Company Particulars

Directors:	NIGEL RAYMOND FORRESTER, F.C.A. (Chairman and Managing Director)
	JEFFREY JOHN MOORE, B.App.Sc.(Geol.), M.Aus.I.M.M.
	GODFREY EDWARD TAYLOR, LL B
	RONALD WILLIAM O'REGAN
Joint Secretaries:	JAN FORRESTER
	DEAN ANGELO SCARPAROLO, B.Bus., ASA.
Registered Office:	Level 5, 178 St. Georges Terrace, Perth, Western Australia, 6000.
	Telephone: (08) 9322 6311 Facsimile: (08) 9322 4607 Email: mtb@mountburgess.com Website: www.mountburgess.com
Share Registry:	Advanced Share Registry Services, 7th Floor, 200 Adelaide Terrace, Perth, Western Australia, 6000. Telephone: (08) 9221 7288 Facsimile: (08) 9221 7869
Auditors:	Deloitte Touche Tohmatsu, 16th Floor, Central Park, 152-158 St. George's Terrace, Perth, Western Australia, 6000.
Bankers:	Australia and New Zealand Banking Group Ltd, 77 St. George's Terrace, Perth, Western Australia, 6000.

Mount Burgess Mining N.L. is a listed public company, incorporated in Australia.

Address by the Chairman

It is my pleasure to present to you this annual report for the year to 30 June 2001.

Most of the exploration this year, within Australia, was concentrated on the Telfer and Perrinvale projects.

At Telfer, the joint venture agreement with Normandy Gold Pty Ltd was varied at the beginning of February this year. This was at the point where Normandy Gold Pty Ltd had spent $4 million on the project. It was agreed that Normandy Gold Exploration Pty Ltd would acquire 40% equity in the joint venture, leaving the Company with 60%. The Company is now project operator.

Consequently the Company had to divert a significant amount of its resources to what it believes to be one of its prime projects.

At the time of writing a drilling programme is in progress based upon geological models that have been formulated from detailed structural mapping of gold mineralisation controls. This work which has been conducted on a regional scale has developed a number of prospective targets, all of which, as a consequence of rock chip sampling, have been shown to host gold mineralisation.

In March this year the Company entered into a joint venture agreement with Heron Resources Ltd to earn 70% in the Perrinvale project, which covers the Illaara greenstone belt west of Menzies. Initial work on this project has involved surface and subsurface geochemical sampling which has produced several gold, copper and zinc anomalies. These will be followed up later in the year.

To update last year's projects, both Mount Weld (gold) and Tay (Nickel) have had follow up work conducted on them during the year. As a consequence, it was resolved to terminate any further work on the Mount Weld project. At Tay, additional electromagnetic anomalies were drilled, all of which proved to be generated from iron sulphides as opposed to nickel sulphides.

Exploration continued on the Company's diamond project at Tsumkwe in Namibia. The Company has now earned 75% of this project in joint venture with Kimberlite Resources Pty Ltd, which holds the remaining 25%.

Whilst to date the Company has not discovered any kimberlites, it has nonetheless received further encouraging results from drilling and loam sampling, all of which point to the real potential to discover a kimberlite within the project area.

A substantial number of kimberlitic garnets have now been found by the Company as well as ilmenites, chromites and two macrodiamonds. From these results a pattern of four discrete kimberlitic garnet anomalies is emerging which will now be subject to more close-spaced and extensional loam sampling in an effort to find their source.

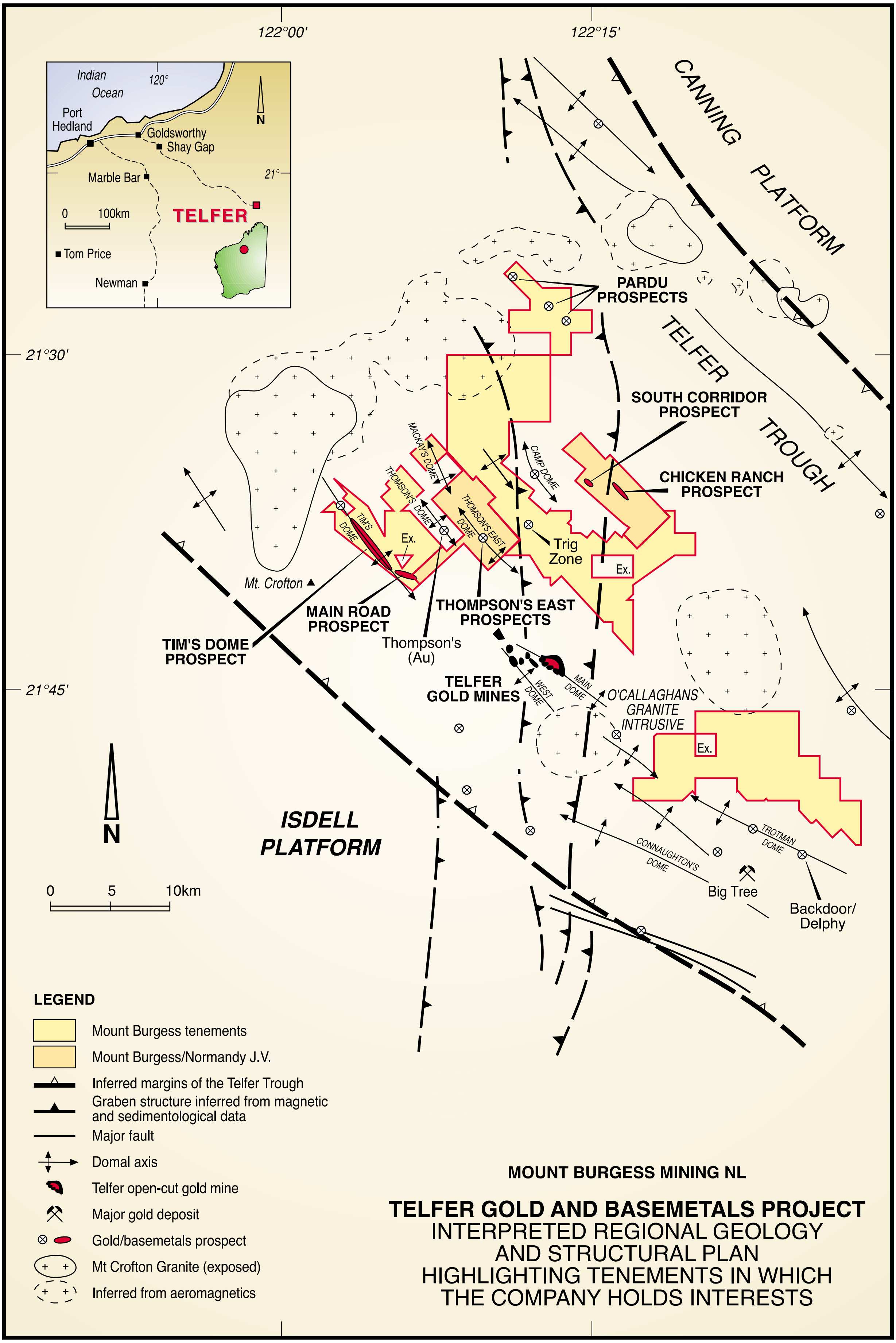
In December last year Mr Clive Jones, formerly Executive Director of Exploration (Australia), resigned from the Board to join Hamill Resources Ltd which successfully floated in June this year. We wish Mr Jones every success for the future and thank him for his contribution to the Company over the past seven years.

Accordingly, Mr Jeffrey Moore, Executive Director resumed the responsibility of all exploration projects.

In February of this year, the Company announced the termination of its share buyback which it commenced in September 1999. As a consequence of the share buyback the Company's issued share capital was reduced by 9,066,135 shares from 110,566,135 to 101,500,000 issued shares. The cost of this exercise was $1,066,000.

Finally, I should like to thank my fellow directors and all staff members for their contribution to the Company during the year.

N R FORRESTER
CHAIRMAN



122°00'
122°15'
21°30'
21°45'
Indian Ocean
120°
Port Hedland
Goldsworthy
Shay Gap
Marble Bar
21°
0 100km
TELFER
Tom Price
Newman
N
CANNING PLATFORM
PARDU PROSPECTS
TELFER TROUGH
SOUTH CORRIDOR PROSPECT
CHICKEN RANCH PROSPECT
MACKAY'S DOME
THOMSON'S DOME
CAMP DOME
TIM'S DOME
THOMSON'S EAST DOME
Ex.
Trig Zone
Mt. Crofton
MAIN ROAD PROSPECT
THOMPSON'S EAST PROSPECTS
TIM'S DOME PROSPECT
Thompson's (Au)
TELFER GOLD MINES
MAIN DOME
WEST DOME
O'CALLAGHANS GRANITE INTRUSIVE
ISDELL PLATFORM
CONNAUGHTON'S DOME
TROTMAN DOME
Big Tree
Backdoor/ Delphy
0 5 10km
LEGEND
Mount Burgess tenements
Mount Burgess/Normandy J.V.
Inferred margins of the Telfer Trough
Graben structure inferred from magnetic and sedimentological data
Major fault
Domal axis
Telfer open-cut gold mine
Major gold deposit
Gold/basemetals prospect
Mt Crofton Granite (exposed)
Inferred from aeromagnetics
MOUNT BURGESS MINING NL
TELFER GOLD AND BASEMETALS PROJECT
INTERPRETED REGIONAL GEOLOGY
AND STRUCTURAL PLAN
HIGHLIGHTING TENEMENTS IN WHICH
THE COMPANY HOLDS INTERESTS

TELFER

Pilbara Mineral Field, Western Australia

The Company currently holds equity in 37 mineral tenements covering approximately 40,700 hectares within a 40 kilometre radius of Newcrest Mining's Telfer gold mine. The Telfer mine has produced in excess of five million ounces of gold since 1977 and has a current quoted resource of 18 million in situ ounces of gold and 667,000 tonnes copper (Newcrest 15 August 2001).

Mineralisation in the Telfer district mainly comprises low-grade bulk tonnage sheeted vein and stockwork quartz-pyrite-Au-Cu and stratabound Au-Cu systems.

The Company believes that the area has potential for the discovery of significant gold and basemetal mineralisation.

