

OROPA LIMITED

ACN 009 241 374

**HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2003**

OROPA LIMITED AND CONTROLLED ENTITIES

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OROPA LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Oropa Limited ("Oropa") and the entities it controlled at the end of, or during the half-year ended 31 December 2003.

DIRECTORS

The following persons were directors of Oropa during the whole of the half-year and up to the date of this report:

- B J Hurley
- P C J Christie
- R G Murchison
- J W Bristow
- B N V Tomich

REVIEW OF OPERATIONS

Indonesia

Pungkut Gold Project, Sumatra; (earning 75%)

The diamond drilling program which commenced in late October 2003 to follow up the successful ten hole program previously completed at the Sihayo 1 North and Sambung prospects during the September quarter is continuing. At the end of December, nineteen holes were completed with a further five holes being completed during January.

Pacmin Mining corporation ("Pacmin"), the former operator of the Pungkut CoW, outlined an inferred resource at Sihayo 1 North of 304,000 oz Au (3.5Mt @ 2.70g/t Au), with a 1.0 g/t Au lower cut-off. Results obtained from the commencement of Oropa's drilling programs at Sihayo 1 North until now have substantially increased the known extent of this mineralisation. A scoping study of all drill results from the Sihayo 1 North Prospect completed by Oropa in-house suggests that this inferred resource has now doubled to 609,000 oz Au contained within 7.1Mt grading 2.70 g/t Au, using a lower cut off at 1.0g/t Au. Oropa's interpretation of the drill results obtained to date suggest that there is considerable upside potential as drilling continues along strike and at depth at Sihayo 1 North.

The present drilling program is likely to further increase this resource estimate considerably, based on the mineralisation already encountered in the previous drill traverses and taking into account the parameters used to define the current resource model.

Pungkut is situated some 70km south of PT Newmont's Martabe gold project, which is now a major precious metal deposit hosting 73.5 Mt containing approximately 3.7M oz Au of mineralised material (not currently in reserves) as reported by PT Newmont in October 2003. Access to Pungkut is via the trans Sumatran highway.

All drill hole locations at Sihayo 1 North have been sited on 100m section step-outs with some minor infill drilling. Broad mineralised intercepts encountered in several drillholes in the eastern portion of the Sihayo 1 North resource are particularly encouraging. One intercept within SHDD027 (17.90m @ 6.10 g/t Au) indicates the potential for relatively wide zones of mineralisation at good grade.

The vendors hold their collective beneficial interests in Pungkut through Aberfoyle Pungkut Investments Pte Ltd ("API"), a Singapore registered company that holds its 75% interest in the Pungkut CoW through its shareholding in the Indonesian joint venture operating company, PT Sorikmas Mining ("Sorikmas"), with the remaining 25% interest being held by the Indonesian state mining company, PT Aneka Tambang. Under the terms of the Option Agreement entered into between Oropa's subsidiary Excelsior Resources Limited ("Excelsior") and the vendors, Excelsior is required to spend \$900,000 on the project on or before 31 May 2004 before it can exercise the option to acquire a 100% interest in API. In the unforeseen event of a Force Majeure provision being invoked, Excelsior has until 30 September 2004 to exercise the option. Excelsior has already spent in excess of \$1.3 million on the project.

As a prelude to Oropa exercising the option on behalf of Excelsior, the former Western Metals Copper Limited directors have resigned from API and the new board comprises one director from Oropa and one director from Pacmin, as well as a Singapore based independent director. A similar reshuffle is currently in process with the Sorikmas board of directors and board of commissioners to reflect the changes that will be implemented by Oropa once the option is exercised.

India

Block D-7 Diamond Project, Chhattisgarh; (18%, with option to increase to 27%)

Oropa continues to maintain its interest in the Block D-7 diamond project ("Block D-7") in southeast Chhattisgarh, central India. Prior to the suspension of field activities in January 2001, this highly prospective project was one of the most advanced diamond exploration projects in India. Several diamondiferous kimberlite diatremes have been identified over the past decade, initially by Indian government geological departments and more recently by Oropa's geologists.

