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ANNUAL REPORT 2002



HADDINGTON

International Resources
Limited

ACN 093 391 774



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| | |
|---|----|
| > Highlights | 1 |
| > Corporate Objectives and Strategy | 2 |
| > Chairman & Managing Director's Report | 3 |
| > Review of Operations | 4 |
| > Directors' Report | 11 |
| > Corporate Governance Statement | 15 |
| > Statement of Financial Performance | 18 |
| > Statement of Financial Position | 19 |
| > Statement of Cashflows | 20 |
| > Notes to the Financial Statements | 21 |
| > Directors' Declaration | 42 |
| > Auditors Report | 43 |
| > Additional Information | 44 |
| > Corporate Directory | 48 |

The background of the top half of the page is a photograph of an industrial facility, likely a refinery or chemical plant, at night. The facility is illuminated with various lights, and its reflection is visible in a body of water in the foreground. The sky is dark with some clouds, and the overall scene is lit with a mix of warm and cool tones.

[CLICK HERE TO VIEW THE
CONTENTS](#) →

HIGHLIGHTS

- Maiden net annual profit after tax of \$730,049 or 2.0 cents per share.
- 1.0 cent per share unfranked dividend declared, payable in December 2002.
- Sales revenue of \$7.5 million, achieved from sale of 114,977 pounds of tantalite-in concentrate.
- Acquisition of a 100% interest in unlisted company Australia Tantalum Limited, effectively acquiring 11 tantalum project areas in Western Australia
- Bald Hill Treatment Plant upgrade completed, increasing throughput capacity by 50% to 45 tonnes per hour.
- Upgrade expected to enhance cash flows and reduce unit costs at Bald Hill.
- Continuing exploration success expected to significantly upgrade Bald Hill resource/reserve position.



[CLICK HERE TO VIEW THE
CONTENTS](#) 



In 2002 Haddington achieved its principal objective *"to increase shareholder value by establishing itself as a reliable and profitable producer of tantalite raw materials"*.

To achieve this objective the Company's strategy has been to bring the Bald Hill Tantalite Project into profitable production thereby establishing Haddington as an active participant in the tantalum market.

Haddington's principal objective is to continue the efficient and profitable operation of the Bald Hill Project and sustain strong cash flows that will underpin other development opportunities.

The Company's ongoing development strategy seeks to expand its operations through:

- improvements to the efficiencies of the Bald Hill project;
- extension of project life through exploration success;
- acquisition or joint venture development of new mineral production project.

To this end, the Company will focus on fine-tuning the operating processes and expanding exploration activities at Bald Hill and within the exploration portfolio of its subsidiary Australian Tantalum. Haddington will also continue to review opportunities to acquire new mineral projects throughout the year.



CHAIRMAN & MANAGING DIRECTOR'S REPORT

I am pleased to present Haddington International Resources' 2002 Annual Report and Financial Statements, which represent as significant a milestone for your Company as the transition to production at the Bald Hill Tantalum Project in Western Australia outlined in last year's report.

Just one year after commencing full-scale production, the Company has achieved a maiden annual net profit after tax of \$730,049.

This excellent result was struck on revenue of almost \$7.5 million, achieved from the sale of 114,977 pounds of tantalite-in-concentrate produced from 183,000 tonnes of ore treated at the Bald Hill site.

The full-year result equates to earnings per share of 2.0 cents. Earnings before interest, taxation, depreciation and amortisation (EBITDA) amounted to \$1.6 million or 4.4 cents per share, confirming the strong underlying profitability of the Bald Hill operation.

On the strength of the profit result, the Company will reward shareholders with a 1.0 cent per share unfranked maiden dividend payable to all shareholders on the register at 29th November 2002. This dividend will be paid in December 2002.

I am delighted that, so quickly after making the transition to producer status, Haddington is in a position to return value to shareholders with a dividend payment representing 50% of net profits after tax.

This is a reflection of what has been a strong first full year of operations, affirming the Company's position as an active producer in the tantalum industry.

During the year, several important steps were also taken to cement the Company's future growth strategy.

The Bald Hill Treatment Plant upgrade was successfully completed in July increasing its throughput capacity by 50% to 45 tonnes per hour. At its original design capacity of 30 tonnes per hour, the plant was scheduled to produce approximately 145,000 pounds of tantalite-in-concentrate per annum.

The upgrade, achieved through a program of production enhancements including improvements to the processing plant and de-bottlenecking of key items, will reduce unit cash production costs and increase production capacity to over 200,000 pounds of tantalite-in-concentrate per annum.

The full benefit of the capacity enhancements will be felt in the first half of the next financial year, enhancing cash flows from the Bald Hill Project together with an expected improvement in profitability.

In the meantime, Haddington has continued to achieve considerable success from mine site exploration at Bald Hill, with ongoing drilling expected to result in a significant upgrade of the Project's resource/reserve position.

In July, the total project resource was increased to 1.78 million tonnes at 418 ppm Ta₂O₅, with further drilling undertaken during the September Quarter expected to further enhance the resource inventory. The new reserve/resource statement is being finalised at the date of this report.

Regional exploration is also a key component of the Company's future growth plans, including broader exploration of the Bald Hill, Bald Hill Extended and Madoonia areas as well as the tantalite areas held by the Company's subsidiary, Australian Tantalum Limited.

While our focus during the year has been on production and immediate mine site exploration at Bald Hill, we intend to increase our exploration activities in the year ahead, targeting what we believe to be significant potential for new discoveries within the Company's portfolio.

With production and cash flows set to rise from Bald Hill during the next 12 months, an increased mine life following recent exploration success and a diverse regional exploration portfolio with numerous promising targets, the outlook for Haddington is bright.

The Company's profit result this year is a credit to our committed and professional team of employees consultants and contractors. On behalf of the Board of Directors, I would like to take this opportunity to thank them for all their efforts.

Colin McCavana
Chairman & Managing Director





[CLICK HERE TO VIEW THE CONTENTS](#)



OVERVIEW

During the year, Haddington consolidated its position as a profitable producer of tantalite concentrates with the successful commissioning and commencement of production activities at its Bald Hill operation, near Widgiemooltha, south east of Kalgoorlie in Western Australia.

The Company has been insulated from a softening in the world tantalite market through its fixed price take-or-pay contract with the world's largest producer of tantalite, Sons of Gwalia Limited. Haddington mines the Bald Hill deposit under a Licence Agreement with Sons of Gwalia Limited.

The Company posted a strong operational performance during its first year of production from the Bald Hill Mine and processing facility after shipping its first concentrates to Sons of Gwalia in August 2001.

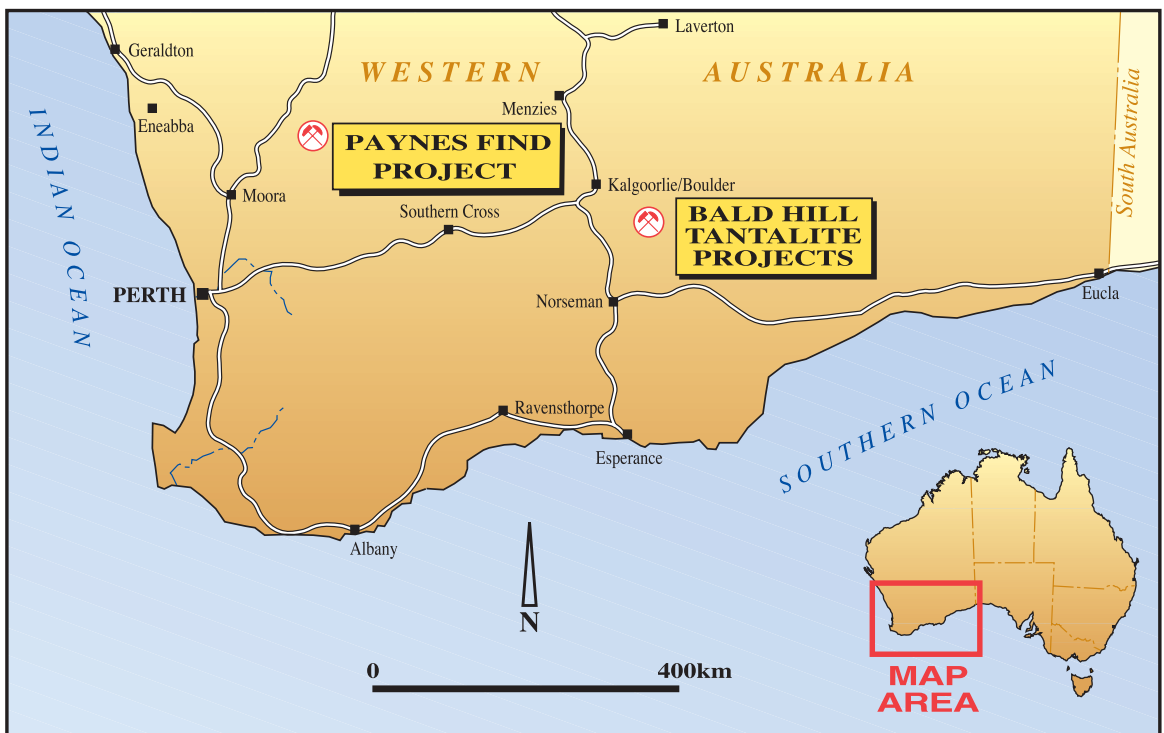
The processing plant has also been upgraded to a throughput of 45 tonnes per hour of ore as a result of a program of production enhancements. Increased production from Bald Hill will offset the impact of the postponed development of the Cattlin Creek Tantalite Project.

During the year the Company completed a feasibility assessment of the Cattlin Creek Project, which is located near Ravensthorpe in Western Australia. After consideration of various development scenarios, the Company decided to put development of Cattlin Creek on hold for the time being.

The Company believes there is potential to identify additional reserves at Cattlin Creek and these opportunities will be followed up in future exploration programs.

The Company has sought to expand the resource at Bald Hill, and by year-end had increased the resource to 1.78 million tonnes at a grade of 418 ppm Ta₂O₅. The Company recently announced encouraging results from a drilling program at Bald Hill, including the discovery of the Hillview pegmatite.

In keeping with the Company's ongoing development strategy of expanding its operations through acquisition or joint ventures Haddington purchased all the shares in the unlisted public company Australian Tantalum Limited.



Project location map

[CLICK HERE TO VIEW THE
CONTENTS](#)



Australian Tantalum has 11 tantalum project areas covering centres of historical tantalite production in the Murchison, South West and Pilbara regions of Western Australia, the most encouraging of which is the Paynes Find project. All of the projects contain pegmatite-hosted tantalum mineralisation.

The acquisition has significantly expanded the Company's potential production base through a portfolio of quality exploration projects with proven tantalum mineralisation and, in some cases, historic production.

The Company is continuing an ongoing program of exploration on its tenements in the vicinity of the Bald Hill Mine. An exploration team has been assembled to carry out detailed exploration of the Bald Hill Extended, Sinclair and Madoonia areas.

The Company believes there is significant potential for further discoveries within its portfolio, which can provide new opportunities for the future expansion of tantalite production activities.

Sustained production, resultant cash flow and profits from Bald Hill, combined with the exciting exploration potential of its existing portfolio, augers well for the continued growth and prosperity of the Company.

WHAT IS TANTALITE?

Tantalite is the ore of the metal tantalum. Over the past few decades tantalum has been transformed from a minor by-product of tin mining to a valuable resource as a direct result of strong growth in consumption. The development of tantalum capacitors, initially for military applications and more recently for use in the manufacture of portable electronic equipment, has led to demand growth averaging over 10% per year since 1992. The growth in demand for tantalum capacitors is expected to continue at these levels.

Tantalum has unique electronic properties. It has a very high melting point, high corrosion resistance and good alloying properties making it suitable for use in a growing number of new and highly sophisticated applications including electronic components, aerospace, metal working machinery and chemical equipment. Its excellent resistance to most forms of chemical attack also makes it ideal for use in medical applications such as surgical repairs of human bones (eg, in skull plates), as foil or wires to connect torn nerves, and as woven gauze to bind up abdominal muscles.

Approximately 60% of tantalum produced is used in the electronics industry, mainly in the production of capacitors which are essential for the miniaturisation of electrical equipment such as mobile phones and lap top computers. Tantalum capacitors have become the standard for reliable performance in electronic systems. They combine compactness and high efficiency with prolonged shelf life. With continued steady growth in personal communications systems, demand for tantalum units from this sector is expected to remain strong.

About 25% of tantalum usage is in the metal working industry where properties such as heat resistance and strength result in varied applications for tantalum carbide alloys, including specialised cutting tools. Tantalum carbide is generally used in alloys in conjunction with such metals as tungsten, titanium and columbium.

In aerospace, tantalum's high melting point, strength at high temperatures and resistance to corrosion produce refractory superalloys with cobalt, iron and nickel. These alloys are employed in aerospace structures, jet engines and gas turbine parts.





BALD HILL MINE

The Bald Hill Project, located approximately 60km southeast of Kambalda and approximately 70km east of Widgiemooltha in the Coolgardie Mineral Field of Western Australia, produced almost 115,000 pounds of tantalite for the 12-month period from the treatment of 183,000 tonnes of ore. This generated sales revenue of almost \$7.5 million.

A total of 213,278 tonnes of ore was mined with a waste to ore ratio of approximately 2.05 to 1.

The Bald Hill Mine currently comprises three small pits (North, South and West). Mining was commenced in the North pit and is carried out by a mining contractor using 50 tonne rigid dump trucks and a 65 tonne excavator. The mining is carried out on a one shift continuous basis with a two week on one week off roster for the mining contractor.