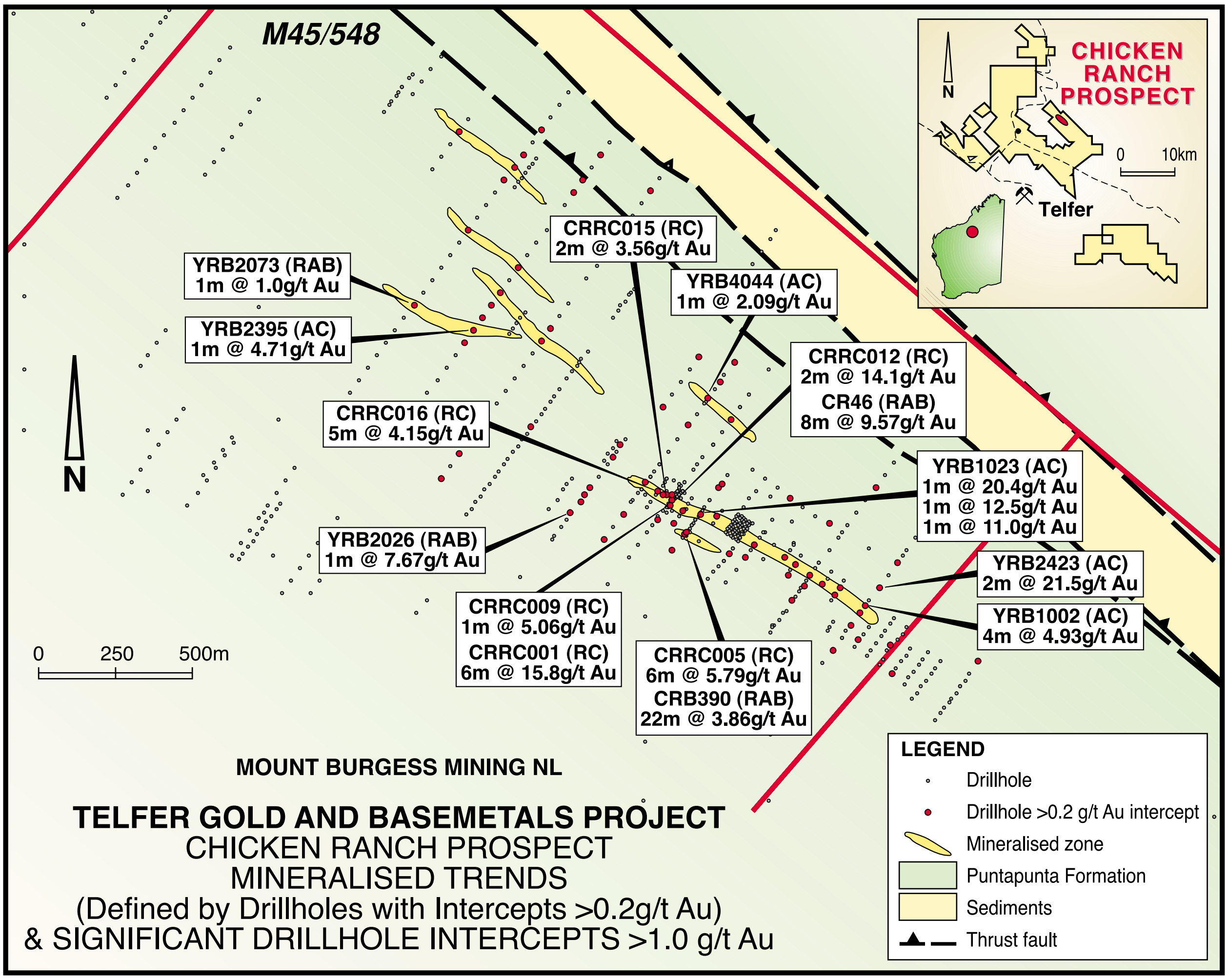
Isdell Joint Venture

(The Company 60%, Normandy Gold Exploration Pty Ltd 40%)

Included in the above 37 mineral tenements are 9 mining leases totalling approximately 6,840 hectares which are in joint venture (the Isdell Joint Venture) with Normandy Gold Exploration Pty Ltd. The Company is the operator of this joint venture.

East Thompson's Dome (Isdell Joint Venture)

This dome is defined by an eight kilometre long double plunging antiform situated 10 kilometres north west of the Telfer mine with lithologies equivalent to those occurring at the Telfer Main Dome.



Recent studies have concluded that the dome has many similarities to the Telfer Main Dome with good potential to host Telfer style stratabound gold and basemetal mineralisation. Three areas on East Thompson's Dome have been selected for future drilling programmes; Dave's Gossan, Fold Closure and the T.E. prospect.

Chicken Ranch (Isdell Joint Venture)

Recent shallow RC and RAB drilling at Chicken Ranch has further highlighted the widespread occurrence of gold mineralisation in the area. Results from this drilling when combined with previous drilling results, show a trend of gold mineralisation over a strike length of approximately 1km. Deeper RC drilling has revealed gold mineralisation associated with both sub-vertical lenses of ferruginous material with brecciated quartz and sub-horizontal lower grade zones which extend laterally for several hundreds of metres. Recent interpretation and an electromagnetic survey has delineated a significant anomaly to the north west of this zone. This will shortly be drill tested.

Immediately west of the Chicken Ranch zone of mineralisation lies the **Southern Corridor** zone of gold mineralisation which extends for some 600 metres. This zone will shortly be tested with deep R.C. drilling.

Cane (Isdell Joint Venture)

The Cane prospect lies to the east of Tim's Dome and north of Newcrest's Thompson's Dome prospect. The prospect has a strong Au-Cu-Pb-Zn signature and shows some signs of gold depletion at the surface. Broad areas of low grade gold have been recorded from RAB drilling and initial RC testing returned an intercept of 4 metres @ 3.8 g/t gold. Possible controls on the mineralisation have been determined and further RC drill testing is due to take place.

Tim's Dome (The Company 100%)

Tim's Dome is situated just 15 kilometres northwest of the Telfer Main Dome and hosts lithologies similar to those observed at the Telfer mine. Much alteration and extensive low grade gold mineralisation occurs for over 4 kilometres at Tim's Dome.

Recent re-evaluation of Tim's Dome has resulted in the selection of specific areas to be targeted for drill testing for Telfer style stratabound gold-copper mineralisation.

Pardu (The Company 100%)

Pardu covers the northwestern portion of the Kaliranu syncline. A regional aeromagnetic programme has highlighted several discrete, strongly magnetic anomalies coincident with the interpreted axial plane of the syncline. These targets will shortly be drill tested.

BROADHURST
Pilbara Mineral Field, Western Australia
(The Company 100%)

The Company has been granted one exploration licence and has applications, subject to Native Title restrictions, for two further exploration licences and four mining leases in the Broadhurst Range area, 50 kilometres south of Telfer.

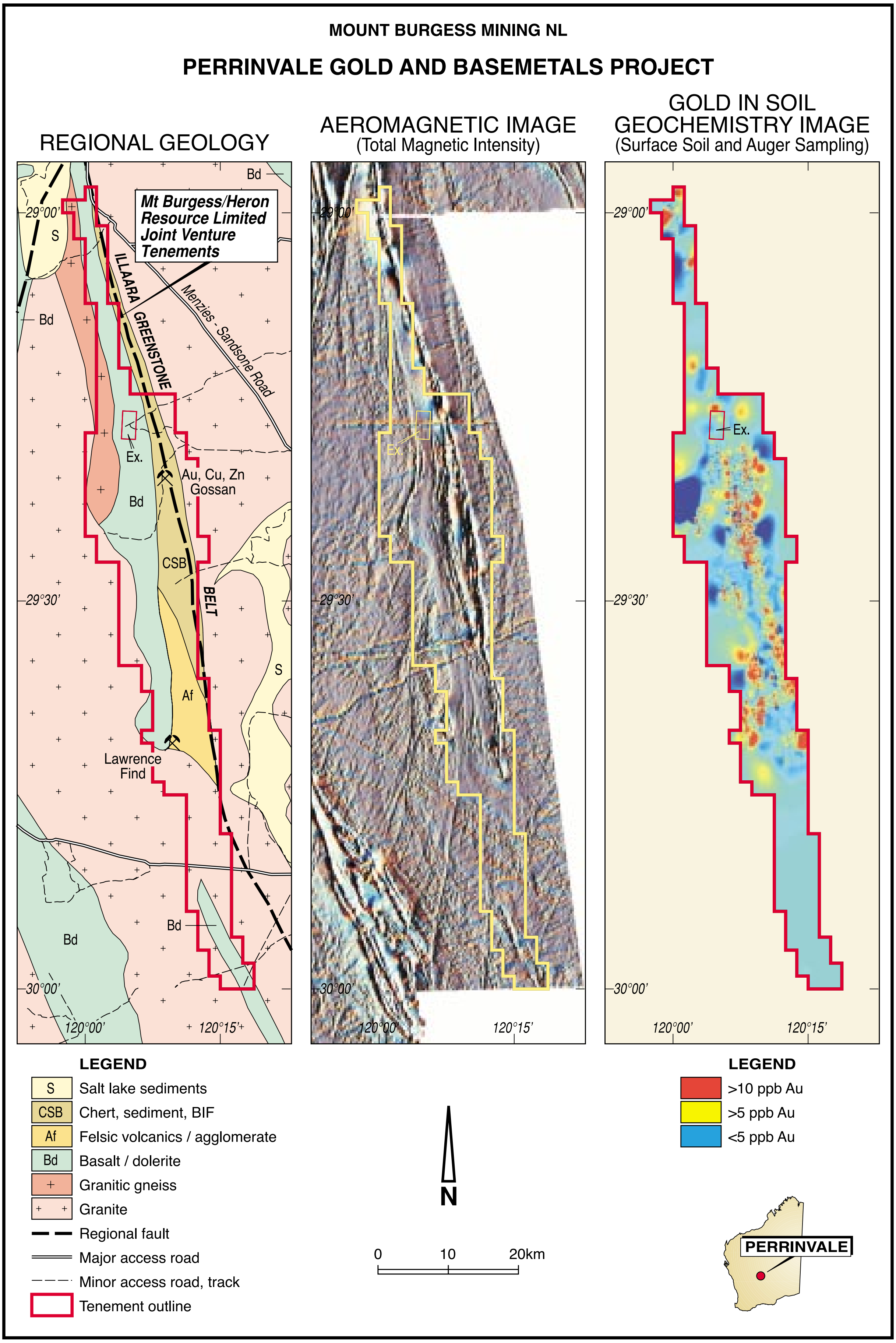
The tenements surround the Maroochydore copper deposit, which has a published resource of 138 million tonnes of 0.57% copper.

The Broadhurst area is prospective for both basemetals and gold and includes the **Cottesloe** Pb-Zn-Ag prospect, which has previously returned assays up to 7% Pb, 1% Zn and 240 g/t Ag. Work cannot be conducted on areas under application until Native Title restrictions have been lifted as a consequence of successful negotiation, or determination.

