FALCON MINERALS LTD

ACN 009 256 535

FINANCIAL REPORT
FOR THE HALF YEAR
ENDED 31 DECEMBER 2002

DIRECTORS' REPORT

The directors of Falcon Minerals Ltd present the following report for the half-year ended 31 December 2002.

DIRECTORS

The following persons were directors of the company during the half-year and hold office as directors of the company at the date of this report.

ANTHONY RECHNER, Bsc, MAusIMM (Chairman)
RICHARD EDWARD DIERMAJER
JAMES BENTON CRAIB, JP CPA

PRINCIPAL ACTIVITY

The principal activities of the company are exploration for gold and mineral sands.

CHANGE OF COMPANY NAME

In order to signify a change in exploration strategy, following shareholder approval the Company name was changed to Falcon Minerals Limited on 28 November 2002.

REVIEW OF OPERATIONS

OLYMPIC DAM & MAJOR VOLCANOGENIC GOLD COPPER PROJECTS

CARGO JOINT VENTURE, NSW *(FCN, earning 70%)*

Falcon Minerals Ltd has recently completed ground geophysics, over a number of its Olympic Dam targets in South Australia and its Major Volcanogenic Gold/ Copper targets in NSW and Victoria as it advances towards drilling these targets.

The Cargo project in NSW is the first of these projects readied for drilling in the first quarter of 2003.

Falcon has completed an advanced induced polarisation (IP) survey over an area of approximately 9 square kilometres at Cargo in NSW. This survey was designed to cover the Cargo Intrusive Complex and surrounding areas of known gold mineralization.

This work outlined a number of electrical chargeability IP anomalies that are interpreted to indicate accumulations of sulphides in sub surface rocks. Gold and copper mineralization in the region is invariably associated with iron sulphides and copper sulphides.

Three general types of IP anomalies have been identified in the survey.

An arcuate IP anomaly almost 2.8 kilometres long and up to 500m wide exists around one side of the main Cargo Intrusive. Its vertical extent varies but is substantial with its deeper northern end extending from about 50m to 200m beneath surface to over 500m in depth. Its southern end approaches the Spur Dalcoath gold resource.

A second zone of IP anomalies extends for 1.5km in a south east direction commencing at the Spur Dalcoath.

Very high chargeability anomalies between 30 and 200 mV/V (millivolts per volt) were recorded in these two zones. 30 mV/V is regarded as a good anomaly.

A third type shows as discrete smaller anomalies developed mostly on the western side of the Cargo Intrusive correlation with a major fault that truncates the western part of the intrusion. This fault zone runs through the Gum Flat gold resource and recent work has provided evidence of epithermal gold in silica mineralization.

The first two types of anomalies with a combined length of 4.3 km are thought to have potential to host gold and copper mineralisation similar to the nearby Cadia and Ridgeway Mines. Past exploration at Cargo assumed that the main epicentre of porphyry intrusion was at the exposed and magnetically zoned Cargo Breccia Intrusive. Recent interpretive work has indicated that the dominant sub surface intrusions are away from the known Cargo Breccia zone with one prominent intrusive porphyry about 200m beneath the main Spur- Dalcoath gold resource and another is to the north of the Cargo Breccia intrusive next to the Cargo Arcuate anomaly. They have substantial chargeability zones up a few hundred metres thick or the porphyry contact zones with extrusive volcanics that will be one of the main focuses on drilling. The new model aligns more with the Falcon proprietary data package that was used to select this area for further work. The third type is interpreted to have potential for lower temperature epithermal medium to high grade gold.

Three zones of known gold mineralisation have now been selected as drilling targets as detailed below. These target zones have been selected after reviewing the current IP and sampling data along with past exploration and drilling results.

1. Spur – Dalcoath Zone

The Spur- Dalcoath near surface inferred resource contains 3.7 million tonnes at 1.24g/t gold for 147,000 oz of gold and is regarded as a near surface expression of part of the anomalous (IP) zone that extends for 1.5km to the south east. An inclined deep hole in the area clipped the western edge of this anomaly at 216 to 232m down hole depth and returned 3m @ 1.3g/t gold and just above that, 5m at 0.8g/t gold and 0.2% copper in chalcopyrite/pyrite. Higher up that hole at 27-29m was 2 metres @ 44g/t gold. Another hole to 339m collared on the western side of Spur and inclines to the east was too far west of the main target zone.