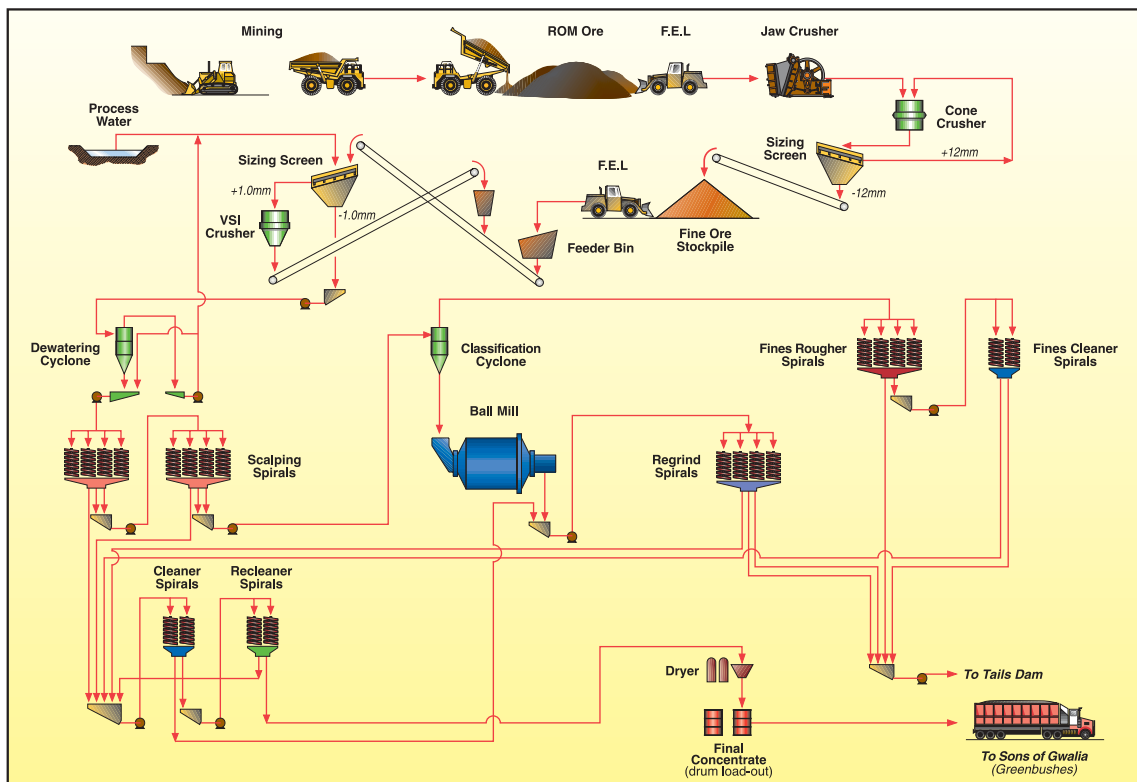
Crushing of the run of mine ore is also carried out by a contractor, which provides fine ore for plant feed at particle size less than 12 millimetres.

The Bald Hill processing plant produced consistent results throughout the year, despite being hampered early in the year by higher than anticipated downtime associated with a primary product screen. A program of production enhancements, including improvements to the processing plant and de-bottlenecking of key items, was undertaken. This involved replacing the primary screen with an enlarged, purpose-built primary screen.

The enhancement program increased the throughput of the process plant from a nominal 30 tonnes per hour to 45 tonnes per hour. This upgrade is expected to reduce unit production costs and facilitate the implementation of further production enhancements in the future.

The Company anticipates further growth in revenue and earnings when the full effect of the plant upgrade and capacity enhancements take effect in the 2002/2003 financial year.

The total resource at Bald Hill was increased during the year and at year-end stood at 1,780,000 tonnes @ 418 ppm Ta₂O₅, containing approximately 1,642,000 pounds of Ta₂O₅.



Bald Hill Process flow diagram

[CLICK HERE TO VIEW THE CONTENTS](#)



The Bald Hill process plant uses conventional gravity separation in spirals to recover the tantalite from the ore. The fine ore from the crushing contractor is fed to the plant using a front end loader. It is then conveyed to a vibrating screen where particles less than 1.5 millimetre are taken off and pumped direct to a spiral circuit. The oversize ore from the vibrating screen is then crushed in a vertical shaft impact crusher and re-conveyed to the vibrating screen, where minus 1.5 millimetre particles are again removed to the spiral circuit.

Tantalite concentrate is collected from the spirals, pumped to another spiral set for cleaning, then collected in drums for transport to Sons of Gwalia.

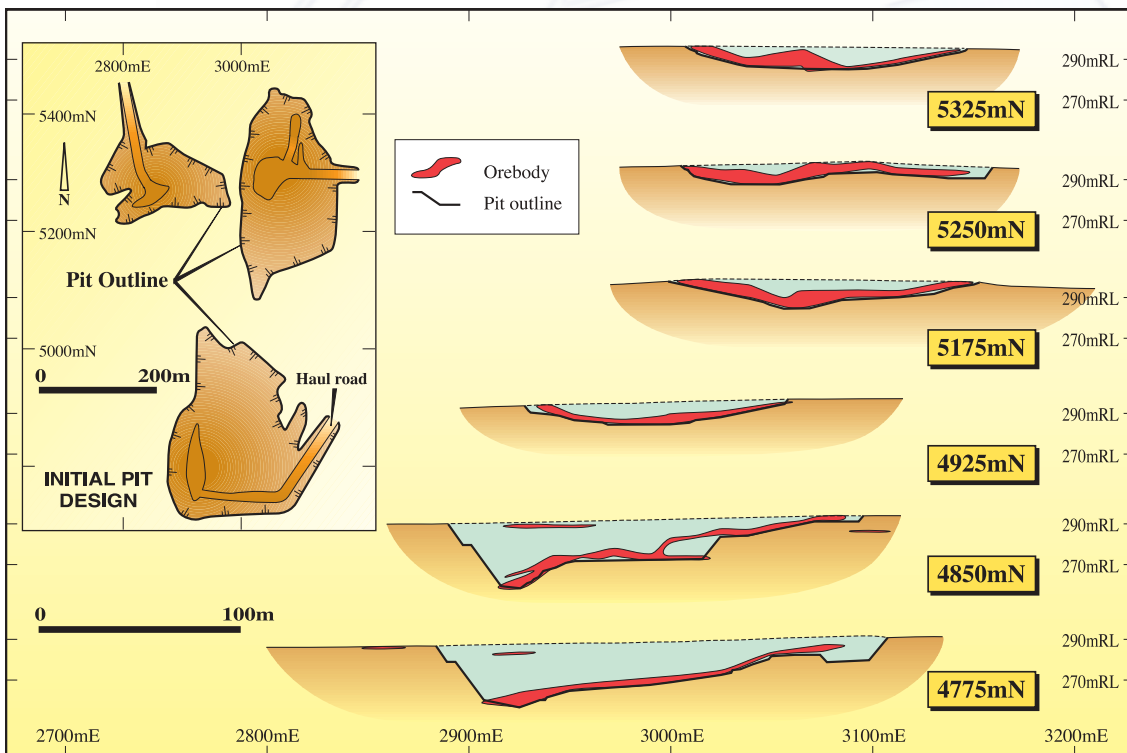
Lighter particles from the tailings of the spirals are directed to the ball mill where they are ground to liberate any tantalite locked up in composite particles and again passed over a spiral set. Tantalite concentrate is cleaned and collected in drums for shipment to Sons of Gwalia.

Tailings from the process are pumped to the tailings dam for storage.

The Bald Hill area's regional geology of the area comprises Archaean amphibolites and felsic tuffs which have been intruded by small stocks of granite, bodies of greisen and pegmatites. Small amounts of cassiterite, tantalite, beryl and lithium bearing pegmatite hosted minerals have previously been mined on a small scale from surface material at a number of locations in the area.

The workforce at Bald Hill comprises 17 employees and 10 contractors who are accommodated on site in the Company's camp facility.

Haddington has a Licence Agreement with Sons of Gwalia Limited for the operation of the Bald Hill Tantalum deposit.



Cross section and pit layouts – Bald Hill Project



[CLICK HERE TO VIEW THE CONTENTS](#)

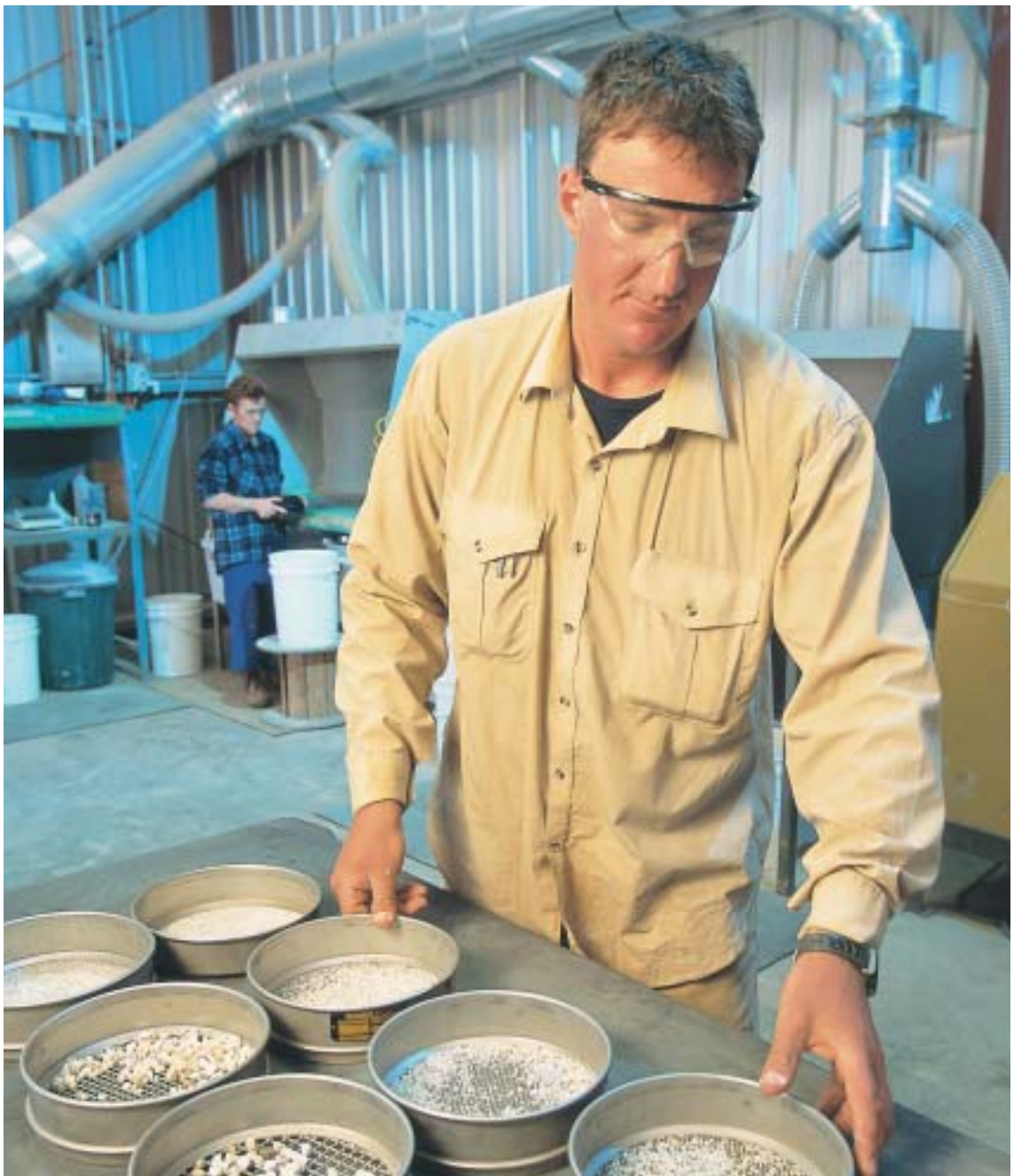


CATTLIN CREEK TANTALUM PROJECT

During the year the Company completed a feasibility assessment of the Cattlin Creek Project, located near Ravensthorpe some 540 kilometres south of Perth. As part of this process, the Cattlin Creek orebody was re-modelled, resulting in a reduction in the in-pit resource to 168,000 tonnes at 540ppm Ta₂O₅ – which would reduce its mine life to just under a year. On this basis, the project would only provide marginal returns.

After consultation with Sons of Gwalia, and after consideration of various development scenarios, the Company decided to put development of Cattlin Creek on hold for the time being.

The Company believes there is potential to find additional reserves at Cattlin Creek and these opportunities will be followed up in future exploration programs.





EXPLORATION ACTIVITIES

Following the successful commissioning of the Bald Hill project, the Company embarked upon an expanded exploration program at Bald Hill, significantly increasing the resource base. The Company engaged a full time geologist whose brief is to target known mineralisation at the Bald Hill project as well as on Haddington's and Australian Tantalum's exploration tenements. With an increased exploration budget for the current year, the objective is to significantly add to the resources at Bald Hill and identify new tantalite areas for future development.

BALD HILL EXTENDED (HDN 100%)

The Bald Hill Extended prospect comprises four Mining Licence applications, over an area of approximately 19 square kilometres, abutting the northern, western and southern boundaries of the Bald Hill project.

Previous exploration in the area has produced some highly encouraging results for primary and secondary tantalite and tin mineralisation. The prospect area contains a suite of pegmatite dykes that occur over a strike length of about 10 kilometres. The secondary accumulations of tantalite in alluvial/eluvial cover material also occur over a wide area.