TABLETOP
Pilbara Mineral Field, Western Australia
(The Company 100%).

The Tabletop project comprises six exploration licence applications, subject to Native Title objections, in an area underlain by the basement rocks of the Rudall Metamorphic Complex (RMC). The RMC has been identified by the Geological Survey of Western Australia as hosting a wide range of mineralisation including gold, basemetals, PGM's, rare earths, nickel, silver and uranium. The area is also considered by the Company to be prospective for diamonds.

Work cannot be conducted on any of these areas until Native Title objections have been lifted as a consequence of successful negotiations or determination.


MOUNT BURGESS MINING NL
PERRINVALE GOLD AND BASEMETALS PROJECT
REGIONAL GEOLOGY
AEROMAGNETIC IMAGE
(Total Magnetic Intensity)
GOLD IN SOIL
GEOCHEMISTRY IMAGE
(Surface Soil and Auger Sampling)
Mt Burgess/Heron
Resource Limited
Joint Venture
Tenements
ILLAARA GREENSTONE BELT
Menzies - Sandsone Road
Au, Cu, Zn
Gossan
Lawrence
Find
Ex.
29°00'
29°30'
30°00'
120°00'
120°15'
LEGEND
S Salt lake sediments
CSB Chert, sediment, BIF
Af Felsic volcanics / agglomerate
Bd Basalt / dolerite
Granitic gneiss
Granite
Regional fault
Major access road
Minor access road, track
Tenement outline
N
0
10
20km
LEGEND
>10 ppb Au
>5 ppb Au
<5 ppb Au
PERRINVALE

PERRINVALE PROJECT

North Coolgardie Mineral Field, Western Australia
(The Company has the right to earn 70%)

The Perrinvale Project, located about 90 kilometres west of Menzies, is a joint venture with Heron Resources Limited covering about 120 kilometres of strike length of the Illaara Greenstone belt. The belt contains the historical gold workings of Lawrence Find and Metzke's Find and is considered prospective for both gold and basemetals.

Work undertaken by the Company to date includes acquisition and interpretation of aeromagnetic and Landsat 7 data, an orientation soil sampling programme and a subsequent geochemical sampling programme comprising 646 samples collected by auger drilling. A number of coherent greater than 10 ppb Au and greater than 100 ppm Cu in soil anomalies, as yet untested by drilling, occur within the joint venture tenements.

Values up to 12 g/t Au, 1.72% Cu and 475 ppm Zn have been returned from rock chip sampling this year.

Preliminary interpretation of the aeromagnetic data has outlined a number of potential gold and basemetal targets, several of which are coincident with the surface geochemical anomalism. A select number of these targets will be drilled shortly.

TSUMKWE, Namibia
(The Company 75%, Kimberlite Resources (Pty) Ltd 25%)

The project is located 450 km northeast of Windhoek on the Botswana border in "Bushmanland" Namibia and covers some 5,000 square kilometres held under 5 Exclusive Prospecting Licences in joint venture with Kimberlite Resources (Pty) Ltd.

The project has many attributes suitable for the discovery of kimberlites in that it is:

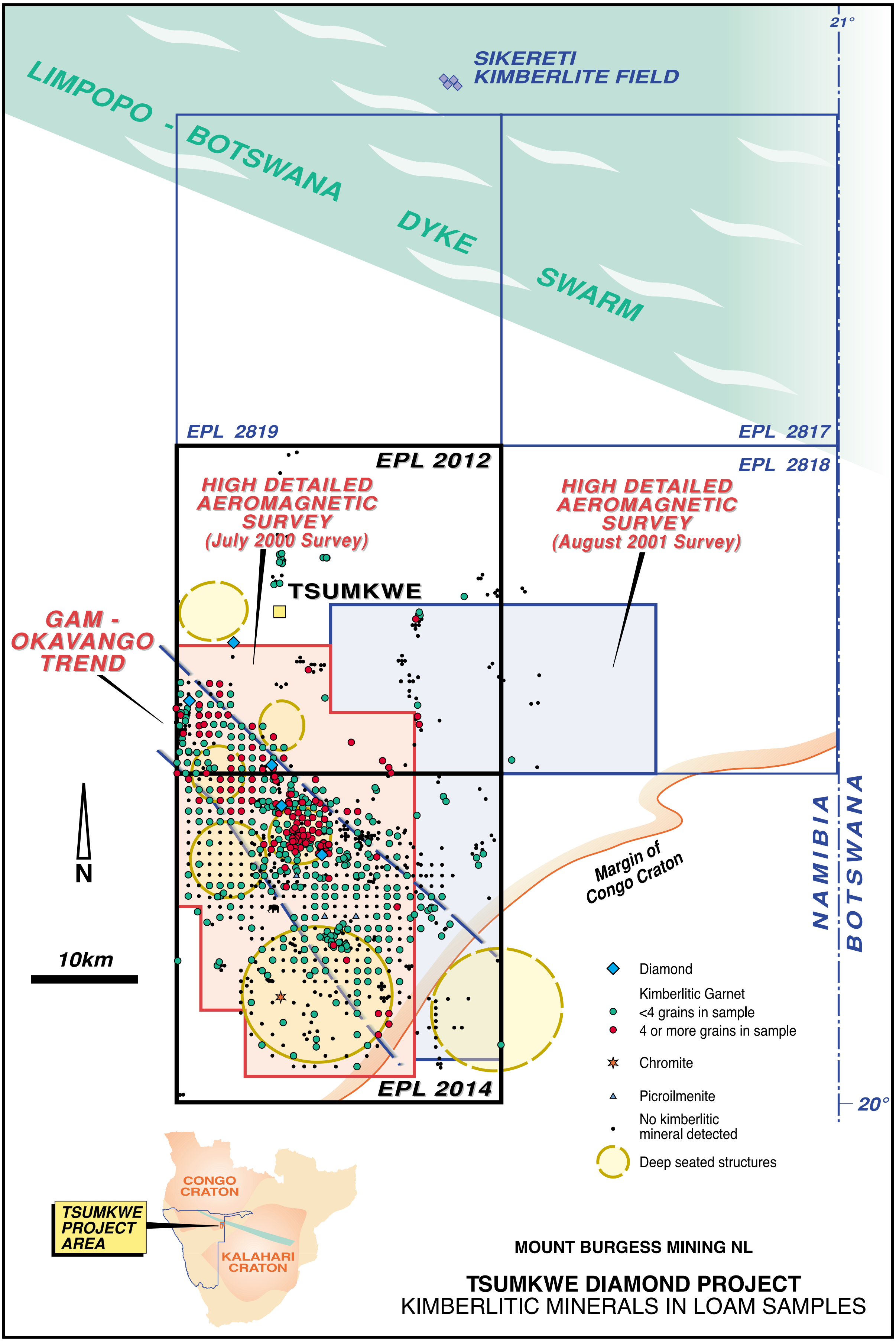
- Located on the southern margin of the Congo-Angolan Craton.
- Situated just south of the trans-African Limpopo-Botswana dyke swarm, at a distance similar to the Orapa-Letlhakane kimberlite province in neighbouring Botswana.
- Situated over a long-lived, stable basement high with Pre-Damaran basement dated >2,000 my.
- Crossed by the northwest-southeast trending Gam-Okavango structural corridor, in which are situated large circular basement structures and north-south brittle faults.
- Situated just south of the Sikereti kimberlites and south west of the Nxau-Nxau kimberlite field in Botswana; and
- Situated in an area where 5 macrodiamonds, together with significant numbers of G9 and G10 garnets have been discovered, delineating discrete anomalies which could be sourced locally.

Exploration work conducted by the Company to date includes:

- RAB drilling to determine the varying depths of Kalahari sand cover in the project area, to track indicator minerals in palaeo-channels and to test primary targets.
- Loam-deflation lag sampling which has delineated four discrete kimberlitic indicator mineral anomalies.
- Conducting air and ground magnetometer surveys which have delineated a number of magnetic targets; and
- The acquisition of Landsat TM/SPOT satellite imagery and aerial photography for geomorphological mapping and to match any coincident magnetic or kimberlitic indicator mineral anomalies.

All information in this Projects' report pertaining to ore reserves, mineral resources and exploration results, together with any related assessments and interpretations, has been approved for release by Mr J J Moore, B.(App.) Sc., M.Aus.I.M.M., a qualified geologist and full time employee of the Company, with more than five years experience in the field being reported on.

Mr Manfred Marx (of Manfred R Marx and Associates Pty Ltd) has provided written consent to the Company for the inclusion of all geological data and exploration results included in the Tsumkwe section of this report in the form and context in which it appears.



MOUNT BURGESS MINING NL

TSUMKWE DIAMOND PROJECT
KIMBERLITIC MINERALS IN LOAM SAMPLES

The directors of Mount Burgess Mining N.L. submit herewith the annual financial report for the financial year ended 30 June 2001. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The Directors of the Company in office during and since the end of the financial year are:

- Nigel Raymond Forrester (Chairman and Managing Director)
- Jeffrey John Moore
- Godfrey Edward Taylor
- Ronald William O'Regan

Clive Bruce Jones was a director from the beginning of the financial year until his resignation on 19 December 2000.

John Rex Jenkins was a director from the beginning of the financial year until his resignation on 24 July 2000.

REVIEW OF OPERATIONS

The consolidated entity continued exploration throughout the year. A full review of operations is outlined on pages 3 to 8.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial year were gold, nickel, diamond and base metals exploration. The consolidated entity has not changed its activities.

CHANGES IN STATE OF AFFAIRS

On 19 February 2001 the Company announced to the Australian Stock Exchange that it was to terminate the 10/12 on market share buyback which commenced on 13 September 1999.

The Company has bought back 9,066,135 shares under its on market share buyback scheme.

During the year there were no other significant changes in the state of affairs of the consolidated entity.

DIVIDENDS

The Directors do not recommend the payment of a dividend and no dividend has been paid or declared since the end of the previous financial year.

FUTURE DEVELOPMENTS

The consolidated entity will be continuing exploration on the various projects that it has committed to as outlined in the Projects' Section of this report.

CORPORATE GOVERNANCE POLICY

The Board of Directors of Mount Burgess Mining N.L. is responsible for the corporate governance of the Company. The Board monitors the business and affairs of Mount Burgess Mining N.L. and its subsidiaries on behalf of the shareholders by whom they are elected and to whom they are accountable.

