PLENTY RIVER CORPORATION LIMITED

A.C.N. 009 607 676

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2003

CORPORATE INFORMATION

Directors

Richard M Morgan (Chairman)
Peter C Streader (Executive Director)
Warwick L Stone (Non-Executive Director)

Secretary

Peter C Streader

Registered Office

Plenty River Corporation Limited
Level 3, 492 St Kilda Road
MELBOURNE VIC 3004

Solicitors

Phillips Fox
120 Collins Street
MELBOURNE VIC 3000

Accountants

Stannards, Accountants and Advisors
Level 1
60 Toorak Road
SOUTH YARRA VIC 3141

Auditors

PKF
Chartered Accountants
Level 11
485 Latrobe Street
MELBOURNE VIC 3000

Principal Share Register

Computershare Investor Services Pty Limited
Level 12
565 Bourke Street
MELBOURNE VIC 3000

Incorporation

Australia

Employees

Other than 3 directors, no direct employees

Directors' Report

The Directors of Plenty River Corporation Limited submit herewith the financial report of the company for the financial year ended 30 June, 2003.

The names of the Directors in office during the year and up to the date of this report are:–

- Richard M Morgan
- Peter C Streader
- Warwick L Stone

Mr Louis J Dalby and Mr Matthew D Allen resigned as directors during the year.

Particulars of Directors' qualifications, experience, special responsibilities together with their share and option holdings in the company at the date of this report, are set out in the notes to the financial report. The number of Directors' meetings and number of meetings attended by each of the Directors of the company during the financial year were:–

Name of Director	Number eligible to attend	Number attended
Richard M Morgan	11	11
Peter C Streader	11	11
Louis J Dalby	4	3
Matthew D Allen	5	4
Warwick L Stone	6	5

PRINCIPAL ACTIVITIES

The principal activities of the company during the course of the financial year were development of a world scale ammonia and urea plant which is to be located on the Burrup Peninsula of Western Australia.

OPERATING RESULTS

The loss of the company after providing for income tax amounted to $598,774 (2002: loss $743,403).

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or declared during the financial year. No recommendation is made as to the payment of dividends.

REVIEW OF OPERATIONS

During the year substantial progress was made by the Dampier Nitrogen consortium in which the company had at balance date a 39% participating interest, in developing a world scale ammonia/urea plant on the Burrup Peninsula of Western Australia.

Major highlights were:

- completion of a Definitive Engineering Study by the consortium's proposed joint engineering/construction contractors, Uhde GmbH and Thiess Pty. Ltd.;
- completion of marketing and logistic studies;
- environmental approval granted by WA Minister of Environment and Heritage (6 December 2002) for the construction and operation of 2300 tpd ammonia/3500 tpd urea plants ancillary utilities and infrastructure;

- execution of Native Title Agreements (16 January 2003) in relation to the Burrup Industrial Estate;

Directors' Report (Cont'd)

- Section 18 Aboriginal Heritage survey clearances obtained for both the proposed plant site and the urea storage shed site;
- development of a detailed Lump Sum Turn Key (LSTK) Contract for the engineering and construction of the project;
- development and review on an "open-book" basis of a detailed capital cost estimate for construction of the project;
- development of detailed estimates for owners' costs during construction and annual operating costs;
- negotiation to advanced stage of major infrastructure agreements;
- substantial progress with Invest Australia in relation to a Federal Government funding multi-user infrastructure support package which is likely to be of benefit to the project.

Additionally, with the financial closure in late December last year of Burrup Fertilisers Pty. Ltd's ammonia project, the WA State Government's $137 million Burrup Peninsula multi-user infrastructure package, much of which will directly benefit the Dampier Nitrogen project, was triggered and engineering and construction of this infrastructure was in progress at year end.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The state of affairs of the company was not impacted significantly during the year by any particular events other than matters disclosed in the notes to the financial report.

EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in the financial year subsequent to the financial year ended 30 June, 2003 except as detailed in Note 21.

LIKELY DEVELOPMENTS

In the opinion of the Directors disclosure of information regarding likely developments in the company's operations and the expected results of those operations in future financial years, would prejudice its interests.

Accordingly, such information has not been included in this report.

DIRECTORS' INTERESTS AND BENEFITS

Since the end of the previous financial year, no Director of the company has received or become entitled to receive any benefit (because of a contract made by the company with the Director, a firm of which the Director is a member, or a company in which the Director has a substantial financial interest) other than:–

(i) a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the financial report; or

(ii) amounts paid as disclosed in Note 4 to the financial report.

Details of Directors' interests in shares and options are set out in Note 17.

OPTIONS

Options on issue as at the date of this report are set out in Note 10.

Directors' Report (Cont'd)

INDEMNIFICATION, INSURANCE AND ACCESS OF DIRECTORS

The company's Constitution provides that a director of the company will be indemnified by the company for any liability incurred by the director in defending any proceedings in relation to the company in which the judgement is given in the director's favour. Further, the company has executed a Deed of Indemnity, Insurance and Access ("Deed") with all current directors, in keeping with prudent management practices. This Deed was approved at a general meeting of shareholders on 3 April, 2001.

The company is in the process of negotiating for the provision of Directors' & Officers' Insurance coverage in compliance with the Deed.

AUDITORS INDEMNIFICATION

The company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the company or a related body corporate:–

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

ENVIRONMENTAL ISSUES

The company's operations are subject to significant environmental regulations under the law of the Commonwealth and the State. It believes it complies with all such regulations.