Haddington has identified two areas for immediate follow-up evaluation and proposes to undertake staged exploration programs for both primary and secondary tantalite mineralisation in the coming year.

MADOONIA PROSPECT (HDN 100%)

The Madoonia project comprises Exploration Licence E15/665, which is made up of 53 graticular blocks to the North of the Bald Hill Extended Prospect.

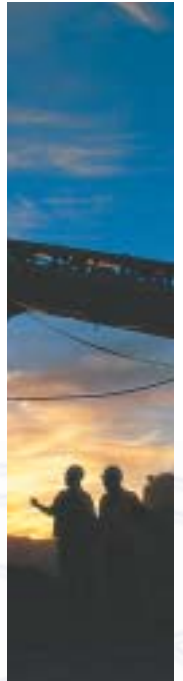
The Madoonia Prospect is in the very early stage of exploration but the presence of pegmatite dykes over a significant strike length indicates that it has the potential to host tantalite mineralisation.

Haddington proposes to commence staged exploration programs to evaluate the potential of the project area to host tantalite and tin mineralisation in the coming year.

THE SINCLAIR PROSPECTS (HDN 100%)

The Sinclair Prospects comprise two Prospecting Licences and an Exploration Licence over an area of approximately 12 square kilometres immediately adjacent to the two Prospecting Licences, approximately 15km north of its Bald Hill Tantalite Project.

The area is in a line of strike with the Bald Hill deposit and is considered by the Company's geologist to be prospective for tantalite bearing pegmatites. Haddington intends to commence basic exploration of the areas in conjunction with its Bald Hill Extended prospect.





[CLICK HERE TO VIEW THE CONTENTS](#)



THE SIAVONGA PROSPECTS (HDN 100%)

Haddington holds an exclusive prospecting licence (PLS 130) covering 2,000 square kilometres in southern Zambia. The Company is actively seeking joint venture or farmout opportunities for this project.

AUSTRALIAN TANTALUM (HDN 100%)

Through its wholly owned subsidiary Australian Tantalum Limited, Haddington holds a 100% interest in 11 tantalum project areas covering centres of historical tantalite production in the Murchison, South West and Pilbara regions of Western Australia, including the promising Paynes Find Project in the Southern Murchison. All of the projects contain pegmatite-hosted tantalum mineralisation.

Haddington will carry out basic reconnaissance on Australian Tantalum's areas in conjunction with its other exploration areas, and will prioritise areas for further, more detailed exploration as results dictate.

NEW DEVELOPMENT OPPORTUNITIES

The Board and management of Haddington continue to look for and review other development and exploration opportunities in the specialty minerals area. The Board has an open mind with regard to the commodities considered in this process. However, it is felt that exploration opportunities should focus on tantalite, while development projects should be medium scale advanced properties, carrying low technical and other risks, and with fast track development potential.





The directors have pleasure in presenting their report together with the financial statements of Haddington International Resources Limited ("Haddington" or "the Company") for the year ended 30 June 2002.

DIRECTORS

The names of the directors of the Company in office at any time during or since the end of the year are:



Colin McCavana - Managing Director, appointed 19 September 1999

Mr McCavana has over 25 years world wide management experience in earthworks, construction and mining industries, many of which have been related to acquisition, development and operation of mineral recovery projects.



John Tarrant - Non executive Director, appointed 15 January 1999

Mr Tarrant has held senior executive positions with a number of mineral exploration and oil and gas companies in Australia and overseas. He has 20 years experience and has worked in London, Melbourne and Perth.



James Pearson - Non executive Director, appointed 29 August 2001

Mr Pearson is a consulting mining engineer based in Perth, with 25 years of experience on projects in Australia and overseas.



Clair Medhurst - Non executive Director, appointed 16 May 2002

Ms Medhurst is a consulting lawyer based in Perth with over 16 years experience in private practice and in corporate positions, advising on mining and energy projects in Australia and overseas.

Jacqueline Tucker - Non executive Director, appointed 15 January 1999, resigned 16 May 2002

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the period was the mining and processing of tantalum concentrate under an agreement with Sons of Gwalia Ltd ("Gwalia") at Gwalia's Bald Hill and Cattlin Creek tantalum deposits.

REVIEW OF OPERATIONS

During the period the consolidated entity's focus was the development of production activities at the Bald Hill Tantalum Project, under a Licence Agreement with Gwalia, and subsequent tantalite concentrate production.

CHANGES TO STATE OF AFFAIRS

During the financial year there was no significant change in the state of affairs of the consolidated entity other than as described below and as referred to in the financial statements or notes thereto:

- (a) During the period, the parent entity acquired 100% of the issued capital of Australian Tantalum Limited.
- (b) The consolidated entity commenced production of tantalite concentrate from its Bald Hill Project in August 2001.



[CLICK HERE TO VIEW THE
CONTENTS](#) 

RESULT OF OPERATIONS

The operating profit after income tax for the year ended 30 June 2002 was \$730,049 (2001: loss \$844,424 - 8 months).

LIKELY DEVELOPMENTS

The consolidated entity has made improvements to its tantalite production facilities at Bald Hill and has increased plant capacity. The consolidated entity aims to maximise returns from Bald Hill production under the licence agreement with Sons of Gwalia. It also plans to continue exploration on its tantalite exploration projects.

DIVIDENDS

In respect of the financial year ended 30 June 2002, the directors recommend the payment of an unfranked dividend of 1.00 cent per share to holders of fully paid ordinary shares on 29 November 2002.

ENVIRONMENTAL REGULATION

The consolidated entity is committed to achieving a high standard of environmental performance. The board is responsible for regular monitoring of environmental exposures and compliance with environmental regulations. The consolidated entity complied with its environmental performance obligations at all times during the period.

AUDIT COMMITTEE

The audit committee consists of the following Directors:

John Tarrant
 Jacqueline Tucker (resigned 16 May 2002)
 Clair Medhurst (appointed 27 June 2002)

The audit committee's business was, at all times during the period, conducted in accordance with the principles set out in the Corporate Governance Statement. The audit committee met twice during the year ended 30 June 2002 and all members of the audit committee as at the date of each meeting were present.

EVENTS SUBSEQUENT TO BALANCE DATE

At the date of this report, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this report or the financial statements, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

INDEMNIFICATION OF OFFICERS AND AUDITORS

The consolidated entity has not, during or since the financial period, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

[CLICK HERE TO VIEW THE
CONTENTS](#)



OPTIONS

During the financial period and up to the date of this report, the Company issued the following options to directors:

| Director | No. Options* | Exercise Price AUD | Expiry Date |
|--------------|--------------|-----------------------|------------------|
| C. McCavana | 1,000,000 | \$0.20 | 31 December 2002 |
| J. Tarrant | 500,000 | \$0.20 | 31 December 2003 |
| J. Tucker | 500,000 | \$0.20 | 31 December 2003 |
| J. Pearson | 500,000 | \$0.20 | 31 December 2003 |
| Executive | | | |
| J. Hannaford | 300,000 | \$0.20 | 31 December 2003 |

* 1 Option = 1 Share

At the date of this report the ordinary shares of the Company under option were:

| Expiry Date | Exercise Price AUD | No. Shares |
|------------------|-----------------------|------------|
| 31 December 2002 | \$0.20 | 1,000,000 |
| 3 June 2004 * | \$0.21 | 36,550 |
| 19 August 2004 * | \$0.26 | 43,860 |
| 26 May 2005 * | \$0.19 | 437,780 |
| 31 December 2003 | \$0.25 | 1,000,000 |
| 31 December 2003 | \$0.20 | 1,800,000 |

* Options convertible into ordinary shares at prices denominated in Canadian dollars. As at the date of this report, the AUD/ CAD exchange rate was 0.86.

DIRECTORS' INTERESTS

The following table sets out the directors relevant interests in shares and options in the Company or a related body corporate as at the date of this report.

| Director | Fully Paid Ordinary Shares | Options |
|----------------|-------------------------------|-----------|
| Colin McCavana | 994,500 | 1,281,640 |
| John Tarrant | 245,090 | 736,550 |
| James Pearson | 150,000 | 500,000 |
| Clair Medhurst | - | - |
| | 1,389,590 | 2,518,190 |

During the year the movement in directors' holdings of options was as set out below:

| Director | Options at the beginning of the year | Options issued | Options exercised | Options lapsed | Options outstanding at the end of the year |
|-------------------|--|----------------|----------------------|-------------------|--|
| Colin McCavana | 281,640 | 1,000,000 | - | - | 1,281,640 |
| John Tarrant | 281,640 | 500,000 | (45,090) | - | 736,550 |
| James Pearson | - | 500,000 | - | - | 500,000 |
| Clair Medhurst | - | - | - | - | - |
| Jacqueline Tucker | 163,036 | 500,000 | (60,156) | (102,880) | 500,000 |



[CLICK HERE TO VIEW THE CONTENTS](#)

DIRECTORS MEETINGS

Of the 11 directors' meetings held during the year ended 30 June 2002 the details of directors attending are as follows:

| Director | Date Appointed | Date Resigned | No. of Meetings Held | No. of Meetings Attended |
|-------------------|----------------|---------------|----------------------|--------------------------|
| Colin McCavana | 19/8/99 | - | 11 | 11 |
| John Tarrant | 15/1/99 | - | 11 | 11 |
| Jacqueline Tucker | 15/1/99 | 16/5/02 | 10 | 10 |
| James Pearson | 29/8/01 | - | 10 | 10 |
| Clair Medhurst | 16/5/02 | - | 1 | 1 |

In addition 4 circular resolutions were passed during the period.

DIRECTORS' AND EXECUTIVES' REMUNERATION

The Directors and Executives are remunerated based on the provision of consulting services provided to the Company for executive management and for their services as Directors and Executive Officers. Directors fees are determined by the Company in general meeting, and other consulting services are set, as described in the Corporate Governance Statement.

Details of remuneration provided to Directors and Executives during the financial period are as follows:

| Director | Consulting Services/ Salaries \$ | Options** \$ | Directors Fees \$ | Total \$ |
|-------------------|-------------------------------------|-----------------|----------------------|-------------|
| Colin McCavana | 205,203 | 31,700 | - | 236,903 |
| John Tarrant | 36,000 | 20,000 | - | 56,000 |
| Jacqueline Tucker | - | 20,000 | 25,000 | 45,000 |
| Clair Medhurst | 5,280 * | - | 2,083 | 7,363 |
| James Pearson | 51,920 | 20,000 | 18,750 | 90,670 |
| Executives | | | | |
| Colin McCavana | 205,203 | 31,700 | - | 236,903 |

* Clair Medhurst provided these services prior to being appointed as a director.

** The value of options issued to directors during the year has been estimated by the directors with reference to Black and Scholes Option Pricing Formula using the share price at the date of issue of the options.

Signed in accordance with a resolution of the Directors made pursuant to Section 298(2) of the Corporations Act 2001.

On behalf of the Directors,

Colin McCavana
Director

Dated at Perth on this 26th day of September, 2002.



During the period the Directors followed Corporate Governance Guidelines as set out below, outlining the main corporate governance policies which the Directors have adopted.

Role of the Board

The Board's primary role is the protection and enhancement of long-term shareholder value. To fulfill this role, the Board is responsible for the overall corporate governance of the Company, including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Board Processes

The Board has established a number of committees of the Board including a Remuneration Committee and an Audit Committee. The effectiveness of each committee is periodically monitored. The Board has also established a framework for the management of the Company including a system of internal control and the establishment of appropriate ethical standards.

The full Board currently holds several meetings each period, as may be necessary to address any specific significant matters that may arise.

The Board conducts an annual review of its processes to ensure that it is able to carry out its functions in the most effective manner.

Composition of the Board

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

- the Board should comprise at least three directors. This number may be increased where it is felt that additional expertise is required in specific areas;
- the Board should include at least one independent non-executive director.

The Board has accepted the following definition of an independent director:

An independent director is a director who is not a member of management (a non-executive director) and who:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- has not within the last three years been employed in an executive capacity by the Company or been a director after ceasing to hold any such employment;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company;
- The Board should comprise directors with a broad range of expertise both nationally and internationally

Directors should serve for a maximum of ten years and all directors should retire by the age of 70.

The composition of the Board is reviewed on an annual basis to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Board will appoint a suitable candidate who must stand for election at the next general meeting.

Director Dealings in Company Shares

The Constitution permits Directors to acquire shares in the Company. Company policy prohibits directors from dealing in Company shares whilst in possession of price sensitive information.

Directors must notify the Company Secretary once they have bought or sold shares in the Company or exercised options or warrants over ordinary shares. In accordance with the provisions of the Corporations Act 2001 and the regulations of the Australian Stock Exchange, directors are responsible to advise the ASX of any transactions conducted by them in shares in the Company.



Independent professional advice

Each Director has the right to seek independent professional advice at the Company's expense. However, prior approval of the Chairman is required, which is not unreasonably withheld. A copy of advice received by the director must be made available to all other members of the Board.

Remuneration Committee

The role of the Remuneration Committee is to review remuneration packages and policies applicable to the Managing Director, senior executives and directors themselves. This role also includes responsibility for share option schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements, fringe benefits policies and professional indemnity and liability insurance policies. Remuneration levels are competitively set to attract and retain the most qualified and experienced directors and senior executives. The Remuneration Committee obtains independent advice on the appropriateness of remuneration packages.

The Remuneration Committee meets as required.

Audit Committee

The Audit Committee must include at least one current non-executive director. The role of the Committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the consolidated entity.

It also gives the Board of Directors additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies for financial reporting.