The Spur Dalcoath area at the southern end of the arcuate sulphide zone has a southeast linear corridor of IP anomalies extending for 1.5km to the extent of the IP survey boundary. It represents a zone of chargeability anomalies that are progressively more distal to the main Cargo Intrusive and some of these will be drilled as potential gold bearing sulphide bodies along a NW-SE trending structural corridor.

2. Cargo Arcuate IP Zone

A minor part of the IP anomaly surrounding the Cargo Porphyry Intrusive was detected in an earlier and less extensive IP dipole/dipole survey in 1998 but that JV partner withdrew without drilling the identified anomaly. A subsequent JV partner completed 5 deep holes in 1999 aimed primarily at magnetic anomalies surrounding the Cargo Intrusive. Two of these holes coincidently passed through part of the upper section of the northern sector of Cargo IP Arcuate Zone. Although minor mineralization was intersected including a metre at 3.55 g/t gold and weak copper sulphides, results were not sufficiently encouraging to continue drilling the magnetic anomalies and that partner withdrew.

The Cargo Arcuate anomaly has some non magnetic but high chargeability zones that extend to considerable depth including a large deeper zone towards the northern end that was not tested by drilling. Both the Cargo Arcuate Zone and the Spur Dalcoath Zone have potential for Cadia and Ridgeway styles of mineralisation. A new zone of subsurface intrusive porphyry with its top interpreted to be 250m beneath the surface is at the north eastern side of the Cargo Arcuate zone.

3. Gum Flat Zone

Gum Flat is an historic alluvial mining area along the southern part of the major NS fault that transects the western edge of the Cargo copper and gold bearing intrusive.

The soil covered Gum Flat fault zone was drilled previously defining some 77,000 ounces of gold, mainly in near surface alluvial soils and clays.

Falcon has undertaken work in this area in late 2002 including 31 rock chip samples and Induced Polarization as part of the larger Cargo program.

Current results of surface sampling provide good supporting evidence of low sulphidation epithermal gold mineralization in chalcedonic silica float with 12 samples assaying between 0.5g/t and 8 g/t gold. The results indicate the existence of epithermal gold mineralisation over a few hundred metres strike length, about 1.5km south from the centre of the Cargo Intrusive. It is associated with a prominent fault system extending from the western side of the Cargo Intrusive for some kilometres to the south. The Gum Flat Zone is interpreted as being as part of the distal phase of the Cargo hydrothermal mineralizing event.

The recent IP program has indicated some discrete small chargeability anomalies along dislocations of the Gum Flat fault zone closer to the Cargo Intrusive that may be due to buried sulphide zones in low temperature hydrothermal silica vein mineralisation.

Such geological settings are sometimes characterized by modest tonnages of high grade gold.

4. Burley Jacky Zone

The historic Burley Jacky mine that is located within a tenement adjoining the Cargo Exploration Licence. Historic reports indicate it operated around 1900 and contained a small high grade resource of massive copper sulphides at about 30% copper and 12 grams per tonne of gold.

Reports indicate copper production was 711 tonnes and the shallow workings ended at the water table.

Limited drilling in more recent times was directed at the known Burley Jacky workings and its NE trending, 800m long geochemical anomaly along a fault zone.

While the drilling was not targeted using the Falcon's proprietary data package, some interesting results in the late 90s, 4km south east of Burley Jacky, within the targeted area, included 5 inclined holes to 100m depth and one hole to 300m. Drilling intersected extensive zones in the order of 10% pyrite and recorded several 10 to 20m intersections of 0.2 g/t to 0.4g/t gold along with shorter intersections over a few metres of up to 0.6g/t gold, a few assays to 0.9g/t and a one metre sample of 4.8 g/t gold. Notable, are the broad extent of pyrite mineralisation and the consistency of low grade gold intersections around 0.2 to 0.4 g/t gold per tonne.

Midway between that area and Burley Jacky is a mineralised zone with small historic copper and gold workings, mostly along faults. Recent sampling of small pits by Falcon in this area returned up to 11.8 g/t gold, 51.8 g/t of silver and separately 4.2% copper and 0.62 g/t gold from rock chip samples.

