AMALG RESOURCES NL ANNUAL REPORT 2002

ABN 16 061 595 051

CORPORATE DIRECTORY

DIRECTORS
John Hocking, Chairman
John Alman, Director
Garry Connell, Director

COMPANY SECRETARY
John Hocking

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ASX Code: ARC

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BRISBANE QLD 4000

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HIGHLIGHTS FOR 2001/2002

- At the end of the financial year proved and probable reserves of contained copper increased by in excess of 300% over that reported in the March 2002 quarter.
- Record tonnes of ore processed at the Eloise copper/gold mine in the June 2002 quarter.
- Underground drilling confirms significant widths of copper/gold mineralisation in an area called Eloise Deeps, below the current ore reserve outline.
- A review of the Groups' financial performance at the Eloise copper/gold mine and Loongana Lime operation is currently in progress.
- A $2.1 million Convertible Note facility established with Barminco Pty Ltd the Company's underground mining contractor at the Eloise mine.

CHAIRMAN'S REPORT

Dear Shareholder

The Eloise copper/gold mine went into full production in October 1996 and in the six years since then has been a very consistent revenue earner for Amalg Resources. In the past financial year revenue from copper concentrate sales totalled $42.2 million, mining activity was extended below the Ramsay Fault and the latest deep drilling has continued to intersect strong copper mineralisation.

This financial year, our technical and operations staff has done an excellent job of overcoming some mining and development problems experienced earlier this year to reconfirm Eloise as a productive copper producer and progress the mine through an important rejuvenation phase currently taking place. The mining outlook for the immediate future is very positive.

Corporately, the new Board of Directors has had to make decisions to keep the Company moving forward in the best interests of all shareholders. These included a financial review of Eloise. After carefully considering the project's carrying value, the Board chose to amortise the current value in the Company's accounts to line-up with known reserves. As a result, Amalg has incurred an additional loss of approximately $6.9 million.

The Board has also had to make decisions on Loongana Lime, originally purchased in 1997 when the Company went searching for an income-earning asset that could be bolted onto the existing business. The Loongana Lime industrial minerals business was originally acquired for $3 million plus 3 million 40¢ fully paid shares in the Company.

Plans for generating sustained profits from Loongana Lime have not eventuated due largely to design problems surrounding equipment selection, non-suitability of feedstock for the kilns and the choice of the energy source (waste oil) to power the kilns, which collectively have plagued the operation since commencement.

With Loongana continuing to be a drain on the Company's cash resources and with no immediate profit likely to be generated without significant capital expenditure and some risk, the Board has taken the step of writing down the carrying value of this operation to a value which it believes can be obtained through a sale. As a result of this write down, the consolidated entity has incurred an additional loss of approximately $16.6 million.

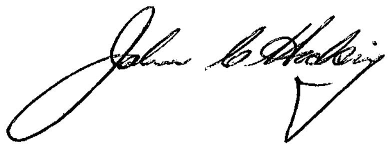
Turning to recent events, in March this year two major shareholders, Ante Jujnovich and myself, were elected to the Board. We took this step because along with other shareholders we had become frustrated with the continuing stream of inconsistent profits/losses reported in the Company's interim and annual results. Like other shareholders we were anxious about the Company's direction and were very concerned with what we perceived as an unchecked decline in the Company's profile among key stakeholders, including capital markets.

The result is that since March the company has had a new-look Board representing more than half the issued capital of Amalg. This Board is now totally committed in a personal, financial and corporate sense to driving the Company forward and furthering the interests of all shareholders.

Since the end of the financial year, the Company announced on 2 August 2002 that it had entered into an agreement to acquire Breakaway Resources Limited and its portfolio of high quality Western Australian gold and nickel projects located in the North Eastern Goldfields. This is a very strategic step as the Breakaway portfolio is compatible with our core mining activity, the assets have substantial growth potential and are located in the historically proven Leonora region.

Shareholders will be asked to vote on this transaction and other matters at the coming Annual General Meeting planned for mid December 2002, which I hope you will find time to attend, to hear first-hand the plan for the Company going forward and to offer the Board your opinions and suggestions.

Yours sincerely



John Hocking
Chairman
Perth WA
23 October 2002

OPERATIONS REPORT

The past financial year marked an important turning point in the development of your Company.

The soundness of Amalg's main asset - the Eloise copper/gold mine near Cloncurry in Queensland - has never been in question. However, operational performance was below par, and there was an urgent need to rebuild depleted reserves and reinvest capital in the mine to increase its longevity.

These and other key issues were successfully addressed during the year.

The raising of a $2.1 million convertible note enabled your Company to substantially reduce debt, and to carry out an aggressive underground drilling programme at Eloise. The convertible note was issued on 24 June 2002 to Barminco Pty Ltd, the mining contractor for the Eloise copper/gold mine. The interest rate is 9.75% per annum and the note is convertible into fully paid ordinary shares in the Company at 11 cents per share from 24 June 2003, or such later date as may be agreed.

In addition your Board made a policy decision to finalise all outstanding currency and commodity commitments, and to sell all future copper production from Eloise at spot rates. This provides upside exposure to a rise in commodity prices.

A number of important strategic changes, implemented through an outstanding team effort from management, staff and contractors, have paved the way for a new and exciting era. The significance of the progress made at Eloise is best expressed in your Company's fourth quarter performance, which included the following highlights:

- Record tonnes of ore processed.
- A significant increase in the head grade of copper ore treated to 3.50%, up from 3.30% in the March 2002 quarter.
- An 8% increase in plant throughput and higher copper recovery.
- A 15% increase in contained copper and a 17% increase in contained gold in concentrate sold.
- Significant high-grade mineralisation intersected below the Ramsay Fault at Eloise, including 9.1m @ 5.97% copper, indicates the main Levuka Lode is open at depth below the current ore reserve outline.
- A 308% increase over the March 2002 quarter in the proved and probable reserves of contained copper, resulting from a vigorous and ongoing underground drilling programme.

Other significant steps included initiating a review of financial performance at the Eloise and Loongana Lime operations. The goal is to improve the cash position, cash management, operational costs and expenses, and operating logistics, as the Company investigates new ways to maximise returns from these operations.

ELOISE COPPER/GOLD MINE

The Eloise copper/gold mine is located approximately 78 km southeast of Cloncurry, Queensland.

Production

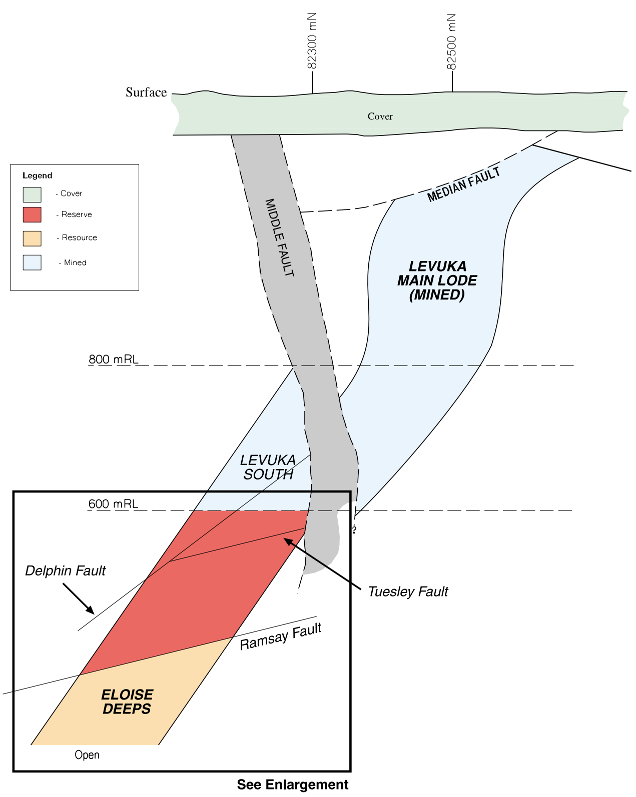
Ore production for the financial year ending 30 June 2002 totalled 469,000 tonnes against a budget of 504,000 tonnes. Copper recovery of 95.4% and overall plant availability of 97.1% reflected sound metallurgical and maintenance practice. Copper concentrate production of 55,600 tonnes was below budget due to lower than expected head grade and the total tonnage milled for the year. Total copper in concentrate was 16,173 tonnes. Production statistics from the Eloise copper/gold mine are shown in Table 1.

TABLE 1: ELOISE COPPER/GOLD MINE PRODUCTION STATISTICS

Activity	Units	2001/2002 Financial Year	2000/2001 Financial Year
Ore Mined	wet tonnes	469,075	508,957
Ore Milled	dry tonnes	461,364	503,779
Head Grade			
Copper	%	3.68	3.92
Gold	g/t	0.97	1.04
Metal Recovery			
Copper	%	95.4	95.00
Gold	%	59.4	60.18
Concentrate Produced	tonnes	55,597	63,402
Copper in Concentrate	tonnes	16,173	18,761
Gold in Concentrate	ounces	8,562	10,151
Concentrate Sold	tonnes	56,023	60,361

There were a number of reasons for the decrease in production when compared to the previous year's numbers. These include:

Eloise Schematic Long Section



- A slow down in production occurred in late September 2001 when a stoping block failed on the 650 level;
- The transition between mining contractors in late October 2001; and
- Establishing several levels of production areas to sustain a constant feed of ore to the mill.

Production also slowed during the establishment of the decline bypass to enable access to the lower levels of the mine. In the second half of the year, the ramp up was successful with throughput exceeding budget requirements.

Ore was sourced from a variety of locations extending between the 670 and 586 levels in the main Levuka South Lode, and from the completed Eloise North West and Eloise West extended lodes. Active ore headings remained constant for the year with an average of five headings available per month.

A most important achievement was the increase in drilled ore stocks available for production. The first two quarters were at very low levels due to delays in developing and extending the South Decline to access several levels. The second half of the year saw a substantial increase in drilled ore stocks, which have since been maintained, with a minimum of three months production ore now drilled out ahead of mining.