The internal and external auditors and other advisors and management are invited to Audit Committee meetings at the discretion of the Committee.

The responsibilities of the Audit Committee include:

- reviewing the financial report and other financial information distributed externally;
- reviewing any new accounting policies to ensure compliance with applicable accounting standards and generally accepting accounting principles;
- reviewing external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified appropriate and prompt remedial action is taken by management;
- liaising with the external auditors and ensuring that the annual statutory audits are conducted in an effective manner;
- monitoring the establishment of an appropriate internal control framework and considering enhancements;
- monitoring the establishment of appropriate ethical standards;
- monitoring the procedures in place to ensure compliance with the Corporations Act 2001 and Stock Exchange Listing Rules and all other regulatory requirements;
- addressing any matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investments Commission, Australian Stock Exchange and financial institutions;
- reviewing reports on any major defalcations, frauds and thefts from the Company;
- improving the quality of the accounting function;
- reviewing the declaration from the Company Secretary on compliance with statutory responsibilities.

[CLICK HERE TO VIEW THE
CONTENTS](#)



The Audit Committee reviews the performance of the external auditors on an annual basis and meets with them during the year as necessary.

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 has instigated an internal control framework, the objective of which is to minimise the risk of the occurrence of errors and irregularities.

Ethical Standards

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

The Role of Shareholders

The Board of Directors aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders as follows:

- annual financial reports distributed to all shareholders;
- other financial reports are sent to any shareholder who request them;
- proposed major changes in the Company which may impact on share ownership rights are submitted to a vote of shareholders;
- notices of all meetings of shareholders.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions.

The shareholders are requested to vote on the appointment and aggregate remuneration of directors, the granting of options and shares to directors and changes to the Constitution. Copies of the Constitution are available to any shareholder who requests it.



[CLICK HERE TO VIEW THE
CONTENTS](#)

| | Note | Consolidated | | Company | |
|--|------|-------------------------------------|---|-------------------------------------|---|
| | | Year ended 30 June 2002 \$ | 8 Month period ended 30 June 2001 \$ | Year ended 30 June 2002 \$ | 8 Month period ended 30 June 2001 \$ |
| Revenues from ordinary activities | 2 | 7,848,597 | 87,171 | 7,848,620 | 87,171 |
| Mining, crushing and processing costs | | (4,246,685) | - | (4,246,685) | - |
| Changes in inventories of ore and finished goods | | 273,861 | - | 273,861 | - |
| Government royalties | | (187,984) | - | (187,984) | - |
| Hire purchase interest expense | | (61,158) | (104) | (61,136) | (104) |
| Salaries, wages and consulting fees | | (1,472,712) | (197,886) | (1,471,569) | (197,886) |
| Occupancy, office and administrative expenses | | (432,399) | (66,743) | (432,135) | (66,743) |
| Write down of mineral properties | | (6,316) | (508,234) | (6,316) | (508,234) |
| Depreciation and amortisation | | (744,834) | (8,164) | (744,834) | (8,164) |
| Corporate expenditure and professional fees | | (114,240) | (118,134) | (103,064) | (118,134) |
| Other expenses from ordinary activities | | (34,839) | (32,330) | (40,699) | (32,330) |
| Profit/(Loss) from ordinary activities before income tax expense | | 821,291 | (844,424) | 828,059 | (844,424) |
| Income tax expense relating to ordinary activities | 4 | (91,242) | - | (93,378) | - |
| Profit/(Loss) from ordinary activities after related income tax expense | | 730,049 | (844,424) | 734,681 | (844,424) |
| Total changes in equity other than those resulting from transactions with owners as owners | | 730,049 | (844,424) | 734,681 | (844,424) |
| Basic profit/(loss) per share (cents per share) | 3 | 2.0 | (2.9) | | |
| Diluted profit/(loss) per share (cents per share) | 3 | 1.8 | (2.7) | | |

The Statement of Financial Performance is to be read in conjunction with the notes to the financial statements set out pages 21 to 41.

[CLICK HERE TO VIEW THE
CONTENTS](#)



| | Note | Consolidated | | Company | |
|--------------------------------------|------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | 30 June 2002 \$ | 30 June 2001 \$ | 30 June 2002 \$ | 30 June 2001 \$ |
| CURRENT ASSETS | | | | | |
| Cash assets | 5 | 417,890 | 1,716,393 | 417,890 | 1,716,393 |
| Receivables | 6 | 1,208,239 | 344,872 | 1,205,829 | 344,872 |
| Inventories | 7 | 664,345 | 225,872 | 664,345 | 225,872 |
| Deposits and prepayments | 8 | 34,280 | 30,110 | 33,522 | 30,110 |
| Other receivables | 9 | - | - | 46,771 | - |
| TOTAL CURRENT ASSETS | | 2,324,754 | 2,317,247 | 2,368,357 | 2,317,247 |
| NON-CURRENT ASSETS | | | | | |
| Investments | 10 | 1,759 | 3,358 | 401,759 | 3,358 |
| Property, plant and equipment | 11 | 874,840 | 51,687 | 874,840 | 51,687 |
| Mineral properties | 12 | 4,861,709 | 4,071,158 | 4,406,458 | 4,071,158 |
| TOTAL NON-CURRENT ASSETS | | 5,738,308 | 4,126,203 | 5,683,057 | 4,126,203 |
| TOTAL ASSETS | | 8,063,062 | 6,443,450 | 8,051,414 | 6,443,450 |
| CURRENT LIABILITIES | | | | | |
| Accounts payable | 13 | 1,444,149 | 1,310,212 | 1,425,733 | 1,310,212 |
| Hire purchase liabilities | 14 | 136,989 | 96,220 | 136,989 | 96,220 |
| Provisions | 15 | 576,219 | 15,956 | 576,219 | 15,956 |
| Deferred tax liabilities | 16 | 91,242 | - | 93,378 | - |
| TOTAL CURRENT LIABILITIES | | 2,248,599 | 1,422,388 | 2,232,319 | 1,422,388 |
| NON CURRENT LIABILITIES | | | | | |
| Hire purchase liabilities | 17 | 493,323 | 550,948 | 493,323 | 550,948 |
| Provisions | 18 | 11,012 | 2,430 | 11,012 | 2,430 |
| TOTAL NON CURRENT LIABILITIES | | 504,335 | 553,378 | 504,335 | 553,378 |
| TOTAL LIABILITIES | | 2,752,934 | 1,975,766 | 2,736,654 | 1,975,766 |
| NET ASSETS | | 5,310,128 | 4,467,684 | 5,314,760 | 4,467,684 |
| EQUITY | | | | | |
| Contributed equity | 20 | 5,799,043 | 5,312,108 | 5,799,043 | 5,312,108 |
| Accumulated losses | 21 | (488,915) | (844,424) | (484,283) | (844,424) |
| TOTAL EQUITY | | 5,310,128 | 4,467,684 | 5,314,760 | 4,467,684 |

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 21 to 41.



[CLICK HERE TO VIEW THE
CONTENTS](#)

| | Note | Consolidated | | Company | |
|---|-------|-------------------------------------|---|-------------------------------------|---|
| | | Year ended 30 June 2002 \$ | 8 Months ended 30 June 2001 \$ | Year ended 30 June 2002 \$ | 8 Months ended 30 June 2001 \$ |
| Cash flows from operating activities | | | | | |
| Receipts from customers | | 6,885,101 | - | 6,883,741 | - |
| Interest received | | 25,748 | 87,067 | 25,748 | 87,067 |
| Interest paid | | (61,190) | - | (61,168) | - |
| Payments to suppliers and employees | | (5,215,803) | (944,560) | (5,214,154) | (944,560) |
| Net cash from / (used in) operating activities | 28(b) | 1,633,856 | (857,493) | 1,634,167 | (857,493) |
| Cash flows from investing activities | | | | | |
| Expenditure on development | | (2,720,056) | (1,536,913) | (2,719,256) | (1,536,913) |
| Expenditure on exploration | | (154,914) | (266,769) | (109,254) | (266,769) |
| Expenditure on property, plant and equipment | | (39,903) | (59,851) | (39,903) | (59,851) |
| Proceeds from sale of fixed assets | | 1,000 | - | 1,000 | - |
| Payment for business | | (26,550) | - | (26,550) | - |
| Net cash used in investing activities | | (2,940,423) | (1,863,533) | (2,893,963) | (1,863,533) |
| Cash flows from financing activities | | | | | |
| Proceeds from issue of shares | | 8,415 | 4,278,454 | 8,415 | 4,278,454 |
| Borrowings to subsidiary company | | - | - | (46,771) | - |
| Net cash provided by financing activities | | 8,415 | 4,278,454 | (38,356) | 4,278,454 |
| Net increase / (decrease) in cash held | | (1,298,152) | 1,557,468 | (1,298,152) | 1,557,468 |
| Effects of exchange rate changes on the balance of cash held in foreign currency | | (351) | (640) | (351) | (640) |
| Cash at the beginning of the financial year | | 1,716,393 | 159,565 | 1,716,393 | 159,565 |
| Cash at the end of the financial year | 28(a) | 417,890 | 1,716,393 | 417,890 | 1,716,393 |

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 21 to 41.



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

The financial report is a general purpose financial report which has been drawn up in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. They have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets.

The accounting policies are consistent with those of the previous year.

(b) Taxation

Income Tax

The Company adopts the liability method of tax effect accounting.

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

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

(c) Non-current assets

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

(d) Accounts payable

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company.

(e) Employee entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Executive share option plan

The Company granted options to certain executives under an executive share option plan. Further information is set out in Note 25 to the financial statements. Other than the costs incurred in administering the schemes which are expensed as incurred, the scheme does not result in any expense to the Company.



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Inventories

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

Mining activities

Cost is allocated on an average basis and includes direct material, labour, related transportation costs to the point of sale and other fixed and variable overhead costs directly related to mining activities.

Net realisable value

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

(g) 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 written off to the extent that they will not be recoverable in the future.

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.

Depreciation is charged over the shorter of the expected useful life of the physical assets, or the life of the mine. Depreciation is calculated on a straight line basis so as to write off the net cost over its expected useful life. Depreciation commences at the time the asset is ready for use. The following estimated useful lives are used in the calculation of depreciation: Motor Vehicles 3-5 years; Office Equipment 5 years; Plant & Equipment 3 –10 years.

Provisions are made for mine site rehabilitation and restoration on an incremental basis during the course of mine life (which includes 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:

- (i) uncertainty as to the remaining life of existing operations;
- (ii) the impact of changes in environmental legislation.

Assumptions have been made as to the remaining life of existing sites based on studies conducted by independent technical advisors. Such studies are conducted at least once in every 3 year period.



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Depreciation

Depreciation is charged over the shorter of the expected useful life of the physical assets, or the life of the mine. Depreciation is calculated on a straight line basis so as to write off the net cost over its expected useful life. Depreciation commences at the time the asset is ready for use. The following estimated useful lives are used in the calculation of depreciation; Motor Vehicles 3 -5 years; Office Equipment 5 years; Plant & Equipment 3 -10 years.

(i) Financial Instruments Issued by the Company

Transaction Costs on the Issue of Equity Instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and Dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the Statement of Financial Position classification of the related debt or equity instruments or component parts of compound instruments.

(j) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services (GST), except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority or recognised as part of the cost of acquisition of an asset or as part of an item of expense, or
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

(k) Receivables

Trade receivables and other receivables are recorded at amounts due less any provision for doubtful debts.

(l) Revenue Recognition

Sale of Goods

Revenue from the sale of goods is recognised when the Company has passed control of the goods or other assets to the buyer.

Interest Income

Interest income is recognised as it accrues.



[CLICK HERE TO VIEW THE
CONTENTS](#) 

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Principles of Consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the parent company (the parent entity) and its controlled entities as defined in Accounting Standard AASB 1024 'Consolidated Accounts'. A list of controlled entities appears in note 27 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each controlled entity from the date on which the company obtains control and until such time as the company ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(n) Comparative Figures

In May 2001, the Company changed its financial year end to 30 June annually. As a consequence the comparative figures are in respect of the eight month period ended 30 June 2001.

(o) Provision for rehabilitation

The consolidated entity has made provision for the estimated costs of rehabilitation of the Bald Hill mine site and processing plant following completion of the tantalite processing activities at the Bald Hill site. The provision has been accrued in accordance with the stage of depletion of the mineable resource.

