

Newland Resources Ltd

SPN 13 009 098 068

Annual Report

2003

COMPANY INFORMATION**ACN**

009 092 068

ABN

13 009 092 068

DIRECTORS

K L Ashworth

L A Colless

P L Munachen

SECRETARY

K E V Brown

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STOCK EXCHANGE

Australian Stock Exchange Limited

HOME EXCHANGE

Perth

ASX CODE

NRL

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REVIEW OF OPERATIONS

For the Year Ended 30 June 2003

Management Review

In summary, Newland, during the 2002/2003 financial year developed as a resources finance group, having no debt and net cash balances. The Board have continued to expand its management of assets for flat fees of 1.5% with performance based fees as incentives. The Company has successfully negotiated to increase its holdings in the Resources Services group and are seeking shareholder approval for that at the annual general meeting.

The Company received its first royalty payment from Kagara Zinc after the end of the financial year and is exploring ways of using the cash balances arising from the management fees to acquire further royalties and/or direct resource streams of income.

Resources Services Limited

(50% owned)

Resources Services (BVI) Limited

(50% owned)

Financial year 2003 has seen the company expand its activities as sponsor and manager of resource companies.

During the financial year 2002 Resources Services Ltd (**RSL**) sponsored Resources Investment Trust plc (**ReIT**) by floating it on the London Stock Exchange and has successfully developed the Trust's portfolio during the year. The value of the ReIT portfolio is currently £25 million (A\$59 million) and RSL earns a management fee of 1.5% per annum paid monthly, as well as 20% of the increase in the value of the portfolio on a peak to peak basis after a notional 6% interest rate. At present RSL will begin to attract the incentive fee when ReIT assets exceed approximately £30 million (A\$71 million). Shareholders may review ReIT performance by going to www.REI-Trust.com.

During 2003 Resources Services (BVI) Ltd (**RSOL**) sponsored the listing on the UK AIM market of Ocean Resources Capital Holdings plc (**ORCH**) which currently has a portfolio of resource holdings with an appraised value of approximately £35 million (A\$83 million). Again RSOL accrues a fee of 1.5% of the net assets, however in this instance, the performance fee relates to 20% of the increase in ORCH's market capitalisation over £42 million rather than on the company's gross assets. ORCH distinguishes itself from ReIT in that rather than building a broad based portfolio of shares it has made investments up to 60%

of the capital in a global mix of companies all of which have proven deposits and which have used ORCH to provide the capital to either go into production or to complete a bankable feasibility study allowing them to attract capital to go into production. ORCH will expect, in many cases, to enjoy its share of the revenue from the portfolio over the coming years as well as using the strength of its balance sheet to directly acquire projects itself. Without any further development of its portfolio, ORCH will move into profit during 2005/6 as the projects come on stream, which hopefully will lead to an upward rating of the ORCH stock price with a commensurate benefit to RSOL and thus Newland.

Currently Newland holds a 50% interest in RSL and RSOL, however negotiations have been concluded to acquire a further 40% of the group thereby allowing it to enjoy 90% of the net income thereafter and to treat the group as a subsidiary.

The shareholders will be given the opportunity to vote on the acceptance of this extra 40% interest at the forthcoming annual general meeting. Full details of the transaction, together with an Independent Expert's Report, will be forwarded to all shareholders with the Notice of Annual General Meeting.

MG Capital plc

(24% owned)

The Company's holding in the United Kingdom financial services company MG Capital plc, listed on the UK Alternative Investment Market (AIM), was diluted from 42% to 24% during the year due to a placement issue by MG Capital.

As can be seen in the financial report, the directors thought it prudent to create a provision against the value of the investment in MG Capital plc. Whilst this is a disappointing feature of this year's accounts, the Board considered this an appropriate measure allowing the company to go forward as a resource investment management and finance group unencumbered with the remnants of the dot.com era. It is understood that MG Capital plc has a number of alternative strategies in place which may give rise to value being replaced back into the investment and should that materialise, the provision may be written back in future years.

REVIEW OF OPERATIONS

For the Year Ended 30 June 2003

Management Review (continued)

Minerals

Mt Garnet Mines, Queensland

Newland Resources Ltd, through its wholly owned subsidiary, Mt Garnet Mines NL, has a residual interest in the Mt Garnet leases currently beneficially owned by Kagara Zinc Ltd.

Mt Garnet Mines NL is due to receive payment of \$1 per tonne of ore mined and milled from the Mt Garnet leases, located some 150km from Cairns in Queensland. Additionally, Mt Garnet is to receive payment of \$125,000 on the expiry of twelve consecutive months of commercial production from the Mt Garnet leases and \$125,000 on the expiry of twenty four consecutive months of commercial production.

Kagara Zinc have begun mining at Mt Garnet and have announced considerable exploration success at their nearby satellite deposits.