Signed in accordance with a resolution of the Board of Directors

R. M. Morgan

R M Morgan
Director

P C Streader
Director

Dated this 24th day of September 2003

DECLARATION BY DIRECTORS

The directors declare that:

a) the financial statements and notes:

i) comply with Accounting Standards and the Corporations Act 2001; and

ii) give a true and fair view of the financial position as at 30 June, 2003 and performance for the year then ended of the company;

b) 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 (subject to the comment made in Note 1(a) to the Financial Statements).

Signed in accordance with a resolution of the directors.

On behalf of the directors

R. M. Morgan.

R M Morgan
Director

P C Streader
Director

Dated this 24th day of September 2003

Statement Of Financial Performance
For The Year Ended 30 June 2003

	Note	2003 $	2002 $
Revenue from ordinary activities	2	54,581	34,393
Expenses:			
Occupancy Costs		(108,655)	(125,126)
Regulatory and Compliance Costs		(102,255)	(131,878)
Administration expenses from ordinary activities		(322,445)	(220,792)
Legal Settlement		(120,000)	(300,000)
Loss from ordinary activities before income tax	2	(598,774)	(743,403)
Income tax expense relating to ordinary activities		-	-
Loss from ordinary activities after income tax		(598,774)	(743,403)
Total changes in equity other than those resulting from transactions with owners as owners	12	(598,774)	(743,403)

		2003 cents	2002 cents
Basic earnings/(loss) per share	19	(1.29)	(2.11)
Diluted earnings/(loss) per share	19	(1.29)	(2.11)

The accompanying notes form part of this financial report.

Statement Of Financial Position
As At 30 June 2003

	Note	2003 $	2002 $
Current Assets			
Cash Assets		597,337	340,238
Receivables	5	25,576	7,994
Total Current Assets		622,913	348,232
Non Current Assets			
Property, Plant and Equipment	6	14,711	10,716
Other	7	1,372,887	1,000
Equity Accounted Investments	8	4,803,278	4,803,278
Total Non Current Assets		6,190,876	4,814,994
Total Assets		6,813,789	5,163,226
Current Liabilities			
Payables	9	259,584	518,157
Total Current Liabilities		259,584	518,157
Total Liabilities		259,584	518,157
Net Assets		6,554,205	4,645,069
Equity			
Contributed Equity	10	14,066,129	11,558,219
Reserves	11	671,967	671,967
Accumulated Losses	12	(8,183,891)	(7,585,117)
Total Equity		6,554,205	4,645,069

The accompanying notes form part of this financial report.

Statement Of Cash Flows
For The Year Ended 30 June 2003

	Note	2003 $	2002 $
Cash flows from operating activities			
Cash receipts from operations		16,163	26,678
Cash payments for operations		(920,015)	(610,683)
Interest received		34,423	5,648
Net Cash (used in) operating activities	13a	(869,429)	(578,357)
Cash flows from investing activities			
Purchases of property, plant and equipment		(9,495)	(735)
Project development expenditure		(1,371,887)	(732,705)
Net cash (used in) investing activities		(1,381,382)	(733,440)
Cash flows from financing activities			
Proceeds from issue of shares and options		2,507,910	1,648,294
Net cash from financing activities		2,507,910	1,648,294
Net increase in cash held		257,099	336,497
Cash at the beginning of the financial year		340,238	3,741
Cash at the end of the financial year	13b	597,337	340,238

The accompanying notes form part of this financial report.

Notes To And Forming Part Of The Financial Statements For The Year Ended 30 June 2003

1. STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies adopted by Plenty River Corporation Limited are stated below to assist in the general understanding of the financial report.

(a) Basis of Accounting

The financial report is a general purpose financial report that has been prepared in accordance with applicable Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial report has also been prepared on an accruals basis using historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies adopted have been consistently applied.

The company has reported a loss of $598,774 for the year.

Its future is dependent upon obtaining external finance to fund development of the ammonia/urea project. The directors believe such sources of finance will be available and have prepared the financial report on a going concern basis. Refer also to Note 21 for details on events subsequent to balance date.

(b) Investments – Equity Accounted

Equity accounting is adopted for investments where the company has significant influence over another entity and holds an ownership interest. The carrying amount of investments in associates are increased or decreased to recognise the company's share of the post-acquisition profits or losses and other changes in net assets of the associates. Any post-acquisition profits or losses of associates are included in the results of the company (i.e. the share of the same accruing to the company).

(c) Income Tax

No income tax is payable by the company as tax losses are available. Future income tax benefits in respect of timing differences are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefits to be realised and comply with the conditions of deductibility imposed by the law.

Notes To And Forming Part Of The Financial Statements For The Year Ended 30 June 2003 (Cont'd)

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

(d) Cash

For the purpose of the Statement of Cash Flows, cash includes deposits at call, which are readily convertible to cash, and bank overdrafts.

(e) Property, Plant and Equipment

Property, plant and equipment is brought to account at cost less any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The depreciable amount of all plant and equipment is depreciated on a straight line basis over their economic lives commencing from the time the asset is ready for use.

The relevant depreciation rates used are:–

Plant and Equipment	15%
Office Equipment	15%

(f) Foreign Currency Transactions

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of transaction. At balance date amounts payable and receivable are translated into Australian currency at rates of exchange at that date.