[CLICK HERE TO VIEW THE](#)
C O N T E N T S



| | Consolidated | | Company | |
|--|-------------------------------|--------------------------------------|-------------------------------|--------------------------------------|
| | Year ended 30 June 2002 | 8 Months ended 30 June 2001 | Year ended 30 June 2002 | 8 Months ended 30 June 2001 |
| | \$ | \$ | \$ | \$ |

2. PROFIT/(LOSS) FROM ORDINARY ACTIVITIES

Profit/(Loss) from ordinary activities before income tax has been determined after:

(a) Operating revenue:

| | | | | |
|-------------------------------|-----------|--------|-----------|--------|
| Sales of tantalum concentrate | 7,473,482 | - | 7,473,505 | - |
| Diesel fuel rebate received | 349,367 | - | 349,367 | - |
| Interest received | 25,748 | 87,171 | 25,748 | 87,171 |
| | 7,848,597 | 87,171 | 7,848,620 | 87,171 |

(b) Expenses

| | | | | |
|---|---------|---------|---------|---------|
| Hire purchase interest expense | 61,158 | 104 | 61,136 | 104 |
| Loss on sale of fixed assets | 723 | - | 723 | - |
| Corporate and professional fees | 114,240 | 33,572 | 103,064 | 33,572 |
| Foreign exchange loss | 304 | 640 | 304 | 640 |
| Write down of resource properties | 6,316 | 508,234 | 6,316 | 508,234 |
| Depreciation of property, plant and equipment | 108,015 | 8,164 | 108,015 | 8,164 |
| Amortisation of development expenditure | 636,819 | - | 636,819 | - |

| | Consolidated | |
|--|-----------------|-----------------|
| | 2002 | 2001 (8 months) |
| | Cents per share | Cents per share |

3. EARNINGS PER SHARE

| | | |
|-----------------------------------|-----|-------|
| Basic earnings (loss) per share | 2.0 | (2.9) |
| Diluted earnings (loss) per share | 1.8 | (2.7) |

Basic earnings per share:

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

| | 2002 | 2001 |
|--|------------|-------------|
| Earnings (loss) (a) | \$730,049 | (\$844,424) |
| | No. | No. |
| Weighted average number of ordinary shares (b) | 36,494,647 | 28,628,835 |

(a) Earnings used in the calculation of basic earnings per share reconciles to net profit in the statement of financial performance as follows:

| | 2002 | 2001 |
|--|-----------|-------------|
| Net profit (loss) | \$730,049 | (\$844,424) |
| Earnings (loss) used in the calculation of basic EPS | \$730,049 | (\$844,424) |



[CLICK HERE TO VIEW THE
CONTENTS](#)

3. EARNINGS PER SHARE (cont'd)

(b) The options are considered to be potential ordinary shares and are therefore excluded from the weighted average number of ordinary shares used in the calculation of basic earnings per share. Where dilutive, potential ordinary shares are included in the calculation of diluted earnings per share (refer below).

Diluted earnings per Share

The earnings and weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share are as follows:

| | 2002 | 2001 |
|--|------------|-------------|
| Earnings (a) | \$730,049 | (\$844,424) |
| | No. | No. |
| Weighted average number of ordinary shares and potential ordinary shares (b) | 39,750,866 | 31,373,677 |

(a) Earnings used in the calculation of diluted earnings per share reconciles to net profit in the statement of financial performance as follows:

| | 2002 | 2001 |
|---|-----------|-------------|
| Net profit (loss) | \$730,049 | (\$844,424) |
| Earnings used in the calculation of diluted EPS | \$730,049 | (\$844,424) |

(b) Weighted average number of ordinary shares used in the calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

| | 2002 No. | 2001 No. |
|---|-------------|-------------|
| Weighted average number of ordinary shares used in the calculation of basic EPS | 36,494,647 | 28,628,835 |
| Options | 3,256,219 | 2,744,842 |
| Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted EPS | 39,750,866 | 31,373,677 |

| | Consolidated | | Company | |
|------|-------------------------------|--------------------------------------|-------------------------------|--------------------------------------|
| | Year ended 30 June 2002 | 8 Months ended 30 June 2001 | Year ended 30 June 2002 | 8 Months ended 30 June 2001 |
| Note | \$ | \$ | \$ | \$ |

4. INCOME TAX

(a) Income Tax Benefit

| | | | | |
|---|-----------|-----------|-----------|-----------|
| Prima facie income tax/(tax benefit) calculated at 30% on the operating profit / (loss) (2001: 34%) | 246,387 | (287,105) | 248,418 | (287,105) |
| Increase (decrease) in income tax/(tax benefit) due to non assessable/non tax deductible items: | | | | |
| - Legal fees | - | (1,488) | - | (1,488) |
| - Entertainment | 17 | - | 17 | - |
| - Write down resource properties | 1,895 | 172,800 | 1,895 | 172,800 |
| - Foreign exchange loss | - | 218 | 105 | 218 |
| Tax benefit taken to account | (157,057) | - | (157,057) | - |
| Future income tax benefit not taken to account | - | 115,575 | - | 115,575 |
| Income Tax Expense | 91,242 | - | 93,378 | - |



| | Note | Consolidated | | Company | |
|--|------|-------------------------------------|--|-------------------------------------|--|
| | | Year ended 30 June 2002 \$ | 8 Months ended 30 June 2001 \$ | Year ended 30 June 2002 \$ | 8 Months ended 30 June 2001 \$ |
| 4. INCOME TAX (Cont'd) | | | | | |
| (b) The directors estimate that at 30 June 2002 the potential future income tax benefit in respect of tax losses not taken to account (at 30%) is: | | - | 157,057 | - | 157,057 |
| (c) The benefit of future income tax benefit not brought to account will only be obtained if: | | | | | |
| (i) future assessable income is derived of a nature and an amount sufficient to enable the benefit from the tax losses to be realised; | | | | | |
| (ii) the conditions for deductibility imposed by tax legislation continue to be complied with; and | | | | | |
| (iii) no changes in tax legislation adversely affect the realization of the benefit from the deductions for the losses. | | | | | |
| 5. CASH ASSETS | | | | | |
| Cash at bank and on hand | | 417,890 | 1,716,393 | 417,890 | 1,716,393 |
| A total of \$175,000 (2001: \$175,000) included in cash at bank is held as a bond in favour of the Department of Mineral and Petroleum Resources in respect of rehabilitation bonds for the Bald Hill tantalite project. | | | | | |
| 6. RECEIVABLES | | | | | |
| Trade and other receivables | | 1,173,659 | 29,766 | 1,173,659 | 29,766 |
| Goods and services tax recoverable | | 34,580 | 315,106 | 32,170 | 315,106 |
| | | 1,208,239 | 344,872 | 1,205,829 | 344,872 |
| 7. INVENTORIES | | | | | |
| Ore stockpile – at cost | | 533,441 | 225,872 | 533,441 | 225,872 |
| Tantalite concentrate on hand – at cost | | 46,126 | - | 46,126 | - |
| Fuel and spares – at cost | | 84,778 | - | 84,778 | - |
| | | 664,345 | 225,872 | 664,345 | 225,872 |
| 8. DEPOSITS AND PREPAYMENTS | | | | | |
| Security deposit | | 1,755 | 5,661 | 955 | 5,661 |
| Prepayments and other | | 32,525 | 24,449 | 32,567 | 24,449 |
| | | 34,280 | 30,110 | 33,522 | 30,110 |



[CLICK HERE TO VIEW THE
CONTENTS](#)

| | Consolidated | | Company | |
|--|-------------------------------|--------------------------------------|-------------------------------|--------------------------------------|
| | Year ended 30 June 2002 | 8 Months ended 30 June 2001 | Year ended 30 June 2002 | 8 Months ended 30 June 2001 |
| | \$ | \$ | \$ | \$ |

9. OTHER CURRENT RECEIVABLES

| | | | | |
|---|---|---|--------|---|
| Loans to subsidiary company (interest free) | - | - | 46,771 | - |
|---|---|---|--------|---|

10. INVESTMENTS

| | | | | |
|--------------------------------------|-------|-------|---------|-------|
| Listed investments at market value | 1,759 | 3,358 | 1,759 | 3,358 |
| Shares in subsidiary company at cost | - | - | 400,000 | - |
| | 1,759 | 3,358 | 401,759 | 3,358 |

11. PROPERTY, PLANT AND EQUIPMENT

| | Consolidated and Company | | | Total \$ |
|---------------------------------------|--------------------------|---------------------------|----------------------------|-------------|
| | Motor vehicles \$ | Office equipment \$ | Plant & equipment \$ | |
| Gross carrying amount | | | | |
| Balance at 30 June 2001 | - | 59,851 | - | 59,851 |
| Transfer from Development expenditure | 235,322 | - | 309,462 | 544,784 |
| Additions | 23,505 | 37,219 | 327,355 | 388,079 |
| Disposals | - | (1,972) | - | (1,972) |
| Balance at 30 June 2002 | 258,827 | 95,098 | 636,817 | 990,742 |
| Accumulated depreciation | | | | |
| Balance at 30 June 2001 | - | 8,164 | - | 8,164 |
| Depreciation expense | 68,536 | 26,489 | 12,990 | 108,015 |
| Disposals | - | (277) | - | (277) |
| Balance at 30 June 2002 | 68,536 | 34,376 | 12,990 | 115,902 |
| Net book value | | | | |
| As at 30 June 2001 | - | 51,687 | - | 51,687 |
| As at 30 June 2002 | 190,291 | 60,722 | 623,827 | 874,840 |

[CLICK HERE TO VIEW THE
CONTENTS](#)



| | Consolidated | | Company | |
|--|-------------------------------|--------------------------------------|-------------------------------|--------------------------------------|
| | Year ended 30 June 2002 | 8 Months ended 30 June 2001 | Year ended 30 June 2002 | 8 Months ended 30 June 2001 |
| | \$ | \$ | \$ | \$ |
| 12. MINERAL PROPERTIES | | | | |
| (a) Exploration and evaluation expenditure at cost: | | | | |
| Carried forward from previous period | 227,026 | 1,067,625 | 227,026 | 1,067,625 |
| Incurred during the period | 174,056 | 266,769 | 118,392 | 266,769 |
| Exploration properties held by subsidiary acquired during the period | 399,587 | - | - | - |
| | 800,669 | 1,334,394 | 345,418 | 1,334,394 |
| Written off during the period | (6,136) | (508,234) | (6,136) | (508,234) |
| Transferred to Development expenditure | - | (599,134) | - | (599,134) |
| Exploration expenditure carried forward to subsequent periods (b) | 794,533 | 227,026 | 339,282 | 227,026 |
| Development expenditure at cost: | | | | |
| Carried forward from previous period | 3,844,132 | - | 3,844,132 | - |
| Transferred in from exploration and evaluation | - | 599,134 | - | 599,134 |
| Transferred to property, plant and equipment | (544,784) | - | (544,784) | - |
| Incurred during the year | 1,404,647 | 3,244,998 | 1,404,647 | 3,244,998 |
| Development expenditure carried forward to subsequent periods | 4,703,995 | 3,844,132 | 4,703,995 | 3,844,132 |
| Amortisation carried forward from previous period | - | - | - | - |
| Amortisation incurred during the year | 636,819 | - | 636,819 | - |
| Accumulated amortisation at the end of the year | 636,819 | - | 636,819 | - |
| Total development expenditure (b) | 4,067,176 | 3,844,132 | 4,067,176 | 3,844,132 |
| Total mineral properties | 4,861,709 | 4,071,158 | 4,406,458 | 4,071,158 |

(b) The recovery of the costs of expenditure carried forward is dependent upon the discovery of commercially viable mineral and other natural resource deposits and their development and exploitation or alternatively their sale.

The Company's title to certain mining tenements is subject to Ministerial approval and may be subject to successful outcomes of native title issues. (Refer Note 31)

Amortisation of development costs commenced during the period on the basis of tantalite production as a percentage of remaining resources.



[CLICK HERE TO VIEW THE
CONTENTS](#)

| | Consolidated | | Company | |
|---|-------------------------------------|--|-------------------------------------|--|
| | Year ended 30 June 2002 \$ | 8 Months ended 30 June 2001 \$ | Year ended 30 June 2002 \$ | 8 Months ended 30 June 2001 \$ |
| 13. ACCOUNTS PAYABLE | | | | |
| Trade creditors and accruals | 1,444,149 | 1,310,212 | 1,425,733 | 1,310,212 |
| 14. HIRE PURCHASE LIABILITIES - CURRENT | | | | |
| Hire purchase liabilities (Note 33) | 136,989 | 96,220 | 136,989 | 96,220 |
| Secured by assets subject to hire purchase, the current market value of which exceeds the value of the liability. | | | | |
| 15. PROVISIONS - CURRENT | | | | |
| Subscriptions received | - | 12,131 | - | 12,131 |
| Employee entitlement provisions | 31,163 | 8,435 | 31,163 | 8,435 |
| Provision for royalty | 58,069 | - | 58,069 | - |
| Provision for dividend | 374,540 | - | 374,540 | - |
| Other current liabilities | 112,447 | (4,610) | 112,447 | (4,610) |
| | 576,219 | 15,956 | 576,219 | 15,956 |
| 16. DEFERRED TAX LIABILITIES | | | | |
| Deferred income tax | 91,242 | - | 93,378 | - |
| The provision for deferred income tax has been reduced by future income tax benefit by the amount of: | | | | |
| | 61,705 | - | 59,569 | - |
| 17. HIRE PURCHASE LIABILITIES - NON CURRENT | | | | |
| Hire Purchase liabilities (Note 33) | 493,323 | 550,948 | 493,323 | 550,948 |
| Secured by assets subject to hire purchase, the current market value of which exceeds the value of the lease liability. | | | | |
| 18. PROVISIONS - NON CURRENT | | | | |
| Long service leave provision | 11,012 | 2,430 | 11,012 | 2,430 |

[CLICK HERE TO VIEW THE
CONTENTS](#)



| | Consolidated | | Company | |
|--|-------------------------------|--------------------------------------|-------------------------------|--------------------------------------|
| | Year ended 30 June 2002 | 8 Months ended 30 June 2001 | Year ended 30 June 2002 | 8 Months ended 30 June 2001 |
| | \$ | \$ | \$ | \$ |
| 19. EMPLOYEE ENTITLEMENTS | | | | |
| The aggregate employee entitlement liability recognised and included in the financial statements is as follows : | | | | |
| Provision for employee entitlements : | | | | |
| Current (note 15) | 31,163 | 8,435 | 31,163 | 8,435 |
| Non current (note 18) | 11,012 | 2,430 | 11,012 | 2,430 |
| | 42,175 | 10,865 | 42,175 | 10,865 |
| Number of employees at the end of the financial period | 13 | 7 | 13 | 7 |