The Eloise mine entered a new phase over the last six months of the financial year, consistently achieving higher production outputs from new stoping levels. In the first half, mill performance was governed by ore availability with lower throughput rates enhancing recovery. The second half of the financial year saw rates increase from 37,500 to 52,800 tonnes per month, with a record for tonnes of ore treated through the mill set in June 2002.

Mine development totalled 1,912 metres in main decline development and the completion of the bypass decline from the 640 Level to 606 Level and the extension of this decline down to the 510 Level. Level access drives incorporated 1,010 metres and there was 1,618 metres of ore drive development established on eight levels in the main lode and seven levels in other areas.

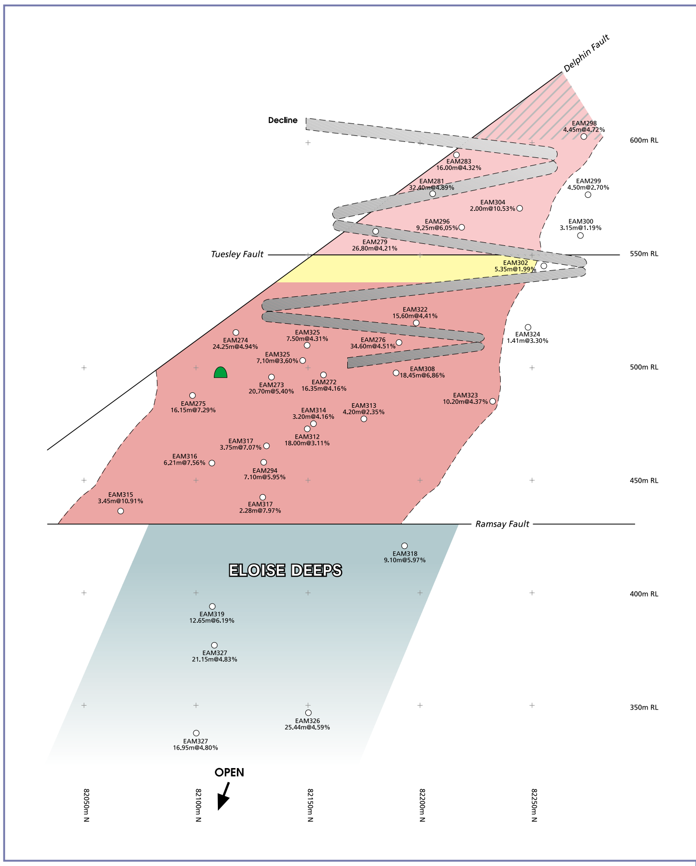
Underground Exploration

A total of 37 underground diamond holes were completed in the year for 7,101 metres of drilling.

An extensive exploration programme over the last five months of the year, focussing on the main ore lode below the Tuesley and Ramsay Faults, continues to prove up resources and turn them into reserves at a healthy rate. The Ramsay Fault represents the base of the current ore reserve outline.

Several of the deeper holes drilled confirmed the Ramsay Fault is a significant structure, which has displaced the down-dip continuation of the lode below the 450m Level by approximately 40 metres to the west.

Four drill holes intersected significant widths of copper/gold mineralisation in the main lodes (Levuka and Elrose) below the Ramsay Fault in an area called “Eloise Deeps”. These intersections confirm that the mineralised envelope extends for at least another 100 vertical metres below the current reserves and that it has the potential to add another year’s reserves.



The new mineralisation is still open at depth and showing no signs of weakening. This zone will become the target of a 23 hole underground diamond drilling programme scheduled to commence in October 2002. The Company plans to test a 100 - 125 metre vertical block down to the 300m Level with a total of 5,240 metres of drilling. A 70 metre long drill drive is currently being developed at the 495m Level to provide drilling access.

Ore Reserves and Mineral Resources

Underground diamond drilling and development over the past financial year has allowed the re-calculation of resources and reserves at Eloise. The major highlight in Table 2 is a 308% increase in contained copper reserves from 4,935 tonnes in the March 2002 quarter to 20,118 tonnes in the June 2002 quarter. While the old resource base has decreased due to ore body remodelling, the latest round of underground drilling strongly shows the total resource at Eloise has grown and this trend is likely to continue.

TABLE 2: ELOISE COPPER/GOLD MINE RESERVES & RESOURCES AS AT 30 JUNE 2002

Area	Reserves				Resources				Total	
	Proved		Probable		Indicated		Inferred			
	Tonnes	Grade	Tonnes	Grade	Tonnes	Grade	Tonnes	Grade	Tonnes	Grade
Elrose (A Lode)	41,000	3.30%	18,000	3.59%			20,000	2.44%	79,000	3.15%
Levuka (B Lode)	110,000	4.00%	335,000	4.04%			200,000	5.56%	645,000	4.50%
40 Lode							70,000	3.20%	70,000	3.20%
42 Lode					32,000	4.63%			32,000	4.63%
45 Lode							34,000	4.10%	34,000	4.10%
Stockpiles	5,800	2.91%							5,800	2.91%
Total Reserves and Resources	**156,800**	**3.78%**	**353,000**	**4.02%**	**32,000**	**4.63%**	**324,000**	**4.70%**	**865,800**	**4.25%**

The reserves were estimated using three dimensional wire frames, inverse distance weighted block models and a 2.0% Cu cut-off. The resources were calculated using a simple end area method with a 2.0% Cu cut-off. Note that reserves are in addition to resources and the grades shown are percentage copper.

The proved reserves at Eloise extend from the 606 Level to the 550 Level and are fully developed. From the 530m Level to the 450m Level, probable reserves have been calculated utilising close spaced diamond drill hole data. The Ramsay Fault truncates mineralisation below the 450m Level. Indicated mineral resources below this fault will be the target of future detailed drilling.

Regional Exploration

The only regional work was limited to the Altia lead-silver prospect, previously drilled by BHP in the late 1980's for Broken Hill style lead-zinc-silver (Pb-Zn-Ag) mineralisation. The work included a gravity survey, the completion of four diamond drill holes and the collection of down-hole electromagnetic data. Drill hole intersections are listed in Table 3.

The Altia mineralisation is broadly coincident with a prominent linear gravity anomaly, at least 600 metres long with drilling to date centred on the peak of the gravity anomaly. Strike and down dip extensions of the main B30 lead lode are still open.

TABLE 3: ALTIA DIAMOND DRILL RESULTS

Hole	AMG N	AMG E	Dip/Az	Intersections (>1% Pb)	Comment
ALDH07	7679100	496470	60/270	3m @ 1.66% Pb and 17.3 ppm Ag from 136m	B20 zone
				including 5m @ 0.72% Zn from 149m	B20 zone
				7m @ 4.18% Pb and 37 ppm Ag from 147m	B31 zone
				4m @ 2.22 % Pb and 41 ppm Ag from 167m	B32 zone
				2m @ 2.28% Zn from 166m	B32 zone
				2m @ 2.25% Pb and 66 ppm Ag from 177m	B33 zone
				3m @ 2.13% Pb and 60.6 ppm Ag from 250m	E zone
ALDH08	7679000	496637	60/270	39.6m @ 8.17% Pb and 30.6 ppm Ag from 292.4m	B31 and B32 zones
				4m @ 2.72% Pb and 31.4 ppm Ag from 335m	B33 zone
				4.5m @ 1.97% Pb and 22.6 ppm Ag from 357.9m	C zone
				including 2.1m @ 2.08% Zn from 357.9m	
ALDH09	7678800	496660	65/270	1m @ 1.19% Pb and 16.3 ppm Ag from 654.0m	
				3m @ 6.30% Pb and 36.3 ppm Ag from 655.4m	
ALDH10	7678800	496474	60/270	10.15m @ 4.04% Pb and 20.0 ppm Ag from 144.85m	
				5.2m @ 3.16% Pb and 72.5 ppm Ag from 159.8m	
				1.2m @ 3.65% Pb and 57 ppm Ag from 169.4m	
				2.85m @ 3.01% Pb and 135 ppm Ag from 272.15m	E Zone

The electrical properties of the B30 horizon at the Altia prospect were collected for characterisation purposes with the aim of identifying an appropriate electrical geophysical exploration method for use both at this site and within the overall Levuka Trend.

LOONGANA LIME

The Loongana Lime Operation consists of a processing facility at Parkeston (Kalgoorlie, Western Australia) and a materials quarry at Rawlinna (400 km east of Kalgoorlie).

On 11 April 2002, the Company shut down the vertical shaft kilns at Parkeston for an estimated six months pending the outcome of studies to ascertain the suitability of converting the fuel source from raw, untreated waste oil to natural gas, to raise environmental and production standards. These changes were necessary to improve performance. During the interim period, the fluid bed kiln at Parkeston continues to produce lime from stockpiled limestone at Rawlinna and sales of crushed limestone rock for the nickel laterite industry continue as usual.

A rotary kiln purchased from an Eastern States operation in the March 2002 quarter has been dismantled and transported to Parkeston. Full assembly will depend on the outcome of extensive installation test work and a return on invested capital study.

Two bag houses to service the vertical shaft kilns were successfully commissioned during the year with particulate emission levels falling below licence conditions. A new rail spur was constructed at the Rawlinna quarry with the aim of significantly improving product handling and loading times.

At the date of this report, the Company is re-structuring the processing plant at Parkeston and the Rawlinna quarry, to improve operational and financial performance.

AURORA GOLD MINE

The Aurora gold mine, located 100 km north of Southern Cross in Western Australia, produced 8,491 tonnes of ore that was custom milled to recover 4,864 ounces grading 17.8 g/t gold. Reverse circulation drilling below and directly east of the 5 Level intersected only minor mineralisation. This was the final level at Aurora and with mining completed in the June 2002 quarter, mine site rehabilitation is now in progress.

BANDALUP MAGNESITE

Bandalup is a magnesite project located 35 km east of Ravensthorpe, Western Australia. It contains a magnesite resource totalling 3.4 million tonnes. An offer from a major mining group to purchase this project was rejected early in 2001 but by the end of the financial year, the Board had decided to divest the project so your Company could concentrate on improving the performance of the two core operations.