(g) Project Expenditure

Project expenditure relates to the feasibility and development of the ammonia/urea project. Project expenditure is carried forward to the extent that such expenditure is expected to be recouped through successful development of the project.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 30 June 2003 (Cont'd)

	2003 $	2002 $
2. OPERATING LOSS		
Operating loss from ordinary activities has been determined after:		
(i) Crediting as Revenue from Ordinary Activities:		
Interest Received	34,423	5,648
Sundry Revenue	20,158	28,745
	54,581	34,393
(ii) Charging as Expense:		
Depreciation of plant & equipment	5,500	5,379
3. INCOME TAX		
The prima facie tax on operating loss from ordinary activities is reconciled to the income tax provided in the financial statements as follows:		
Prima facie tax payable on operating loss from ordinary activities before income tax at 30%	(179,632)	(223,021)
Add/(Less) tax effect of:		
Non allowable items	3,011	21,025
Tax loss not brought to account	176,621	201,996
Income tax applicable	-	-
Future Income Tax Benefit		
	4,668	3,000
Future income tax benefits not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(c) occur:	4,699,335	4,522,714
- timing differences	4,704,003	4,525,714

Notes To And Forming Part Of The Financial Statements
For The Year Ended 30 June 2003 (Cont'd)

		2003 $	2002 $
4.	**DIRECTORS REMUNERATION**		
	Income paid or payable to all directors of the parent entity by the entity and any related parties	79,166	75,000
	Number of directors whose income from the entity and any related entity and any related bodies corporate was within the following bands:		**No.**
	- $0 - $9,999	3	3
	- $10,000 - $19,999	1	-
	- $20,000 - $29,999	-	1
	- $50,000 - $59,999	1	1
5.	**RECEIVABLES**		
	Current		
	Other Debtors	25,576	7,994
6.	**PROPERTY, PLANT AND EQUIPMENT**		
	Plant and equipment at cost	51,526	42,031
	Less: Provision for depreciation	(36,815)	(31,315)
		14,711	10,716
	Balance – start of year	10,716	15,360
	Additions	9,495	735
	Depreciation	(5,500)	(5,379)
	Balance – end of year	14,711	10,716
7.	**OTHER**		
	Project expenditure	1,371,887	-
	Sundry	1,000	1,000
		1,372,887	1,000

Notes To And Forming Part Of The Financial Statements For The Year Ended 30 June 2003 (Cont'd)

		2003 $	2002 $
8.	**EQUITY ACCOUNTED INVESTMENTS**		
	Investment in Associated Company	4,803,278	4,803,278

Associate	Ownership Interest 2003	2002
Dampier Nitrogen Pty Ltd	39%	39%

This entity incorporated in Australia facilitates the development of the company's ammonia urea/project (as previously conducted by Plenty River Corporation Limited).

Since incorporation, this entity has incurred costs in relation to the ammonia/urea project. In accordance with the accounting policies of Plenty River Corporation Limited., there is no operating result for the entity for the year ended 30 June 2003 (2002: $Nil).

There are no contingent liabilities, capital or other contracted expenditure commitments as at 30 June 2003 (2002: $Nil).

		2003 $	2002 $
9.	**PAYABLES**		
	Accounts Payable	259,584	518,157
10.	**CONTRIBUTED EQUITY**		
	Issued Capital		
	53,158,087 (2002: 39,595,269) fully paid ordinary shares	14,066,129	11,558,219

During the year, 13,562,818 ordinary shares were issued as follows:–

- 9,469,719 listed options were exercised into fully paid shares at 20 cents per option;
- 4,093,099 fully paid shares were issued under the company's share purchase plan at a price of 15 cents per share.

	2003 $	2002 $
Ordinary Shares at beginning of period	11,558,219	9,909,925
Shares issued during the year	614,085	1,235,623
Options exercised during the year	1,893,825	412,671
Ordinary Shares at end of period	14,066,129	11,558,219

Notes To And Forming Part Of The Financial Statements
For The Year Ended 30 June 2003 (Cont'd)

10. CONTRIBUTED EQUITY (CONT'D)

Ordinary shares participate in dividends and the proceeds on winding up in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

At 30 June, 2003, the company had nil (2002: 17,597,155) listed options on issue exercisable at 20 cents per option into ordinary fully paid shares on or before 31 July, 2002, of which 9,469,719 were exercised, the balance lapsed. It also has 250,000 unlisted options on issue exercisable at 20 cents per option into ordinary fully paid shares on or before 17 August, 2004.

In 2002, the company executed a share subscription agreement, an asset sale agreement and a project development agreement, details as follows:–

Share Subscription Agreement

3631591 Canada Ltd subscribed for and was allotted 975,000 fully paid ordinary shares in the company at a subscription price of 25 cents per share. In respect of this allotment:

- an asset sale agreement was executed (refer below);
- a project development agreement was executed (refer below);
- all beneficiaries of the Production Royalty Deed and the Production Royalty and Option Deed relating to the assets transferred by virtue of the asset sale agreement waived any rights in relation to Dampier Nitrogen Pty Ltd; and
- the company also became a 39% shareholder in Dampier Nitrogen Pty Ltd.

Payment of final subscription monies ($731,250) representing the allotment of a further 2,925,000 fully paid ordinary shares in the company to the subscriber on or before 1 September, 2002 (deferred until 15 October 2002) was to occur once:

- satisfactory evidence was provided to Agrium Inc. that the Production Royalty Deed had been terminated together with written acknowledgement from Parkside Group Limited (Parkside) and Resorsco Management Pty. Ltd. (Resorsco) that Parkside and Resorsco have no claim on the project or against the company in any respect;
- satisfactory evidence was provided to the subscriber of the termination or expiry of the Helm Offtake Agreement; and
- confirmation from any third parties with an interest in the assets transferred to Dampier Nitrogen Pty Ltd that there was no breach of that third party's rights in relation to the assets was received.