Newland received royalty payments of \$136,000 after the end of the financial year 2003. There should be an additional \$2 million spread irregularly over the following 8-10 years, dependent on when the Mt Garnet ore is used for plant feed. These figures do not include the two individual payments of \$125,000 due after consecutive commercial production from the Mt Garnet leases for 12 and 24 months respectively.

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Newland Resources Ltd (ACN 009 092 068) and the entities it controlled at the end of, or during, the year ended 30 June 2003.

DIRECTORS

The following persons were Directors of Newland Resources Ltd during the whole year and up to the date of this report:

K L Ashworth
L A Colless
P L Munachen

PRINCIPAL ACTIVITIES

The principal activities of the economic entity during the course of the financial year were conduct of projects in financial services and minerals. There has been no significant change in the nature of these activities during the financial year.

RESULTS

The consolidated loss of the economic entity attributable to the shareholders of the holding company for the financial year after abnormal items and income tax was \$5,273,840 (2002 \$2,588,900).

DIVIDENDS

No dividends have been paid by the Company during the financial year ended 30 June 2003, nor have the Directors recommended that any dividends be paid.

REVIEW OF OPERATIONS

A review of operations for the financial year, together with future prospects which form part of this report are set out on pages 2 to 3 of the Annual Report.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The state of affairs of the Company was not affected by any significant changes during the year. On 22 April 2003 the Company announced it had reached agreement to purchase a further 40% interest in Resources Services Ltd and Resources services (BVI) Ltd, subject to shareholder approval. The meeting of shareholders seeking approval of this transaction is expected to be held during the period subsequent to the end of the financial year.

EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances, not otherwise dealt with in the financial statements, have arisen since the end of the financial year and to the date of this report which significantly affected or may significantly affect the operations of the economic entity, the results of the economic entity, or the state of affairs of the economic entity in the financial years subsequent to the financial year ended 30 June 2003.

LIKELY DEVELOPMENTS

The Company intends to continue development of its financial services, to develop new businesses, and to seek other areas of investment in other industries. Further information on likely developments in the operations of the Company and expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Company.

ENVIRONMENTAL REGULATION

The Company is regulated by environmental authorities only for its mineral tenement interests at this time. As no substantial work has been done on these tenements during the year and due to the minor interest the Company has in these tenements, there are no significant environmental regulatory liabilities affecting the Company.

PARTICULARS OF DIRECTORS

Kevan Lynton Ashworth

PhD, DIC, MIMM

Dr Ashworth, 66, is a consultant geologist based in the UK. He has worked throughout Europe, in the Middle East, Malaysia, Australia and Latin America on a wide variety of mineral exploration and development projects for major companies and government organisations. Dr Ashworth is a non-executive technical director of the Company.

Lindsay Arthur Colless

ACA, FAICD

Mr Colless, 58, is a Chartered Accountant with 15 years experience in the profession and a further 25 years experience in commerce, most of which has been in the mineral and petroleum exploration industries in the capacities of financial controller, company secretary and director. He is a director and/or secretary of a number of public listed companies and is a non-executive administration and finance director of the Company.

Peter L Munachen

FCA, FAICD

Mr Munachen, 57, is a Chartered Accountant and former partner in an international accounting practice. He has had considerable experience in the resources industry and is a director of a number of public listed companies.

DIRECTORS' BENEFITS

Disclosure of benefits provided to directors during the financial year is made in notes 9 and 10 of the financial statements, in accordance with ASIC class order 97/2348.

DIRECTORS' INTERESTS

The interests of Directors in securities of the Company at 23 September 2003 are:

	Direct	Indirect	Options
K L Ashworth	31,000	-	-
L A Colless	-	350	-
P L Munachen	-	-	-

DIRECTORS' MEETINGS

The following sets out the number of meetings of the Company's directors held during the year ended 30 June 2003 and the number of meetings attended by each director.

Number of meetings held	2
Number of meetings attended by:	
K L Ashworth	2
L A Colless	2
P L Munachen	2

DIRECTORS' REPORT (Continued)

DIRECTORS' INDEMNITIES

The Company has paid out no amounts to insure the Directors and/or Secretary for liabilities incurred as costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities of the consolidated entity.

SHARE OPTIONS

Options to take up ordinary shares in the capital of Newland Resources Ltd that were granted and are outstanding as at the date of this report:-

Public issue - listed	Nil
exercised during year	775
expired during year	19,914,743
exercisable at 20 cents each on or before 31 October 2002 of which Nil were issued during the year.	