In February 2002, a full scale mining and screening trial of approximately 10,000 tonnes was undertaken to:

- Establish the mining characteristic of the magnesite;
- Trial a mobile screening plant and assess its suitability to the magnesite operation;
- Derive the size distribution at -19 mm, +19-50 mm, +50-120 mm & +120 mm on a mining scale;
- Produce large stockpiles of product for further metallurgical testwork; and
- Spell the stockpiles for one winter to allow hydration and dehydration of the associated clays.

Results of the trial were excellent, with a greater amount of magnesite being collected as coarser fractions than originally estimated. The sale of Bandalup should be finalised early in 2003.

The information in this report that relates to Mineral Resources or Ore Reserves is based on information compiled by Ian Peter Hodkinson who is a Member of The Australian Institute of Geoscientists. Ian Peter Hodkinson is a fulltime employee of the Company. Ian Peter Hodkinson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 1999 Edition of the 'Australasian Code for Reporting of Mineral Resources and Ore Reserves'. Ian Peter Hodkinson consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

TENEMENT SCHEDULE

PROJECT	TENEMENT NUMBER	TENEMENT STATUS	NATURE OF INTEREST	INTEREST AT 1 SEPT. 2002
Amalg Resources NL				
Bandalup-Magnesite	E 74/150	Live		65%
	MLA 74/110	Pending		65%
	MLA 74/131	Pending		65%
	MLA 74/132	Pending		65%
Barbara-Surprise	S58/58/1 (SL58B)	Live	Owned	100%
	S58/59/2 (SL82)	Live	Owned	100%
Bungalbin	M 77/580	Live	Owned	100
Eloise	EPM 4775	Live	Owned	100%
	EPM 8675	Live	Owned	100%
	EPM 9128	Live	Owned	100%
	M 90064	Live	Owned	100%
	M 90080	Pending	Owned	100%
	M 90086	Pending	Owned	100%
Gibraltar	M 15/60**	Live	Owned	100%
	M 15/193**	Live	Owned	100%
Kintore	P 16/1536	Live	Owned	100%
	P 16/1541	Live	Owned	100%
	P 16/1542	Live	Owned	100%
	M 16/175	Live	Owned	100%
	M 16/316	Pending	Owned	100%
Moonta	M 5524	Live	Owned	100%
	M 5696	Live	Owned	100%
	M 5809	Live	Owned	100%
	E 2885 (formally E 2247)	Live	Owned	91.78%
Mount Monger	M 26/349	Live	Owned	100%
Spargos Reward	P 15/3181**	Live	Owned	100%
	P 15/3182**	Live	Owned	100%
	P 15/3183**	Live	Owned	100%
	P 15/3184**	Live	Owned	100%
	P 15/3185**	Live	Owned	100%
	P 15/3186**	Live	Owned	100%
	P 15/3220**	Live	Owned	100%
	P 15/4181**	Live	Owned	100%
	M 15/982**	Pending	Owned	100%
	M 15/983**	Pending	Owned	100%
	M 15/985**	Pending	Owned	100%
	M 15/986**	Pending	Owned	100%
	M 15/987**	Pending	Owned	100%
	M 15/988**	Pending	Owned	100%
	M 15/989**	Pending	Owned	100%
	M15/1040**	Pending	Owned	100%
Spargoville Nickel	L 15/128	Live	Owned	100%
	M 15/395	Live	Owned	100%
	M 15/703	Live	Owned	100%

** Tenements subject to a proposed sale agreement

Loongana Lime Pty Ltd				
Kitchener	M 28/87	Live	Owned	100%
Loongana	M 69/14	Live	Owned	100%
Mount Percy	L 26/129	Live	Owned	100%
Parkeston	M 26/712	Pending	Owned	100%
	M 26/749	Pending	Owned	100%
	L 26/213	Pending	Owned	100%
Rawlinna	M 69/16	Live	Owned	100%
	L 69/3	Live	Owned	100%

DIRECTOR'S REPORT

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 2002 and the auditors' report thereon.

DIRECTORS

The names and details of the Directors of the Company at any time during or since the end of the financial year are:

John Charles Hocking *(Chairman)*
(Director and Chairman since April 2002)

John Hocking (54) was born and raised in the Eastern Goldfields of Western Australia, to a pioneering family that has historic links to the State's newspaper industry, an association he maintains today.

Educated in Kalgoorlie and Perth he started his working career at the Great Boulder Gold Mine in 1965 and until March 1993 worked in the exploration, mining and supply service industry. Since then he has pursued his main interest, supporting grass roots exploration and emerging mining companies listed on the ASX.

John has an intimate knowledge of the exploration history of the Kalgoorlie area dating back to the nickel boom.

John Albert Alman *(Director)*
(Director since 1993)

John Alman (68) has operated a successful contracting business in the Eastern Goldfields since 1964, was a partner in the Amalg Syndicate from its inception and for seven years was Chairman of Moonta Mining NL. From 1987 to 1994, Moonta was a partner with the Amalg Syndicate in a copper/gold mining operation in South Australia.

Garry Patrick Connell *(Director)*
(Director since 1999)

Garry Connell (50) has gained valuable experience in the mining industry through his successful involvement in substantial fuel supply and earthmoving businesses. From 1984 to 1998 he was Managing Director of the Kalgoorlie Fuel Company one of BP Australia Limited's largest independent fuel distributors in Australia and supplier to many of the leading mining and industrial companies in the Kalgoorlie/Goldfields region.

He also has extensive experience in the earthmoving business and has undertaken many large and complex projects. He has a 'hands on' approach to management and is well-known in both the Perth and Kalgoorlie business communities.

Ante Jujnovich
(Appointed 25 March 2002, resigned 5 September 2002)

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 and their participation in Board meetings during the year. 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.

Name of Director	Directors' Interests in Ordinary Shares	Number of Directors' Meetings Attended	Number of Directors' Meetings Held
J.C. Hocking	4,000,000	2	2
J.A. Alman	28,200,748*	9	9
G.P. Connell	28,878,552	8	9
A. Jujnovich[1]	**	2	2
G. McGarry[2]	**	8	8
D.C. Daws[3] (alternate)	**	0	0
A.N. White[4] (alternate)	**	0	0

* includes shares owned by Alameda Pty Ltd, Moonta Mining Pty Ltd and Spargoville Nickel Pty Ltd, companies in which Messrs J.A. Alman and G McGarry each hold an interest.
[1] Resigned on 5 September 2002
[2] Resigned on 21 May 2002
[3] Resigned on 15 April 2002
[4] Resigned on 18 December 2001
** Interests in ordinary shares have not been disclosed, as Directors were not in place at the date of this report.

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 $34,778,000 (2001: profit of $2,480,000).

A major portion of the loss resulted from write offs of plant & equipment ($16,952,000), exploration evaluation and development costs ($5,023,000), capital development for the Eloise mine ($6,948,000), limestone stocks ($2,903,000) and prepayments ($429,000). The overall operating loss for the financial year, excluding write offs, was $2,523,000.

DIVIDENDS

No dividend will be paid in respect of the current financial year.

REVIEW OF OPERATIONS

For detailed information refer to the Operations Report. The following is a summary of the activities undertaken by the Company over the past financial year:

- Increase in drilled ore stocks at the Eloise mine available for production.
- Developed and extended the South Decline to access several levels at the Eloise mine.
- Changed mining contractors at the Eloise mine in late October 2001.
- An extensive underground exploration programme at the Eloise mine suggests that mineralisation extends for at least another 100 vertical metres below the current reserves.
- Shut down the vertical shaft kilns at Loongana Lime's Kalgoorlie operation pending the outcome of studies to ascertain the suitability of converting the fuel source from raw, untreated waste oil to natural gas, to raise environmental and production standards.
- Mining was completed at the Aurora gold mine in the June 2002 quarter and mine site rehabilitation is now in progress.

- A full scale mining and screening trial was undertaken at the Bandalup magnesite project. A decision was made to divest this project and it is expected the sale should be finalised early in 2003.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Company that occurred during the financial year, and which are reported in the financial statements were:

- On 8 October 2001, underground mining contractor Barminco Pty Ltd ("Barminco") commenced on site at the Eloise mine. The change of contractors was difficult and this was reflected in a decrease in production for the December 2001 quarter. At the end of the December 2001 quarter Barminco had equipment in place capable of mining ore in excess of previous production levels (500,000 tonnes per annum).

- On 25 March 2002, Mr Graham McGarry resigned as Chairman of Amalg Resources NL and was replaced by Mr John Charles Hocking.

- On 11 April 2002, Mr Graham McGarry resigned as Managing Director of both Amalg Resources NL and its subsidiary Loongana Lime Pty Ltd and resigned as a Director on 11 April 2002. The Chairman, Mr. John Hocking temporarily assumed the position of Managing Director with the assistance of Non-Executive Director Garry Connell as Acting General Manager of Operations.

- On 11 April 2002, the vertical shaft kilns at the Loongana Lime Operation in Kalgoorlie were shut down pending studies to ascertain the suitability of converting the fuel source from raw, untreated waste oil to natural gas. In late May 2002 one of the kilns was restarted on an evaluation basis using demineralised oil.

- On 24 June 2002, Amalg Resources NL issued a convertible note for $2.1 million to Barminco Pty Ltd, the mining contractor at the Company's Eloise copper/gold mine. This note was issued at an interest rate of 9.75% per annum and is convertible into fully paid ordinary shares in the Company at $0.11 per share. The convertible note was issued for 12 months from 24 June 2002, or such later date as may be agreed by the parties, in writing.

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 1 August 2002, the Company entered into a Memorandum of Understanding ("MOU") with Breakaway Resources Limited ("Breakaway"), subsequently replaced by an MOU on 19 September 2002, to acquire Breakaway's substantial mining and exploration portfolio, including the Bannockburn and Miranda gold and nickel projects located in the northeastern Goldfields of Western Australia.

Under the terms of the revised MOU, Breakaway will assist Amalg to raise not less than $2 million in working capital by 30 October 2002 to fund Amalg's existing operations at the Eloise copper/gold mine in Queensland and the Loongana Lime operation in Western Australia.

The Transaction was subject to, among other things, completion of due diligence by the respective Boards by 4 October 2002 or such later date as the parties may otherwise agree, execution of formal documentation and the approval by both Amalg and Breakaway shareholders. At the date of this report all conditions precedent had been met, except for shareholder approval and the capital raising.