In early December 2003, state elections were held throughout India and the former ruling Conservative Party was stripped of government and replaced by the Bharatiya Janata Party ("BJP"), which holds an overwhelming majority in the new state government. Oropa's Indian joint venture partners have recently been in contact with senior members of BJP in Chhattisgarh and the new Chief Minister, Mr Raman Singh in an attempt to have the Block D-7 P/L and associated permits reinstated at the first opportunity. The former Conservative state government had made some progress in promoting mineral exploration in Chhattisgarh by granting several new Reconnaissance Permits ("RP's") covering large areas of land within the state and during the latter half of 2002 and throughout 2003, field activities undertaken by major mining companies and junior exploration companies increased significantly. Oropa and its Indian joint venture partners are also currently awaiting the issuance of a RP covering a 2,400km² block adjacent to Block D-7's western boundary that was granted by the Central government in July 2002.

The Company is maintaining a close watch on the situation in Chhattisgarh and Oropa and its Indian joint venture partners are scheduled to meet during March to review the current position and assess their various options in the event that the project is resurrected.

Australia

Mulgabbie Gold Project; (currently 70%)

The Mulgabbie gold project presently comprises five contiguous P/L's located 130 km north-east of Kalgoorlie, immediately east of the Carosue Dam gold mine. These tenements are subject to a Joint Venture Agreement ("Mulgabbie JVA") with Telezon Limited ("Telezon"), formerly Min-Tech 8 holding a 25% contributing interest and Civil and International (Aust) Pty Ltd, which holds a 5% free carried interest. Oropa has long attempted to reduce or totally relinquish its interest in this project, but has been prevented from doing so by the circumstances surrounding Telezon.

Early last year Oropa reached agreement with a Kalgoorlie based exploration company, Mulgabbie Mining Pty Ltd ("Mulgabbie Mining") for it to farm in to 51% of the Company's 70% interest in the project. Under this arrangement, Mulgabbie Mining is to contribute a minimum of \$100,000 towards joint venture expenditure on behalf of Oropa over a 3 year period, throughout which time Telezon is required to contribute towards its 25% participating interest. Oropa has the right to claw back a 31% interest from Mulgabbie Mining if a proven and probable resource of a minimum 500,000 oz Au is established. Since entering into the agreement with Oropa, Mulgabbie Mining has been active in the field undertaking field mapping, surface sampling, etc. to generate a RAB and/or diamond drilling program later this year to test structural positions of ore shoots at the Ironclad workings, as well as regional mineralization trends in the northern two tenements. The three southern tenements are currently in the process of being surrendered.

King George; (50%)

The King George project ("King George") comprises one Exploration License, which is located in the North Kimberley province of Western Australia. It covers part of the Bulgurri-Ashmore diamondiferous kimberlite fissure system and ground to the east of this fissure system hosting the Hadfield kimberlite sill and other inferred kimberlite bodies. King George is subject to the terms and conditions of a 50/50 joint venture between Oropa and Ellendale Resources NL which manages the project.

During this half year, no field work has been undertaken at King George and the joint venture partners are considering future exploration programs and equity issues. An area of interest in the eastern portion of the tenement that was identified from air photos of the area is located inside an Aboriginal Reserve, where no access is presently permitted. It is unlikely that any field work will be undertaken at King George during this field season.

The Company is systematically reducing its Australian tenement portfolio, having executed transfers to relinquish its former interest in the Hakes Find prospect near Southern Cross and the Company has recently reached agreement with the minority shareholders of the Mt Keith gold project for Oropa to reduce its ongoing interest to 10% free carried.

Project Evaluation

Oropa continues to evaluate mineral exploration and mining opportunities throughout Indonesia and Africa (primarily South Africa), as they are brought to the Company's attention. A number of mineral exploration projects in Tanzania have recently been assessed, but most of these have been discarded because they have not fulfilled the Company's technical and/or commercial criteria to justify any follow up site inspections.

CEPO Systems Pty Ltd; (19.9%)

CEPO Systems Pty Ltd ("CEPO"), an Internet hosted business to business service company in which Oropa currently holds a 19.9% interest has made significant progress during the second half of 2003 with developing its Mobile Ordering and Processing Solutions ("CEPO Mobile") to complement its established range of e-solutions and e-invoicing products. CEPO Mobile offers a unique wireless ordering product to facilitate mobile to mobile Internet ordering, or mobile to desktop Internet ordering via hand held devices, with the full support of CEPO's online ordering solutions and automatic downloading of electronic invoices into its clients' management systems.

In December, CEPO reached an exclusive arrangement with a major Telstra Dealer, GAP Communications, a national Telstra MobileNet dealer. Under this exclusive Telstra dealer license, GAP Communications will offer CEPO Mobile as their preferred mobile ordering solution to their customers through their national sales force.