The final subscription/allotment has not occurred as the Production Royalty Deed is yet to be terminated. Of the subscription monies actually received, they were used by the company for working capital purposes. Each share issued under the agreement ranked equally in all respects with all other shares of the company.

Asset Sale Agreement

The company pursuant to this agreement sold its assets in the ammonia/urea project to Dampier Nitrogen Pty Ltd, such assets including intellectual property, project records and project agreements in relation to the project. The asset transfer price was $1, and the Company obtained a 39% equitable interest in Dampier Nitrogen Pty Ltd.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 30 June 2003 (Cont'd)

10. CONTRIBUTED EQUITY (CONT'D)

Project Development Agreement (PDA)

The PDA made between the Dampier Nitrogen consortium participants and executed on 18 May 2002 provided for:

- the formation of a consortium between Agrium Australia Pty. Ltd., Plenty River Corporation Limited, Thiess Pty. Ltd. and Krupp Uhde GmbH (now known as Uhde GmbH), to evaluate the development of a world scale ammonia/urea project on the Burrup Peninsula, Western Australia;

- the preparation of a Bankable Feasibility Study;

- and procedures in respect of the rights and obligations of consortium members.

As noted and shortly before the execution of the PDA, Plenty River transferred, pursuant to the Asset Sale Agreement, the project assets existing at that time into a company, Dampier Nitrogen Pty. Ltd., which had been specifically set up for the purpose of progressing and developing the project. The PDA also provided for the ownership and management of Dampier Nitrogen Pty. Ltd. consistent with the participant interests detailed above.

At 30 June, 2003, the equity interests in the consortium were:

- Agrium Australia Pty Ltd – 51%
- Plenty River Corporation Ltd – 39%
- Thiess Pty Ltd – 10%.

Voting rights are in proportion to equity holdings.

The participants in the consortium have borne their own costs in undertaking work in the scope of work for which they have primary responsibilities and in respect of the bankable feasibility study. External costs and expenses of the consortium have been borne by the participants in accordance with their percentage interests in the consortium.

The PDA contemplates that the participants are to be granted in-kind equity in respect of expenditure borne directly by themselves on items of work in the scope of work at completion of the consortium. The company shall additionally be granted in-kind equity of $131,398 for expenditure between 1 March, 2002 and the date the agreement was executed. Equity shall also be granted for all contributions to external costs and expenses of the consortium.

Clause 18 of the PDA provided that it would terminate at the earlier of:-

- execution of a Joint venture Agreement;
- the date on which the Bankable Feasibility Study was ceased or the project abandoned; or
- 31 May 2003.

By a Deed of Extension and Variation dated 29 May 2003, the Dampier Nitrogen consortium agreed to extend the expiry date of the PDA from 31 May 2003 to 31 July 2003, essentially to allow the participants further time to optimise project economics.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 30 June 2003 (Cont'd)

		2003 $	2002 $
11.	**RESERVES**		
	Reserves comprise:		
	Options premium	671,967	671,967
12.	**ACCUMULATED LOSSES**		
	Accumulated losses at beginning of year	(7,585,117)	(6,841,714)
	Losses attributable to the company	(598,774)	(743,403)
	Accumulated losses at end of year	(8,183,891)	(7,585,117)
13.	**NOTES TO THE STATEMENT OF CASHFLOWS**		
(a)	**Reconciliation of operating loss from ordinary activities after income tax to net cash used in operating activities**		
	Operating loss from ordinary activities after income tax	(598,774)	(743,403)
	Non-cash flows in operating loss:		
	- Depreciation	5,500	5,379
	Changes in assets and liabilities:		
	- (Increase) in receivables	(17,582)	(2,067)
	- (Decrease) in payables	(258,573)	161,734
	Net cash (used in) operating activities	(869,429)	(578,357)
(b)	**Reconciliation of Cash**		
	Cash at the end of the financial year as shown in the statements of cash flows is reconciled to items in the statement of financial position as follows:		
	- Bank	597,337	340,238
(c)	**Credit stand-by facilities**		
	Loan facilities	-	-
	Amount utilised	-	-
	Unused loan facilities	-	-
(d)	**Business Acquisitions**		
	During the 2002 year, the company acquired 39% of the ordinary shares of Damper Nitrogen Pty Ltd, as follows:		
	Consideration Paid		
	- 39 ordinary shares at $1 per share	-	39
	- Ammonia Urea Project	-	4,803,239
		-	4,803,238
	Fair Value of Net Assets Acquired		
	- Intellectual Property and Project Data	-	(4,803,238)
	Outflow of Cash	-	-

Notes To And Forming Part Of The Financial Statements For The Year Ended 30 June 2003 (Cont'd)

		2003 $	2002 $
14.	**AUDITORS REMUNERATION**		
	Audit and review of financial reports	14,000	12,500
	Other services	7,250	-
		21,250	12,500

The auditors received no other benefits.

15. SEGMENT REPORTING

The company operates in the chemical manufacturing industry and is evaluating/developing an ammonia/urea plant. In the prior year, it also operated in the mining industry. This segment is in the one geographic area, Australia.

16. COMMITMENTS

Plenty River Corporation Limited has no contracted capital expenditure commitments as at 30 June 2003.

17. RELATED PARTY TRANSACTIONS

(a) Directors

The names of directors who held office during the year were:–

- R M Morgan
- P C Streader
- W L Stone (appointed during the year)
- L J Dalby (now retired)
- M D Allen (now retired)

Remuneration of directors is disclosed at note 4.