Unlisted Options

exercisable at 50 cents on or before 31 July 2003	
Outstanding as at date of this report	Nil
Outstanding at end of year	14,082,333
Granted during year	Nil
Exercised during year	Nil
Expired since year end	14,082,333

exercisable at 30 cents on or before 31 August 2003

Outstanding as at date of this report	Nil
Outstanding at end of year	1,550,000
Granted during year	Nil
Exercised during year	Nil
Expired since year end	1,550,000

exercisable at 50 cents on or before 30 Sept 2004

Outstanding at date of this report	20,000
Outstanding at end of year	20,000

exercisable at 50 cents on or before 9 December 2004

Outstanding at date of this report	1,000,000
Outstanding at end of year	1,000,000

exercisable at 50 cents on or before 12 December 2004

Outstanding at date of this report	500,000
Outstanding at end of year	500,000

exercisable at 50 cents on or before 16 December 2004

Outstanding at date of this report	1,350,000
Outstanding at end of year	1,350,000

exercisable at 80 cents on or before 1 February 2005

Outstanding at date of this report	350,000
Outstanding at end of year	350,000

exercisable at 80 cents on or before 6 February 2005

Outstanding at date of this report	100,000
Outstanding at end of year	100,000

exercisable at 80 cents on or before 31 May 2004

Outstanding at date of this report	500,000
Outstanding at end of year	500,000

exercisable at \$1 on or before 31 May 2005

Outstanding at date of this report	500,000
Outstanding at end of year	500,000

No person entitled to exercise any option has or had, by virtue of the option, a right to participate in any share issue of any other body corporate. No shares have been issued

from the exercise of options since year-end to the date of this report. The names of all holders of options are entered into the Company's register, inspection of which may be made free of charge.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Newland Resources Ltd support and have adhered to the principles of corporate governance. The Company's corporate governance statement is contained in the additional ASX information section of this annual report.

Audit Committee

As at the date of this report the Company does not have an audit committee. The Board of Directors consists of one executive and two non-executive directors. The accounts are prepared by the Company Secretary on behalf of the Board and the full Board reviews and approves those accounts. A specific audit committee along the lines recently outlined by the ASX Corporate Governance Council is considered to be an uneconomic burden on shareholders funds and unnecessary in the case of this specific economic entity.

Signed in accordance with a resolution of the directors.

Dated at Perth this 23rd day of September 2003.

L A Colless
Director

STATEMENTS OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003

	Note	Consolidated		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
Revenue from ordinary activities	2	633,011	717,122	496,867	717,122
Cost of investment sold		(28,443)	-	(28,443)	-
Secretarial fees		(72,000)	(60,000)	(72,000)	(60,000)
Legal fees		(25,324)	(30,669)	(25,324)	(30,669)
Management fees		(60,000)	(70,000)	(60,000)	(70,000)
Corporate fees and reports		(25,102)	(20,123)	(25,102)	(20,123)
Travel		(64,355)	(84,069)	(64,355)	(84,069)
Consulting		(39,887)	-	(39,887)	-
Loss on disposal of subsidiary			(2,783,841)	-	(2,783,841)
Audit fees		(11,500)	(13,000)	(11,500)	(13,000)
Auditors - other services		(1,800)	(2,820)	(1,800)	(2,820)
Provision for loss on investments		(5,500,603)	(215,888)	(5,500,603)	(215,888)
Other expenses from ordinary activities		(77,837)	(25,612)	(77,836)	(25,612)
Profit (loss) from ordinary activities before income tax		(5,273,840)	(2,588,900)	(5,409,983)	(2,588,900)
Income tax attributable	3	-	-	-	-
Profit (loss) after income tax attributable to members of Newland Resources Ltd		(5,273,840)	(2,588,900)	(5,409,983)	(2,588,900)
Accumulated losses at beginning of financial year		(7,635,116)	(6,880,486)	(7,635,116)	(5,046,216)
Write back accumulated losses from subsidiaries disposed of written back		-	1,834,270	-	-
Accumulated losses at end of financial year		(12,908,956)	(7,635,116)	(13,045,099)	(7,635,116)
Earnings per share		(0.07)	(0.04)	(0.07)	(0.04)

The accompanying notes form part of these financial statements

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2003

	Note	Consolidated 2003 \$	2002 \$	Parent Entity 2003 \$	2002 \$
Current Assets					
Cash	4	124,976	95,143	124,976	95,143
Receivables	5	236,835	781,379	100,691	781,379
Total Current Assets		361,811	876,522	225,667	876,522
Non-Current Assets					
Investments	6	2,258,112	7,135,146	2,258,113	7,135,146
Total Non-Current Assets		2,258,112	7,135,146	2,258,113	7,135,146
Total Assets		2,619,923	8,011,668	2,483,780	8,011,668
Current Liabilities					
Accounts payable	7	38,958	157,018	38,958	157,018
Total current liabilities		38,958	157,018	38,958	157,018
Total liabilities		38,958	157,018	38,958	157,018
Net Assets		2,580,965	7,854,650	2,444,822	7,854,650
Equity					
Contributed equity	8	15,482,352	15,482,197	15,482,352	15,482,197
Share applications in advance		7,569	7,569	7,569	7,569
Accumulated losses		(12,908,956)	(7,635,116)	(13,045,099)	(7,635,116)
Total Equity		2,580,965	7,854,650	2,444,822	7,854,650