Because the Company is an exploration entity and because of the size of the corporate entity, no separate committees of the Board of Directors, including any audit committee, exists at the date of the report. Any matters to be dealt with by a committee are dealt with by the four directors who currently comprise the Board.

The following formalises the main corporate governance practices established to ensure the Board is well equipped to discharge its responsibilities.

Composition of the Board

The composition of the Board shall be determined in accordance with the following principles and guidelines:

- The Board must comprise a minimum of three directors, which can be expanded in accordance with the growth of the corporate entity and the variability of expertise as required.

- Whilst the Board will endeavour to maintain equal representation between executive and non-executive Directors, a majority of executive Directors may occur where the direction of the Company requires additional executive expertise.

The Board will review its composition on a continual basis to ensure that it comprises sufficient members to achieve the purpose and direction of the corporate entity and that its members have the expertise and experience relevant to that purpose and direction of the corporate entity.

The performance of all directors will be reviewed by the Chairman continuously. Directors whose performance is unsatisfactory will be asked to retire.

Independent Professional Advice

Each director will have the right to seek independent professional advice at the Company's expense. However, prior approval by the Chairman will be required, which will not be unreasonably withheld.

Remuneration

The Board will review the remuneration packages and policies applicable to the executive directors, senior executives and non-executive directors on an annual basis. Remuneration levels will be competitively set to attract the most qualified and experienced directors and senior executives. Where necessary the Board will obtain independent advice on the appropriateness of remuneration packages.

Business Risk

The Board will monitor and receive advice on areas of operational and financial risk, and consider strategies for appropriate risk management arrangements.

Specific areas of risk which were initially identified and which will be regularly considered at Board Meetings include foreign currency and commodities price fluctuations, performance of activities, human resources, the environment and continuous disclosure obligations.

Ethical Standards

The Board's policy requires that the conduct of directors and management be of the highest ethical standard. All directors and employees will be expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the corporate entity.

INFORMATION ON DIRECTORS

NIGEL RAYMOND FORRESTER, F.C.A.
(Chairman and Managing Director)

Mr Forrester is a Fellow of the Institute of Chartered Accountants in England and Wales and also a Fellow of the Institute of Chartered Accountants in Australia. He has been involved in the exploration and mining industry over the past twenty three years. Mr Forrester is one of the original shareholders of the Company which he floated in 1985.

JEFFREY JOHN MOORE, B.App.Sc.(Geol.), M.Aus.I.M.M.
(Executive Director Exploration)

Mr Moore graduated as a geologist from Curtin University of Western Australia in 1984. Prior to qualifying, he had been involved in the exploration industry in Western Australia for some seven years. Since qualifying, he spent two years as a consulting geologist then joined the Company in 1986 and has had a significant influence in involving the Company with its current projects.

GODFREY EDWARD TAYLOR, LL B
(Non-executive Director)

Mr Taylor, who was appointed to the Board on 2 July 1999, graduated in law from the University of Western Australia in 1968 and was admitted to practice in 1970. He was a founding partner in 1977 of Taylor Smart, a Perth law firm, of which he is the senior partner. He has been practising law for about 28 years and specialises in commercial and corporate law. Mr Taylor and his family were original shareholders in the Company and have been shareholders throughout its existence.

RONALD WILLIAM O'REGAN
(Non-executive Director)

Mr O'Regan was appointed to the Board on 31 July 2000. Having established a career in stockbroking, he joined Astaire & Partners, a firm of London stockbrokers in 1968. He became a member of the London Stock Exchange in the 1970s and was appointed to the Board of Astaire & Partners in 1987 where he currently serves as the Compliance Director.

CLIVE BRUCE JONES, B.App.Sc.(Geol.), M.Aus.I.M.M.
(Executive Director – resigned 19 December 2000)

Mr Jones graduated from Curtin University of Western Australia in 1982. Since graduating he has been involved in exploration for a variety of commodities and precious metals including gold, base metals, mineral sands, industrial minerals and iron ore. Much of this time was spent as a consulting geologist, working in Western Australia and overseas. He joined the Company in 1993 and was appointed to the Board in January 1995.

JOHN REX JENKINS, B.Ec.,M.Sc.,M.Ec.,A.S.I.A.
(Non-executive Director – resigned 24 July 2000)

Mr Jenkins graduated from Monash University, Victoria in 1968 as a Bachelor of Economics. He graduated from Bradford University in 1969 as a Master of Science in Management Studies and from Sydney University in 1975 with a Masters degree in Economics. He has had twenty eight year's experience in the securities industry as an investment analyst and has been involved in underwriting and corporate finance. Mr Jenkins arranged the original underwriting for the Company in 1985.

DIRECTORS' MEETINGS

Eleven board meetings were held during the year. Mr Forrester attended all eleven board meetings held during the year. Messrs Moore, O'Regan and Taylor attended ten board meetings held during the year. Mr Jones attended six board meetings held during the year up until the time he resigned as a director of the Company on 19 December 2000. There were no board meetings held during the year to the time Mr John Rex Jenkins resigned on 24 July 2000.

DIRECTORS' AND EXECUTIVES' REMUNERATION

Remuneration packages contain the following key elements:

(a) Salary/fees (including long service leave and annual leave accrued).

(b) Benefits - including superannuation, motor vehicle benefits and bonuses.

The following table discloses the remuneration of the directors of the Company and the highest remunerated executives of the Company (including executive and alternate directors).

Name	Office Held	Salary/Fees $	Options (i) $	Benefits $	Total $
N R Forrester	Executive Director	188,540	-	19,079	207,619
C B Jones	Executive Director	89,774	-	8,901	98,675
J J Moore	Executive Director	140,256	-	14,701	154,957
G E Taylor	Non-Executive Director	20,000	-	-	20,000
R O'Regan	Non-Executive Director	18,333	-	-	18,333
J R Jenkins	Non-Executive Director	-	-	-	-

(i) During the financial year an aggregate of 2,500,000 options, with an exercise price of $0.25 were issued to Directors. As at the date of this report and the option issue date, Mount Burgess Mining N.L.'s share price was below the exercise price. Using the Black-Scholes model the value assigned to these options is nil.

Other than disclosed above, there were no executive officers employed by the Company during the financial year.

DIRECTORS' SHAREHOLDINGS IN THE COMPANY

As at the date of this report:-

Mr N R Forrester and/or associates held	11,075,508	fully paid ordinary shares in the Company.
Mr J J Moore and/or associates held	750,000	fully paid ordinary shares in the Company.
Mr G E Taylor and/or associates held	2,247,339	fully paid ordinary shares in the Company.
Mr R O'Regan and/or associates held	2,113,200	fully paid ordinary shares in the Company.
TOTAL	**16,186,047**	

DIRECTORS' OPTION HOLDINGS IN THE COMPANY

As at the date of this report:-

Mr N R Forrester and/or associates held	750,000	Unlisted options in the Company.
Mr J J Moore and/or associates held	500,000	Unlisted options in the Company.
Mr G E Taylor and/or associates held	500,000	Unlisted options in the Company.
Mr R O'Regan and/or associates held	500,000	Unlisted options in the Company.
TOTAL	**2,250,000**	

All the above 2,250,000 options were issued during the current financial year.

DIRECTORS' CONTRACTS

During the year the law firm Taylor Smart & Co provided legal services to the Company on various matters at commercial rates. This amounted to $1,077 (2000 $14,315). Mr Godfrey Taylor is both a partner of Taylor Smart & Co and a director of the Company.

SHARE OPTIONS

In accordance with a special resolution approved at the Company's Annual General Meeting, held on 2 October 1996, the Company's Share Option plan in force at that time was terminated and a new plan (expiring on 2 October 1999) was introduced for the issue of up to 2,000,000 Options to eligible employees, under the following terms and conditions:

(1) no price is payable on the issue of the Options;

(2) the Options shall not be transferred or assigned by the holder provided that the holder shall be at liberty at any time to transfer all or any of his or her Options to his or her wife or husband respectively or to a proprietary limited company all the issued shares of which are beneficially owned by the holder and his or her wife or husband or to any other nominee of the Eligible Employee, provided that any such transferee first undertakes to the Company, in a deed, not to transfer or assign such Options until such time as they are exercised;

(3) each Option will entitle the holder to subscribe for one share at an exercise price of 25¢;

(4) the Options expire at 5.00pm on 31 December of the year three (3) years from the year of issue;

(5) the Options are exercisable wholly or in part by forwarding to the Company an "Option Exercise Form", accompanied by payment of the exercise price of 25¢ per option;

(6) the Options are exercisable at any time on or prior to the Expiry Date;

(7) there are no participating rights or entitlements inherent in the Options and holders will not participate in any new issue of capital offered to shareholders during the currency of the options;

(8) shares issued on the exercise of Options will rank pari passu with the then existing ordinary share capital;

(9) an Option's terms must not prevent the Option being reorganised as required by the Listing Rules on a reorganisation of capital;

(10) the Company shall allot the Options and deliver the certificates relating to the Options to the Eligible employee within ten (10) business days of the Application Date.

Status of the Options

Any options issued under this plan will not be listed on the Australian Stock Exchange Limited for official quotation.

Only upon exercise of the Options issued under the plan will the Company make application to the Australian Stock Exchange Limited for the quotation of the shares issued pursuant to the exercise of the Options.

A total of 900,000 options with an expiry date of 31 December 2002 were issued under this plan. None of these have yet been exercised.

On 21 September 2000, an Option Plan was introduced for the issue of options which in total shall not exceed 5% of the Issued Share Capital of the Company. The plan was introduced for the benefit of all eligible employees under the following terms and conditions.

All Options granted under this Plan shall be granted on the following terms and conditions:-

(1) the Options shall be granted at an issue price of $0.00¢;

(2) the Options shall not be transferred or assigned by the holder provided that the holder shall be at liberty at any time to transfer all or any of his or her Options at any time to his or her wife or husband or to a proprietary limited company all the issued shares of which are beneficially owned by the holder and his or her wife or husband or to any other nominee of the Eligible Employee provided that any such transferee first undertakes to the Company in a deed not to transfer or assign such Options until such time as they are exercised;

(3) each Options will entitle the holder to subscribe for one Share at the Exercise Price;

(4) the Options expire at 5.00pm on 31 December of the year five years (5) from the year of grant;

(5) the Options are exercisable wholly or in part by forwarding to the Company an "Option Exercise Form" of a kind attached to this plan, accompanied by payment of the Exercise Price;

(6) the Options are exercisable at any time on or prior to the Expiry Date;

(7) there are no participating rights or entitlements inherent in the Options and holders will not participate in any new issue of capital offered to shareholders of the Company during the currency of the Options;

(8) shares issued on the exercise of Options will rank parri passu with the then existing ordinary share capital;

(9) (i) in the event of any reorganisation of capital of the Company, the rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reorganisation of capital at the time of reorganisation; and

(ii) (subject to the provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital) in all other respects the terms for the exercise of Options shall remain unchanged; and

(10) the Company shall grant the Options and deliver the certificates relating to the Options to the Eligible Employee within ten (10) business days of the Application Date.