20. CONTRIBUTED EQUITY

| | | | | |
|--|-----------|-------------|-----------|-------------|
| Issued and paid up capital 37,454,097 (2001: 35,348,851) ordinary shares, fully paid | 5,799,043 | 5,312,108 | 5,799,043 | 5,312,108 |
| Movements in share capital: | | | | |
| Balance at the beginning of the financial year | 5,312,108 | 7,700,138 | 5,312,108 | 7,700,138 |
| Shares issued: | | | | |
| • Exercise of 3,704,974 warrants at C\$ 0.15 per share | - | 647,845 | - | 647,845 |
| • Issue of 17,550,615 Shares at \$ 0.20 each pursuant to Prospectus | - | 3,510,123 | - | 3,510,123 |
| • Cost of issue of shares pursuant to Prospectus | - | (379,474) | - | (379,474) |
| • Issue of 2,000,000 shares at \$0.185 each to acquire subsidiary company | 370,000 | - | 370,000 | - |
| • Issue of 105,246 shares on exercise of options | 20,445 | - | 20,445 | - |
| • Reversal of costs associated with previous share issue | 96,490 | - | 96,490 | - |
| • Issue of 2,500,000 shares at \$0.20 each pursuant to a private placement | - | 500,000 | - | 500,000 |
| • Issue of 87,500 shares in settlement of a legal dispute | - | 17,500 | - | 17,500 |
| • Reduction of capital as approved by shareholders on 15 June 2001 (Ref Note 21 (a)) | - | (6,684,024) | - | (6,684,024) |
| Balance at the end of the period | 5,799,043 | 5,312,108 | 5,799,043 | 5,312,108 |

Amounts identified as C\$ are Canadian Dollars



[CLICK HERE TO VIEW THE
CONTENTS](#)

20. CONTRIBUTED EQUITY (Cont'd)

| | NO. | 2002 \$ | NO. | 2001 \$ |
|--|------------|------------|------------|-------------|
| Ordinary shares | | | | |
| Balance at the beginning of the year | 35,348,851 | 5,312,108 | 11,505,762 | 7,700,138 |
| Issue pursuant to prospectus | - | - | 17,550,615 | 3,510,123 |
| Costs of prospectus issue | - | - | - | (379,474) |
| Issue pursuant to private placement | - | - | 2,500,000 | 500,000 |
| Issue on conversion of options | 105,246 | 20,445 | - | - |
| Issue as consideration for acquisition of subsidiary | 2,000,000 | 370,000 | - | - |
| Issue on conversion of warrants | - | - | 3,704,974 | 647,845 |
| Issue in satisfaction of legal claim | - | - | 87,500 | 17,500 |
| Reversal of costs associated with previous share issue | - | 96,490 | - | - |
| Reduction of capital | - | - | - | (6,684,024) |
| | 37,454,097 | 5,799,043 | 35,348,851 | 5,312,108 |

Fully paid ordinary shares carry one vote per share and carry the right to dividends

Options

The Company had on issue the following options as at 30 June 2002 issued to Directors and Employees of the Company pursuant to the "Haddington Resources Ltd Stock Option Plan":

| Number | Exercise Price | Expiry Date |
|---------|----------------|----------------|
| 35,350 | C\$0.18 | 3 June 2004 |
| 43,860 | C\$0.22 | 19 August 2004 |
| 437,780 | C\$0.16 | 26 May 2006 |

Note that exercise prices noted as "C\$" are denominated in Canadian dollars. As at the date of this report the exchange rate was C\$0.86 = A\$1.00.

The Company had on issue the following options as at 30 June 2002 issued outside the stock option plan.

| Number | Exercise Price | Expiry Date |
|-----------|----------------|------------------|
| 1,000,000 | \$0.20 | 31 December 2002 |
| 1,000,000 | \$0.25 | 31 December 2003 |
| 1,800,000 | \$0.20 | 31 December 2003 |

The movement in the options on issue during the year is set out below:

| Exercise price | Expiry Date | Options at the beginning of the year | Options issued | Options exercised | Options lapsed | Options outstanding at the end of the year |
|----------------|------------------|--------------------------------------|----------------|-------------------|----------------|--|
| C\$0.18 | 3 June 2004 | 58,480 | - | - | (21,930) | 36,550 |
| C\$0.22 | 19 August 2004 | 43,860 | - | - | - | 43,860 |
| C\$0.16 | 26 May 2006 | 623,976 | - | (105,246) | (80,950) | 437,780 |
| \$0.20 | 31 December 2002 | - | 1,000,000 | - | - | 1,000,000 |
| \$0.25 | 31 December 2003 | - | 1,000,000 | - | - | 1,000,000 |
| \$0.20 | 31 December 2003 | - | 1,800,000 | - | - | 1,800,000 |



| | Consolidated | | Company | |
|---|-------------------------------|--------------------------------------|-------------------------------|--------------------------------------|
| | Year ended 30 June 2002 | 8 Months ended 30 June 2001 | Year ended 30 June 2002 | 8 Months ended 30 June 2001 |
| | \$ | \$ | \$ | \$ |
| 21. ACCUMULATED LOSSES | | | | |
| Accumulated losses at the beginning of the period | (844,424) | (6,684,024) | (844,424) | (6,684,024) |
| Net profit/(loss) for the period | 730,049 | (844,424) | 734,681 | (844,424) |
| Dividend provided for | (374,540) | - | (374,540) | - |
| Losses applied against share capital (a) | - | 6,684,024 | - | 6,684,024 |
| Accumulated losses at the end of the period | (488,915) | (844,424) | (484,283) | (844,424) |

(a) Following resolution of the shareholders of the Company on 15 June 2001 the accumulated losses of the Company as at 31 October 2001 totalling \$6,684,024 were applied against contributed capital as a reduction in capital. (Refer Note 20).

22. DIRECTORS' AND EXECUTIVES REMUNERATION

(a) The numbers of directors whose incomes from the Company or a related entity were within the specified bands are as follows:

| \$ | No. | No. |
|-------------------|-----|-----|
| 0 - 9,999 | 1 | - |
| 10,000 - 19,999 | - | 1 |
| 20,000 - 29,999 | 1 | - |
| 30,000 - 39,999 | 1 | 1 |
| 70,000 - 79,999 | 1 | - |
| 120,000 - 129,999 | - | 1 |
| 200,000 - 209,999 | 1 | - |

The aggregate income paid or payable, or otherwise made available, in respect of the financial year, to all directors of the Company, directly or indirectly, by the Company or by any related party.

\$344,236 \$173,906

The aggregate income paid or payable, or otherwise made available, in respect of the financial year, to all directors of each entity of the consolidated entity, directly or indirectly, by the Company or by any related party.

\$344,236 \$173,906

(b) Remuneration of Executives

The aggregate remuneration of all executive officers of the Company, including the Directors as disclosed in Note 22(a), working mainly in Australia and receiving \$100,000 or more from the Company or from any related party.

\$205,203 \$129,250



[CLICK HERE TO VIEW THE
CONTENTS](#)

| | Consolidated | | Company | |
|--|-------------------------------|--------------------------------------|-------------------------------|--------------------------------------|
| | Year ended 30 June 2002 | 8 Months ended 30 June 2001 | Year ended 30 June 2002 | 8 Months ended 30 June 2001 |
| | \$ | \$ | \$ | \$ |

22. DIRECTORS' AND EXECUTIVES REMUNERATION (Cont'd)

The aggregate remuneration of all executive officers of each entity in the consolidated entity, including the Directors as disclosed in Note 22(a), working mainly in Australia and receiving \$100,000 or more from the entity or which they are executive or from any related party.

| | | |
|--|-----------|-----------|
| | \$205,203 | \$129,250 |
|--|-----------|-----------|

The numbers of executive officers whose remuneration falls within each successive

| \$10,000 band of income (commencing at \$100,000): | No. | No. | No. | No. |
|--|-----|-----|-----|-----|
| 120,000 - 129,999 | - | 1 | - | 1 |
| 200,000 - 209,999 | 1 | - | 1 | - |

(c) Transactions with Director related entities

Accounting, general management and geological consulting services have been provided by entities associated with Mr John Tarrant, Mr Colin McCavana, Mr James Pearson and Ms Jacqueline Tucker during the financial period. These amounts have been included in the disclosures above. The transactions were undertaken under normal commercial terms.

23. FINANCIAL REPORTING BY SEGMENTS

The Company operated in the mineral exploration and development industry in Australia, at all times during the period. The Company operated in only one business segment during the period.

| | Consolidated | | Company | |
|--|-------------------------------|--------------------------------------|-------------------------------|--------------------------------------|
| | Year ended 30 June 2002 | 8 Months ended 30 June 2001 | Year ended 30 June 2002 | 8 Months ended 30 June 2001 |
| | \$ | \$ | \$ | \$ |

24. AUDITORS' REMUNERATION

Amounts received or due and receivable for audit services by:

| | | | | |
|--------------------------------|--------|--------|--------|--------|
| - Auditor of the parent entity | 27,225 | 25,576 | 27,225 | 25,576 |
| - Other auditors | 3,905 | - | - | - |
| | 31,130 | 25,576 | 27,225 | 25,576 |



25. RELATED PARTY TRANSACTIONS

Directors

The names of each person holding the position of Director of Haddington International Resources Limited during the period were:

Colin McCavana
John Tarrant
Jacqueline Tucker (resigned 16 May 2002)
James Pearson
Clair Medhurst (appointed 16 May 2002)

Directors' Interests

The directors held the following shares and options in the company as at 30 June 2002.

| | Ordinary Shares | Unlisted Options |
|-------------------|-----------------|------------------|
| Colin McCavana | 994,500 | 1,281,640 |
| John Tarrant | 245,090 | 736,550 |
| Jacqueline Tucker | 305,270 | 500,000 |
| James Pearson | 150,000 | 500,000 |
| Clair Medhurst | - | - |

Directors' remuneration is disclosed at Note 22 (a) & (b).

Other transactions with Directors are disclosed at Note 22 (c).

Transactions with subsidiary company

During the year the parent entity provided financial assistance to wholly owned subsidiary company Australian Tantalum Limited by way of a loan. At 30 June 2002 the loan balance was \$46,771. The loan is interest free and has no fixed term of repayment.

Directors' equity holdings

All issues relate to the parent entity Haddington International Resources Limited

| | Fully Paid Shares | |
|---|-------------------|-----------|
| | 2002 | 2001 |
| Issued during the financial year to directors and their director-related entities on exercise of options | 105,246 | - |
| Redeemed, exercised or bought back during the financial year from directors and their director-related entities | - | - |
| Held as at the reporting date by directors and their director-related entities | 1,389,590 | 2,500,926 |
| | Options | |
| | 2002 | 2001 |
| Issued during the financial year to directors and their director-related entities | 2,500,000 | - |
| Redeemed, exercised or bought back during the financial year from directors and their director-related entities | 105,246 | - |
| Held as at the reporting date by directors and their director-related entities | 2,518,190 | 1,666,160 |



[CLICK HERE TO VIEW THE
CONTENTS](#)

26. ACQUISITION OF BUSINESSES

| Name | Activity | Date of Acquisition | % Acquired | Cost of Acquisition \$ |
|-----------------------------|-------------|---------------------|------------|------------------------|
| Controlled entities | | | | |
| Australian Tantalum Limited | Exploration | 27 Nov 2001 | 100% | 400,000 |

The cost of the acquisition of Australian Tantalum Limited was paid \$30,000 in cash and the remainder satisfied by the issue of 2,000,000 ordinary fully paid shares and 1,000,000 options exercisable into ordinary shares at 25 cents each on or before 31 December 2003.

27. CONTROLLED ENTITIES

| Name | Country of incorporation | Ownership interest | |
|--|--------------------------|--------------------|-----------|
| | | 2002 % | 2001 % |
| Parent entity | | | |
| Haddington International Resources Limited | Australia | | |
| Controlled Entity | | | |
| Australian Tantalum Limited | Australia | 100% | 0 |

28. NOTES TO STATEMENT OF CASH FLOWS

- (a) For the purposes of the statements of cash flows, cash includes cash on hand and in banks, and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the Statement of Financial Position as follows:

| | Consolidated | | Company | |
|----------------------------------|-------------------------------------|--|-------------------------------------|--|
| | Year ended 30 June 2002 \$ | 8 Months ended 30 June 2001 \$ | Year ended 30 June 2002 \$ | 8 Months ended 30 June 2001 \$ |
| Cash at bank and on hand | 417,890 | 1,716,393 | 417,890 | 1,716,393 |
| Cash per statement of cash flows | 417,890 | 1,716,393 | 417,890 | 1,716,393 |



28. NOTES TO STATEMENT OF CASH FLOWS (Cont'd)

| | Consolidated | | Company | |
|--|-------------------------------------|--|-------------------------------------|--|
| | Year ended 30 June 2002 \$ | 8 Months ended 30 June 2001 \$ | Year ended 30 June 2002 \$ | 8 Months ended 30 June 2001 \$ |
| (b) Reconciliation of operating loss after income tax to net cash used in operating activities | | | | |
| Operating profit/(loss) after income tax | 730,049 | (844,424) | 734,681 | (844,424) |
| Adjustments for non-cash income and expense items: | | | | |
| Non cash settlement of legal dispute | - | 17,500 | - | 17,500 |
| Non cash payment of professional fees | 12,031 | - | 12,031 | - |
| Depreciation of property, plant and equipment | 108,015 | 8,164 | 108,015 | 8,164 |
| Amortisation of development properties | 636,819 | - | 636,819 | - |
| Write down of resource projects | 6,316 | 508,234 | 6,316 | 508,234 |
| Foreign exchange (gain) / loss | 304 | 640 | 304 | 640 |
| Changes in assets and liabilities | | | | |
| - Increase in receivables | (863,367) | (301,036) | (860,956) | (301,036) |
| - Increase in creditors and accruals | 1,179,143 | - | 1,170,020 | - |
| - Increase in inventories | (438,473) | (225,872) | (438,473) | (225,872) |
| - (Increase)/decrease in deposits and prepayments | (932) | 32,932 | (123) | 32,932 |
| - (Increase)/decrease in other creditors and accruals | 202,783 | (56,061) | 204,365 | (56,061) |
| - Increase in other non current liabilities | 61,168 | 2,430 | 61,168 | 2,430 |
| Net cash from/(used) in operating activities | 1,633,856 | (857,493) | 1,634,167 | (857,493) |

(c) Non-cash transactions:

The following non-cash transactions have been excluded from the statement of cash flows:

- (i) During the period the Company issued 60,156 shares on exercise of options to satisfy payment of consulting services owing to a director.
- (ii) During the year the Company issued 2,000,000 ordinary fully paid shares and 1,000,000 options exercisable into ordinary shares at 25 cents each on or before 31 December 2003 in consideration for the acquisition of a subsidiary company, Australian Tantalum Limited.