The area around Burley Jacky covers about 15 km^2 and is interpreted as being the upper section of a buried intrusive system whereby mineralizing fluids carrying gold and copper and iron sulphides migrated upwards into faulted zones. The company has commenced detailed computer modelling of geophysical data covering this area in an attempt to identify intrusive centres at depth. Should this prove successful it will open up the project area for focused exploration aimed at the interpreted drivers of the near surface mineralisation observed so far.

Furthermore, electromagnetics planned for the Burley Jacky area, as part of the wider search for sulphide systems, may detect new blind zones high grade copper and gold in discrete massive bodies as larger repetitions of the small but very high grade Burley Jacky ore body.

COONAMBLE SOUTH, NSW *(FCN 100%)*

A detailed ground geophysical survey was completed over the target area. This has resolved the target sufficiently to allow drilling of a few deep holes through sedimentary cover into basement for volcanogenic gold and copper. Drill access will be arranged once final drill site positioning has been selected.

Research of shallow depth historic water bore hole records with one deeper hole to 180m, showed 8m of variable coloured weathered rock, including light red volcanic rock with calcite veining to the end of the hole. This may indicate hematite alteration along with carbonate alteration. No assays were done on water bore cuttings.

Basement depth is uncertain however the target has other characteristics consistent with a potential porphyry gold/copper style of mineralisation.

SHEPPARTON, VICTORIA *(FCN 100%)*

A ground geophysical survey over an identified large style gold/copper target was recently completed.

This target is now being prepared for drill positioning and access for a few 200m deep holes into basement to test for mineralisation. The target zone is under younger marine sediments estimated to be about 150m thick and is located not far from known outcrops of interpreted Cambrian aged volcanics and sediments that was the main focus of past exploration.

As previously reported, exposed outcrops to the immediate east display some fluorite, iron sulphides and minor hematite alteration. The area is known for its anomalous copper geochemistry in soils over large areas that have not been adequately explained.

PALTHRUBIE AND BOND HILL, SA ***(FCN 100%)***

These project areas are situated in central South Australia's Gawler Craton.

Research has shown that the areas have mineralizing fluids consistent with Olympic Dam style mineralisation including evidence of sericite, chlorite, hematite, fluorite and barite.

These minerals were intersected in various drill holes and surface ironstone over large areas from past exploration in this area.

Geophysical data collected from past activity over the projects has been processed by the Company and confirmed the existence of two intrusive systems that may be similar to mineralized intrusive systems at Olympic Dam. From this data drill targets will be selected and the Company is negotiating for Native Title clearance for drilling permission.

KEITH, SA ***(FCN 100%)***

Ground geophysics has been completed at Keith and its Olympic Dam style target is able to be readied for drilling. Keith is located in the south east of South Australia in Paleozoic aged rocks.

Geological research of past regional exploration in the area has shown that Keith is soil covered with shallow marine coastal sediments overlying an early Palaeozoic aged basement high. Past drilling in the area concentrated on mineral sands and coal with only minor drilling for basement hosted base and precious metals.

NARACOORTE, SA ***(FCN 100%)***

Ground geophysics has been completed at Naracoorte and the Olympic Dam Style target will be readied for drilling.

The Naracoorte tenement is situated south east of South Australia and is in a similar geological setting to Keith. It is also interpreted by some researchers to be an extension of the Mt Read Volcanic Belt that hosts large base metal sulphide mines on the west coast of Tasmania. The target area has not been drilled and basement is presently estimated at 150m beneath marine sediments and soil cover.

SAXBY, QLD *(FCN 100%)*

Acquired geophysical data on the project area has been processed and computer depth to basement estimates made in the target area that indicate a variation of depths between 250 to 400m. This is shallower than adjacent drilling had shown.

The project is located in the Mt Isa – Cloncurry Belt, approximately 150km north of and along the same belt as the Ernest Henry gold – copper mine. This project had some limited drilling in the past offset from the main target area the Company is investigating.

The previous drilling showed Proterozoic basement at about 400m below younger marine sediments. That drilling intersected extensive fine vein networks of iron sulphides in carbonate altered mafic to intermediate rocks with minor copper and nickel sulphides. Overall the setting is interpreted as a volcanic eruptive area with altered mafic intrusives.

The targeting by the Company is different from past explorers and acquired geophysics has been processed for drill target selection. Native title negotiations are progressing for exploration access.