In accordance with a Special Resolution approved at the Company's Annual General Meeting held on 10 November 2000 a total of 2,500,000 options, exercisable at 25c, were issued to the directors at that time of the controlled entity and 250,000 options, exercisable at 25c, were issued to an associate of a director of the controlled entity. All of the above options issued expire on 31 December 2005 unless beforehand any of the parties cease to be an eligible employee. None of these options were granted as part of any party's remuneration. None of these options have yet been exercised.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During or since the end of the financial year the Company has not indemnified or made a relevant agreement 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. In addition, the Company has not paid, or agreed to pay, a premium in respect of any contract insuring against a liability incurred by an officer or auditor.

ENVIRONMENTAL REGULATIONS

The Board is committed to environmental best practice in its operations and ensures full compliance with all statutory environmental regulations and guidelines.

SUBSEQUENT EVENTS

No matters or circumstances of which the Directors are aware, other than those referred to in the accounts or notes, have arisen since the end of the year which significantly affect, or may significantly affect, the operations, results or state of affairs of the consolidated entity in financial years after the financial year.

ROUNDING OFF OF AMOUNTS

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1988, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded off to the nearest thousand dollars.

On behalf of Directors

N R Forrester
CHAIRMAN AND MANAGING DIRECTOR

SIGNED at Perth this 26th day of September 2001 in accordance with a resolution of the Directors made pursuant to s.298(2) of the Corporations Act 2001.

Statement of Financial Performance

for the year ended 30 June 2001

	NOTES	CONSOLIDATED 2001 $'000	CONSOLIDATED 2000 $'000	COMPANY 2001 $'000	COMPANY 2000 $'000
Revenue from ordinary activities		442	645	442	645
Administration expenses		(901)	(955)	(897)	(955)
Borrowing costs		(2)	(5)	(2)	(5)
Exploration interests written off		(721)	(40)	(721)	(40)
Other expenses from ordinary activities		(76)	(201)	(77)	(201)
Loss from ordinary activities	2	(1,258)	(556)	(1,255)	(556)
Income tax expense from ordinary activities	4	-	-	-	-
Loss from ordinary activities after related income tax expense		(1,258)	(556)	(1,255)	(556)
Net Loss		(1,258)	(556)	(1,255)	(556)
Total changes in equity other than those resulting from transactions with owners as owners		(1,258)	(556)	(1,255)	(556)
Basic Earnings per Share (cents per share)	17	(1.23)	(0.51)	(1.23)	(0.51)

Statement of Financial Position

as at 30 June 2001

	NOTES	CONSOLIDATED 2001 $'000	CONSOLIDATED 2000 $'000	COMPANY 2001 $'000	COMPANY 2000 $'000
CURRENT ASSETS					
Cash assets		6,099	9,143	6,037	9,143
Receivables	5	74	38	74	38
Other	6	4	-	-	-
TOTAL CURRENT ASSETS		6,177	9,181	6,111	9,181
NON CURRENT ASSETS					
Other financal assets	7	40	40	218	40
Plant and equipment	8	254	240	228	240
Exploration interests	9	6,191	4,908	6,003	4,908
TOTAL NON CURRENT ASSETS		6,485	5,188	6,449	5,188
TOTAL ASSETS		12,662	14,369	12,560	14,369
CURRENT LIABILITIES					
Payables	10	214	457	109	457
Interest bearing liabilities	11	14	51	14	51
Provisions	12	70	83	70	83
TOTAL CURRENT LIABILITIES		298	591	193	591
NON CURRENT LIABILITIES					
Interest bearing liabilities	13	43	5	43	5
TOTAL NON CURRENT LIABILITIES		43	5	43	5
TOTAL LIABILITIES		341	596	236	596
NET ASSETS		12,321	13,773	12,324	13,773
EQUITY					
Contributed equity	14	24,622	24,816	24,622	24,816
Reserves	15	110	110	110	110
		24,732	24,926	24,732	24,926
Accumulated losses	16	(12,411)	(11,153)	(12,408)	(11,153)
TOTAL EQUITY		12,321	13,773	12,324	13,773

The notes to the financial statements are included on pages 16 to 32.

	NOTES	CONSOLIDATED		COMPANY	
		2001	2000	2001	2000
		$'000	$'000	$'000	$'000
Cash flows from operating activities					
Payments to suppliers and employees		(910)	(1,052)	(908)	(1,052)
Interest and bill discounts received		454	533	454	533
Interest and other costs of finance paid		(3)	(28)	(3)	(28)
Net cash used in operating activities	30(b)	(459)	(547)	(457)	(547)
Cash flows from investing activities					
Proceeds from the sale of tenements		-	13,000	-	13,000
Proceeds from sale of plant and equipment		5	1,087	5	1,087
Payment for plant and equipment		(103)	(172)	(77)	(172)
Exploration, development and evaluation expenditure		(2,202)	(2,504)	(2,114)	(2,504)
Amounts advanced to wholly owned controlled entity		-	-	(178)	-
Payment for investments		-	(200)	-	(200)
Net cash provided by/(used in) investing activities		(2,300)	11,211	(2,364)	11,211
Net cash used in financing activities					
Payments for shares bought back		(231)	(834)	(231)	(834)
Repayment of lease liabilities		(53)	(36)	(53)	(36)
Repayment of borrowings		-	(650)	-	(650)
Net cash provided by/(used in) financing activities		(284)	(1,520)	(284)	(1,520)
Net increase/(decrease) in cash held		(3,043)	9,144	(3,105)	9,144
Cash at the beginning of the financial year		9,143	2	9,143	2
Effects of exchange rate changes on the balance of cash held in foreign currencies		(1)	(3)	(1)	(3)
Cash at the end of the financial year	30(a)	6,099	9,143	6,037	9,143

The notes to the financial statements are included on pages 16 to 32.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated entity's general purpose financial report has been prepared in accordance with applicable Accounting Standards, the Corporations Act 2001, Urgent Issues Group Consensus Views and other requirements of the Law. It has been prepared in accordance with the historical cost convention. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the significant accounting policies adopted by the consolidated entity in the preparation of the general purpose financial report.

(a) Acquisition, Exploration and Development Expenditure

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

The ultimate recoupment of costs related to areas of interest in the exploration and/or evaluation phase is dependent on the successful development and commercial exploitation or sale of the relevant areas.

Where development does proceed, such costs are written off against ore production proportionate to the number of tonnes of ore won which are relative to those costs.

Where it is decided to abandon an area of interest, costs carried forward in respect of that area are written off in full in the year in which the decision is taken.

Each area of interest is reviewed annually to determine whether costs should continue to be carried forward in respect of the area of interest.

(b) Income Tax

The consolidated entity adopts the liability method of tax effect accounting whereby the income tax expense in the profit and loss account is matched with the accounting profit (after allowing for permanent differences). The future tax benefit relating to tax losses and expenditure benefits are not carried forward as an asset unless the benefit can be regarded as being virtually certain of realisation. Income tax on net cumulative timing differences is set aside to provision for deferred income tax or future tax benefit accounts at current rates, where its realisation is beyond reasonable doubt.

(c) Non Current Assets – Plant and Equipment

The cost of each item of plant and equipment is written off over its estimated useful life. Depreciation is calculated on a diminishing value or straight line basis. Each item's economic life has due regard to both its own physical limitations and to present assessments of economically recoverable resources of the mine property at which the item is located, and to possible future variations in those assessments. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The following estimated useful lives are used in the calculation of depreciation:

Plant, equipment and vehicles	2 - 15 years
Leased equipment and vehicles	3 - 5 years

(d) Recoverable Amount of Non Current Assets

Non current assets are written down to recoverable amounts where the carrying value of any non current assets exceeds recoverable amounts. In determining recoverable amounts of non current assets, the expected net cash flows have not been discounted to their present values. Where assets are recorded at revalued amounts no account is taken of whether any capital gains tax may become payable in determining the recoverable amount.

(e) Leases

Leases of fixed assets other than operating leases, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Company, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Lease payments for operating leases are charged as expenses in the periods in which they are incurred.

(f) Restoration, Rehabilitation and Environmental Costs

Restoration, rehabilitation and environmental expenditures are incurred as required during the production phase of operations. They are also accrued when the need for any additional future expenditures are required and then written off as part of the cost of production of the mine property concerned.

(g) Employee Entitlements

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

Provisions made in respect of wages and salaries, annual leave, sick leave, and other entitlements expected to be settled within 12 months, are measured at their nominal values.

(h) Going Concern Basis

The financial statements of the consolidated entity have been prepared on a going concern basis which contemplates the continuity of normal business activity, and the realisation of assets and the settlement of liabilities in the normal course of business.

(i) Receivables

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

(j) Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(k) Financial Instruments Issued by the Consolidated Entity

Debt and Equity Instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

(l) Foreign Currency

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date.

Exchange differences are brought to account in the Statement of Financial Performance in the period in which they arise except that:

(i) exchange differences which relate to assets under construction for future productive use are included in the cost of those assets; and

(ii) exchange differences on transactions entered into in order to hedge the purchase or sale of specific goods and services are deferred and included in the measurement of the purchase or sale.

(m) Revenue Recognition

Interest

Interest is recognised on an accruals basis in accordance with the terms of the relevant agreement.

Disposal of Assets

Revenue from the disposal of assets is recognised when the consolidated entity has passed control of the assets to the buyer.

(n) Joint Venture Operations

Interest in joint venture operations are reported in the financial statements by including the consolidated entity's share of assets employed in the joint ventures, the share of liabilities incurred in relation to joint ventures and the share of any expenses incurred in relation to joint ventures in their respective classification categories.

(o) Investments

Investments are recorded at lower of cost or net recoverable amount and dividend revenue is recognised on a receivable basis.

(p) Comparative Amounts

The economic entity has adopted the presentation and disclosure requirements of Accounting Standards AASB 1018 "Statement of Financial Performance", AASB 1034 "Financial Report Presentation and Disclosure" and AASB 1040 "Statement of Financial Position" for the first time in the preparation of this financial report. In accordance with the requirements of these new/revised Standards, comparative amounts have been reclassified in order to comply with the new presentation format. The reclassification of comparative amounts has not resulted in a change to the aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities or equity, or the net profit/loss of the company or economic entity as reported in the prior year financial report.