(d) Financing facilities:

Unsecured bank overdraft facility, reviewed annually payable at call:

| | | | | |
|---------------|---------|---|---------|---|
| Amount used | - | - | - | - |
| Amount unused | 250,000 | - | 250,000 | - |
| | 250,000 | - | 250,000 | - |

(e) Businesses acquired

During the financial year, one business was acquired. Details of the acquisition are as follows

| | | | | |
|-----------------|---------|---|---|---|
| Consideration | | | | |
| Cash | 30,000 | - | - | - |
| Ordinary shares | 370,000 | - | - | - |
| | 400,000 | - | - | - |



[CLICK HERE TO VIEW THE
CONTENTS](#)

28. NOTES TO STATEMENT OF CASH FLOWS (Cont'd)

| | Consolidated | | Company | |
|-----------------------------------|-------------------------------|--------------------------------------|-------------------------------|--------------------------------------|
| | Year ended 30 June 2002 | 8 Months ended 30 June 2001 | Year ended 30 June 2002 | 8 Months ended 30 June 2001 |
| | \$ | \$ | \$ | \$ |
| (e) Businesses acquired | | | | |
| Fair value of Net Assets acquired | | | | |
| Current Assets | | | | |
| Cash | 3,450 | - | - | - |
| Receivables | 2,971 | - | - | - |
| Deposits | 800 | - | - | - |
| Non current assets | | | | |
| Exploration properties | 49,370 | - | - | - |
| Current liabilities | | | | |
| Creditors | (7,410) | - | - | - |
| Net assets acquired | 49,181 | - | - | - |
| Exploration assets | 350,819 | - | - | - |
| | 400,000 | - | - | - |
| Net cash outflow on Acquisition | | | | |
| Cash consideration | 30,000 | - | - | - |
| Less cash balances acquired | (3,450) | - | - | - |
| | 26,550 | - | - | - |

29. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk Exposures

The exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

| CONSOLIDATED | | Floating interest rate | Fixed interest rate | Non- interest bearing | Total | Weighted Average Int. Rate |
|--------------------------------------|------|------------------------------|---------------------------|-----------------------------|-----------|----------------------------------|
| 2002 | Note | \$ | \$ | \$ | \$ | |
| Financial Assets | | | | | | |
| Cash | 5 | 414,759 | - | 3,131 | 417,890 | 4.0% |
| Receivables | 6 | - | - | 1,208,239 | 1,208,239 | - |
| Deposits & prepayments | 8 | - | - | 34,280 | 34,280 | - |
| Investments | 10 | - | - | 1,759 | 1,759 | - |
| | | 414,759 | - | 1,247,409 | 1,662,168 | |
| Financial Liabilities | | | | | | |
| Accounts payable | 13 | - | - | 1,444,149 | 1,444,149 | - |
| Hire purchase liabilities | | | | | | |
| – Current | 14 | - | 136,989 | - | 136,989 | 8.0% |
| Hire purchase liabilities | | | | | | |
| – Non-current | 17 | - | 493,323 | - | 493,323 | 8.0% |
| Provisions – Current | 15 | - | - | 576,219 | 576,219 | - |
| Provisions – Non-current | 18 | - | - | 11,012 | 11,012 | - |
| | | - | 630,312 | 2,031,380 | 2,661,692 | |
| Net financial assets / (liabilities) | | 414,759 | (630,312) | (783,971) | (999,524) | |

[CLICK HERE TO VIEW THE
CONTENTS](#)



29. FINANCIAL INSTRUMENTS (Cont'd)

Reconciliation of net financial assets to net assets:

| 2002 | Reference Note | \$ |
|--|-------------------|-----------|
| Net financial assets as above | | (999,524) |
| Non financial assets and liabilities: | | |
| Inventories | 7 | 664,345 |
| Fixed assets | 11 | 874,840 |
| Mineral properties | 12 | 4,861,709 |
| Deferred tax liabilities | 16 | (91,242) |
| Net assets per Statement of Financial Position | | 5,310,128 |

| CONSOLIDATED | | Floating interest rate | Fixed interest rate | Non- interest bearing | Total | Weighted Average Int. Rate |
|------------------------------|------|------------------------------|---------------------------|-----------------------------|-----------|----------------------------------|
| 2001 | Note | \$ | \$ | \$ | \$ | |
| Financial Assets | | | | | | |
| Cash | 5 | 1,712,833 | - | 3,560 | 1,716,393 | 4.76% |
| Receivables | 6 | - | - | 344,872 | 344,872 | - |
| Deposits & prepayments | 8 | - | - | 30,110 | 30,110 | - |
| Investments | 10 | - | - | 3,358 | 3,358 | - |
| | | 1,712,833 | - | 381,900 | 2,094,733 | |
| Financial Liabilities | | | | | | |
| Accounts payable | 13 | - | - | 1,310,212 | 1,310,212 | - |
| Hire purchase liabilities | | | | | | |
| – Current | 14 | - | 96,220 | - | 96,220 | 8% |
| Hire purchase liabilities | | | | | | |
| – Non-current | 17 | - | 550,948 | - | 550,948 | 8% |
| Provisions – Current | 15 | - | - | 15,956 | 15,956 | - |
| Provisions – Non current | 18 | - | - | 2,430 | 2,430 | - |
| | | - | 647,168 | 1,328,598 | 1,975,766 | |
| Net financial assets | | 1,712,833 | (647,168) | (946,698) | 118,967 | |

Reconciliation of net financial assets to net assets:

| 2001 | Reference Note | \$ |
|--|-------------------|-----------|
| Net financial assets as above | | 118,967 |
| Non financial assets and liabilities: | | |
| Inventories | 7 | 225,872 |
| Fixed assets | 11 | 51,687 |
| Mineral properties | 12 | 4,071,158 |
| Net assets per Statement of Financial Position | | 4,467,684 |



29. FINANCIAL INSTRUMENTS (Cont'd)

(b) Credit Risk Exposures

Credit risk refers to the risk that a counterpart will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of only dealing with credit worthy counterparts and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company has developed tantalum production facilities under an exclusive offtake agreement with Sons of Gwalia Ltd to produce tantalite concentrate from two of Sons of Gwalia Ltd's mineral properties. All tantalite is sold to Sons of Gwalia Ltd pursuant to the Company's exclusive contract with Sons of Gwalia Ltd, hence the company has credit risk exposure to the Company's only client, Sons of Gwalia Ltd.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Company's maximum exposure to credit risk.

(c) Net Fair Values of Financial Assets and Liabilities

The carrying amounts of financial assets and liabilities equal their estimated net fair value.

30. SUBSEQUENT EVENTS

There has not arisen any transaction or event of a material nature likely, in the opinion of Directors to significantly affect the nature of the operations of the consolidated entity subsequent to the end of the financial year.

31. CONTINGENT LIABILITIES

In June 1992 the High Court of Australia held in the Mabo case that the common law of Australia recognises a form of native title. The full impact that the Mabo decision may have on tenements held by the Company is not yet known. The Company is aware of native title claims that have been lodged with the National Native Title Tribunal ("the Tribunal") over several areas in Western Australia in which the Company holds interests. The native title claims have been accepted by the Tribunal for determination under section 63(1) of the Native Title Act 1993 (Commonwealth).

32. COMMITMENTS FOR EXPENDITURE

In order to maintain an interest in the mining and exploration tenements in which the consolidated entity is involved, the consolidated entity is committed to meet the conditions under which the tenements were granted and the obligations of any joint venture agreements. The timing and amount of exploration expenditure commitments and obligations of the consolidated entity are subject to the minimum expenditure commitments required as per the Mining Act, as amended, and may vary significantly from the forecast based upon the results of the work performed which will determine the prospectivity of the relevant area of interest.

(a) Capital Expenditure

The Company has developed tantalite production facilities at its Bald Hill project which require ongoing capital expenditure. At 30 June 2002 and at 30 June 2001, all of the Company's capital expenditure commitments have been brought to account as Accounts payable (see Note 13).



32. COMMITMENTS FOR EXPENDITURE (Cont'd)

(b) Exploration Work

The company has certain obligations to perform minimum exploration work and expend minimum amounts of money on its mining tenements. The obligations are expected to amount to:

(i) Tenements held within Australia:

Obligations for the next 12 months are expected to amount to \$139,620 (2001:\$132,699). No estimate has been given of expenditure commitments beyond 12 months as this is dependant on the directors ongoing assessment of operations and in certain instances Native Title negotiations.

(ii) Tenements held with Zambia:

Obligations for the next 2 years are expected to amount to \$ Nil. (2001:\$Nil). No estimate has been given of expenditure commitments beyond 2 years as it has not been reliably determined by the company.

The aggregate amount payable not later than one year as at balance date is \$Nil (2001: \$132,699). Financial commitments for subsequent periods will be determined at a future date.

(c) Operating Lease

In April 2002, the Company entered into a three year non-cancellable operating lease for the office premises. The commitment in respect of this lease is:

| | |
|--|-----------|
| No later than 1 year | \$56,170 |
| Later than 1 year and not later than 5 years | \$107,989 |
| Longer than 5 years | Nil |

33. HIRE PURCHASE COMMITMENTS

Hire Purchase Agreements

Hire purchase agreements relate to plant and equipment at the Bald Hill project with terms of no longer than four years. The Company will acquire the plant and equipment at the conclusion of the respective agreements.

| | Consolidated | | Company | |
|---|-------------------------------|--------------------------------------|-------------------------------|--------------------------------------|
| | Year ended 30 June 2002 | 8 Months ended 30 June 2001 | Year ended 30 June 2002 | 8 Months ended 30 June 2001 |
| | \$ | \$ | \$ | \$ |
| Hire Purchase Liabilities | | | | |
| No later than one year | 136,989 | 96,220 | 136,989 | 96,220 |
| Later than one year and not later than five years | 493,323 | 550,948 | 493,323 | 550,948 |
| | 630,312 | 647,168 | 630,312 | 647,168 |
| Included in the financial statements as: | | | | |
| Current hire purchase liabilities (Note 14) | 136,989 | 96,220 | 136,989 | 96,220 |
| Non current hire purchase liabilities (Note 17) | 493,323 | 550,948 | 493,323 | 550,948 |
| | 630,312 | 647,168 | 630,312 | 647,168 |

34. ECONOMIC DEPENDENCY

The Company's sole source of revenue is derived through transactions with Sons of Gwalia Limited. All tantalite is sold to Sons of Gwalia pursuant to the Company's exclusive contract with Sons of Gwalia.



[CLICK HERE TO VIEW THE
CONTENTS](#) 

DIRECTORS' DECLARATION

The directors of Haddington International Resources Limited hereby declare that:

- a) the attached financial statements and notes thereto comply with Accounting Standards;
- b) the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the company and the consolidated entity;
- c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and
- d) in the directors' opinion, there are reasonable grounds that the company will be able to pay its debts when they become due and payable.

Dated at Perth this 26th day of September, 2002.

Signed in accordance with a resolution of the directors made pursuant to Section 295(5) of the Corporations Act 2001.

On behalf of the Directors:

A handwritten signature in black ink, appearing to read 'Colin McCavana', is written over a light blue horizontal line.