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2003

	Note	Consolidated		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
Cash Flows from Operating Activities					
Interest received		5,339	2,836	5,339	2,836
Other revenue		63,302	-	63,302	-
Fees received		1,110,635	-	1,110,635	-
Payments to suppliers and contractors		(529,093)	(200,277)	(529,093)	(200,277)
Net cash from operating activities	12	650,183	(197,441)	650,183	(197,441)
Cash Flows from Investing Activities					
Sale of investments		31,508	-	31,508	-
Investments - other bodies corporate		(652,013)	(297,457)	(652,013)	(297,457)
Net cash from investing activities		(620,505)	(297,457)	(620,505)	(297,457)
Cash Flows from Financing Activities					
Proceeds from issue of shares		155	581,425	155	581,425
Repayment of borrowings		-	(139,297)	-	(139,297)
Net cash flow from financing activities		155	442,128	155	442,128
Net increase in cash held		29,833	(49,770)	29,833	(49,770)
Cash at beginning of year		95,143	146,984	95,143	144,913
Cash in subsidiaries at beginning of year since disposed of		-	(2,071)	-	-
Cash at the end of the financial year	4	124,976	95,143	124,976	95,143

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are a general purpose financial report which has been prepared in accordance with applicable Accounting Standards, Urgent Issues Group Consensus Views, the Corporations Act 2001 and complies with other requirements of the law. The financial report has been prepared on the basis of historical costs and except where stated, do not take into account changing money values or current valuation of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied. Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Set out below is a summary of the significant accounting policies adopted by the Company in the preparation of the financial report.

a) **Income Tax**

The Company adopts the liability method of tax effect accounting whereby the income tax expense in the profit and loss account is matched with the accounting losses (after allowing for permanent differences). The future tax benefit relating to tax losses is 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 the deferred income tax and future income tax benefit in the financial statements at the rates which are expected to apply when those timing differences reverse. The current tax rates have been used for this purpose.

b) **Consolidation**

The consolidated accounts incorporate the assets and liabilities of all entities controlled by Newland Resources Ltd ("the Company") as at 30 June 2003 and the results of all controlled entities for the year then ended. Newland Resources Ltd and its controlled entities are referred to in this financial report as the economic entity. The effects of all transactions between entities in the economic entity are eliminated in full. Outside equity interests in the results and equity of controlled entities are shown separately in the consolidated profit and loss account and balance sheet respectively.

Where control of an entity is obtained during a financial year, its results are included in the consolidated profit and loss account from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year prior to which control ceases.

c) **Investments**

Non-current investments are valued at the lower of cost and recoverable amount.

d) **Recoverable amount**

Non-current assets are not revalued to an amount above their recoverable amount, and where carrying values exceed this recoverable amount assets are written down. In determining recoverable amount the expected net cashflows have been discounted to their present value.

e) **Joint ventures**

Joint venture interests have been incorporated in the financial statements by including the Company's proportion of contributions to joint venture costs, assets and liabilities under appropriate headings.

f) **Goodwill**

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable net assets acquired in the case of RF&T Ltd was written off in full during the previous financial year.

g) **Foreign currencies**

Translation of foreign currency transactions.

Transactions in foreign currencies of entities within the economic entity are converted to local currency at the rate of exchange ruling at the date of the transaction.

Amounts payable to and by the entities within the economic entity that are outstanding at the balance date and are denominated in foreign currencies have been converted to local currency using rates of exchange ruling at the end of the financial year.

All resulting exchange differences arising on settlement or re-statement are brought to account in determining the profit or loss for the financial year.

NOTES TO THE FINANCIAL ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated		Parent entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
2. OPERATING REVENUE				
The operating profit or loss before income tax is arrived at after crediting the following items of revenue:				
Revenue				
Fees received	460,020	714,286	460,020	714,286
Mining revenue received	136,144	-	-	-
Other revenue	31,508	-	31,508	-
Interest received or due and receivable from other corporations	5,339	2,836	5,339	2,836
	633,011	717,122	496,867	717,122
3. INCOME TAX				
(a) The prima facie income tax on pre-tax accounting income reconciles to the income tax expense in the accounts as follows:				
Operating profit or loss	(5,273,840)	(2,588,900)	(5,409,983)	(2,588,900)
Prima facie tax expense or benefit calculated at 30% (2002:30%) of operating profit or loss	(1,582,152)	(776,670)	(1,622,995)	(880,226)
Add (Less) Tax effect of permanent differences				
Non-deductible items	1,650,181			1,650,181
Future income tax benefits not recognised	(68,029)	776,670	(27,186)	880,226
Income tax expense attributable to the operating loss	-	-	-	-
(b) Future income tax benefits				
The future income tax benefit in respect of tax losses of the parent entity and the economic entity has not been accounted for as an asset in the financial statements as the realisation of the benefit is not virtually certain. The future income tax benefit applicable to the tax losses are subject to confirmation from the Australian Taxation Office.				
The taxation benefits will only be obtained if:				
i) The Company and the economic entity derive future assessable income of a nature and of amount sufficient to enable the benefit to be realised;				
ii) The Company and the economic entity continue to comply with the conditions for deductibility imposed by tax legislation; and				
iii) There are no changes in tax legislation adversely affecting the Company and the economic entity in realising the benefit.				