(q) Goods and Services Tax

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

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is 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.

(r) Principles of Consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the economic entity, being the 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 32 to the finanicial 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 economic entity are eliminated in full.

	CONSOLIDATED		COMPANY	
	2001	2000	2001	2000
	$'000	$'000	$'000	$'000
2 LOSS FROM ORDINARY ACTIVITIES				
Loss from ordinary activities before income tax expense includes the following items of revenue and expenses:				
(a) Revenue from Ordinary Activities:				
Interest received - other entities	437	570	437	570
Sale of non current assets	5	75	5	75
	442	645	442	645
(b) Administration Expenses:				
Operating lease rental expense	42	42	42	42
Net foreign exchange loss	-	9	1	9
Write down to recoverable amount of non current investment	-	160	-	160
Salaries and wages	467	522	467	522
Other	392	222	387	222
	901	955	897	955
(c) Borrowing Costs	2	5	2	5
(d) Exploration interests written off	721	40	721	40
(e) Other Expenses from Ordinary Activities:				
Depreciation of non current assets	65	13	65	13
Amortisation of leased assets	8	23	8	23
Other	3	165	4	165
	76	201	77	201

3 SALES OF ASSETS

Sales of assets in the ordinary course of business have given rise to the following profits:

	CONSOLIDATED 2001	CONSOLIDATED 2000	COMPANY 2001	COMPANY 2000
Net Profits				
Plant and equipment	2	75	2	75
	2	75	2	75

	CONSOLIDATED		COMPANY	
	2001	2000	2001	2000
	$'000	$'000	$'000	$'000
4 INCOME TAX				
(a) The prima facie income tax expense on pre-tax accounting income reconciles to the income tax expense in the accounts as follows:				
Operating (Loss)	(1,258)	(556)	(1,255)	(556)
Income tax expense (benefit) calculated at 34% (2000: 36%) of operating loss	(428)	(200)	(427)	(200)
Add/(Less) Tax effect of permanent differences:				
Non-deductible Items	5	63	5	63
Timing differences:				
Tax losses not brought to account as future income tax benefits	423	137	422	137
Income tax expense (benefit) attributable to the operating loss	-	-	-	-
(b) Future income tax benefits:				
Certain future income tax benefits have not been recognised as an asset:				
Attributable to tax losses, the benefits of which are not virtually certain of realisation at 30% (2000: 34%)				
Revenue	3,205	3,237	3,205	3,237

(c) The taxation benefits will only be obtained if:

(i) The consolidated entity derives assessable income of a nature and of amount sufficient to enable the benefit from the deductions to be realised,

(ii) The consolidated entity continues to comply with the conditions for deductibility imposed by the law and

(iii) There are no changes in tax legislation adversely affecting the consolidated entity in realising the benefit from the deductions.

	CONSOLIDATED		COMPANY	
	2001	2000	2001	2000
	$'000	$'000	$'000	$'000
5 CURRENT RECEIVABLES				
Trade receivables	37	38	37	38
GST recoverable	8	-	8	-
Non-trade receivables from joint venture entities	29	-	29	-
	74	38	74	38
6 OTHER CURRENT ASSETS				
Prepayments	4	-	-	-
7 OTHER NON CURRENT FINANCIAL ASSETS				
Investments				
Shares and options at cost (i)	200	200	200	200
Write down to recoverable amount	(160)	(160)	(160)	(160)
	40	40	40	40
Non-trade receivables from wholly owned controlled entity	-	-	178	-
	40	40	218	40

(i) The Company holds 10% (2000:10%) of the ordinary share capital of Madagascar Resources N.L, an unlisted public mineral exploration company.

8 PLANT & EQUIPMENT

	CONSOLIDATED		
	Plant, Equipment and vehicles	Leased Equipment and vehicles	Total
	$'000	$'000	$'000
Gross Carrying Amount			
Balance as at 30 June 2000	426	35	461
Additions	103	54	157
Disposals	(6)	-	(6)
Balance as at 30 June 2001	523	89	612
Accumulated Depreciation/Amortisation			
Balance as at 30 June 2000	200	21	221
Depreciation	129	11	140
Disposals	(3)	-	(3)
Balance as at 30 June 2001	326	32	358
Net Book Value			
As at 30 June 2000	226	14	240
As at 30 June 2001	197	57	254

8 PLANT & EQUIPMENT *(cont'd)*

	COMPANY		
	Plant, Equipment and vehicles	Leased Equipment and vehicles	Total
	$'000	$'000	$'000
Gross Carrying Amount			
Balance as at 30 June 2000	426	35	461
Additions	77	54	131
Disposals	(6)	-	(6)
Balance as at 30 June 2001	497	89	586
Accumulated Depreciation/Amortisation			
Balance as at 30 June 2000	200	21	221
Depreciation	129	11	140
Disposals	(3)	-	(3)
Balance as at 30 June 2001	326	32	358
Net Book Value			
As at 30 June 2000	226	14	240
As at 30 June 2001	171	57	228

Aggregate depreciation and amortisation allocated during the year, whether recognised as an expense or capitalised as part of the carrying amount of other assets.

	CONSOLIDATED		COMPANY	
	2001	2000	2001	2000
	$'000	$'000	$'000	$'000
Plant, equipment and vehicles	129	30	129	30
Leased equipment and vehicles	11	33	11	33
	140	63	140	63

9 EXPLORATION INTERESTS

	CONSOLIDATED		COMPANY	
	2001	2000	2001	2000
	$'000	$'000	$'000	$'000
Tenement acquisition at cost	859	859	859	859
Exploration and development expenditure at cost	5,332	4,049	5,144	4,049
	6,191	4,908	6,003	4,908

The ultimate recoupment of the value of assets is dependent upon their successful development and commercial exploitation, or alternatively their respective sale.

The Company's exploration properties may be subject to claims under native title or contain sacred sites or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration and/or mining restrictions.

	CONSOLIDATED 2001 $'000	CONSOLIDATED 2000 $'000	COMPANY 2001 $'000	COMPANY 2000 $'000
10 CURRENT PAYABLES				
Trade payables	214	457	109	457

11 CURRENT INTEREST-BEARING LIABILITIES

Secured:				
Finance lease liability (i) [Note 18 (b)]	14	51	14	51

(i) Secured by the assets leased, the current market value of which equals the value of the finance lease liability.

	CONSOLIDATED 2001 $'000	CONSOLIDATED 2000 $'000	COMPANY 2001 $'000	COMPANY 2000 $'000
12 CURRENT PROVISIONS				
Employee entitlements	70	83	70	83
13 NON-CURRENT INTEREST BEARING LIABILITIES				
Secured:				
Finance Lease liability(i) [Note 18b)]	43	5	43	5

(i) Secured by the assets leased, the current market value of which equals the value of the finance lease liability.

	CONSOLIDATED 2001 $'000	CONSOLIDATED 2000 $'000	COMPANY 2001 $'000	COMPANY 2000 $'000
14 CONTRIBUTED EQUITY				
101,500,000 fully paid ordinary shares (2000: 103,436,135)	24,622	24,816	24,622	24,816

	CONSOLIDATED 2001		CONSOLIDATED 2000	
Fully Paid Ordinary Share Capital	**No: '000**	**$'000**	**No: '000**	**$'000**
Balance at the start of the year	103,436	24,816	110,566	25,687
Shares bought back	(1,936)	(194)	(7,130)	(871)
Balance at the end of the year	101,500	24,622	103,436	24,816

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

14 CONTRIBUTED EQUITY *(cont'd)*

Share Capital Bought Back During The Year

1,936,135 (2%) fully paid ordinary shares were bought back and cancelled during the financial year by the Company under its 10/12 on market share buyback scheme. The cost of acquisition included:

	$'000
Consideration:	192
Transaction costs	2
	194

In accordance with the terms of the share buyback, the equity of the Company decreased as follows:

Contributed Equity	194

On 19 February 2001 the Company terminated its on market share buyback scheme, having achieved its objective by reducing issued share capital by some nine million shares.

Share Options

In accordance with the provisions of the Employee Share Option Plan (Plan A), as at 30 June 2001 employees held 900,000 unlisted share options. They are exercisable at 25 cents and expire on 31 December 2002.

In accordance with the provisions of the Employee Share Option Plan (Plan B) as at 30 June 2001, employees held 2,750,000 share options. They are exercisable at 25 cents and expire on 31 December 2005.

Further details of the Employee Share Option Plans are contained under Share Options in the Directors' Report.

	CONSOLIDATED		COMPANY	
	2001	2000	2001	2000
	$'000	$'000	$'000	$'000
15 RESERVES				
Asset realisation reserve	110	110	110	110

This reserve represents realised benefits transferred from the asset revaluation reserve.

	CONSOLIDATED		COMPANY	
	2001	2000	2001	2000
	$'000	$'000	$'000	$'000
16 ACCUMULATED LOSSES				
Balance at start of financial year	(11,153)	(10,597)	(11,153)	(10,597)
Net loss	(1,258)	(556)	(1,255)	(556)
Balance at end of financial year	(12,411)	(11,153)	(12,408)	(11,153)

17 EARNINGS PER SHARE

	CONSOLIDATED	
	2001	2000
	$	$
Basic earnings per share	(0.0123)	(0.0051)

The weighted average number of shares during 2001 amounted to 101,968,822 (2000:108,255,615)

Diluted earnings per share are not materially different from basic earnings per share. The potential ordinary shares from 3,650,000 employee options are not considered dilutive and have therefore not been used in the calculation of dilutive earnings per share.

18 COMMITMENTS

(a) Exploration

The Company together with its joint venture partners has minimum annual expenditure commitments, as required by the Mining Act, in order to maintain title to the various mining leases, prospecting licences and exploration licences which are held in Australia. The current level of commitment which is expected to be fulfilled in the normal course of operations, if no exemptions are applied for, amounts to $1,452,225. Of this amount, $219,320 will, subject to dilution, be met by Normandy Gold Pty Ltd as part of their commitment under the Isdell joint venture [Note 26(a)].

The Company's exploration properties may be subject to claims under native title or contain sacred sites or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration and/or mining restrictions.

The Company together with its joint venture partner Kimberlite Resources Pty Ltd has minimum annual expenditure commitments as required by the Mining Act, in order to maintain title to the various prospecting licences which are held in Namibia. The current level of commitment which is expected to be fulfilled in the normal course of operations amounts to A$765,000. Of this amount, A$573,750 will be met by Mount Burgess as part of its joint venture commitment. [Note 26(b) and (c)].