LIKELY DEVELOPMENTS

Information as to likely developments in the operations of the Company and the expected results of those operations in subsequent financial years have not been included in this report because, in the opinion of the Directors, it would prejudice the Company's interests.

The Company is currently considering the disposal of certain non-core and underperforming assets.

ENVIRONMENTAL REGULATION

The Company's operations are subject to significant environmental regulations under both Commonwealth and State legislation in relation to its mining and exploration activities situated in Queensland and Western Australia. There are significant environmental regulations under the Queensland and Western Australian Mining and Environmental Protection Acts, including licence requirements relating to waste disposal, water and air pollution and the handling of dangerous goods in relation to these operations. The Company is not aware of any matter that requires disclosure regarding any significant environmental regulation in respect to its operating activities.

DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATION

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 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 remuneration provided to Directors of the Company during the financial year are as follows:

Name of Director	Salary	Superannuation	Termination Payments	Total
J.C. Hocking	12,500	-	-	12,500**
J.A. Alman	-*	22,917	-	22,917
G.P. Connell	-*	25,000	-	25,000
A. Jujnovich	6,250	-	-	6,250**
G. McGarry	116,538	9,919	150,000***	276,457
D.C. Daws (alternate)	2,083	-	-	2,083
A.N. White (alternate)	-	-	-	-

* Salary paid into superannuation fund.
** Amounts remain due to these Directors at balance date.
*** Termination payment of $150,000 was approved, of which $28,846 had been paid as at 30 June 2002.

There are no executive officers in the Company or the consolidated entity who are not directors.

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.

OPTIONS

There are no ordinary shares under option, nor were any shares issued during the year pursuant to the exercise of options. During the year 650,000 50 cent options expiring 14 February 2002 lapsed on that date.

ROUNDING OFF

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and accordingly amounts in the financial report and Director's Report have been rounded to the nearest thousand dollars unless otherwise stated.

This report has been signed in accordance with a resolution of the Directors made on 23 October 2002.

J C Hocking
CHAIRMAN

CORPORATE GOVERNANCE STATEMENT

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 Act, various Mining Acts and other applicable laws while achieving these goals.

At the start of the financial year, the Board of Directors comprised two non-executive Directors, and one executive Director, who was Managing Director and Chairman. At the date of this report, the Board comprises one non-executive Director and two executive Directors, one of which is Managing Director and Chairman.

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 regularly meets informally 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

While the Company does not have a formally constituted audit committee, the Board reviews the performance of the external auditors on a regular basis. The external auditors were appointed in 1995. The lead external audit partner was last rotated in 2002, and is being rotated off in 2009.

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 is 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 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.

While 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.

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.

STATEMENTS OF FINANCIAL PERFORMANCE
for the year ended 30 June 2002

	Note	Consolidated		The Company	
		2002	2001	2002	2001
		$'000	$'000	$'000	$'000
Revenue from sale of goods		61,821	79,470	48,623	64,081
Other revenues from ordinary activities		1,463	687	706	672
Total revenue	2	63,284	80,157	49,329	64,753
Expenses from ordinary activities:					
Cost of goods sold		72,811	63,140	58,458	50,995
Provision for non-recoverability of loan		-	-	22,970	-
Borrowing costs	3	843	1,068	306	802
Other expenses from ordinary activities	3	27,203	12,363	7,212	8,451
Total expenses		100,857	76,571	88,946	60,248
Profit/(loss) from ordinary activities before related income tax		(37,573)	3,586	(39,617)	4,505
Income tax (expense)/benefit relating to ordinary activities	5	2,795	(1,106)	1,615	96
Profit/(loss) from ordinary activities after related income tax		(34,778)	2,480	(38,002)	4,601
Basic earnings/(loss) per share (cents)		(27.15)	1.94		

The Statements of Financial Performance are to be read in conjunction with the Notes to the Financial Statements.

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2002

	Note	Consolidated 2002 $'000	Consolidated 2001 $'000	The Company 2002 $'000	The Company 2001 $'000
CURRENT ASSETS					
Cash Assets		594	2,522	418	2,366
Receivables	6	4,117	5,979	2,464	3,571
Other financial assets	7	14	509	14	509
Inventories	8	3,901	6,039	3,065	3,058
Other	9	20	632	-	435
TOTAL CURRENT ASSETS		**8,646**	**15,681**	**5,961**	**9,939**
NON CURRENT ASSETS					
Receivables	6	780	841	2,425	25,228
Property, plant and equipment	10	9,584	27,193	3,578	5,295
Exploration, evaluation and development expenditure	11	6,641	16,875	6,626	16,846
Other	9	-	200	-	-
TOTAL NON CURRENT ASSETS		**17,005**	**45,109**	**12,629**	**47,369**
TOTAL ASSETS		**25,651**	**60,790**	**18,590**	**57,308**
CURRENT LIABILITIES					
Payables	12	9,918	10,311	7,164	7,927
Interest bearing liabilities	13	4,314	2,674	2,986	1,599
Current tax liabilities		-	330	-	334
Provisions	14	1,182	534	228	288
TOTAL CURRENT LIABILITIES		**15,414**	**13,849**	**10,378**	**10,148**
NON CURRENT LIABILITIES					
Interest bearing liabilities	13	2,381	1,860	442	156
Deferred tax liabilities		-	2,477	-	1,297
Provisions	14	921	891	835	770
TOTAL NON CURRENT LIABILITIES		**3,302**	**5,228**	**1,277**	**2,223**
TOTAL LIABILITIES		**18,716**	**19,077**	**11,655**	**12,371**
NET ASSETS		**6,935**	**41,713**	**6,935**	**44,937**
EQUITY					
Contributed equity	15	42,514	42,514	42,514	42,514
Retained profits/(accumulated losses)	16	(35,579)	(801)	(35,579)	2,423
TOTAL EQUITY		**6,935**	**41,713**	**6,935**	**44,937**

The Statements of Financial Position are to be read in conjunction with the Notes to the Financial Statements.

STATEMENTS OF CASH FLOWS
for the year ended 30 June 2002

	Note	Consolidated 2002 $'000	Consolidated 2001 $'000	The Company 2002 $'000	The Company 2001 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts in the course of operations		65,003	76,539	49,730	61,506
Cash payments in the course of operations		(55,675)	(59,386)	(42,850)	(46,115)
Interest received		53	71	44	60
Borrowing costs paid		(572)	(1,068)	(306)	(802)
Income taxes paid		-	(46)	-	(46)
Net cash provided by operating activities	**23(b)**	**8,809**	**16,110**	**6,618**	**14,603**
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for exploration and development		(9,526)	(9,168)	(9,526)	(9,141)
Payments for property, plant and equipment		(1,147)	(2,038)	(90)	(1,291)
Proceeds from the sale of plant and equipment		200	116	162	112
Loan to controlled entity		-	-	(533)	(1,014)
Proceeds from sale of investment		500	-	500	-
Net cash used in investing activities		**(9,973)**	**(11,090)**	**(9,487)**	**(11,334)**
CASH FLOW FROM FINANCING ACTIVITIES					
Repayment of borrowings		(774)	(1,675)	(774)	(1,675)
Repayment of lease liability		(2,090)	(1,488)	(405)	(432)
Proceeds from convertible note		2,100	-	2,100	-
Net cash from/(used in) financing activities		**(764)**	**(3,163)**	**921**	**(2,107)**
Net increase/(decrease) in cash held		(1,928)	1,857	(1,948)	1,162
Cash at the beginning of the financial year		2,522	665	2,366	1,204
Cash at the end of the financial year	**23(a)**	**594**	**2,522**	**418**	**2,366**

The Statements of Cash Flows are to be read in conjunction with the Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting 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 the 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 historical costs and except where stated, does not take into account the changing money values or fair valuations of non-current assets.

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

(b) Going concern

The financial report has been prepared on the going concern basis that contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. For the year ended 30 June 2002 the consolidated entity recorded a loss from ordinary activities after tax and significant items of $34,778,000 and the Company incurred a loss of $38,002,000. As at 30 June 2002 the consolidated entity had net current liabilities of $6,768,000 and the Company had net current liabilities of $4,417,000.

The results and cashflows for the year and the net asset position at 30 June 2002 have been significantly affected by:

- Historically low copper prices.
- Lower than anticipated production at the Eloise mine through development scheduling problems.
- Lower than anticipated kiln utilisation at Loongana Lime, as a result of unsuitable quality limestone inputs, kiln burner problems, and greater periods of downtime due to unscheduled maintenance.
- Write downs in Eloise exploration, evaluation and development expenditure relating to the Eloise project of $6,948,000; write-off of other exploration expenditure of $5,023,000; write off of property, plant and equipment (including capital work in progress) of $400,000 and other asset write offs of $429,000 to reflect their recoverable amounts or areas abandoned.
- Write down of Loongana Lime property, plant and equipment of $16,552,000 to reflect its estimated recoverable amount.

In addition the Company is in breach of its lending agreement with Alameda Pty Ltd ("Alameda"), a company associated with Mr G McGarry and Mr J Alman. The loan is for $500,000 and is secured by a fixed and floating charge over the assets and undertakings of the consolidated entity. At the date of this report Alameda has not demanded repayment and the amount remains repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002 (continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (contd)

The Directors believe that it is appropriate to prepare the financial report on a going concern basis for the following reasons:

- On 1 August 2002 the Company entered into a Memorandum of Understanding ('MOU') with Breakaway Resources Limited ('BRL') whereby Amalg may acquire BRL for fully paid ordinary shares in Amalg. The MOU was effectively extended by a replacement MOU dated 19 September 2002. BRL is a controlled entity of Barminco Pty Ltd ("Barminco"), to whom the Company as at 30 June 2002 owes $4,775,786, including a 9.75% secured note of $2,100,000 repayable June 2003, in relation to mining contracting services at the Eloise mine. On 2 September 2002 the Company entered into a consultancy agreement with Barminco, for Barminco to provide technical expertise to the Eloise Project and assist in restoring the operations positive cashflows. In conjunction with this arrangement Barminco have supported Amalg through delayed payment terms, providing sufficient credit to enable Amalg to meet other ongoing working capital requirements. At 30 September 2002 the amount owed to Barminco, including the Note, has increased to approximately $8.5 million. The Directors are confident of Barminco's continued support. The terms of the proposed acquisition of BRL which remain incomplete at the date of the Report are:

  - Amalg raising capital in the amount of not less than $2,000,000 by 30 October 2002;
  - execution of a Share Purchase Agreement by the two parties by 25 October 2002 setting out the detailed terms and conditions of the transaction which will result in BRL becoming a significant shareholder in Amalg; and
  - a meeting of shareholders of Amalg being convened to approve the transaction as stated.