NOTES TO THE FINANCIAL ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated		Parent entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
4. CASH				
Cash at bank and on hand	124,976	95,143	124,976	95,143
	<u>124,976</u>	<u>95,143</u>	<u>124,976</u>	<u>95,143</u>
5. RECEIVABLES				
GST refund due	20,423	12,326	20,423	12,326
Trade debtors	216,412	769,053	80,268	769,053
	<u>236,835</u>	<u>781,379</u>	<u>100,691</u>	<u>781,379</u>
6. INVESTMENTS (NON-CURRENT)				
Unlisted investments				
Shares in controlled entities - at cost	-	-	-	-
Loans to (from) controlled entities	-	-	-	-
Less: Provision for diminution	-	-	-	-
Interest in other bodies corporate – at cost	8,313,784	7,690,215	8,313,784	7,690,215
Less: Provision for diminution	(6,055,672)	(555,069)	(6,055,672)	(555,069)
	<u>2,258,112</u>	<u>7,135,146</u>	<u>2,258,112</u>	<u>7,135,146</u>

(a) Investment in controlled entities

Name	Country of Incorporation	Percentage of equity interest held by economic entity	
		2003	2002
Saturn Exploration NL	Australia	100%	100%
Central Australian Resources NL	Australia	100%	100%
Mount Garnet Mines NL	Australia	100%	100%

Investment at cost

	2003	2002
Saturn Exploration NL	1	1
Central Australian Resources NL	1	1
Mount Garnet Mines NL	140,002	140,002
	<u>140,004</u>	140,004
Provision	(140,004)	(140,004)

Net investment in subsidiaries**(b) Contribution to group operating loss**

	2003	2002
	\$	\$
Mt Garnet Mines NL	136,144	-
Newland Resources Ltd	(5,409,983)	(2,588,900)
	<u>(5,273,839)</u>	<u>(2,588,900)</u>

All equity interests are in ordinary shares of the controlled entities.

	Consolidated		Parent entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
7. ACCOUNTS PAYABLE (CURRENT)				
Trade creditors and accruals	38,958	157,018	38,958	157,018

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	Number	2003 \$	Number	2002 \$
8. SHARE CAPITAL				
Issued Capital				
Balance at beginning of year	78,776,796	15,612,114	61,026,796	14,900,772
Exercise of options	775	155	-	-
Placement Issues	-	-	17,750,000	620,000
	<u>78,777,571</u>	<u>15,612,269</u>	<u>78,776,796</u>	<u>15,612,114</u>
Less: Costs of issues	-	(129,917)	-	(129,917)
Balance at end of year	<u>78,777,571</u>	<u>15,482,352</u>	<u>78,776,796</u>	<u>15,482,197</u>
Options – Listed				
Issued during year	19,915,518	-	19,915,518	-
Expired during year	(19,915,518)	-	(19,915,518)	-
Balance at end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
The above options were exercisable at 20 cents per ordinary share on or before 31 October 2002 in respect of 19,915,518 unissued ordinary shares in Newland Resources Ltd.				
Options – Unlisted				
Balance at beginning of year	14,082,333	-	14,082,333	-
Issued during year	-	-	-	-
Exercised during year	-	-	-	-
Balance at end of year	<u>14,082,333</u>	<u>-</u>	<u>14,082,333</u>	<u>-</u>
The above options are exercisable at 50 cents per ordinary share on or before 31 July 2003 in respect of 14,082,333 unissued ordinary shares in Newland Resources Ltd.				
Options – Unlisted				
Balance at beginning of year	1,550,000	-	1,550,000	-
Issued during year	-	-	-	-
Exercised during year	-	-	-	-
Balance at end of year	<u>1,550,000</u>	<u>-</u>	<u>1,550,000</u>	<u>-</u>
The above options are exercisable at 30 cents per ordinary share on or before 31 August 2003 in respect of 1,550,000 unissued ordinary shares in Newland Resources Ltd.				
Options – Unlisted				
Balance at beginning of year	20,000	-	20,000	-
Issued during year	-	-	-	-
Balance at end of year	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>-</u>
The above options are exercisable at 50 cents per ordinary share on or before 30 September 2004 in respect of 20,000 unissued ordinary shares in Newland Resources Ltd.				
Options – Unlisted				
Balance at beginning of year	1,000,000	-	1,000,000	-
Issued during year	-	-	-	-
Balance at end of year	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>
The above options are exercisable at 50 cents per ordinary share on or before 9 December 2004 in respect of 1,000,000 unissued ordinary shares in Newland Resources Ltd.				
Options – Unlisted				
Balance at beginning of year	500,000	-	500,000	-
Issued during year	-	-	-	-
Balance at end of year	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
The above options are exercisable at 50 cents per ordinary share on or before 12 December 2004 in respect of 500,000 unissued ordinary shares in Newland Resources Ltd.				