No estimate has been given of expenditure commitments beyond one year as this is dependent on the Directors ongoing assessment of operations and in certain instances on Native Title negotiations.

(b) Capitalised Finance Leases

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

The present value of the remaining lease payments at 30 June 2001 is as follows:

	CONSOLIDATED		COMPANY	
	2001	2000	2001	2000
	$'000	$'000	$'000	$'000
Lease commitments				
(i) no later than 1 year	18	53	18	53
(ii) later than 1 year and not later than 5 years	50	5	50	5
Minimum lease payments	68	58	68	58
Deduct future finance charges	11	2	11	2
Present value of minimum lease payments	57	56	57	56

	CONSOLIDATED		COMPANY	
	2001	2000	2001	2000
	$'000	$'000	$'000	$'000
Included in the financial statements as:				
Current interest bearing liabilities (Note 11)	14	51	14	51
Non-current interest bearing liabilities (Note 13)	43	5	43	5
	57	56	57	56

The above finance lease commitments relate to various items of equipment and motor vehicles. The annual lease commitments are fixed and there are no contingent rental payments. The leased assets can be purchased for the amount of the outstanding liability.

	CONSOLIDATED		COMPANY	
	2001	2000	2001	2000
	$'000	$'000	$'000	$'000
(c) Operating lease commitments				
(i) no later than 1 year	42	42	42	42
(ii) later than 1 year and not later than 5 years	143	137	143	137
(iii) later than 5 years	-	48	-	48
	185	227	185	227

The above operating lease commitment is for the lease of the Company premises. The annual lease commitments are fixed and there are no contingent rental payments. The lease agreement contains an option to renew the lease for 5 years.

19 REMUNERATION OF DIRECTORS

	CONSOLIDATED		COMPANY	
	2001	2000	2001	2000
	$'000	$'000	$'000	$'000
Aggregate remuneration of directors of the Company:			499,584	535,719
Aggregate remuneration of directors of the Consolidated Entity:	499,584	535,719		

The number of directors of the Company whose remuneration was within the following bands

$	$	No.	No.
0	9,999	1	-
10,000	19,999	1	-
20,000	29,999	1	2
90,000	99,999	1	-
120,000	129,999	-	1
150,000	159,999	1	-
160,000	169,999	-	1
200,000	209,999	1	1

The names of the directors who have held office during the financial year are: Nigel Raymond Forrester, Clive Bruce Jones, Jeffrey John Moore, Godfrey Edward Taylor, Ronald William O'Regan and John Rex Jenkins.

During the financial year an aggregate of 2,500,000 options, with an exercise price of $0.25 were issued to the Directors. As at the date of this report and the option issue date, Mount Burgess Mining N.L.'s share price was below the exercise price. Using the Black-Scholes model the value assigned to these options is nil.

	CONSOLIDATED		COMPANY	
	2001	2000	2001	2000
	$	$	$	$

20 EXECUTIVES' REMUNERATION

	CONSOLIDATED 2001 $	CONSOLIDATED 2000 $	COMPANY 2001 $	COMPANY 2000 $
Aggregate remuneration of executive officers of the Company receiving $100,000 or more:			362,576	495,719
Aggregate remuneration of executive officers of the Consolidated Entity receiving $100,000 or more:	362,576	495,719		

The number of executive officers of the Company whose remuneration was within the following bands

$	$	No.	No.	No.	No.
120,000	129,999	-	1	-	1
150,000	159,999	1	-	1	-
160,000	169,999	-	1	-	1
200,000	209,999	1	1	1	1

Executives disclosed herein are also directors of the Company and disclosed in Note 19 above..

21 REMUNERATION OF AUDTORS

	CONSOLIDATED 2001 $	CONSOLIDATED 2000 $	COMPANY 2001 $	COMPANY 2000 $
(a) Auditor of the Parent Entity				
Auditing of the financial report	12,423	13,900	12,423	13,900
Other services	11,620	14,027	11,620	14,027
	24,043	27,927	24,043	27,927
(b) Related practice of the Parent Entity Auditor				
Other services	6,325	3,583	1,223	3,583
	30,368	31,510	25,266	31,510

22 SEGMENT INFORMATION

The Company operates both in Australia and Namibia in the area of mineral exploration.

Geographical Segments

	Revenue		Results		Assets	
	2001	2000	2001	2000	2001	2000
	$'000	$'000	$'000	$'000	$'000	$'000
Australia	442	645	(1,255)	(556)	10,417	13,519
Namibia	-	-	(3)	-	2,245	850
Total	442	645	(1,258)	(556)	12,662	14,369

23 RELATED PARTY TRANSACTIONS

Directors Contracts

During the year the law firm Taylor Smart & Co provided legal services to the Company on various matters at commercial rates. This amounted to $1,077 (2000: $14,315). Mr Godfrey Taylor is both a partner of Taylor Smart & Co and a director of the Company.

Mr John Rex Jenkins, previously a director of the Company, is a beneficiary of the Jenkins Family Trust which is the controlling shareholder of Jenad Australia Pty Ltd. While Mr Jenkins was a director of the Company, Jenad Australia Pty Ltd provided consulting services to the Company during the year, at commercial rates. These amounted to $1,304 (2000: $20,000).

Related Directorships

The Company has a joint venture with Kimberlite Resources Pty Ltd in respect of its diamond exploration project at Tsumkwe in Namibia. Mr Godfrey Taylor is a shareholder and director of both the Company and Kimberlite Resources Pty Ltd.

Dealing in Shares by Directors

	2001 No. Shares	2000 No. Shares
Ordinary shares in the Company held by existing directors and/or their associates at 30 June.	15,254,399	13,800,539
Ordinary shares in the Company acquired by existing directors and/or their associates at market rates during the year.	1,852,060	5,206,334
Ordinary shares in the Company disposed of by existing directors and/or their associates at market rates during the year.	-	-

24 CONTINGENT LIABILITIES

(a) In accordance with an agreement dated 28 April 1992, between the Company and Aberv Pty Ltd, the Company agreed, contingent upon production to pay to Aberv Pty Ltd, a royalty of $1.00 per tonne of all ore mined, milled and treated from Exploration Licences E45/1217 and E45/1218.

(b) In accordance with an agreement dated 21 July 1992, between the Company and Joseph Allen Treacy, the Company agreed,contingent upon production, to pay to Joseph Allen Treacy, a 2% royalty on production from Exploration Licences E45/1234, E45/1235, E45/1237 and E45/1393.

As at the date of this report there was no production occurring with regard (a) and (b) above.

25 CONTINGENT ASSETS

On 12 July 1999 the Company entered into three royalty deeds with Sons of Gwalia Ltd and Sons of Gwalia (Murchison) N.L. relative to the sale of its 50% share of the Butcher Well joint venture.

The first royalty deed covers Mining Leases M39/411, M39/412 and M39/413 within which lies the Red October gold deposit. In terms of this deed the Company is entitled to 1.75% of the spot value of all gold sales (less refining costs, gold sales costs and any royalties paid to the government or Native Title parties) after the production of 160,000 ozs from these leases. The Red October deposit is currently subject to underground mining feasibility studies by Sons of Gwalia Ltd.

25 CONTINGENT ASSETS *(cont'd)*

The second royalty deed covers Mining Leases M39/165 and M39/166 within which are situated the Butcher Well gold resources. In terms of this deed the Company is entitled to 1% of the spot value of all gold sales (less refining costs, gold sales costs and any royalties paid to the government or Native Title parties) after the production of 50,000 ozs from these leases. No mining is currently taking place from these resources.

The third royalty deed covers all of the other tenements which were in the Butcher Well joint venture, within which are situated a number of small resources. In terms of this deed the Company is entitled to 1% of the spot value of all gold sales (less refining costs, gold sales costs and any royalties paid to the government or Native Title parties) from any production from these tenements. No mining is currently taking place from any of the resources on these tenements.

26 JOINT VENTURES

The Company has an interest in the following joint ventures as at the 30 June 2001:

a) A joint venture, known as the Isdell JV with Normandy Gold Exploration Pty Ltd, in respect of gold and basemetal exploration in the Telfer region, where Mount Burgess Mining N.L. holds 60% and Normandy Gold Exploration Pty Ltd 40%.

b) A joint venture, known as the Tsumkwe Joint Venture, with Kimberlite Resources Pty Ltd, for the exploration and development of mines on Exclusive Prospecting Licences 2012 and 2014 in the Republic of Namibia, where Mount Burgess Mining N.L. holds 75% and Kimberlite Resources Pty Ltd 25%.

c) A joint venture, known as the Baraka Joint Venture, with Kimberlite Resources Pty Ltd, for the exploration and development of mines on Exclusive Prospecting Licences 2817, 2818 and 2819 in the Republic of Namibia, where Mount Burgess Mining N.L. holds 75% and Kimberlite Resources Pty Ltd 25%.

d) A joint venture, known as the Perrinvale Joint Venture, with Heron Resources, for the exploration of gold and base metals in the Illaara greenstone belt, where Mount Burgess Mining N.L. has the right to earn 70% in the project upon the expenditure of $500,000 with a right to withdraw after the first years expenditure of $100,000. As at 30 June 2001 the Company had spent $121,177 on the project.

The capital commitments arising from the Company's interests in joint venture operations are disclosed in Note 18(a).

The following amounts represent the consolidated entity's interest in assets employed in the above joint ventures. The amounts are included in the financial statements under their respective asset categories.

	CONSOLIDATED	
	2001 $'000	2000 $'000
Non Current Assets		
Exploration interests	3,240	3,226
Plant and equipment	184	88
Total Non Current Assets	3,424	3,314
Total Assets	3,424	3,314

27 ECONOMIC DEPENDENCY

The Company is not economically dependent on any other company for the derivation of revenues.

28 SUPERANNUATION COMMITMENT

The Company has ensured that the minimum superannuation levy was contributed to a complying fund on behalf of all its employees.

29 SUBSEQUENT EVENTS

No other matters or circumstances of which the Directors are aware, other than those referred to in the accounts or notes, have arisen since the end of the year which significantly affect, or may significantly affect, the operations, results or state of affairs of the Company in future financial years.