Since the signing of the MOU a number of extensions to the timetable have been granted such that:

- The Company received shareholder approval on 25 October 2002 to issue up to 100 million fully paid ordinary shares at 4 cents each to raise up to $4 million. This will allow the Company to proceed with its planned capital raising.

- BRL and the Company has satisfactorily completed their due diligence.

- Agreement between the parties to formalise the Share Purchase Agreement by 25 October 2002.

Both BRL and Amalg remain committed to the transaction and the Directors are confident of its successful completion.

The Company is undergoing streamlining of its operations at the Eloise copper/gold mine to lower costs, and increase development and production at the mine. In addition, treatment charges, refining costs and freight costs have been more favourably renegotiated. As a result of these initiatives, together with forecast improvements in the copper price the Directors are confident that Eloise will return to operating at significant positive cash levels by the end of calendar year 2002.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002 (continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (contd)

The Company is addressing its selection process for stone at Loongana to improve utilisation of the kilns. Further, the Company is in the process of engaging specialist consultants to investigate the kiln burning problems and advise the Company regarding its alternatives for improved performance, joint venture or sale of this project.

While the consolidated entity remains dependent upon the continued financial support of Barminco, other creditors and the success of the above initiatives, the Directors are confident that the proposed acquisition with BRL, including the completion of the conditions precedent will enable the consolidated entity to continue as a going concern.

If any of the conditions precedent to the acquition of BRL fail to occur, or the transaction with BRL fails to complete, Barminco may make an immediate call on their debt and in the absence of alternative sources of funding, the Consolidated Entity may not be able to continue as a going concern. Accordingly, the consolidated entity may be required to realise its assets and extinguish liabilities other than in the normal course of business and at amounts different from those stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amount and classification of liabilities that might be necessary should the company not continue as a going concern.

(c) Principles of Consolidation

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

Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities included in the consolidated financial statements have been eliminated in full on consolidation.

(d) Revenue Recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax ("GST").

Sales 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, 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002 (continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (contd)

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

Asset Sales
The gross proceeds of asset sales not originally purchased for the intention of resale are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

(e) Goods and Services Tax
Revenues, expenses and assets are recognised net of the amount of goods and services tax, 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.

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.

(f) 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.

(g) Derivatives
The consolidated entity is exposed to changes in foreign exchange rates and commodity prices from its activities. It is the consolidated entity'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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002 (continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (contd)

Hedges

Where hedge transactions are designated as a hedge of the anticipated sale of goods, exchange differences (gains and losses) arising up to the date of the anticipated sale, together with any costs or gains arising at the time of entering into the hedge, are deferred and included in the measurement of the sale, when the transaction has occurred as designated.

When the anticipated transaction is no longer expected to occur as designated the deferred gains and losses relating to the hedged transaction are recognised immediately in the statement of financial performance.

Where a hedge transaction is terminated early and the anticipated transaction is still expected to occur as designated, the deferred gains and losses that arose on the hedge prior to its termination continue to be deferred and are included in the measurement of the purchase or sale of interest transaction when it occurs. Where a hedge transaction is terminated early because the anticipated transaction is no longer expected to occur as designated, deferred gains and losses that arose on the hedge prior to its termination are included in the statement of financial performance for the period.

Where a hedge is redesignated as a hedge of another transaction, gains and losses arising on the hedge prior to its redesignation are only deferred where the original anticipated transaction is still expected to occur as designated. When the original anticipated transaction is no longer expected to occur as designated, any gains or losses relating to the hedge instrument are included in the statement of financial performance for the period.

Gains and losses that arise prior to and upon the maturity of transactions entered into under hedge rollover strategies are deferred and included in the measurement of the hedged anticipated transaction if the transaction is still expected to occur as designated. If the anticipated transaction is no longer expected to occur as designated, the gains and losses are recognised immediately in the statement of financial performance over the period of the hedge.

(h) Taxation

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

Income tax 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 statement of financial performance 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 entities with tax losses are only brought to account when their realisation is virtually certain. The tax effect of capital losses is not recorded unless realisation is virtually certain.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002 (continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (contd)

(i) Borrowing Costs

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

Ancillary costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings.

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised is those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

Exploration and evaluation expenditure carried forward relating to areas of interest which have not reached a stage permitting reliable assessment of economic benefits are not qualifying assets.

(j) Investments

Controlled Entities

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

Other Entities

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

(k) Recoverable Amount of Non-Current Assets - Valued on Cost Basis

The carrying amounts of non-current assets valued on the cost basis, except exploration and evaluation expenditure, 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 amount. The write-down is recognised as an expense in the statement of financial performance in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, the 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002 (continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (contd)

(l) Receivables

Trade receivables

Trade receivables 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.

(m) Inventories

Inventories of finished stocks and ore stocks are carried at the lower of cost of production and net realisable value. Inventories of consumables and spares 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) Acquisitions of Assets

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

The 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.

Subsequent Additional Costs

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

(o) Leased Assets

Leases of plant and equipment 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.

Finance leases are capitalised. A lease asset equal to the cost of the asset is recorded at the inception of the lease. A lease liability equal to the present value of the minimum lease payments is recorded at the inception of the lease. Contingent rentals are written off as an expense of the accounting period in which they are incurred. Capitalised lease assets are amortised on a straight line or where it is likely the consolidated entity will obtain ownership of the asset over the life of the asset.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002 (continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (contd)

(p) Depreciation and Amortisation

Useful Lives

All assets have limited useful lives and are depreciated/amortised using the straight line method over their estimated useful lives, with the exception of carried forward exploration, evaluation and development costs in the production phase which is amortised on a units of production basis over the life of the economically recoverable reserves and finance lease assets which are amortised over the term of the relevant lease, or where it is likely the consolidated entity will obtain ownership of the asset, the life of the asset.

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

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are 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 and amortisation rate for plant and equipment is between 5% and 40% (2001: 5% and 40%).

(q) Employee Entitlements

Wages, Salaries, Annual Leave and Sick Leave

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

Long Service Leave

The provision 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' service provided up to balance date.

Provisions for employee entitlements which are not expected to be settled within 12 months are discounted using the rates attaching to national government securities at balance date, which most closely match the terms of maturity of the related liabilities.

The provision is calculated using estimated future increases in wage and salary rates, the consolidated entity's experience with staff departures and the probability that employees as a group will remain in the entity's employ for the period of time necessary to qualify for long service leave. Related on-costs have also been considered in the liability.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002 (continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (contd)

(r) 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.

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 the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

Amortisation

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

When production commences, carried forward exploration, evaluation and development costs are amortised on a units of production basis over the life of the economically recoverable reserves.

Restoration/rehabilitation

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

Significant uncertainty exists as to the amount of restoration obligations which will be incurred due to the following factors:

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

(s) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company or consolidated entity. Accounts payable are normally settled within 60 days (refer Note 1(b)).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002 (continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (contd)

(t) Convertible Note

Upon the issue of convertible notes, the fair value of the liability component, being the obligation to make future payments of principal and interest to noteholders, is calculated using a market interest rate for an equivalent non-convertible note. The residual amount, if any, representing the fair value of the conversion option, is included in equity as other equity securities with no recognition of any change in the value of the option in subsequent periods. The liability is included in interest bearing liabilities and carried on an amortised cost basis with interest on the notes recognised as borrowing costs on an effective yield basis until the liability is extinguished on conversion or maturity of the notes.

(u) Review of Accounting Estimates

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

(v) Interest bearing liabilities

Bank loans are recognised when issued at the net proceeds received. Interest expense is recognised when it accrues and is included under “other accrued expenses” in payables.

(w) Joint ventures

The Company’s interest in an unincorporated joint venture (refer note 26) is brought to account by including its interest in the appropriate category in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002 (continued)

	Consolidated		The Company	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
2 REVENUE FROM ORDINARY ACTIVITIES				
Revenue from sale of goods:				
Copper revenue	42,199	56,116	42,199	56,116
Gold revenue	5,642	6,539	5,642	6,539
Silver revenue	782	1,426	782	1,426
Quicklime & limestone revenue	13,198	15,389	-	-
Sale of goods revenue from operating activities	**61,821**	**79,470**	**48,623**	**64,081**
Other revenues:				
From operating activities				
Interest:				
Other parties	53	71	44	60
Prior year diesel fuel rebates	710	-	-	-
From outside operating activities				
Gross proceeds from the sale of:				
Plant and equipment	200	616	162	612
Investments	500	-	500	-
Total other revenues	**1,463**	**687**	**706**	**672**
Total revenue from ordinary activities	**63,284**	**80,157**	**49,329**	**64,753**
3 PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE				
(a) Individually significant items of expense/(revenue) included in profit/(loss) from ordinary activities before income tax				
Prior year diesel fuel rebates	(710)	-	-	-
Prepayments written off	429	-	429	-
Exploration, evaluation and development costs written down to recoverable amount				
- Eloise	6,948	7	6,948	7
- Other	5,023	439	5,023	439
Plant and equipment written down to recoverable amount:				
- Loongana Lime operations	16,552	-	-	-
Other plant and equipment written down	400	-	343	-
Limestone stocks written off	2,903	666	-	-
Provision for non-recoverability of loan to subsidiary	-	-	22,970	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002 (continued)

