



**WEST AUSTRALIAN METALS LTD**

ACN 001 666 600

**2005 ANNUAL REPORT**

## COMPANY INFORMATION

### ACN

001 666 600

### ABN

71 001 666 600

### DIRECTORS

R S Johnston (appointed 24 May 2005) -Chairman  
D A Hamlyn  
R P Martin  
L A Colless (resigned 30 August 2005)  
T J Shanahan (appointed 7 September 2005)

### SECRETARY

L A Colless

### OPERATIONS OFFICE

13<sup>th</sup> Floor  
BGC Centre  
28 The Esplanade,  
PERTH WA 6000  
Tel: 61 8 9322 7903 Fax: 61 8 9322 7796

### REGISTERED OFFICE

129 Edward Street,  
PERTH WA 6000  
Tel: 61 8 9227 1186 Fax: 61 8 9227 8178

### SHARE REGISTRY

Advanced Share Registry Services  
110 Stirling Highway, NEDLANDS WA 6009  
(PO Box 1156, NEDLANDS WA 6909)  
Tel: 61 8 9389 8033 Fax: 61 8 9389 7871

### AUDITORS

Rothsay  
Chartered Accountants  
Level 1  
2 Barrack Street  
SYDNEY NSW 2000  
Tel: 61 2 9299 0091 Fax: 61 2 9299 2595

### STOCK EXCHANGE

Australian Stock Exchange Limited

### HOME EXCHANGE

Perth

### ASX CODE

WME

### WEB SITE

[www.wametals.com.au](http://www.wametals.com.au)

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## CHAIRMAN'S REPORT

The Review of Operations in this Annual Report provides a very comprehensive summary of the fiscal years activities which have provided the Company with a strong basis for moving forward in the pursuit of new project opportunities.

The recent placement of shares in two separate offers has provided the Company with capital to more aggressively pursue new projects, with the immediate focus being on identification of exploration and mining related projects given the huge worldwide demand for mineral commodities.

Whilst your board has previously sought commercial opportunities for the benefit of shareholders outside of mineral exploration, the decision to concentrate on exploration was the catalyst for the capital reduction and *in specie* distribution of the Astop Biohealth Ltd shares and entitlements to shareholders which was recently completed.

I was nominated to the Board by shareholders that participated in the recent capital raisings, and subsequently been invited to chair your company. Mr. Robert Martin has retired as Chairman, having served in that capacity since December 1998, and continues in a role as a non-executive director and a major shareholder. Mr Lindsay Colless has also resigned as a director after serving on the West Australian Metals' Board since 1986. Mr Colless remains the Company Secretary. I think it is appropriate that I pass on the appreciation of shareholders for the contributions Mr Martin and Mr Colless have made to the development of the Company.

With the support of your Board and all shareholders, I am keen to bring some exciting projects to the Company, so that we can capitalize on the demand for commodities and current strong investment support for the resource sector.

**R Johnston**  
**Chairman**

## **REVIEW OF OPERATIONS**

### **For the Year Ending 30 June 2005**

#### **OVERVIEW**

West Australian Metals is primarily a mineral exploration company with a recent history of investments in non-mining related ventures designed to enhance shareholder value.

In December 2002 the Company purchased Austin Engineering which led to the demerger and in specie distribution of Austin Engineering Ltd shares to West Australian Metals' shareholders in December 2003 and the successful listing of Austin Engineering Ltd on the Australian Stock Exchange in March 2004.

In November 2004 West Australian Metals invested in unlisted biomedical company, Asthmastop Ltd (re-named Astop Biohealth Ltd), to assist with the commercialisation of Astop Biohealth's natural asthma treatment. At the General Meeting convened on 4 August 2005, West Australian Metals' shareholders approved the reduction in the capital of the Company enabling West Australian Metals to distribute its shares and entitlements in Astop Biohealth back to West Australian Metals shareholders. A successful listing of Astop Biohealth on the Australian Stock Exchange could provide significant value for West Australian Metals shareholders' investment.

An offer of shares, options and partly paid shares in August 2005 was well supported by new investors and successfully raised \$1.79 million. These funds place the Company in a strong position to pursue further investment opportunities. The Company intends to apply the funds raised to ongoing exploration of the Company's current tenements and the delineation and acquisition of new mineral projects.

The Company's existing mineral properties in the Laverton and Leonora districts of Western Australia, while hosting gold resources and strong mineralisation, are hampered by a lack of development options due to the absence of operating treatment facilities in the region. Exploration to date indicates that these tenements are unlikely to deliver resources or reserves of sufficient magnitude to justify a stand alone treatment plant, however the tenements are strategically located and have potential to benefit significantly from exploration success of other parties in the region.