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

8. SHARE CAPITAL (CONTINUED)	Number	2003 \$	Number	2002 \$
Options – Unlisted				
Balance at beginning of year	1,350,000	-	1,350,000	-
Issued during year	-	-	-	-
Balance at end of year	<u>1,350,000</u>	-	<u>1,350,000</u>	-
The above options are exercisable at 50 cents per ordinary share on or before 16 December 2004 in respect of 1,350,000 unissued ordinary shares in Newland Resources Ltd.				
Options – Unlisted				
Balance at beginning of year	350,000	-	350,000	-
Issued during year	-	-	-	-
Balance at end of year	<u>350,000</u>	-	<u>350,000</u>	-
The above options are exercisable at 80 cents per ordinary share on or before 1 February 2005 in respect of 350,000 unissued ordinary shares in Newland Resources Ltd.				
Options – Unlisted				
Balance at beginning of year	100,000	-	100,000	-
Issued during year	-	-	-	-
Balance at end of year	<u>100,000</u>	-	<u>100,000</u>	-
The above options are exercisable at 80 cents per ordinary share on or before 6 February 2005 in respect of 100,000 unissued ordinary shares in Newland Resources Ltd.				
Options – Unlisted				
Balance at beginning of year	500,000	-	-	-
Issued during year	-	-	500,000	-
Balance at end of year	<u>500,000</u>	-	<u>500,000</u>	-
The above options are exercisable at 80 cents per ordinary share on or before 31 May 2004 in respect of 500,000 unissued ordinary shares in Newland Resources Ltd.				
Options – Unlisted				
Balance at beginning of year	500,000	-	-	-
Issued during year	-	-	500,000	-
Balance at end of year	<u>500,000</u>	-	<u>500,000</u>	-
The above options are exercisable at \$1 per ordinary share on or before 31 May 2005 in respect of 500,000 unissued ordinary shares in Newland Resources Ltd.				

9. **DIRECTORS' REMUNERATION**

Directors' Income

Total income received, or due and receivable, by directors of Newland Resources Ltd from the company and any related body corporate in connection with the management of the company and any related body corporate.

Consolidated		Parent entity	
2003	2002	2003	2002
\$	\$	\$	\$
Nil	Nil	Nil	Nil

Total income received, or due and receivable, by directors of subsidiaries from the company and any related body corporate in connection with the management of the company and any related body corporate.

Nil	Nil	Nil	Nil
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

		Consolidated		Parent entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
		Number	Number	Number	Number
9.	DIRECTORS' REMUNERATION (continued)				
	Directors' Income				
	The number of directors of the company whose income from the company falls within the following bands:				
	\$ 0 - \$ 9,999	3	4	3	4
10.	RELATED PARTY TRANSACTIONS				
	Transactions with directors and director related entities				
	The directors of Newland Resources Ltd during the year were: K L Ashworth, L A Colless and P L Munachen				
		\$	\$	\$	\$
	Type of transaction				
	Related party -directors				
	Terms and conditions				
	Consulting				
	K L Ashworth	14,160	28,400	14,160	28,400
	P L Munachen	30,000	25,000	30,000	25,000
	Administration and secretarial fees				
	L A Colless	102,000	105,000	102,000	105,000
	Shares and options of directors				
	Aggregate numbers of shares and share options of Newland Resources Ltd acquired from the Company during the year by directors or their director-related entities:-				
		Number	Number	Number	Number
	Ordinary shares	-	-	-	-
	Options	-	-	-	-
	Aggregate numbers of shares and share options of Newland Resources Ltd held directly, indirectly or beneficially by directors or their director-related entities at balance date:				
		Number	Number	Number	Number
	Ordinary shares	31,347	31,347	31,347	31,347
	Options	-	114	-	114
11.	NOTES TO THE STATEMENT OF CASH FLOWS				
	Reconciliation of Cash				
	For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled at Note 4.				