Notes To And Forming Part Of The Financial Statements For The Year Ended 30 June 2003 (Cont'd)

17. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Transactions with directors and director related entities

Type of Transaction	Party	2003 $	2002 $
Consulting Fees	Resorsco Management Pty Ltd (i) (ii)	32,400	205,300
Management Fees	Resorsco Management Pty Ltd (i)	144,000	144,000
Consulting Fees	Sholapure Pty Ltd (iii)	30,550	-
		206,950	349,300

(i) Resorsco Management Pty Ltd is a director related entity of Mr PC Streader.

(ii) These fees were on-paid to Mr L Dalby.

(iii) An entity in which Mr W L Stone has an interest.

These transactions were on normal commercial terms and conditions

(c) Transactions of directors and director related entities concerning shares and options

Aggregate number of shares and options in Plenty River Corporation Limited held directly, indirectly or beneficially by Directors or their Director-related entities at balance date.

	2003 $	2002 $
Ordinary Shares		
Aggregate acquired	151,852	679,594
Less former directors' holdings	(32,238)	
Aggregate held at balance date	3,181,379	3,061,765
Options - $0.20 (listed – expired 31 July 2002)		
Aggregate disposed of/exercised	(124,000)	(1,191,594)
Total number expired	1,996,705	
Aggregate held at balance date	-	2,120,705

Notes To And Forming Part Of The Financial Statements For The Year Ended 30 June 2003 (Cont'd)

17. RELATED PARTY TRANSACTIONS (CONT'D)

(d) Other Transactions of Director and Director-Related Entities

Mr P C Streader is a director and shareholder of Resorsco Management Pty Ltd ("Resorsco") which provides staff and executive services (Messrs. P C Streader and formerly L J Dalby) for the company at its registered office. All transactions with Resorsco Management Pty Ltd are based on normal commercial terms and conditions.

Mr P C Streader is a director and shareholder of Georgetown Mining Limited (formerly Worldwide Mining Services Ltd) ("Georgetown"). Georgetown provides administrative, geological and other technical services from time to time to the company on normal commercial terms and conditions.

By virtue of a Production Royalty Deed dated 16 February, 1998 made between Parkside Group Ltd ("Parkside"), Resorsco and the company, the company has agreed to pay to Parkside and Resorsco a production royalty for each tonne of ammonia and each tonne of urea produced by any plant constructed as a consequence of successful completion of the project.

The royalty has been set at $0.95 per tonne and is to be adjusted annually on the basis of movements in the CPI. The company must apportion and pay 80% of the production royalty to Parkside, and 20% of the production royalty to Resorsco, subject to any changes to that agreement which were foreshadowed by the agreements referred to in Note 10.

The Production Royalty represented part of the consideration payable by the company to Parkside and Resorsco for the acquisition from Parkside of Parkside's ammonia/urea project (the Project).

It is a term of the Production Royalty Deed that the company must not assign, transfer or dispose of any interest in the Project to any person unless it first obtains from that person a Deed of Covenant containing a number of provisions, the most important of which for present purposes is a declaration by the assignee that the payment of the Production Royalty to Parkside and Resorsco is a paramount joint and several obligation of the company and the assignee.

A condition of Agrium Inc's participation in the Project was that Agrium would not have any liability direct or indirect for payment of the Production Royalty. As noted in Note 10, the company sold its assets in the Project to Dampier Nitrogen Pty Ltd (in which Agrium subsequently acquired a 51% shareholding), pursuant to an Asset Sale Agreement dated 17 May, 2002. Prior to the execution of this agreement, a Deed of Release and Waiver dated 7 May, 2002 was executed by Parkside, Resorsco, the company and Dampier Nitrogen Pty Ltd to ensure that Dampier Nitrogen Pty Ltd would not be responsible for payment of the Production Royalty, and that any responsibility for payment of the same would be confined to the company.

Each of Messrs Morgan, Streader and Dalby (a former director) have an interest in the Production Royalty. Mr Morgan's interest stems from a Production Royalty and Option Deed (the Deed) entered into between Parkside and fourteen beneficiaries (the Beneficiaries) which include Mr Morgan's family company, BPC Holdings Pty Ltd, on or about February 1998 pursuant to which Parkside declared that it held part of the Production Royalty on trust for the Beneficiaries and agreed to pay those parts to the Beneficiaries on and subject to the terms of the Deed.

Messrs Morgan, Streader and Dalby have each on behalf of BPC Holdings Pty Ltd, Resorsco and Parkside executed irrevocable letter agreements dated 15 May, 2002 with the company to the effect that their respective proportionate interests in the Production Royalty are reduced and limited to the final equity (as a percentage) which the company retains in the Project.

Notes To And Forming Part Of The Financial Statements For The Year Ended 30 June 2003 (Cont'd)

By way of example, this means in the case of Resorsco that it will only be entitled to receive a 20% share of the Production Royalty to the extent that such amount shall not exceed E% multiplied by 20% where E% equals the final equity that the company retains in the Project. At the company's present level of equity in the project (i.e. 39%), Resorsco would be entitled to receive no more than 20% of 39% of the Production Royalty, which equates to 7.8% of the original Production Royalty.

Further, at the same 39% equity level, Mr Dalby through his interest in Parkside would be entitled to receive no more than 40% of 39% of the Production Royalty received by Parkside which equates to 15.65 of his original Production Royalty entitlement.

BPC Holdings Pty Ltd (Mr Richard Morgan's family company) would be entitled to receive no more than 21% of 39% of the Production Royalty received by Parkside which equates to 8.19% of the original Production Royalty entitlement.