Oropa currently has an agreement with the major shareholders of CEPO for Oropa to sell its entire shareholding in CEPO for a cash consideration of \$100,000. However, Oropa will retain its interest in CEPO until full settlement of this transaction is completed. Under the terms of the agreement, Oropa also has the right to buy back a 5% interest in CEPO within a 2 year period of the settlement date.

Signed for and on behalf of the board in accordance with a resolution of the directors.



PHILIP C CHRISTIE

Director

Dated this 10th day of March 2004

OROPA LIMITED AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

	31 Dec 2003 \$	31 Dec 2002 \$
Revenue from operating activities	-	-
Revenue from outside the operating activities	16,526	6,673
	<hr/>	<hr/>
Revenue from ordinary activities	16,526	6,673
Borrowing Costs	-	(16)
Corporate secretarial expenses	(29,521)	(25,023)
Depreciation and amortisation	(7,385)	(7,304)
Employee benefits expense	(63,023)	(50,417)
Exploration expenditure written off	(62,134)	(1,889,594)
External consultancy expenses	(97,300)	(71,668)
Insurance expenses	(21,045)	(11,068)
Legal costs	(2,419)	(8,227)
Postage	(6,595)	(8,429)
Printing and stationary	(17,362)	(18,207)
Rates and taxes	(5,934)	(5,012)
Rental expense	(15,312)	(14,719)
Travel expense	(10,144)	(9,141)
Other expenses from ordinary activities	(35,318)	(38,528)
	<hr/>	<hr/>
Loss from ordinary activities before income tax expense	(356,966)	(2,150,680)
Income tax expense	-	-
	<hr/>	<hr/>
Net loss	(356,966)	(2,150,680)
Total changes in equity other than those resulting from transactions with owners as owners	(356,966)	(2,150,680)
	<hr/> <hr/>	<hr/> <hr/>
Basic / diluted loss per share	(0.09)	(1.41)

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

OROPA LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2003

	31 Dec 2003	30 June 2003
	\$	\$
Current assets		
Cash	1,656,283	342,863
Receivables	59,334	49,208
Investments (note 6)	10,916	10,916
	<hr/>	<hr/>
Total current assets	1,726,533	402,987
	<hr/>	<hr/>
Non-current assets		
Receivables	247,880	247,880
Investments (note 6)	2,441,073	1,451,861
Property, plant & equipment	56,378	62,860
Exploration expenditure	476,625	469,488
	<hr/>	<hr/>
Total non-current assets	3,221,956	2,232,089
	<hr/>	<hr/>
Total assets	4,948,489	2,635,076
	<hr/>	<hr/>
Current liabilities		
Payables	15,095	42,025
Provisions	25,712	40,532
Other	13,050	12,825
	<hr/>	<hr/>
Total current liabilities	53,857	95,382
	<hr/>	<hr/>
Total liabilities	53,857	95,382
	<hr/>	<hr/>
Net assets	4,894,632	2,539,694
	<hr/> <hr/>	<hr/> <hr/>
Equity		
Share capital	24,060,609	21,348,705
Reserves	486,171	486,171
Accumulated losses	(19,652,148)	(19,295,182)
	<hr/>	<hr/>
Total shareholder's equity	4,894,632	2,539,694
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The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

OROPA LIMITED AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

	31 Dec 2003 \$	31 Dec 2002 \$
Cash flows from operating activities		
Payments to suppliers and employees	(389,083)	(306,786)
GST input tax credit refunds received	33,234	32,325
Interest received	16,526	6,673
Interest paid	-	(16)
	(339,323)	(267,804)
Cash flows from investing activities		
Purchase of plant & equipment	(903)	(3,063)
Payments for investments (note 6)	(989,212)	(200)
Mining exploration and evaluation expenditure	(69,271)	(276,080)
	(1,059,386)	(279,343)
Cash flows from financing activities		
Proceeds from share issue	2,850,000	500,000
Share and option issue costs	(138,096)	-
Repayment of borrowings	-	(1,365)
	2,711,904	498,635
Net cash inflows from financing activities	2,711,904	498,635
Net increase (decrease) in cash held	1,313,195	(48,512)
Cash at the beginning of the reporting period	330,048	170,615
	1,643,243	122,103
Cash at the end of the reporting period	1,643,243	122,103

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

OROPA LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

1. BASIS OF PREPARATION OF HALF-YEARLY FINANCIAL REPORT

This general purpose financial report for the interim half-year reporting period ended 31 December 2003 has been prepared in accordance with Accounting Standard AASB 1029: Interim Financial Reporting, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2003 and any public announcements made by Oropa Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2. SEGMENT INFORMATION