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

12. **RECONCILIATION OF NET CASH OUTFLOW FROM OPERATING ACTIVITIES TO OPERATING LOSS**

	Consolidated		Parent entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
Operating profit (loss)	(5,273,840)	(2,588,900)	(5,409,983)	(2,588,900)
Add (less) non-cash items:				
Sale of investments	(31,508)	-	(31,508)	-
Cost of investments sold	28,443	5,814,569	28,443	5,814,569
Provision for loss on investments	5,500,603	(2,814,840)	5,500,603	(2,814,840)
Changes in current assets and liabilities				
Receivables	544,543	(702,286)	680,688	(702,286)
Creditors	(118,060)	94,016	(118,060)	94,016
Net cash used in operating activities	650,183	(197,441)	650,183	(197,441)

13. **EVENTS SUBSEQUENT TO BALANCE DATE**

No matters or events have arisen since the end of the financial year, which significantly affected the operations of the Company, the results of the Company or the state of affairs of the company.

14. **SEGMENT INFORMATION**

The company operates in Australia and United Kingdom in the resources and financial services industries.

	Revenue	Segment	Segment Assets
	\$	Profit (loss)	\$
		\$	
Industry segments 2003			
Financial Services	496,867	(5,409,983)	2,483,779
Resources	136,144	136,144	136,144
Total	633,011	(5,273,839)	2,619,923
Industry segments 2002			
Financial Services	717,122	(2,588,900)	7,854,650
Resources	-	-	-
Total	717,122	(2,588,900)	7,854,650
Geographic segments 2003			
Australia	141,483	(264,764)	451,811
Bulgaria	-	-	-
United Kingdom	491,528	(5,009,075)	2,168,112
Total	633,011	(5,273,839)	2,619,923
Geographic segments 2002			
Australia	2,836	194,941	1,002,545
Bulgaria	-	(2,783,841)	-
United Kingdom	714,286	-	6,852,105
Total	717,122	(2,588,900)	7,854,650

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

15. **EARNINGS PER SHARE**

	2003	2002
Basic earnings per share -dollars per share- positive (negative)	(0.07)	\$(0.04)
Weighted average number of ordinary shares on issue used in calculation of basic earnings per share	78,777,310	68,409,351

Diluted earnings per share is not materially different from basic earnings per share and has therefore not been disclosed.

16. **CONTINGENT LIABILITIES**

As at 30 June 2003 there are no contingent liabilities of the company for termination benefits under any service agreement or contract with directors or persons who take part in the management of the Company.

17. **FINANCIAL INSTRUMENTS**

(a) **Terms, conditions and accounting policies**

The economic entity's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instruments are as follows:

Financial Instrument	Balance Sheet Note	Accounting Policy	Terms and Conditions
(i) Financial assets			
Cash at bank	4	Cash represents petty cash and cash at bank. Cash is carried at nominal amounts.	Cash is available on demand.
Receivables	5	Trade debtors and loans receivable are carried at the lower of cost and recoverable amount.	Loans are repayable on demand.
Unlisted investments	6	Unlisted investments are shown at the lower of cost and recoverable amount.	Unlisted investments represents loan capital to a third party which is repayable out of future profits of the investee.
(ii) Financial liabilities			
Trade creditors and accruals	7	Liabilities are recognised for amounts to be paid in the future for goods and services received.	Trade liabilities are normally settled on commercial terms.
(iii) Equity			
Ordinary shares	8	Ordinary share capital is recognised at the value of the amount paid up.	Details of shares issued and terms and conditions of options outstanding over ordinary shares at balance date are set out in Note 12.

(b) **Interest Rate Risk**

All financial assets and liabilities are non-interest bearing except for cash which has a floating weighted average effective interest rate of 2.35%

(c) **Net Fair Values**

The net fair value of all financial assets and liabilities are represented by their carrying amounts in the Balance Sheet of the economic entity.

(d) **Credit Risk**

The economic entity's maximum exposure to credit risk at balance date in relation to each class of financial asset is the carrying amount of those assets as indicated in the Balance Sheet.

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.

Signed at Perth this 23rd day of September 2003

This declaration is made in accordance with a resolution of the Directors.

L A Colless
Director

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF NEWLAND RESOURCES LTD

Scope

We have audited the financial report of Newland Resources Ltd for the financial year ended 30 June 2003, consisting of the statements of financial performance, statements of financial position, statements of cash flows, accompanying notes and the directors' declaration. The financial report includes the consolidated financial statements of the consolidated entity, comprising the Company and the entities it controlled at the end of the year or from time to time during the financial year. The Company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian auditing standards to provide reasonable assurance 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 and other mandatory professional reporting requirements and statutory requirements in Australia so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and 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 Newland Resources Ltd 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 2003 and of their performance for the financial year ended on that date; and
 - (ii) complying with accounting standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

ROTHSAY

G Swan
Partner

Chartered Accountants

Dated: 24th September 2003 Sydney

The liability of Rothsay is limited by, and to the extent of, the Accountants' Scheme under the Professional Standards Act 1994 (NSW)

SUPPLEMENTARY INFORMATION

1. SHAREHOLDING AS AT 25 SEPTEMBER 2003

a) Distribution of Shareholders	Number of Holders
Shareholders	Fully Paid Ordinary Shares
1 - 1,000	1,111
1,001 - 5,000	173
5,001 - 10,000	104
10,001 - 100,000	139
100,001 - over	70
	1,597
b) There are 1,337 holders who hold less than a marketable parcel.	
c) Voting rights are one vote for each fully paid ordinary share.	
d) The substantial shareholders as shown in the company's register are:	
Cambrian Mining plc	15,621,354
Parimar Limited	5,750,000
e) There are a total of nil restricted ordinary fully paid shares.	