RACEHORSE AND MT MCDONALD, QLD *(FCN 100%)*

Intrusive targets have been identified at Racehorse and Mt McDonald in eastern central Queensland beneath anticlinal structures with limited exposures of Ordovician aged volcanics at the surface. Past regional exploration by stream and soil sampling in this area by two companies separately identified both target areas as having anomalous copper and gold geochemistry at the surface. These will require some limited ground geophysics prior to drilling for large copper gold alteration systems.

OTHER PROJECTS

MURRAY BASIN, VICTORIA - MINERAL SANDS *(FCN 10% free carried, Basin 90%)*

In the June quarter Iluka Resources Limited announced an agreed takeover offer for all the shares in Basin Minerals for $2.10 cash per share. FCN is 10%, free carried to final mining feasibility in the high grade Echo deposit located within the Basin Mineral's Douglas Project in the Murray Basin, Victoria. Drilling of the Echo deposit to date has established 4.1 million tonnes of heavy minerals.

Full details of the Douglas Project's current resources, as contained in Basin Minerals 2001 Annual Report are reproduced below:-

Deposit	**Grade**		**Mineralogy**			**Estimated Tonnage**		**Overburden**
	HM%	**Rut%**	**Zirc%**	**Ilm%**	**Leu%**	**HM**	**Ore**	**OB:Ore**
						Total Mt	**Total Mt**	**Ratio**
Acapulco	7.1	7	5	38	6	2.4	33	3:2
Bondi East	8.7	5	15	53	5	3.9	44	1:2
Bondi	7.3	7	8	42	7	8.4	116	0:9
Echo	10.7	1	7	38	3	4.1	38	1:0
Chetwynd	4.5	15	12	48	6	0.4	8	2:6
Total Douglas	8.0	5	9	43	6	19.2	240	1:3

Notation:

Mineralogy	Rut% - Rutile; Zirc% - Zircon%; Ilm% - Ilmenite%; Leu% - Leucoxene%
Grade	HM - Heavy Mineral
Tonnage	Mt - Million Tonnes
Overburden	OB - Overburden

COOLJARLOO, WA - MINERAL SANDS (*FCN 100%)*

The project has a combined resource estimate of 10.9 mt @ 4.5% heavy mineral (HM) for 490,000 tonnes of HM and is held under a Retention Licence. Discussions are currently underway regarding the sale of the project.

BLACK HILLS, SA - PLATINUM AND PALLADIUM *(FCN 100%)*

Past exploration data has established that a large differentiated mafic complex at Black Hills has platinum group elements associated with weakly disseminated copper and nickel sulphides

KERONIMA (WINDANNING HILL) JV, WA - GOLD *(FCN 27%)*

Quoted Reserves and Resources are:-

- Proven and Probable Reserves 62,000 tonnes @ 2.4 g/t gold (4,900 ounces). 97% as Proven Reserves.
- Measured and Indicated Resources 36,000 tonnes @ 2.3 g/t gold (2,700 ounces). 97% as Measured Resources.

- Total Reserves and Resources 98,000 tonnes @ 2.4 g/t gold for 7,600 ounces.

Pit optimisation and mine design carried out with the objective of providing mill feed for Gindalbie Gold's plant at Minjar showed relatively low profitability of the existing resource. Exploration is continuing on other targets within the project area.

COLLURABBIE HILLS JV, WA - NICKEL ***(FCN 100%, WMC earning 70%)***

Planned work by WMC Resources includes diamond drill testing Zones C and D ultramafic units for nickel sulphides including down-hole Transient Electromagnetic Surveys for off-hole sulphide conductors.

DUKETON AND NORTH DUKETON JV, WA - GOLD/NICKEL ***(FCN 20% free carried, Newmont 100% contributing)***

ACM Mines Pty Ltd a wholly owned subsidiary of Normandy Mining Ltd entered into a joint venture agreement with Johnson's Well to earn up to 50% equity in the Duketon, North Duketon and other projects held by Johnson's Well through expenditure of $5,000,000 by 15 December 2003.

New joint venture partner Newmont has completed a regional review with 9 targets identified as summarised below and recommended follow-up work.