	Note	Consolidated 2002 $'000	Consolidated 2001 $'000	The Company 2002 $'000	The Company 2001 $'000
3 PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE (contd)					
(b) Profit/(loss) from ordinary activities before income tax expense has been arrived at after charging/(crediting) the following items:					
Borrowing costs:					
Related parties		43	50	43	50
Other parties					
Bank loans and overdraft		170	712	170	703
Finance charges on capitalised leases		630	306	93	49
Total borrowing costs		843	1,068	306	802
Depreciation					
Plant and equipment		4,891	4,599	2,207	2,275
Buildings		15	-	-	-
		4,906	4,599	2,207	2,275
Amortisation:					
Mine development and production expenditure		7,141	9,425	7,141	9,425
Deferred expenditure - exploration cost		629	533	629	533
Total amortisation		7,770	9,958	7,770	9,958
Deferred loss on sale and lease back brought to account		200	172	-	-
Net bad and doubtful debts		-	572	-	-
Amounts set aside/(credited) to provision for:					
Employee entitlements	14	(227)	185	(174)	107
Rehabilitation	14	585	130	179	105
Rehabilitation - waste oil purification	14	320	-	-	-
Total amounts set aside/(credited) to provisions		678	315	5	212
Lease rental expense - operating lease		51	51	24	24
General exploration expenditure incurred and written off		163	146	163	146
Government royalties on mineral sales or production		1,188	1,611	1,080	1,490
Net (gain)/loss on disposal of non-current assets:					
Non-current assets		(365)	(219)	(153)	(352)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002 (continued)

	Consolidated		The Company	
	2002	2001	2002	2001
	$	$	$	$
4 REMUNERATION OF AUDITORS				
Audit Services				
Auditors of the Company	60,500	40,000	59,200	31,000
Amounts received, or due and receivable, for other services by:				
Auditors of the Company	24,250	20,630	9,250	17,630

	Consolidated		The Company	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
5 TAXATION				
a) Income tax expense				
The prima facie tax expense/(benefit) on profit/(loss) from ordinary activities differs from the income tax expense/(benefit) as follows:				
Prima facie tax expense/(benefit) on profit/(loss) from ordinary activities calculated at 30% (2001:34%)	(10,433)	1,219	(11,401)	1,532
Tax effect of permanent differences:				
Amortisation differences	(1,940)	247	(1,662)	247
Write down of non-current assets	8,660	-	3,694	-
Provision for non-recovery of loan to subsidiary	-	-	6,891	-
Write off of prepayments	129	-	129	-
Other	309	12	342	12
Recognition of deferred tax balances previously not brought to account	-	372	-	(7)
Income tax expense attributable to profit/(loss) from ordinary activities before individually significant income tax items	(3,275)	1,850	(2,007)	1,784
Individually significant income tax item:				
Restatement of deferred tax balances due to change in company tax rates	-	(30)	-	57
Tax benefit of tax losses transferred from a controlled entity	-	-	-	(1,937)
Recovery of tax losses not previously brought to account	-	(714)	-	-
Tax losses not brought to account	480	-	392	-
Total income tax expense/(benefit) attributable to profit/(loss) from ordinary activities	**(2,795)**	**1,106**	**(1,615)**	**(96)**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2002 (continued)

	Consolidated 2002 $'000	Consolidated 2001 $'000	The Company 2002 $'000	The Company 2001 $'000
5 TAXATION (contd)				
Income tax expense/(benefit) attributable to profit/(loss) from ordinary activities is made up of movements in the:				
Current income tax provision	(226)	380	(316)	380
Deferred income tax provision	(2,569)	726	(1,299)	(476)
	(2,795)	1,106	(1,615)	(96)
b) Deferred tax assets				
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 of recovery of the loss is not virtually certain	480	-	392	-

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 2002 $'000	Consolidated 2001 $'000	The Company 2002 $'000	The Company 2001 $'000
6 RECEIVABLES					
CURRENT					
Trade debtors		2,927	5,136	1,345	2,822
Other		1,190	843	1,119	749
		4,117	**5,979**	**2,464**	**3,571**
NON-CURRENT					
Loans to controlled entity (a)	18	-	-	24,970	24,437
Provision for non-recoverability	18	-	-	(22,970)	-
Other - bonds		780	841	425	791
		780	**841**	**2,425**	**25,228**

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 2003 except to the extent that the controlled entity has surplus funds available.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002 (continued)

	Consolidated 2002 $'000	Consolidated 2001 $'000	The Company 2002 $'000	The Company 2001 $'000
7 OTHER FINANCIAL ASSETS				
CURRENT				
Shares listed on a prescribed stock exchange - at cost	31	531	31	531
Less: provision for diminution in value	(17)	(22)	(17)	(22)
	14	**509**	**14**	**509**
8 INVENTORIES				
CURRENT				
Consumables and spares - at cost	339	495	159	220
Ore stocks - at cost	1,246	994	1,246	994
Copper concentrate stocks - at cost	1,660	1,844	1,660	1,844
Quicklime stocks - at cost	78	253	-	-
Limestone stocks - at cost	578	2,453	-	-
	3,901	**6,039**	**3,065**	**3,058**
9 OTHER ASSETS				
CURRENT				
Prepayments	20	460	-	435
Deferred loss on sale and lease back	-	172	-	-
	20	**632**	**-**	**435**
NON-CURRENT				
Deferred loss on sale and lease back	**-**	**200**	**-**	**-**
10 PROPERTY, PLANT AND EQUIPMENT				
Land and buildings - at cost	154	34	-	-
Less: Accumulated depreciation	(15)	-	-	-
	139	34	-	-
Plant and equipment - at cost	14,850	40,684	14,850	13,429
Less: Accumulated depreciation	(11,287)	(14,763)	(11,287)	(9,207)
	3,563	25,921	3,563	4,222
Plant and equipment - at recoverable amount	4,841	-	-	-
Total plant and equipment	8,404	25,921	3,563	4,222
Capital works in progress - at cost	1,041	1,238	15	1,073
Total property, plant and equipment - at net book value	9,584	27,193	3,578	5,295

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002 (continued)

10 PROPERTY, PLANT AND EQUIPMENT (contd)

Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	Consolidated 2002 $'000	Consolidated 2001 $'000	The Company 2002 $'000	The Company 2001 $'000
Buildings				
Carrying amount at beginning of year	34	32	-	-
Additions	120	2	-	-
Depreciation	(15)	-	-	-
Carrying amount at end of year	139	34	-	-
Plant and Equipment				
Carrying amount at beginning of year	25,921	28,259	4,222	5,372
Additions	3,531	2,107	842	1,010
Transfer from capital works in progress	828	440	715	270
Disposals	(426)	(286)	(9)	(155)
Depreciation	(4,898)	(4,599)	(2,207)	(2,275)
Written off	(16,552)	-	-	-
Carrying amount at end of year	8,404	25,921	3,563	4,222
Capital works in progress				
Carrying amount at beginning of year	1,238	864	1,073	798
Additions	1,031	814	-	545
Transfer to plant and equipment	(828)	(440)	(715)	(270)
Written off	(400)	-	(343)	-
Carrying amount at end of year	1,041	1,238	15	1,073
Total property, plant and equipment	**9,584**	**27,193**	**3,578**	**5,295**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002 (continued)

11 EXPLORATION, EVALUATION AND DEVELOPMENT

	Consolidated 2002 $'000	Consolidated 2001 $'000	The Company 2002 $'000	The Company 2001 $'000
Costs carried forward in respect of areas of interest in:				
Production phase				
At cost	72,539	63,337	72,510	63,308
Accumulated amortisation	(55,742)	(48,007)	(55,728)	(48,007)
Less write down to recoverable amount	(10,744)	-	(10,744)	-
	6,053	15,330	6,038	15,301
Exploration and/or evaluation phase				
At cost	1,815	1,545	1,815	1,545
Less exploration costs written off	(1,227)	-	(1,227)	-
	588	1,545	588	1,545
Total exploration, evaluation and development expenditure	**6,641**	**16,875**	**6,626**	**16,846**

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

12 PAYABLES

	Note	Consolidated 2002 $'000	Consolidated 2001 $'000	The Company 2002 $'000	The Company 2001 $'000
CURRENT					
Trade Creditors		9,055	9,512	6,502	7,445
Other accrued expenses		863	799	662	482
		9,918	**10,311**	**7,164**	**7,927**

13 INTEREST BEARING LIABILITIES

	Note	Consolidated 2002 $'000	Consolidated 2001 $'000	The Company 2002 $'000	The Company 2001 $'000
CURRENT					
Loan from Directors' related entity	18/24	500	500	500	500
Convertible note (b)		2,100	-	2,100	-
Lease/hire purchase liability	17	1,714	1,400	386	325
Bond facility (a)	24	-	774	-	774
		4,314	**2,674**	**2,986**	**1,599**
NON-CURRENT					
Lease/hire purchase liability	17	**2,381**	**1,860**	**442**	**156**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002 (continued)

13 INTEREST BEARING LIABILITIES (contd)

a) Subsequent to 30 June 2001, the Company provided the monies required under the performance bonds and therefore the bond facility has been disclosed as current at 30 June 2001.

b) During June 2002 the consolidated entity entered into an arrangement whereby $2,100,000 of current payables to a major supplier was transferred into a convertible debt, bearing interest of 9.75% per annum, convertible into ordinary shares of the Company at $0.11 per share on or after 24 June 2003. The date of conversion or repayment is 12 months from the date of issue, or such later date as the parties may agree in writing. Conversion is at the option of the note holder.