COLIN McCAVANA

Director



Deloitte Touche Tohmatsu
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**Deloitte
Touche
Tohmatsu**

INDEPENDENT AUDIT REPORT TO THE MEMBERS
OF HADDINGTON INTERNATIONAL RESOURCES LIMITED

Scope

We have audited the financial report of Haddington International Resources Limited for the financial year ended 30 June 2002 as set out on pages 18 to 42. The company's directors are responsible for the financial report. We have conducted an independent audit of the 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 issued in Australia and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its 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 Haddington International Resources Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2002 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations;
- and
- (b) other mandatory professional reporting requirements.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

P J Messer

P J Messer
Partner
Chartered Accountants

Perth, 27 September 2002



Schedule of Mineral Properties

| Tenement No. and Type | Holder/Applicant | Shares Held | Status | Expiry Date | Registered Encumbrances |
|----------------------------------|------------------|-------------|-----------------------------|-------------|-------------------------|
| BALD HILL - WIDGIEMOOLTHA | | | | | |
| ELA15/665 | Tyson | 100 | Pending (applied 01/11/99) | N/A | None |
| G15/17 | Ruane | 100 | Granted 23/01/01 | 22/2/22 | None |
| MLA 15/1353 | Haddington | 100 | Pending (applied 22/12/00) | N/A | None |
| MLA 15/1354 | Haddington | 100 | Pending (applied 22/12/00) | N/A | None |
| MLA 15/1355 | Haddington | 100 | Pending (applied 22/12/00) | N/A | None |
| MLA 15/1356 | Haddington | 100 | Pending (applied 22/12/00) | N/A | None |
| PLA 15/4452 | Haddington | 100 | Pending (applied 17/4/01) | N/A | None |
| PLA 15/4453 | Haddington | 100 | Pending (applied 17/4/01) | N/A | None |
| P15/4107 | Haddington | 100 | Granted 6/6/00 | 5/6/04 | None |
| P15/4108 | Haddington | 100 | Granted 6/6/00 | 5/6/04 | None |
| ELA 15/717 | Haddington | 100 | Pending (applied 23/3/01) | N/A | None |
| ELA 15/4454 | Haddington | 100 | Pending (applied 17/4/01) | N/A | None |
| ELA 15/4455 | Haddington | 100 | Pending (applied 17/4/01) | N/A | None |
| ELA 15/772 | Haddington | 100 | Pending (applied 18/6/02) | N/A | None |
| ELA 15/584 | Sinclair | 100 | Pending (applied 22/4/98) | N/A | None |
| SMITHFIELD | | | | | |
| ELA 70/2254 | ATL | 100 | Pending (applied 13/1/00) | N/A | None |
| PAYNES FIND | | | | | |
| E59/833 | Attgold | 100 | Granted 14/5/98 | 13/5/03 | None |
| E59/834 | ATL | 100 | Granted 14/5/98 | 13/5/03 | None |
| E59/1053 | REM | 100 | Pending (applied 27/3/01) | N/A | None |
| E59/1060 | REM | 100 | Pending (applied 10/5/01) | N/A | None |
| MT HALL | | | | | |
| ELA 47/1051 | Attgold | 100 | Pending (applied 5/5/00) | N/A | None |
| PILBARA | | | | | |
| ELA 45/2244 | Attgold | 100 | Pending (applied 1/9/00) | N/A | None |
| ELA 45/2268 | Attgold | 100 | Pending (applied 10/11/00) | N/A | None |
| ELA 45/2273 | REM | 100 | Pending (applied 24/11/00) | N/A | None |
| ELA 45/2277 | Attgold | 100 | Pending (applied 4/12/00) | N/A | None |
| ELA 45/2287 | ATL | 100 | Pending (applied 27/12/00) | N/A | None |
| ELA 45/2288 | ATL | 100 | Pending (applied 27/12/00) | N/A | None |
| ELA 45/2289 | ATL | 100 | Pending (applied 27/12/00) | N/A | None |
| ELA 45/2312 | ATL | 100 | Pending (applied 23/3/01) | N/A | None |
| ZAMBIA | | | | | |
| LS 130 | Haddington | 100 | Prospecting Licence granted | 8/12/02 | None |

Key to Tenement Type:

- E – Exploration Licence
- ELA – Exploration Licence Application
- GPLA – General Purpose Lease Application
- PLA – Prospecting Licence Application
- MLA – Mining Lease Application

Key to Parties:

- Ruane – Michael Ruane
- Tyson – Tyson Resources Ltd
- Sinclair – Sinclair & Cooke
- ATL – Australian Tantalum Limited
- Attgold – Attgold Pty Ltd
- REM – REM Pty Ltd

[CLICK HERE TO VIEW THE
CONTENTS](#)



Shareholder Details

The issued capital of the company as at 23 September 2002 consists of 37,454,097 fully paid ordinary shares and 4,318,190 unlisted options over the unissued capital of the company.

Distribution of Shareholdings and Option holder as at 23 September 2002

| | Fully Paid Ord Shares |
|---|-----------------------|
| Number of holders | 784 |
| Percentage holdings by twenty largest holders | 38.67% |
| Holders of less than a marketable parcel | 75 |

Number of holders in the following distribution categories:

| | Unlisted Options | Fully Paid Ordinary Shares |
|------------------|------------------|----------------------------|
| 0 - 1,000 | - | 39 |
| 1,001 - 5,000 | - | 155 |
| 5,001 - 10,000 | 1 | 171 |
| 10,001 - 100,000 | 5 | 352 |
| 100,001 and over | 10 | 67 |
| | 16 | 784 |

Twenty Largest Shareholders - Fully Paid Shares

The names of the twenty largest shareholders are as follows:

| | No. of Ord Shares | % |
|--|-------------------|-------|
| 1 Ms Patricia Fitzhardinge and Mr Michael Fitzhardinge <Superannuation Fund A/C> | 2,000,002 | 5.34% |
| 2 Mr Roger Stuart Clarke | 2,000,000 | 5.34% |
| 3 Mr Vernon Charles Wheatley & Ms Joycelyn Wheatley <Pulo Road Super Fund A/C> | 1,973,333 | 5.27% |
| 4 RBC Global Service Australia nominees Pty Limited <RA A/c> | 1,163,300 | 3.11% |
| 5 KSW Nominees Pty Ltd (as trustee for Light & Power Systems Directors Superannuation Fund No 2) | 866,666 | 2.31% |
| 6 Colin McCavana & Debra McCavana <Colin McCavana S/Fund A/c> | 800,000 | 2.14% |
| 7 Mr Bob Branchi <Bob Branchi Super Fund A/C> | 666,666 | 1.78% |
| 8 Mineral Commodities Limited | 500,000 | 1.33% |
| 9 Mr John James Miller & Mrs Kay Miller <JJ & K Miller Superfund A/c> | 495,000 | 1.32% |
| 10 Mr Neal Pennison <Surespek ISS Super Fund A/C> | 433,333 | 1.16% |
| 11 National Nominees Limited | 430,532 | 1.15% |
| 12 ANZ Nominees Limited | 394,270 | 1.05% |
| 13 Mr Michael Ruane | 372,100 | 0.95% |
| 14 Mr Tony Raymond Wiggins | 357,110 | 0.94% |
| 15 Colbern Fiduciary Nominees Pty Ltd | 353,728 | 0.94% |
| 16 Alpat Holdings Pty Ltd | 350,000 | 0.93% |
| 17 Attgold Pty Ltd <Attwell A/C> | 340,799 | 0.91% |
| 18 Ascot Park Enterprises Pty Ltd | 339,599 | 0.91% |
| 19 Mr Bryan E Miller & Jennifer E Miller <Bryan Miller Super fund A/c> | 333,333 | 0.89% |
| 20 Mr Zachary Bernard Hanran- Smith | 313,000 | 0.84% |



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Substantial Shareholders

In accordance with Section 709(1) of the Corporations Act 2001, the Company had been notified of the following substantial shareholders:

- (a) Mr Vernon Wheatley has a relevant interest in 1,973,333 ordinary shares which represent 5.27% of the issued ordinary shares.
- (b) Ms Patricia Fitzhardinge has a relevant interest in 2,000,002 ordinary shares which represent 5.34% of the issued ordinary shares.

Details with Respect to Directors' Shareholdings as at 23 September 2002

The interest as at 23 September 2002 of the directors in the shares and options of the company are as follows:

| Director | Ordinary Shares | Unlisted Options |
|----------------|-----------------|------------------|
| Colin McCavana | 994,500 | 1,281,640 |
| John Tarrant | 245,090 | 736,550 |
| James Pearson | 150,000 | 500,000 |
| Clair Medhurst | - | - |
| | 1,389,590 | 2,518,190 |

Restricted Securities

A total of 2,000,000 fully paid ordinary shares are subject to voluntary escrow until 27 November 2002.

Voting Rights

Ordinary Shares

On a show of hands every member present in person or by proxy or attorney or being a corporation by its authorised representative who is present in person or by proxy, shall have one vote for every fully paid ordinary share of which he is a holder.

Unlisted Options

During the financial period a total of 3,800,000 options were issued as set out below.

| Number | Exercise Price | Expiry Date |
|-----------|----------------|------------------|
| 1,000,000 | \$0.20 | 31 December 2002 |
| 1,000,000 | \$0.25 | 31 December 2003 |
| 1,800,000 | \$0.20 | 31 December 2003 |

During the same period a total of 105,246 options were converted into ordinary fully paid shares. A total of 102,880 options lapsed during the period.

Mr Colin McCavana has a beneficial interest in a total of 1,281,640 unlisted options representing 29.7% of the total unlisted options on issue.

Options have no voting rights until such options are exercised as fully paid ordinary shares.

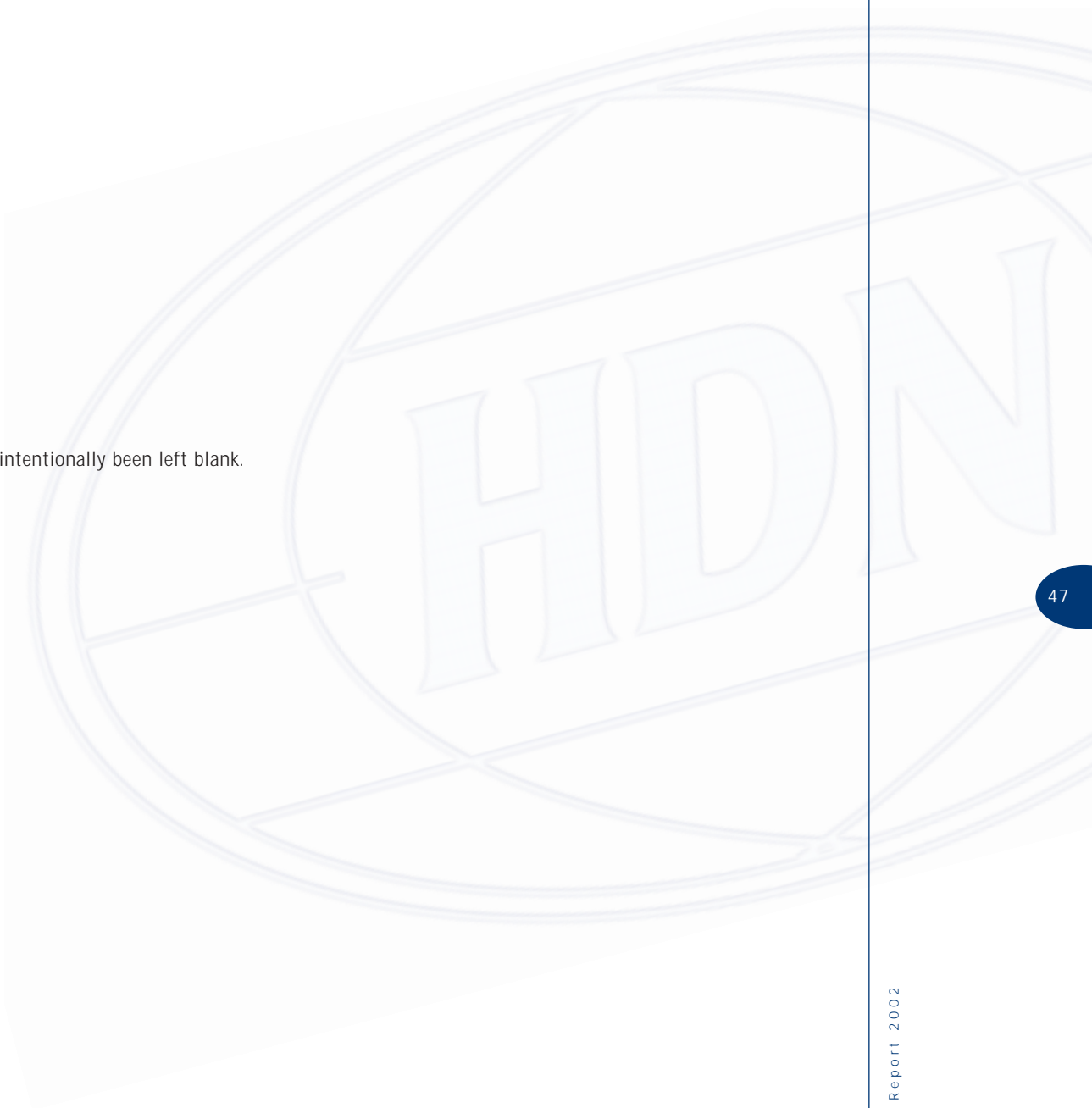
Use of funds

The consolidated entity confirms pursuant to ASX Listing Rule 4.10.19 that it has used its cash assets raised upon admission to ASX in a way consistent with its business objectives, being the development of tantalite mining and processing facilities at its Bald Hill tantalite project.

[CLICK HERE TO VIEW THE
CONTENTS](#)



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[CLICK HERE TO VIEW THE
CONTENTS](#)



DIRECTORS

Colin McCavana (Chairman & Managing Director)
John Tarrant (Non-executive Director)
Claire Medhurst (Non-executive Director)
James Pearson (Non-executive Director)

SECRETARY

John Hannaford

REGISTERED OFFICE

7 Havelock Street
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Email: info@haddington.com.au
Website: www.haddington.com.au

POSTAL ADDRESS

P.O. Box 1909
West Perth WA 6872

ACN & ABN NUMBERS

ACN: 00 093 391 774
ABN: 35 089 471 303

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1202 Hay Street
West Perth WA 6005

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152-158 St Georges Terrace
Perth WA 6000

SHARE REGISTRY

Computershare Registry Services Pty Limited
Level 2
Reserve Bank Building
45 St George's Terrace
Perth WA 6000

BANKERS

HSBC Bank Australia Limited
188-190 St Georges Terrace
Perth WA 6000

AUSTRALIAN STOCK EXCHANGE

Code: HDN