30 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	CONSOLIDATED		COMPANY	
	2001	2000	2001	2000
	$'000	$'000	$'000	$'000
Cash balance comprises:				
Cash assets	6,099	9,143	6,037	9,143
Cash balance as per Statement of Cash Flows	6,099	9,143	6,037	9,143

(b) Reconciliation of (Loss) from Ordinary Activities after Income Tax to the Net Cash Flows from Operating Activities:

	CONSOLIDATED 2001 $'000	CONSOLIDATED 2000 $'000	COMPANY 2001 $'000	COMPANY 2000 $'000
Operating (Loss) after income tax	(1,258)	(556)	(1,255)	(556)
Writedown of non current investments to recoverable amount	-	160	-	160
Depreciation	65	13	65	13
Amortisation	8	23	8	23
Write-off of exploration and development expenditure	721	40	721	40
Profit on sale of non current assets	(2)	(75)	(2)	(75)
Net exchange differences	-	3	-	3
Changes in operating assets and liabilities				
Increase/(decrease) in trade receivables	18	(33)	17	(33)
Increase/(decrease) in trade payables	2	(107)	2	(107)
Increase/(decrease) in provision for employee entitlements	(13)	(15)	(13)	(15)
Net cash flows from operations	(459)	(547)	(457)	(547)

(c) Financing Facilities

As at 30 June 2001 the Company had a Visa Card credit facility to the value of $65,000 (2000: $65,000) and payroll facility to the value of $56,000 (2000: $56,000). At balance date the total amount unused was $108,000 (2000: $101,000).

(d) Non-Cash Financing and Investing Activities

	CONSOLIDATED 2001 $'000	CONSOLIDATED 2000 $'000	COMPANY 2001 $'000	COMPANY 2000 $'000
Acquisition of motor vehicle by means of lease finance	54	-	54	-

None of the above are reflected in the Statement of Cash Flows.

31 FINANCIAL INSTRUMENTS

Significant Accounting Policies

(i) Details of significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements. No financial instruments were in place at year end.

(ii) **Interest Rate Risk**

The following table details the Consolidated Entity's exposure to interest rate risk as at 30 June 2001.

	Average Interest Rate	Variable Interest Rate	Fixed Interest Rate Maturity			Non-Interest Bearing	Total
			Less than 1 year	1 to 5 Years	More than 5 years		
	%	%	$'000	$'000	$'000	$'000	$'000
2001							
Financial Assets							
Cash assets	4.87	-	6,092	-	-	7	6,099
Shares	-	-	-	-	-	40	40
Trade receivables	-	-	-	-	-	74	74
	-	-	6,092	-	-	121	6,213
Financial Liabilities							
Trade payables	-	-	-	-	-	214	214
Finance lease liabilities	8.12	-	14	43	-	-	57
Employee entitlements	-	-	-	-	-	70	70
	-	-	14	43	-	284	341

The following table details the Consolidated Entity's exposure to interest rate risk as at 30 June 2000.

	Average Interest Rate	Variable Interest Rate	Fixed Interest Rate Maturity			Non-Interest Bearing	Total
			Less than 1 year	1 to 5 Years	More than 5 years		
	%	%	$'000	$'000	$'000	$'000	$'000
2000							
Financial Assets							
Cash assets	6.12	-	9,135	-	-	8	9,143
Shares	-	-	-	-	-	40	40
Trade receivables	-	-	-	-	-	38	38
	-	-	9,135	-	-	86	9,221
Financial Liabilities							
Trade payables	-	-	-	-	-	457	457
Finance lease liabilities	9.85	-	51	5	-	-	56
Employee entitlements	-	-	-	-	-	83	83
	-	-	51	5	-	540	596

(iii) **Credit Risk**

Credit risk refers to the risk that a counterparty will default on in respect of its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company measures credit risk on a fair value basis.

The Company does not have any significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics.

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 without taking account of the value of any collateral or other security obtained.

(iv) **Net Fair Value**

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the accounts.

32 CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Ownership Interest (%)
Parent Entity		
Mount Burgess Mining N.L.	Australia	
Controlled Entity		
MTB (Namibia) (Proprietary) Ltd	Namibia	100%

33 ACQUISITION OF BUSINESS

A Proprietary Limited shelf company was acquired in Namibia on 15 March 2000 for $505 to apply for exploration licences and carry on mineral exploration. The name of the company is MTB (Namibia) (Proprietary) Ltd and it is 100% owned by Mount Burgess Mining N.L.

34 NON-HEDGED FOREIGN CURRENCY BALANCES

	CONSOLIDATED		COMPANY	
	2001	2000	2001	2000
	$'000	$'000	$'000	$'000
The Australian dollar equivalent of foreign currency balances included in the financial statements which are not effectively hedged are as follows:				
Namibian Dollars				
Cash assets	62	-	-	-
Payables				
Current	105	-	-	-

35 ADDITIONAL COMPANY INFORMATION

	No.	No.	No.	No.
Number of employees at the end of the year	32	8	9	8

Directors' Declaration

The Directors 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 to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Directors

N R Forrester
CHAIRMAN and MANAGING DIRECTOR

Signed at Perth this 26th day of September 2001 in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

SCOPE

We have audited the financial report of Mount Burgess Mining N.L. for the financial year ended 30 June 2001 as set out on pages 14 to 33. The financial report includes the consolidated financial statements of the consolidated entity, comprising the Company and the entity it controlled at the year's end and during the financial year. 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 as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to 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 and the consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

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

AUDIT OPINION

In our opinion, the financial report of Mount Burgess Mining N.L. is in accordance with:

(a) The Corporations Act 2001, including:

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

(b) Other mandatory professional reporting requirements.

DELOITTE TOUCHE TOHMATSU

G K McHarrie
Partner
Chartered Accountants
Signed at Perth this 26th day of September 2001.

The liability of Deloitte Touche Tohmatsu is limited by, and to the extent of, the Accountants' scheme under the Professional Standards Act 1994 (NSW).

ADDITIONAL INFORMATION INCLUDED IN ACCORDANCE WITH THE LISTING REQUIREMENTS OF THE AUSTRALIAN STOCK EXCHANGE LIMITED

The information set out below was applicable as at 11th September 2001.

1. Distribution of Equity Securities and Voting Rights:

(a) Distribution of Shareholders of Ordinary shares:-

	No. of Holders
1 - 1,000	206
1,001 - 5,000	606
5,001 - 10,000	417
10,001 - 100,000	807
100,000 and over	124
Total No. of Shareholders	2,160

(b) Each shareholder entitled to vote may vote in person or by proxy, attorney or representative. On a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote. On a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share.

(c) There existed 944 shareholders who held less than a marketable parcel of shares.

2. Substantial Shareholders

The Company had one substantial shareholder as follows:-

N R Forrester (with associates) 10,785,000 shares

3. Top Twenty Shareholders

Shareholder Name	Units Held	Percentage of Issued Capital
ANZ Nominees Limited	10,632,354	10.47
Mr Nigel Raymond Forrester	7,693,130	7.58
Chase Manhattan Nominees	5,011,000	4.94
I.C. Nominees Pty Ltd	3,197,458	3.15
Citicorp Nominees Pty Ltd	2,361,000	2.33
Bow Lane Nominees	1,965,000	1.93
Baracus Pty Ltd	1,800,000	1.77
Blackmort Nominees Pty Ltd	1,700,000	1.67
National Nominees Limited	1,651,490	1.67
Mr Godfrey Edward Taylor	1,563,312	1.54
Beta Management Services Pty Ltd (S/F A/C)	1,375,000	1.35
Mr Oliver Messenger (Messenger Family Account)	1,220,000	1.20
Platinum Broking Company Ltd	1,160,000	1.14
Strata Drilling WA Pty Ltd	1,050,000	1.03
Merrill Lynch (Australia) Nominees Pty Ltd	1,007,550	0.99
Salto Pty Ltd	1,000,000	0.98
Zero Nominees Pty Ltd	1,000,000	0.98
Dilkara Nominees Pty Ltd (S/F A/C)	894,782	0.88
Rubicon Nominees Pty Ltd	776,500	0.76
W & R Brooks Investments Pty Ltd	666,500	0.66
	47,725,076	47.02

4. Contingent Liabilities in relation to Termination Benefits

There are no service agreements with any directors or officers of the Company.

Details of the Company's Mineral Tenements

as at 11 September 2001

Tenement No.		% Equity
Telfer		
E45/854		100
E45/857		100
E45/859		100
E45/1217		100
E45/1218		100
E45/1227		100
E45/1234		100
E45/1235		100
E45/1237		100
E45/1393		100
E45/1535		100
E45/1654		100
E45/1946	Under Application	100
E45/2036	Under Application	100
E45/2202	Under Application	100
E45/2302	Under Application	100
E45/2317	Under Application	100
E45/2243		100
M45/527		100
M45/528		100
M45/542		60
M45/543		60
M45/544		60
M45/545		100
M45/548		60
M45/549		60
M45/550		100
M45/551		60
M45/659	Under Application	100
M45/661	Under Application	100
M45/662	Under Application	100
M45/663	Under Application	100
M45/664	Under Application	60
M45/749	Under Application	100
M45/750	Under Application	100
M45/901	Under Application	100
M45/903	Under Application	100
M45/904	Under Application	100
M45/905	Under Application	100
M45/917	Under Application	100
M45/918	Under Application	100
M45/968	Under Application	100
P45/2458	Under Application	100
P45/2460	Under Application	100
Tabletop		
E45/1741	Under Application	100
E45/1742	Under Application	100
E45/1743	Under Application	100
E45/1745	Under Application	100
E45/1746	Under Application	100

Tenement No.		% Equity
Broadhurst		
E45/1833	Under Application	100
E45/1834	Under Application	100
E45/1912		100
M45/716	Under Application	100
M45/717	Under Application	100
M45/718	Under Application	100
M45/719	Under Application	100
Duketon		
E38/1416	Under Application	100
E38/1417	Under Application	100
Gullewa		
E59/1017	Under Application	100
E59/1018	Under Application	100
E59/1019	Under Application	100
Southern Yilgarn		
E63/528		100
E74/196		100
E74/197	Under Application	100
E74/198	Under Application	100
Mount Elvire		
E29/496	Under Application	100
E29/498	Under Application	100
E30/256	Under Application	100
E30/258	Under Application	100
E77/1044	Under Application	100
Perrinvale		
E29/434		Earning 70
E29/435		Earning 70
E30/203	Under Application	Earning 70
E30/226		Earning 70
E30/228		Earning 70
E30/254	Under Application	Earning 70
NAMIBIA		
Tsumkwe		
EPL 2012		75
EPL 2014		75
EPL 2817		75
EPL 2818		75
EPL 2819		75
Karas		
EPL 2927	Under Application	100