2. TOP TWENTY SHAREHOLDERS AT 25 SEPTEMBER 2003

Shareholder	Number of Shares	% Issued Capital
Cambrian Mining Pty Ltd	15,621,354	19.83
BNP Paribas Jersey Nominee Company Ltd	8,750,000	11.11
Parimar Limited	5,750,000	7.30
Mr William Jeremy Weston	4,984,666	6.33
J P Morgan Nominees Australia Limited	3,300,396	4.19
National Nominees Limited	3,135,586	3.98
The House of Dare Pty Ltd	3,000,000	3.81
Sierra International Services Ltd	2,383,844	3.03
Mr Myles David Hart	1,908,000	2.42
Citicorp Nominees Pty Limited	1,503,353	1.91
Castletown Corporation	1,500,000	1.90
ANZ Nominees Limited	1,475,723	1.87
Mrs Kathryn Margaret Evans	1,140,708	1.45
Voxa Limited	1,053,333	1.34
Sharpdean Limited	1,000,000	1.27
Mr Charles Andrew Fowler	870,000	1.10
McNeil Nominees Pty Limited	752,795	0.96
Patricia Anne Newland	700,000	0.89
D M D Holdings Pty Ltd	700,000	0.89
Vista Blue Limited	650,000	0.83
	60,179,758	76.41

SUPPLEMENTARY INFORMATION**3. UNQUOTED OPTIONS**

Class of options	Number of options on issue	Number of Holders
Exercisable at 50 cents each on or before 30 September 2004	20,000	1
Exercisable at 50 cents each on or before 9 December 2004	1,000,000	3
Exercisable at 50 cents each on or before 12 December 2004	500,000	1
Exercisable at 50 cents each on or before 16 December 2004	1,350,000	6
Exercisable at 80 cents each on or before 1 February 2005	350,000	2
Exercisable at 50 cents each on or before 6 February 2005	100,000	1
Exercisable at 80 cents each on or before 31 May 2004	500,000	1
Exercisable at \$1.00 each on or before 31 May 2005	500,000	1

4. AUDIT COMMITTEE

As at the date of the Directors' Report there was no formal audit committee of the Board of Directors.

5. TENEMENT SCHEDULE

Prospect	Tenement Number	Interest
Mt Garnet, Qld		Royalty interest

SUPPLEMENTARY INFORMATION

6. CORPORATE GOVERNANCE STATEMENT

The directors of Newland Resources Ltd aspire to the highest standards of corporate governance considered appropriate to the company's circumstances.

A description of the company's main corporate governance practices is set out below. Unless otherwise stated, all these practices were in place the entire year.

Board of Directors

The Board of Directors takes ultimate responsibility for corporate governance and operates in accordance with the following broad principles:

- a. the Board should comprise between 3 and 4 directors
- b. at least one third of the Board should be non-executive directors
- c. the chairman should be a non-executive director
- d. the Board should comprise directors with a broad range of skills and experience in the natural resources industry

Details of the directors are set out in the Directors' Report under the heading "Particulars of Directors".

Directors are initially appointed by the full Board, subject to election by shareholders at the next general meeting and re-election at three-yearly intervals.

Executive Director

The performance of the executive director is reviewed by the full Board on an ongoing basis.

Non-executive Directors

The performance of non-executive directors is reviewed by the Board on an ongoing basis. Non-executive directors are expected to spend at least 20 days a year preparing for, and attending, Board meetings and associated activities.

Independent Professional Advice

Directors have the right, in connection with their duties and responsibilities as directors, to seek independent professional advice at the company's expense. Prior written approval of the Board is required, which will not be unreasonably withheld.

Audit Committee

As at the date of this report the Company does not have an audit committee. The Board of Directors consists of one executive and two non-executive directors. The accounts are prepared by the Company Secretary on behalf of the Board and the full Board reviews and approves those accounts. A specific audit committee along the lines recently outlined by the ASX Corporate Governance Council is considered to be an uneconomic burden on shareholders funds and unnecessary in the case of this specific economic entity.

Internal control

The Board has overall responsibility for the company's internal control procedures.

Accordingly the Board has instigated procedures designed to provide reasonable assurance as to the:

- effectiveness and efficiency of operations
- reliability of financial reporting, and
- compliance with applicable laws and regulations