At the date of this report the Beneficiaries (other than BPC Holdings Pty Ltd) are entitled to receive 100% of their respective entitlement to Parkside's share of the Production Royalty (if any is payable). Mr Dalby's wife, Marilyn Dalby, is one of the Beneficiaries and has a 6% interest in Parkside's entitlement to the Production Royalty.

The company is currently developing a proposal which it intends to put to Parkside, Resorsco and all of the Beneficiaries (including BPC Holdings Pty. Ltd.) which has as its objective the termination of the Production Royalty Agreement.

18. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The company's exposure to interest rate risk, repricing maturities and the effective interest rates on financial instruments at balance date are:–

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturities			Non Interest Bearing	Total
			1 year or less	1 to 5 years	over 5 years		
	%	$	$	$	$	$	$
30 June 2003							
Assets:							
Cash	3.2	597,339	-	-	-	-	597,339
Receivables		-	-	-	-	25,576	25,576
		597,339	-	-	-	25,576	622,915

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturities			Non Interest Bearing	Total
			1 year or less	1 to 5 years	over 5 years		
	%	$	$	$	$	$	$
30 June 2002							
Assets:							
Cash	3.5	340,238	-	-	-	-	340,238
Receivables		-	-	-	-	7,994	7,994
		340,238	-	-	-	7,994	348,232

No interest is payable on financial liabilities as at 30 June, 2003 and 30 June, 2002.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 30 June 2003 (Cont'd)

18. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (CONT'D)

(b) Credit Risk

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

The credit risk on financial assets, excluding investments of the company which have been recognised on the balance sheet, is the carrying amount, net of any provision for doubtful debts. The company is not materially exposed to any individual overseas country or individual customer.

(c) Net Fair Values of Financial Assets and Liabilities

Valuation Approach
Net fair values of financial assets and liabilities are determined by the company on the following basis:–

- *Cash, cash equivalents and short-term investments:* The carrying amount approximates fair value because of their short term to maturity.
- *Non-trade receivables and accounts payables:* The carrying amount approximates fair value because of their short term to maturity.

The carrying amounts and net fair values of financial assets and liabilities as at the reporting date are as follows:–

	2003 Carrying Amount $	**2003 Fair Value $**
Financial assets		
Cash	597,339	597,339
Receivables	25,576	25,576
Financial liabilities		
Payables	259,584	259,584

	2002 Carrying Amount $	**2002 Fair Value $**
Financial assets		
Cash	340,238	340,238
Receivables	7,994	7,994
Financial liabilities		
Payables	518,157	518,157

Notes To And Forming Part Of The Financial Statements
For The Year Ended 30 June 2003 (Cont'd)

	2003 Cents	2002 Cents
19. EARNINGS (LOSS) PER SHARE		
Basic Earnings (Loss) per share (cents)		
- ordinary shares	(1.29)	(2.11)
	2003 $	**2002 $**
Net loss used in calculating basic earnings (loss) per share	(598,774)	(743,403)
Weighted average number of ordinary shares on issue used in calculation of basic earnings (loss) per share		
- ordinary shares	46,376,678	35,143,958

Potential ordinary shares not considered dilutive

As at 30 June, 2003 the company had options on issue over unissued capital (see note 10). As the notional exercisable price of these options would increase basic earnings (loss) per share, they have not been considered dilutive.

20. CONTINGENT LIABILITIES

There are no significant contingent liabilities present at 30 June, 2003 except for the following:

Under the terms of the PDA as varied by the PDA Extension Agreement, Agrium Australia Pty. Ltd., the company and Thiess Pty. Ltd. have jointly and severally agreed to refund to Uhde GmbH (Uhde) no later than 31 January 2004, Uhde's costs and expenses incurred in connection with the Bankable Feasibility Study, up to a maximum total value of US$480,000.

The PDA further provides that this liability to Uhde will be extinguished in the event that the participants enter into a contract with Thiess Pty. Ltd. and Uhde for the engineering, procurement and construction of the project and make the first payment due under that contract.

Pursuant to a Letter Agreement dated 4 September 2002, the company engaged Babcock & Brown Pty. Limited to act as its financial advisor in connection with the raising of equity to facilitate the company's participation in the Dampier Nitrogen project.

Under the terms of this Agreement, the company is required to pay a monthly base retainer which is to be rebated against an Equity Advisory Fee calculated by reference to the total amount of equity or quasi equity raised by the company, irrespective of source, and payable on financial close. The company is also required to pay an Equity Placement Fee based on the total amount of equity or quasi equity raised or procured by Babcock & Brown for the company, which is also payable on financial close. In addition to these fees, Babcock & Brown are to be reimbursed for out of pocket expenses such as air fares and accommodation costs incurred in connection with the performance of the services.

To date the company has not paid any monthly retainer fees or reimbursed any out of pocket expenses. The company's estimated financial exposure for monthly retainer fees and reimbursable expenses incurred as at 30 June 2003 was approximately $104,000.

Notes To And Forming Part Of The Financial Statements
For The Year Ended 30 June 2003 (Cont'd)

21. SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of signing this report any item, transaction or event of a material and unusual nature likely to affect significantly the operations of the company, the results of those operations, or the state of affairs of the company in subsequent financial years except as set out in note 10 and as set out below.