	Note	Consolidated		The Company	
		2002	2001	2002	2001
		$'000	$'000	$'000	$'000
14 PROVISIONS					
CURRENT					
Employee entitlements	21	243	380	90	209
Rehabilitation		939	154	138	79
		1,182	**534**	**228**	**288**
NON-CURRENT					
Employee entitlements	21	231	321	145	200
Rehabilitation		690	570	690	570
		921	**891**	**835**	**770**
15 CONTRIBUTED EQUITY					
Issued and Paid-up Capital					
128,108,338 ordinary shares, fully paid (2001:128,108,338)		**42,514**	**42,514**	**42,514**	**42,514**
Movements in ordinary share capital					
Balance at the beginning and the end of the financial year		**42,514**	**42,514**	**42,514**	**42,514**
16 RETAINED PROFITS/ (ACCUMULATED LOSSES)					
Opening accumulated losses		(801)	(3,281)	2,423	(2,178)
Profit/(loss) from ordinary activities after related income tax		(34,778)	2,480	(38,002)	4,601
Retained profits/(accumulated losses) at end of the year		**(35,579)**	**(801)**	**(35,579)**	**2,423**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002 (continued)

17 COMMITMENTS

	Consolidated 2002 $'000	Consolidated 2001 $'000	The Company 2002 $'000	The Company 2001 $'000
Lease/hire purchase commitments				
Lease/hire purchase repayments are payable as follows:				
not later than one year	1,776	1,638	434	364
later than one year but not later than five years	2,685	2,053	475	178
	4,461	3,691	909	542
Less: future lease/hire purchase charges	(366)	(431)	(81)	(61)
	4,095	**3,260**	**828**	**481**
Lease/hire purchase liabilities provided for in the financial statements				
Current	1,714	1,400	386	325
Non-current	2,381	1,860	442	156
Total lease/hire purchase liability	**4,095**	**3,260**	**828**	**481**

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 $1,261,140 (2001: $1,357,000). These obligations are not provided for in the financial report.

Forward Sales Commitments

As at 30 June 2002, Amalg Resources NL had no forward sales contracts in place.
As at 30 June 2001 Amalg Resources NL had in place 1 forward exchange sales contract covering US$813,809 at an exchange rate of US$0.5251.

Capital Commitments

As at 30 June 2002, the consolidated entity had no capital commitments (2001: nil).

18 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 - resigned 21 May 2002
J A Alman
G P Connell
J C Hocking - appointed 25 March 2002
A Jujnovich - appointed 25 March 2002, resigned 5 September 2002

Directors' Remuneration

Information on Directors' remuneration is disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002 (continued)

18 RELATED PARTY DISCLOSURES (contd)

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:

	2002 Number Held	2001 Number Held
Ordinary shares in Amalg Resources NL	61,079,300	31,982,519
Options over ordinary shares	-	-

Transactions with Directors' related entities

Transactions between parties are on normal commercial terms and conditions unless otherwise stated.

	Consolidated		The Company	
	2002	2001	2002	2001
	$	$	$	$
(i) Amounts paid or payable to Alameda Pty Ltd, a Company in which Messrs. J A Alman, and G McGarry have an interest.				
- interest on loan account	43,747	50,180	43,747	50,180
- for the lease of office premises	24,000	24,000	24,000	24,000
- for the supply of labour on a cost plus overheads basis	17,010	5,782	-	-
- for the hire of equipment used in mining and milling	183,698	220,768	7,810	-
- for the purchase of plant & equipment at independent valuation	8,000	47,500	-	-
(ii) Amounts paid or payable to Barcon Logistics Pty Ltd, a Company in which Mr G Connell has an interest:				
- for the hire of equipment used in mining and milling	21,375	-	-	-
(iii) 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	8,312	28,970	-	-
(iv) Amounts paid or payable to Murion Cattle Co Pty Ltd, a Company in which Mr G Connell has an interest:				
- for the supply of goods and services	82,976	-	82,976	-
Total amounts paid or payable	389,118	377,200	158,533	74,180

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002 (continued)

18 RELATED PARTY DISCLOSURES (contd)

	Consolidated		The Company	
	2002	2001	2002	2001
	$	$	$	$
Amounts received or receivable from Alameda Pty Ltd:				
- for the provision of labour on a cost plus overheads basis	2,380	52,465	2,380	-
- for the reimbursement for the cost of goods and services purchased on their behalf	16,012	30,575	16,012	30,575
- for the hire of equipment use in mining and milling	-	2,482	-	2,482
Total amounts received or receivable from Alameda Pty Ltd	18,392	85,522	18,392	33,057
Amounts owing to related parties at balance date are:				
- Alameda Pty Ltd (trade creditors)	58,533	152,532	-	1,914
- Loan from Alameda Pty Ltd	500,000	500,000	500,000	500,000
- Cosmelia Holdings Pty Ltd	-	4,032	-	-
Total amounts payable to related parties	**558,533**	**656,564**	**500,000**	**501,914**

The interest rate on the borrowings from Alameda Pty Ltd is a floating interest rate the same as that of the now repaid Company's primary funding facility from Macquarie Bank Limited (refer Note 24) 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	
	2002	2001
	$	$
Receivables - non current		
Loan to controlled entity	24,969,568	24,437,000
Provision for non-recoverability	(22,969,568)	-
	2,000,000	24,437,000

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002 (continued)

	Consolidated 2002 $	Consolidated 2001 $	The Company 2002 $	The Company 2001 $
19 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	1	-	1	-
$ 10,000 - $ 19,999	1	2	1	2
$ 20,000 - $ 29,999	2	-	2	-
$140,000 - $149,999	-	1	-	1
$160,000 - $169,999	-	1	-	1
$270,000 - $279,000*	1	-	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	345,207	339,691	345,207	339,691
*Included in the amount disclosed above is a termination amount to G McGarry of $150,000 accrued during the 2002 year				
20 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:				
$140,000 - $149,999	-	1	-	1
$160,000 - $169,999	-	1	-	1
$270,000 - $279,999	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	276,457	314,691	276,457	149,999

	Consolidated 2002 $'000	Consolidated 2001 $'000	The Company 2002 $'000	The Company 2001 $'000
21 EMPLOYEE ENTITLEMENTS				
Aggregate employee entitlements including oncosts				
- Current	243	380	90	209
- Non-Current	231	321	145	200
	474	**701**	**235**	**409**

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:

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002 (continued)

21 EMPLOYEE ENTITLEMENTS (contd)

	Consolidated		The Company	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
Assumed rate of increase in wage and salary rates	3%	3%	3%	3%
Discount rate	5%	5%	5%	5%
Settlement term (years)	10	10	10	10
Number of Employees				
Number of Employees at year end	60	85	35	41

22 SEGMENT INFORMATION

Primary reporting

	Copper Mining $'000	Limestone $'000	Consolidated $'000
30 June 2002			
Revenue			
Total segment revenue	46,167	13,955	60,122
Other unallocated revenue			3,162
Total revenue			63,284
Result			
Segment result	(13,119)	(20,926)	(34,045)
Unallocated expenses			(3,528)
Loss from ordinary activities before tax			(37,573)
Income tax benefit			2,795
Net loss			(34,778)
Depreciation and amortisation	9,977	2,691	12,668
Significant items			
Prior year diesel fuel rebates	-	(710)	(710)
Prepayments written off	429	-	429
Capital development costs written off	6,948	-	6,948
Plant and equipment written off	343	16,609	16,952
Inventory written off	-	2,903	2,903
	7,720	18,802	26,522
Other unallocated (i)			5,023
Total significant items			31,545

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2002 (continued)

22 SEGMENT INFORMATION (contd)

	Copper Mining $'000	Limestone $'000	Consolidated $'000
Assets			
Segment assets	17,026	9,061	26,087
Other unallocated			(436)
Total assets			25,651
Acquisition of non-current assets	842	3,840	4,682
Liabilities			
Segment liabilities	11,517	7,061	18,578
Other unallocated			138
Total liabilities			18,716

(i) Included in other unallocated significant items is write-offs of capitalised development, including Spargo Nickel and the Magnesite project, and exploration expenditure for Spargo Nickel and Queensland Calcite.

Secondary reporting

Geographical segments	Australia	Consolidated
External segment revenue by location of customer	63,284	63,284

	WA	QLD	Consolidated
Segment assets by location of assets	8,625	17,026	25,651
Acquisition of non-current assets	3,840	842	4,682

Comparative segment information has not been disclosed in the financial report as preparation of this is considered impracticable.

23 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 statement of financial position as follows:

	Consolidated 2002 $'000	Consolidated 2001 $'000	The Company 2002 $'000	The Company 2001 $'000
Cash assets	594	2,522	418	2,366
	594	2,522	418	2,366

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

Profit/(loss) from ordinary activities after income tax	(34,778)	2,480	(38,002)	4,601

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002 (continued)

23 NOTES TO STATEMENTS OF CASH FLOWS (contd)

	Consolidated		The Company	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
Add/(less) items classified as investing/financing activities				
(Profit)/loss on sale of non-current assets	(365)	(219)	(153)	(352)
Add non-cash items				
Amortisation of exploration expenditure	629	533	629	533
Amortisation of mine development expenditure	7,141	9,425	7,141	9,425
Deferred loss on sale & leaseback	372	172	-	-
Exploration, evaluation and development costs written off	11,971	446	11,971	446
Provision for non-recoverability of loan to controlled entity	-	-	22,970	-
Plant and equipment written off	16,952	-	343	-
Write off bad debts	-	572	-	-
Write off of pre-payments	429	-	429	-
Write off of inventory	2,903	666	-	-
Depreciation	4,906	4,599	2,207	2,275
Net cash provided by operating activities before changes in assets and liabilities	10,160	18,674	7,535	16,928
Change in assets and liabilities during the financial year				
(Increase)/decrease in inventories	(766)	(1,575)	(7)	(944)
(Increase)/decrease in prepayments	13	95	6	94
(Increase)/decrease in receivables	1,862	(3,501)	1,107	(2,573)
Increase/(decrease) in trade and other creditors	(393)	1,046	(763)	1,028
Increase/(decrease) in provisions	683	315	5	212
Increase/(decrease) in mining tenement bonds	61	-	366	-
Increase/(decrease) in deferred taxes payable	(2,477)	726	(1,297)	(476)
Decrease in deferred income	-	-	-	-
Increase/(decrease) in current tax liabilities	(334)	330	(334)	334
Net cash provided by operating activities	8,809	16,110	6,618	14,603

Non cash financing activities

During the financial year the consolidated entity acquired property, plant and equipment with an aggregate fair value of $2,653,000 (2001: $959,000) by means of finance leases and received proceeds of nil (2001: $500,000) from the sale of non-current assets by means of equity investments. The acquisitions are not reflected in the Statements of Cash Flows.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002 (continued)

24 FINANCING ARRANGEMENTS

	Consolidated 2002 $'000	Consolidated 2001 $'000	The Company 2002 $'000	The Company 2001 $'000
Amalg Resources NL has access to the following lines of credit:				
Total facilities available:				
Alameda Pty Ltd Loan (i)	500	500	500	500
Performance Bond Facility	-	1,000	-	1,000
	500	1,500	500	1,500
Facilities used at balance date:				
Alameda Pty Ltd Loan (i)	500	500	500	500
Performance Bond Facility	-	774	-	774
	500	1,274	500	1,274
Facilities not used at balance date:				
Alameda Pty Ltd	-	-	-	-
Performance Bond Facility	-	226	-	226
	-	226	-	226

(i) The loan from Alameda Pty Ltd is provided by a Director-related entity (refer Note 18). The loan bears interest at a rate tied to the Macquarie Bank Ltd BBSW rate plus a margin of 4%, compounded monthly, payable quarterly. The debt is repayable on demand and is secured by way of a fixed and floating charge over the assets and undertakings of the Company.

