out on pages 26 to 51, are in accordance with the Corporations Law, including:

  (i) giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2000 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

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

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Kalgoorlie this 20th day of September 2000.

Signed in accordance with a resolution of the Directors:

G McGarry

DIRECTOR

KPMG

Independent Audit Report to the Members of Amalg Resources NL

Scope

We have audited the financial report of Amalg Resources NL for the financial year ended 30 June 2000, consisting of the profit and loss statements, balance sheets, statements of cash flows, accompanying notes, and the directors' declaration set out on pages 26 to 52. The financial report includes the consolidated financial statements of the consolidated entity, comprising the Company and the entities it controlled at the end of the year 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 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 and statutory requirements in Australia so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and performances 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 Amalg Resources NL is in accordance with:

(a) the Corporations Law, including:

- i) giving a true and fair view of the Company's and consolidated entity's financial position at 30 June 2000 and of their performance for the financial year ended on that date; and
- ii) complying with Accounting Standards and the Corporations Regulations; and

(b) other mandatory professional reporting requirements.

KPMG

KPMG

A M Kitchen

AM KITCHEN
Partner

Perth

21 September 2000

Member Firm of
Klynveld Peat Marwick Goerdeler

SHAREHOLDER INFORMATION

as at 31 August 2000

CAPITAL STRUCTURE

Quoted Securities

Ordinary shares fully paid (ARC)	128,108,338

Unquoted Securities

Employee options expiring 14 February 2002 exercisable at $0.50 (ARCAI)	650,000
Other options expiring 5 November 2004 exercisable at $0.20	7,500,000

Distribution of Holdings

The number of holders of fully paid shares was 838, each of whom present in person or by proxy or by attorney at any general meeting of the Company shall on a show of hands have one vote and upon a poll shall have one vote for each share held.

Range	Holders	Units	Percentage of Total Issued Shares
1 – 1,000	40	28,459	0.02
1,001 – 5,000	144	489,050	0.38
5,001 – 10,000	179	1,534,323	1.19
10,001 – 100,000	387	14,149,713	11.04
100,001 - Over	88	111,906,793	87.35
Rounding Discrepancy			0.02
Total	838	128,108,338	100.00
Less than a marketable parcel of 4,347	143	314,859	

SHAREHOLDER INFORMATION
as at 31 August 2000 (continued)

AMALG RESOURCES NL

TOP 20 SHAREHOLDERS

Rank	Name	Units	Percentage of Total Issued Shares
1	Sherrif Muir Holdings Pty Ltd	24,078,552	18.80
2	Spargoville Nickel Pty Ltd	12,050,000	9.41
3	Alameda Pty Ltd	10,425,746	8.14
4	Permanent Trustee Australia Limited <FIR0005 A/C>	10,158,082	7.93
5	Hocking (Holdings) Pty Ltd	3,540,000	2.76
6	Mrs Thelma Valerie Alman	3,445,750	2.69
7	Badenport Pty Ltd <Jujnovich Investment A/C>	3,000,000	2.34
8	David Mitchell Limited	3,000,000	2.34
9	Bremerton Pty Ltd <The Bartlett Family Fund A/C>	2,563,000	2.00
10	Brislan Nominees Pty Ltd	2,524,668	1.97
11	Lamerton Pty Ltd	2,303,000	1.80
12	Badenport Pty Ltd <Badenport Invest Fund A/C>	1,978,000	1.54
13	Mr Gary Patrick Connell & Mr Robert Weir Dunn <Connell C/Tractors Super A/C>	1,900,000	1.48
14	Mr Gary Patrick Connell & Mr Raymond Daniel Connell <RD Connell Super Fund A/C>	1,900,000	1.48
15	Terbury Pty Ltd <Terbury Super Fund A/C>	1,900,000	1.48
16	Kale Capital Corporation Limited	1,749,601	1.37
17	Kale Capital Corporation Ltd	1,700,000	1.33
18	Moonta Mining Pty Ltd	1,400,000	1.09
19	Westpac Custodian Nominees Limited	1,064,656	0.83
20	Badenport Pty Ltd <Jujnovich Super Fund A/C>	1,000,000	0.78
TOTAL		91,681,055	71.56

MINING TENEMENT SCHEDULE

Project	Tenement Number	Nature of Interest	Interest at 30 June 2000
Amalg Resources NL			
Bandalup-Magnesite	E 74/150		65%
	MLA 74/110		65%
	MLA 74/131		65%
	MLA 74/132		65%
Barbara-Surprise	S58-58/1 (SI58b)	Owned	100%
	S58-59/2 (SI82)	Owned	100%
Bungalbin	M 77/580	Owned	100%
Burbanks	M 15/161	Owned	*100%
Eloise	EPM 4775	Owned	100%
	EPM 8675	Owned	100%
	EPM 9128	Owned	100%
	M 90064	Owned	100%
	MLA 90080	Owned	100%
	MLA 90086	Owned	100%
Gibraltar	P 15/3176 (MLA 15/967)	Owned	100%
	P 15/3177 (MLA 15/968)	Owned	100%
	P 15/3178 (MLA 15/969)	Owned	100%
	M 15/60	Owned	100%
	M 15/193	Owned	100%
	P 15/4070	Owned	100%
	P 15/4074	Owned	100%
	P 15/4075	Owned	100%
	P 15/4072	Owned	100%
	P 15/4253	Owned	100%
	P 15/4255	Owned	100%
Gindlabie	M 27/35	Owned	100%
Kintore	P 16/1536 (MLA 16/316)	Owned	100%
	P 16/1541 (MLA 16/316)	Owned	100%
	P 16/1542 (MLA 16/316)	Owned	100%
	M 16/175	Owned	100%
Moonta	M 5524	Owned	100%
	M 5696	Owned	100%
	M 5809	Owned	100%
	E 2247	Owned	91.78%

Project	Tenement Number	Nature of Interest	Interest at 30 June 2000
Amalg Resources NL (continued)			
Mount Monger	M 26/349	Owned	100%
Spargos Reward	P 15/3181 (MLA 15/982)	Owned	100%
	P 15/3182 (MLA 15/983)	Owned	100%
	P 15/3183 (MLA 15/988 & MLA 15/989)	Owned	100%
	P 15/3184 (MLA 15/985)	Owned	100%
	P 15/3185 (MLA 15/986)	Owned	100%
	P 15/3186 (MLA 15/987)	Owned	100%
	P 15/3220 (MLA 15/1040)	Owned	100%
	P 15/4181	Owned	100%
Spargoville Nickel	L 15/128	Owned	100%
	M 15/395	Owned	100%
	M 15/703	Owned	100%
West Londonderry	P 15/3571 (MLA 15/1243)	Owned	100%
	P 15/3572 (MLA 15/1243)	Owned	100%
	P 15/3573 (MLA 15/1243)	Owned	100%
	P 15/3574 (MLA 15/1243)	Owned	100%
	P 15/3575 (MLA 15/1238)	Owned	100%
	P 15/4155	Owned	100%
Loongana Lime Pty Ltd			
Kitchener	M 28/87	Owned	100%
Loongana	M 69/14	Owned	100%
Mount Percy	L 26/129	Owned	100%
Parkeston	L 26/213	Owned	100%
	M 26/712	Owned	100%
Rawlinna	M 69/16	Owned	100%
	L 69/2	Owned	100%
	L 69/3	Owned	100%

* Interest sold subsequent to the end of the financial year