As previously noted (refer Note 10), the expiry date of the PDA (originally 31 May 2003) was extended to 31 July 2003. It was agreed that during the extension period the project's proposed joint engineering procurement and construction contractors, Uhde GmbH and Thiess Pty. Ltd., would seek comparative prices from vendors based in North America or countries which had more favourable currency linkages to the US dollar (the currency in which the project's economics are financially modelled). Prior to this a substantial portion of the project's estimated capital cost (CAPEX) was represented by the cost of plant and equipment, materials, licensing fees, freight and engineering services which were to be procured or performed off-shore with the bulk of these cost components being sourced in Europe

During the extension period the consortium also agreed to complete the negotiation of a lump sum turn key contract (LSTK) for the engineering, procurement and construction of the project with the intention of the parties being able to agree on a final LSTK price for the project's base case plant configuration (ie 2300 tpd ammonia/3500 tpd urea plants).

The procurement optimisation exercise was vigorously pursued and the negotiation of the LSTK contract was advanced substantially during this period.

Allowing for adjustments for escalation, the price has been confirmed and is now denominated in a currency mix to reduce the impact of further volatility in the currency markets.

The company and its equity advisers, Babcock & Brown Pty. Limited, believe that if the project is correctly financially structured, it is likely to be financeable.

The PDA as extended expired on 31 July 2003. Clause 18.2 of the PDA addresses the consequences of termination of the PDA and provides inter alia that at the option of the company:

- the participants shall arrange for Dampier Nitrogen Pty. Ltd. to transfer the Initial Assets (as defined in the Asset Sale Agreement) to the company for nominal consideration and shall then arrange for Dampier Nitrogen Pty. Ltd. to be wound up; or

- the other participants shall transfer their shares in Dampier Nitrogen Pty. Ltd. for "nominal consideration."

The company has elected to seek the retransfer to it of the 51 and 10 shares held by Agrium Australia Pty. Ltd. and Thiess Pty. Ltd. respectively, but in the meantime is negotiating with both Agrium Australia Pty. Ltd. and Thiess Pty. Ltd. with a view to developing new arrangements for progressing the further development of the project.

Other Information – Directors' Profiles

RICHARD M MORGAN
Non Executive Director

Mr Morgan was appointed a Director of the Company in December 1998.

Mr Morgan is 67 years of age and holds the degrees of Bachelor of Agricultural Science and Bachelor of Commerce from the University of Melbourne.

Mr Morgan has had extensive experience in the development of fertiliser and research projects in Australia. Prior to leaving WMC as an executive, Mr Morgan was responsible for the development of the Queensland Phosphate Limited (QPL) project and WMC's acquisition and development of the fertiliser marketing company, Hi Fert.

Mr Morgan's recent directorships include WMC Fertilisers Limited (ex Deputy Chairman) and Hi Fert Pty Ltd (Chairman). He retired from the WMC related Boards to pursue private business interests. Mr Morgan is currently Chairman of Australian Red Cross and BPC Holdings Pty Ltd.

Mr Morgan is a Fellow of the Australian Institute of Company Directors. He is a former Chairman of the Australian Red Cross, and has been a Council Member and National Treasurer of the Australian Institute of Agricultural Science, and a Member of the Board of the Victorian Employers Chamber of Commerce and Industry.

PETER C STREADER
Executive Director – Commercial and Joint Company Secretary

Mr Streader is 63 years of age and is a practising solicitor with an extensive legal background involving practice as a barrister, corporate lawyer and as a solicitor in a private practice.

From 1975 to 1985 Mr Streader held the position of Corporate Counsel and later General Counsel/Company Secretary of Fluor Australia Pty Ltd, a subsidiary of Fluor Corporation USA, one of the world's leading engineering and construction contractors. In this capacity Mr Streader played a leading role in negotiating and drafting contracts for the development of many Australian resources projects, including the Dampier to Bunbury natural gas pipeline.

Mr Streader has been involved in the formation and development of a number of private and public companies in the mining and petroleum industries in Australia. He has served on the Boards of a number of ASX listed companies and is a member of the Law Institute of Victoria, the Commercial Law Association of Australia, the Australian Corporate Lawyers Association (Victorian Chapter) and is a Fellow of the Australian Institute of Company Directors.

WARWICK L STONE
Non-Executive Director

Mr Stone is 55 years of age and was appointed as a Director of the company on 12 December 2002.

Mr Stone holds a Bachelor of Engineers (Hons) from Monash University, Melbourne, and has had an impressive career in various engineering and project management roles in the oil and gas, petrochemical and mining industries. He has acted as Bank's Engineer on a number of projects and currently provides contract services to Thames Water Holdings Pty Ltd.

Directors' And Officers' Interests
As At 30 June 2003

ORDINARY SHARES			
Director	**Directly Held**	**Held by Controlled Entity**	**Indirectly Held**
Peter C Streader	-	678,874	-
Richard M Morgan	-	2,502,505	-
Warwick L Stone	-	-	-

Shareholder Information
As At 31 August 2003

A. TWENTY LARGEST SHAREHOLDERS

NAME	SHARES	% HELD
Ordinary Capital		
Thiess Pty Ltd	2,875,000	5.41
BPC Holdings Pty Ltd	2,502,505	4.71
David Hamilton	1,515,172	2.85
H S Nominees (Aust) Pty Ltd	1,443,000	2.71
3631591 Canada Limited	975,000	1.83
Bowyang Nominees Pty Limited	932,568	1.75
Taxation Counsellors Pty Ltd	873,000	1.64
David Hamilton & Donna Quaill	827,866	1.56
Albert Williams & Millicent Williams	730,766	1.37
Aus-Care Management Services Pty Ltd	673,750	1.27
Wisecover Nominees Pty Ltd	611,022	1.15
Zoran Nominees Pty Ltd	570,000	1.07
Sentosa Holdings Pty Ltd	553,000	1.04
Exelmont Pty Ltd	453,000	0.85
Peter Cloke	442,300	0.83
Antioch Investments Australia Pty Ltd	440,000	0.83
Susan McComber	405,000	0.76
Frank Rose & Valmai Rose	400,000	0.75
Gordon Parker	396,479	0.75
Shirander Nominees Pty Ltd	370,000	0.70
	17,989,428	33.83