Primary Reporting – geographical segments

The geographical segments of the consolidated entity are as follows:

Half-year 2003

	Australia	South East Asia	India	South Africa	Un- allocated	Consolidated
	\$	\$	\$	\$	\$	\$
Total Segment Revenue	-	-	-	-	16,526	16,526
Segment Result	(19,549)	(2,399)	(20,197)	(27,369)	(287,542)	(356,966)

Half-year 2002

	Australia	South East Asia	India	South Africa	Un- allocated	Consolidated
	\$	\$	\$	\$	\$	\$
Total Segment Revenue	-	-	-	-	6,673	6,673
Segment Result	(63,820)	(1,832,562)	-	-	(254,298)	(2,150,680)

OROPA LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

3. EQUITY SECURITIES ISSUED

	31 Dec 2003	31 Dec 2002	31 Dec 2003	31 Dec 2002
	Shares	Shares	\$	\$
Issues of ordinary shares during the half year				
Share issue by allotment	104,814,815	25,000,000	2,850,000	500,000
Share issue costs			(138,096)	-
Share issue net of costs			<u>2,711,904</u>	<u>500,000</u>

4. MINERAL EXPLORATION EXPENDITURE

	Period Ended 31 Dec 2003	Year Ended 30 June 2003
	\$	\$
Costs brought forward	469,488	2,333,802
Expenditure incurred during the period / year	69,271	266,701
Expenditure written off during the period / year	(62,134)	(2,231,015)
Costs carried forward	<u>476,625</u>	<u>469,488</u>

5. RECONCILIATION OF CASH

	31 Dec 2003	30 June 2003	31 Dec 2002
	\$	\$	\$
Cash at bank	1,643,243	330,048	122,103
Restricted cash at bank	13,040	12,815	-
	<u>1,656,283</u>	<u>342,863</u>	<u>122,103</u>

The restricted cash at bank is unclaimed monies from the sale of un-marketable parcels of shares. The amount represents the cheques sent to shareholders that were returned to Oropa Limited.

OROPA LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

6. INVESTMENTS

	Period Ended 31 Dec 2003 \$	Year Ended 30 June 2003 \$
Current	10,916	10,916
Non-current	2,441,073	1,451,861

Included in non-current investments is an investment in Aberfoyle Pungkut Investments Pte Ltd of \$1,286,204 (30 June 2003: \$296,992), the company which holds the mineral exploration project in Pungkut. This investment represents the costs associated with an "option to purchase agreement" Excelsior Resources Limited (Excelsior), a wholly owned controlled entity of Oropa, entered into with Sons of Gwalia Limited and Western Metals Copper Limited to acquire a 75% beneficial interest in Pungkut.

At 31 December 2003, the minimum expenditure requirements to exercise this option have been met, although Excelsior has not exercised the option at this time. When exercising the option, the vendors are to be provided with 5 million shares in Excelsior, assuming Excelsior seeks an initial public offering. If it does not, and the option is assigned to Oropa, the vendors are to be issued 5% of the issued capital of Oropa, or such numbers of shares at the then market price to the value of \$1 million, which ever is the greatest.

7. CONTINGENT LIABILITIES

There are no changes in contingent liabilities since 30 June 2003.

8. EVENTS OCCURRING AFTER REPORTING DATE

There have been no significant events which have occurred since balance date.

OROPA LIMITED AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 6 to 11:

- (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2003 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that Oropa Limited will be able to pay its debts as and when they become due and payable.

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

Dated at Perth this 10th day of March 2004



P C CHRISTIE
Director

Independent review report to the members of Oropa Limited

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Oropa Limited:

- does not give a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of the Oropa Group (defined below) as at 31 December 2003 and of its performance for the half-year ended on that date, and
- is not presented in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This statement must be read in conjunction with the rest of our review report.

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 the Oropa Group (the consolidated entity), for the half-year ended 31 December 2003. The consolidated entity comprises both Oropa Limited (the company) and the entities it controlled during that half-year.

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.

Review approach

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of company personnel, and
- analytical procedures applied to financial data.

When this review report is included in a document containing information in addition to the financial report, our procedures include reading the other information to determine whether it contains any material inconsistencies with the financial report.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

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

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

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

PricewaterhouseCoopers

PricewaterhouseCoopers

Nick Henry

Nick Henry
Partner

Perth
10 March 2004