Target ID	Target Type/Source	Description
GB1	Bedrock drilling (Au)	Best results of 10m @ 1.08 g/t Au from 40m in MIMRB1144 – single drill line only
GB5	Bedrock drilling (Au)	Several anomalous results, best 14m @ 0.25 g/t Au in MIMRB3183 – low priority
G13	Interface drilling (Au)	Anomaly identified in broad spaced drilling, low priority
GF3	Interface drilling (Au normalised to Fe)	Large anomaly with limited drill data located on western margin of internal granite body
GA4	Bedrock drilling (As)	Arsenic anomaly – single drill line only
S2	Structural – aeromag	Group of 5 NE trending structural breaks within magnetic units – not drill tested
S7	Structural – aeromag	Intersection of NE, NW and NS magnetic trends, single drill line only
S12	Structural – aeromag	Shear intersection of chert and ultramafic unit – not drill tested
S13	Structural – aeromag	Intersection of chert and Lone Ear Thrust, single drill line only.

MULGARRIE, WA - NICKEL *(FCN 100%, Croesus 20%)*

As previously reported, a nickel sulphide target was detected by a ground electromagnetic survey that produced a weak but persistent electromagnetic anomaly close to anomalous nickel and platinum soil geochemistry and the unusual identified occurrence of olivine mesocummulate rocks from a RAB hole.

The conceptual sulphide body target size is similar to other discrete massive nickel sulphide bodies such as Silver Swan some 15 km to the southeast.

WHITBY DAM, WA - BASE METALS *(FCN 70%)*

The Company's Exploration Licence applications are located in the Murchison of WA and cover portions of the regionally extensive Giralia Fault.

As previously reported, sampling of iron stone float and subcrop over large areas returned anomalous base and precious metal results of up to 28 grams per tonne of silver, 35ppb platinum, 1580ppm zinc, and 25ppb gold. The areas contain prospective silver/base metal anomalies occurring in rock chip samples of ironstones and some sulphides along splay faults off the Giralia Fault with many of the iron stone exposures yet to be sampled.

An Agreement has been reached with the Native Title Party to enable exploration over these areas and joint venture partner is being sought for the project.

REVIEW OF OPERATIONS

The Consolidated Entity incurred an after tax operating loss for the half year ended 31 December 2002 of $203,503 (half year ended 31 December 2001 loss of $1,546,497).

EVENTS SUBSEQUENT TO REPORTING DATE

On the 31 January 2003 the Company issued 2,000,000 fully paid shares to acquire a further interest in the tenements comprising the Company's "Olympic Dam" style exploration strategy. The Company also has a contractual obligation to issue two further parcels of 1 million shares in the event that within 2 years of the date of the contract, the Company's share price remains above 15 cents and 20 cents respectively for 5 consecutive trading days on the ASX.

Other than this, there have not been any matters that have arisen since the end of the half-year, that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of the affairs of the consolidated entity in future financial years.

Signed in accordance with a resolution of the directors.

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Anthony Rechner Richard E Diermajer

Perth, 21 February 2003

Directors' Declaration

In the opinion of the directors of Falcon Minerals Limited;

a) The accompanying financial statements and notes comply with the accounting standards and give a true and fair view of the consolidated entity's financial position as at 31 December 2002 and of its performance for the half-year ended on that date.

b) At the date of this declaration there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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Anthony Rechner Richard E Diermajer

Perth, 21 February 2003

CONDENSED STATEMENT OF FINANCIAL PERFORMANCE FOR THE HALF-YEAR ENDED 31 DECEMBER 2002

	CONSOLIDATED	
	Dec 2002	Dec 2001
	$	$
Loss from ordinary activities before income tax expense	**(203,503)**	(1,546,497)
Income tax expense relating to ordinary activities	–	–
Loss from ordinary activities after related income tax expense	**(203,503)**	(1,546,497)
Net loss attributable to members of the parent entity	**(203,503)**	(1,546,497)
Total changes in equity other than those resulting from transactions with owners as owners	**(203,503)**	(1,546,497)
LOSS PER SHARE		
Basic loss per share (cents/share)	**(0.25)**	(3.21)
Diluted loss per share (cents/share)	**(0.25)**	(3.21)

Diluted earnings per share are calculated based on the assumption that the 4,300,000 options on issue are not dilutive shares and are therefore not included.

The above statement of financial performance should be read in conjunction with the accompanying notes.