Shareholder Information
As At 31 August 2003

B. SUBSTANTIAL SHAREHOLDERS

Name	Shares Held	%
Thiess Pty Ltd	2,875,000	5.41

C. DISTRIBUTION OF SHAREHOLDERS

RANGE OF HOLDINGS	ORDINARY SHARES
Up to 1,000	1,828
1,001-5,000	958
5,001-10,000	315
10,001-100,000	521
100,001 and above	85
	3,707

The number of shareholders holding less than a marketable parcel is 2,340.

D. VOTING RIGHTS

The number of holders of fully paid ordinary shares was 3,707 each of whom present in person or by proxy or by an attorney at any General Meeting of the Company, shall have on a show of hands one vote and upon a poll shall have one vote for each share held.

E. COMPANY SECRETARY

The name of the company secretary is Peter C Streader.

F. PRINCIPAL REGISTERED OFFICE & PRINCIPAL ADMINISTRATIVE OFFICE

The address of the principal registered and administrative office in Australia is Level 3, 492 St Kilda Road, Melbourne, Victoria, 3004, telephone (03) 9821 5011.

G. REGISTER OF SECURITIES

The registers of securities are held by Computershare Investor Services Pty Limited at Level 12, 565 Bourke Street, Melbourne, Victoria, 3000, telephone (03) 9611 5711.

Corporate Governance Statement

It is the responsibility of the board of directors of Plenty River Corporation Limited to monitor the business affairs of the company and to protect the rights and interest of the shareholders. The corporate governance practices in place throughout the financial year have aimed to ensure the implementation of a strategic business plan and an integrated framework of accountability over the company's resources, functions and assets. These practices are summarised below:–

Composition of the Board

The board of Plenty River Corporation Limited consists of two non-executive directors (one of whom is Chairman) and one executive director.

Board Membership

Given the small size of the company and its current board, the board has not maintained a formal Nomination Committee. The board as a whole is responsible for establishing the criteria for board membership, nominating directors and the review of board membership. The composition of the board is determined ensuring there is an appropriate combination of corporate and operations expertise and qualifications. The performance of directors is reviewed by the board on a continuous basis, taking into consideration their ability to meet the expectations of the board and to implement the strategies and operating plans formulated by the board.

At every Annual General Meeting, one third of the directors must retire and stand for re-election.

Independent Professional Advice

The directors may, in fulfilling their duties, obtain independent professional advice at the company's expense, with prior approval of the board which will not be unreasonably withheld.

Remuneration Committee

The company does not at this stage have a Remuneration Committee but the board proposes to establish such a committee. The role of the Remuneration Committee will be to review and make recommendations to the board on remuneration packages and policies applicable to the senior executives. The committee will meet as and when required and will be able to obtain independent advice, at the company's expense, as to the appropriateness of remuneration packages.

The members of the Remuneration Committee will be the non-executive directors.

Nomination of Auditors and Review of Audit Arrangements

The company does not have an audit committee as the board of directors feels that such a committee is not necessary given the size and nature of its present operations.

The nomination of external auditors is the responsibility of the board of directors as a whole.

The board ensures the establishment of an effective internal control framework to safeguard the company's assets, maintain proper accounting records and ensure the reliability of financial information compiled by the company.

The board receives from time to time reports from external auditors and ensures that the annual financial statements and external reports are prepared within the guidelines of statutory requirements.

Corporate Governance Statement (Cont'd)

Managing Business Risks

The board meets regularly to evaluate and monitor possible areas of operational and financial business risks to the company.

The board ensures that activities performed by the company follow a criteria set by budgets, operating and strategic plans.

Ethical Standard

The board requires that the directors and officers of the company administer a high ethical standard at all times. The board endeavours to ensure that shareholders are informed of all the activities affecting the company. Information is conveyed to shareholders via the Annual, Half Yearly and Quarterly Reports as well as continuous disclosure to the ASX.

PKF

Chartered Accountants
& Business Advisers

Level 11, CGU Tower
485 La Trobe Street
Melbourne 3000
GPO Box 5099BB
Melbourne 3001

Tel: (03) 9603 1700
Fax: (03) 9602 3870

www.pkf.com.au

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF PLENTY RIVER CORPORATION LIMITED

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Plenty River Corporation Limited (the company), for the year ended 30 June 2003.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing and Assurance Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

(a) examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and

(b) assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of Plenty River Corporation Limited is in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the company's financial position at 30 June 2003, and of its performance for the year ended on that date, and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

Inherent Uncertainty Regarding Continuation as a Going Concern and Carrying Values of Assets

Without qualification to the opinion expressed above, attention is drawn to the following matters:

As a result of the matters described in Note 1, there is uncertainty whether Plenty River Corporation Limited will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Included in the Statement of Financial Position is an Investment of $4,803,000 and Project Expenditure of $1,372,000 which relate to expenditure on the Dampier Nitrogen Project by the Company. The recoverability of these assets is dependent upon the successful development of the Dampier Nitrogen Project and the generation of positive future cash flows as described in Note 1.

PKF

PKF
Chartered Accountants
26 September 2003
Melbourne

Michael Phillips

M J Phillips
Partner