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. Subsequent to the 2001 financial year end the facility was cash-backed with Macquarie Bank Limited.

25 EARNINGS/(LOSS) PER SHARE

	2002 Cents	2001 Cents
Basic earnings/(loss) per share (cents per share)	(27.15)	1.94
Weighted average number of ordinary shares used in the calculation of basic earnings/(loss) per share	128,108,338	128,108,338

There are no dilutive potential ordinary shares, therefore diluted earnings per share have not been calculated or disclosed.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002 (continued)

26 INTEREST IN JOINT VENTURE

The Company holds an interest of 65% (2001: 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 2002, the Company, together with the other venturers, was tenants-in-common in an area of mining interest. For the year ended 30 June 2002, this joint venture had no effect on the revenue of Amalg Resources NL (2001: no effect) and had no effect on the operating loss of Amalg Resources NL (2001: no effect).

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

	Consolidated		The Company	
	2002 $'000	2001 $'000	2002 $'000	2001 $'000
Non-Current Assets				
Exploration expenditure carried forward in respect of areas of interest in:				
Development phase	100	123	100	123
Total non-current assets	100	123	100	123

27 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.

Forward Foreign Exchange Contracts

At year-end, the consolidated entity had entered into nil foreign currency forward contracts (2001:sell US$813,809).

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 consolidated entity.

	2002	2001	Consolidated 2002	Consolidated 2001
	Weighted average rate		$'000	$'000
Sell US dollars				
Not later than one year	-	0.53	-	1,550

Where the underlying transaction has occurred as designated, the effect of the hedge has been recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002 (continued)

27 ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURES (contd)

As these contracts are hedging anticipated sales, any unrealised gains and losses on the contract, together with the costs of the contracts, will be deferred and then recognised in the financial statements at the time the underlying transaction occurs as designated. The gross deferred loss on hedges of anticipated foreign currency sales are:

	Consolidated	
	2002	2001
	$'000	$'000
Not later than one year	-	(55)

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 2002 and 30 June 2001, the Company had no commodity contracts in place.

c) Credit Risk Exposures

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

Recognised financial instruments

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, less any provision for doubtful debts.

Concentration of trade debtors as at 30 June 2002 is: Glencore International AG at 51% (2001:55%) and various mining companies including nickel laterite mining companies at 29% (2001:18%) and gold mining companies at 20% (2001:27%).

Unrecognised financial instruments

Credit risk on derivative contracts which have not been recognised on the statement of financial position 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 27 (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:

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002 (continued)

27 ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURES (contd)

	Note	Weighted average interest rate	Floating interest rate $'000	Fixed interest rate $'000	Non-interest bearing $'000	Total $'000
2002						
Financial Assets						
Cash		3.15%	594	-	-	594
Receivables	6	4.5%	780	-	4,117	4,897
Shares in listed corporations	7	-	-	-	14	14
2002						
Financial Liabilities						
Convertible note	13	9.75%	2,100	-	-	2,100
Bank and other loans	13	8.7%	500	-	-	500
Payables	12	-	-	-	9,918	9,918
Lease liabilities	13	7.7%	-	4,095	-	4,095
Employee entitlements	14	-	-	-	474	474
2001						
Financial Assets						
Cash		3.6%	2,522	-	-	2,522
Receivables	6	3.6%	841	-	5,979	6,820
Shares in listed corporations	7	-	-	-	509	509
2001						
Financial Liabilities						
Bank and other loans	13	4.5%	1,274	-	-	1,274
Payables	12	-	-	-	10,311	10,311
Lease liabilities	13	8.0%	-	3,260	-	3,260
Employee entitlements	14	-	-	-	701	701

e) Net fair values of financial assets and liabilities

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

Recognised financial instruments

Listed shares included in other financial assets 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 suppliers. The carrying amounts of accounts receivable, payables, bank loans, lease liabilities and employee entitlements approximate net fair value.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002 (continued)

27 ADDITIONAL FINANCIAL INSTRUMENT DISCLOSURES (contd)

Unrecognised financial instruments

The value of financial instruments not reflected on the statement reflects the estimated amounts the consolidated entity would expect to pay or receive to terminate the contracts at their current market rates as at reporting date. This is based on independent market quotations and determined using standard valuation techniques.

	Consolidated	
	2002	2001
	$'000	$'000
Forward foreign exchange and option contracts	-	(55)

CONTROLLED EQUITY

	Interest Held	
	2002	2001
	%	%
Name		
Amalg Resources NL		
Controlled Equity		
Loongana Lime Pty Ltd	100	100

Loongana Lime Pty Ltd is incorporated in Australia.

ECONOMIC DEPENDENCY

100% of copper concentrate production from the mining operations is currently contracted for sale to Glencore International AG. Approximately 100% of quicklime and limestone production is either contracted to be sold or non-contracted and will be sold to various mining companies in Western Australia.

DIRECTORS' DECLARATION

In the opinion of the Directors of Amalg Resources NL:

(a) the financial statements and notes, set out on pages 15 to 47, are in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2002 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 in Australia and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable. Without qualification to the above, attention is drawn to the matters described at Note 1(b).

Signed in accordance with a resolution of the Directors:

J C Hocking
Dated 23 October 2002

G P Connell

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 2002, consisting of the Statements of Financial Performance, Statements of Financial Position, Statements of Cash Flows, accompanying notes 1 to 27, and the Directors' declaration. 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 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 Amalg Resources NL is in accordance with:

a) the Corporations Act 2001, including:
   i. giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2002 and of their performance for the financial year ended on that date; and
   ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

b) other mandatory professional reporting requirements in Australia.

Inherent uncertainty regarding continuation as a going concern

Without qualification to the statement expressed above, attention is drawn to the following matter. As a result of the matters described in Note 1(b), there is significant uncertainty whether the entity will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

KPMG

KPMG

T R HART
Partner
Perth
25 October 2002

ADDITIONAL INFORMATION

Capital Structure:
Listed on the Australian Stock Exchange are 128,108,338 fully paid shares. The Company has no unquoted securities.

Distribution of Shareholdings:
The distribution of shareholdings as at 25 September 2002 were:

Range	No. of Holders	No. of Securities	% of Total Quoted Securities
1 - 1,000	37	25,127	0.02
1,001 - 5,000	138	463,511	0.37
5,001 - 10,000	164	1,408,930	1.10
10,001 - 100,000	372	14,246,443	11.12
100,001 - over	88	111,964,327	87.40
Rounding discrepancy			(0.01)
Total	**799**	**128,108,338**	**100.00**
Less than a marketable parcel	227	825,789	

Voting Rights
Under the Company's constitution, every member present in person or by representative, proxy or attorney shall have one vote on a show of hands and on a poll have one vote for every ordinary share held.

Twenty Largest Quoted Equity Security Holders

Name	Number of Shares	% of Total Issued Shares
Sherrifmuir Holdings Pty Ltd	24,078,552	18.80
Spargoville Nickel Pty Ltd	12,050,000	9.41
Alameda Pty Ltd	10,425,746	8.14
Citicorp Nominees Pty Limited (CFS Developing Companies A/C)	10,158,082	7.93
Hocking (Holdings) Pty Ltd	4,000,000	3.12
Mrs Thelma Valerie Alman	3,800,000	2.97
Badenport Pty Ltd (Jujnovich Investment A/C)	3,000,000	2.34
Brislan Nominees Pty Ltd	2,974,668	2.32
David Mitchell Ltd	2,600,000	2.03
Lamerton Pty Ltd	2,503,000	1.95
Kale Capital Corporation Ltd	2,300,000	1.80
Badenport Pty Ltd (Badenport Invest Fund A/C)	1,978,000	1.54

ADDITIONAL INFORMATION

Twenty Largest Quoted Equity Security Holders (contd)

Name	Number of Shares	% of Total Issued Shares
Mr Gary Patrick Connell & Mrs Devryn Lee Connell (Connell Contractor Super A/C)	1,900,000	1.48
Mr Gary Patrick Connell & Mr Raymond Daniel Connell (RD Connell Super Fund A/C)	1,900,000	1.48
Kale Capital Corporation Limited	1,749,601	1.37
Royal Sunset Pty Ltd	1,605,349	1.25
Moonta Mining Pty Ltd	1,400,000	1.09
Westpac Custodian Nominees Limited	1,064,656	0.83
Badenport Pty Ltd (Jujnovich Super Fund A/C)	1,000,000	0.78
Mr Gary Patrick Connell & Mr Robert Weir Dunn (Connell C/Tractors Super A/C)	1,000,000	0.78
	91,487,654	**71.41**

Reconciliation of results, total assets and net assets from previously released Appendix 4B to results, total assets and net assets per the financial report.

	Loss before tax $'000	Loss after tax $'000	Net assets $'000	Total assets $'000
Appendix 4B	(25,247)	(24,931)	16,783	37,801
- Increase in provision for plant and equipment write-downs - Loongana	(4,466)	(4,466)	(4,466)	(4,466)
- Additional inventory written off	(414)	(414)	(414)	(414)
- Mine properties and tenements written down	(7,267)	(7,267)	(7,267)	(7,267)
- Adjustment to lease liability existing at year end	(271)	(271)	(271)	-
- Reversal of deferred tax liability due to asset write-offs	-	2,479	2,479	-
- Other	92	92	91	(3)
Per financial report	(37,573)	(34,778)	6,935	25,651

NOTES

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