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2002

	CONSOLIDATED	
	Dec 2002	June 2002
	$	$
CURRENT ASSETS		
Cash Assets	**595,504**	703,474
Receivables	**57,060**	63,353
TOTAL CURRENT ASSETS	**652,564**	766,827
NON-CURRENT ASSETS		
Other Financial Assets	**2,576**	2,576
Property, plant and equipment	**14,349**	34,086
Exploration expenditure	**1,575,712**	1,379,277
TOTAL NON-CURRENT ASSETS	**1,592,637**	1,415,939
TOTAL ASSETS	**2,245,201**	2,182,766
CURRENT LIABILITIES		
Payables	**53,411**	29,938
Provisions	**1,660**	1,645
TOTAL CURRENT LIABILITIES	**55,071**	31,583
TOTAL LIABILITIES	**55,071**	31,583
NET ASSETS	**2,190,130**	2,151,183
EQUITY		
Contributed equity	**8,758,030**	8,515,580
Accumulated losses	**(6,567,900)**	(6,364,397)
TOTAL EQUITY	**2,190,130**	2,151,183

The above statement of financial position should be read in conjunction with the accompanying notes.

CONDENSED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2002

	CONSOLIDATED	
	Dec 2002	Dec 2001
	$	$
Cash flows from operating activities		
Receipts from customers	–	135,980
Payments to suppliers and employees	**(351,639)**	(1,642,164)
Interest received	**15,318**	32,022
Net GST Refund/(Paid)	**(14,099)**	29,945
Net cash (outflow) from operating activities	**(350,420)**	(1,444,217)
Cash flows from investing activities		
Purchase of fixed assets	–	(14,202)
Aggregate cash flows from disposals of entities net of cash disposed	–	126,181
Net cash inflow/(outflow) from investing activities	–	111,979
Cash flows from financing activities		
Proceeds from the issue of shares	**242,450**	2,100,390
Repayments of loans from other parties	–	(15,344)
Costs of capital raising	–	(94,703)
Proceeds of loans from other parties	–	7,923
Net Cash inflow from financing activities	**242,450**	1,998,266
Net (decrease)/increase in cash held	**(107,970)**	666,028
Cash at the beginning of the half year	**703,474**	284,637
Cash at the end of the half year	**595,504**	950,665

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2002

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORT

This general purpose consolidated financial report for the half-year ended 31 December 2002 has been prepared in accordance with Accounting Standard AASB 1029 and is to be read in conjunction with the Annual Report for the year ended 30 June 2002.

Notes of a type normally included in the annual financial report are not included.

2. BASIS OF ACCOUNTING

The same accounting policies have been followed as those applied in the financial report for the year ended 30 June 2002.

3. SEGMENT REVENUE AND RESULTS

The Consolidated Entity operated in the Minerals Exploration, Internet Services and Elastomeric Technology industries during the previous half year: In the previous report for the half year ended 31 December 2001 the Company held a 40% interest in an Internet Service Provider business and 51% of the issued capital of a Company involved in Elastomeric Technology. These interests were disposed of on 1 April 2002 and 31 December 2001 respectively and therefore the only activity for the current half is exploration activity.

31 DECEMBER 2002					
	Minerals Exploration	Internet Services	Elastomeric Technology	Elimination	Total
Revenues	Nil	Nil	Nil	Nil	Nil
Results	(203,503)	Nil	Nil	Nil	(203,503)

31 DECEMBER 2001					
	Minerals Exploration	Internet Services	Elastomeric Technology	Elimination	Total
Revenues	Nil	161,166	Nil	Nil	161,166
Results	(1,325,275)	4,287	(85,241)	(140,268)	(1,546,497)

4. CONTINGENT LIABILITIES

Other than the contractual obligation to issue further shares subject to certain conditions as disclosed in Note 5, there have been no changes since 30 June 2002.

5. EVENTS SUBSEQUENT TO REPORTING DATE

On the 31 January 2003 the Company issued 2,000,000 fully paid shares to acquire a further interest in the tenements comprising the Company's "Olympic Dam" style exploration strategy. The Company also has a contractual obligation to issue two further parcels of 1 million shares in the event that within 2 years of the date of the contract, the Company's share price remains above 15 cents and 20 cents respectively for 5 consecutive trading days on the ASX.

Other than this, there have not been any matters that have arisen since the end of the half-year, that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of the affairs of the consolidated entity in future financial years.