West Australian Metals will continue to pursue exploration and development options for its wholly owned properties in the Leonora – Laverton area as well as evaluation of the new projects in the Esperance region of Western Australia. The Company will also accelerate definition and acquisition of new mineral projects and investment opportunities in the minerals sector which have the potential to add value to the Company.

#### **INVESTMENT – ASTOP BIOHEALTH LTD**

On 12 November 2004, West Australian Metals advised that the Company had entered into a Subscription Deed with Asthmastop Ltd giving West Australian Metals the right to invest up to \$1,000,000 and not less than \$500,000 in shares and convertible notes in Asthmastop Ltd. In May 2005 Asthmastop Ltd was renamed Astop Biohealth Limited.

Astop Biohealth has exclusive rights to the development, manufacture, trialling and distribution of a patentable nutritional formulation which targets the causal factors of asthma. The medicine is a safe, non-toxic preparation of enhanced beneficial probiotics, antioxidants, vitamins and minerals. Clinical trials conducted over the past three years indicate that the product has a high rate of success in relieving the symptoms of asthma in children and adults.

The first of Astop Biohealth's products, administered in capsule form, has been approved and listed by the Australian Therapeutic Goods Administration ("TGA") as a complementary medicine with the claim: "Helps Fight Mild Upper Respiratory Complaints". Astop Biohealth initiated a successful limited commercialisation program in October 2003 which was interrupted when fire severely damaged the premises of the Perth-based TGA-licensed contract manufacturing laboratory. West Australian Metals agreed to provide funding to assist with the establishment of Astop Biohealth's own new TGA-licensed laboratory and to fund the initial production and distribution program and further clinical trials.

Astop Biohealth has advised that, in order to fund marketing and commercialisation of its products in Australia and internationally, the company is considering a proposal to proceed to an initial public offer and listing on the Australian Stock Exchange by the end of the 2005 calendar year.

## REVIEW OF OPERATIONS

### For the Year Ending 30 June 2005

Under the terms of the Subscription Deed signed on 10 November 2004, West Australian Metals had an exclusive right to invest up to \$1,000,000 and not less than \$500,000 in shares and convertible notes in Astop Biohealth with funds to be provided in tranches of \$250,000, subject to Astop Biohealth achieving agreed development milestones. Astop Biohealth further granted West Australian Metals, in the event of an initial public offer by Astop Biohealth of its securities and subsequent application for listing on ASX, a priority right to subscribe for up to 50% of shares in the initial public offer.

Astop Biohealth issued West Australian Metals with 2,000,000 shares at a price of \$0.125 per share following payment of the first tranche of \$250,000 which occurred on signing of the Subscription Deed on 10 November, 2004 and 2,000,000 Convertible Notes, convertible to fully paid shares in Astop Biohealth at a price of A\$0.125 per note were issued on completion of the new laboratory facility on 7 April 2005.

West Australian Metals had an option to acquire a further 4,000,000 Convertible Notes in Astop Biohealth, at a price of A\$0.125 per note on successful TGA licencing of the laboratory and demonstrated commercial sales of Astop Biohealth's product. The total investment would entitle West Australian Metals to approximately 20% of the issued capital of Astop Biohealth.

West Australian Metals convened a General Meeting of shareholders on 4 August, 2005 at which shareholders approved the disposal of all of the Company's interests in Astop Biohealth to its existing shareholders for no consideration, prior to the issue of securities under a substantial placement (the Placement Securities) which was also approved at the General Meeting. In August 2005 the Company proceeded to dispose of some of the interests under the Subscription Deed by way of an equal capital reduction with the remaining other interests being effectively transferred from West Australian Metals to Astop Biohealth with a contractual obligation imposed on Astop Biohealth to offer the interests to West Australian Metals shareholders once they become Astop Biohealth shareholders.

The issued share capital of the Company was reduced by an amount equal to the value of Astop Biohealth shares (\$500,000) held by the Company by means of a pro rata in specie distribution of the Astop Biohealth fully paid shares to all West Australian Metals shareholders in proportion to their holding in West Australian Metals at the Record Date (11 August, 2005).

All West Australian Metals shareholders recorded on the share register on the Record Date were issued with approximately 4 Astop Biohealth shares for every 115 West Australian Metals shares held. Fractional entitlements were rounded down and any surplus Astop Biohealth shares resulting from the rounding down of fractional entitlements were retained by West Australian Metals.

West Australian Metals and Astop Biohealth amended the Subscription Deed to facilitate the Capital Reduction and the distribution of entitlements to West Australian Metals Shareholders. Under the terms of the Amended Deed, Astop Biohealth: -

- (a) offered West Australian Metals' shareholders, pursuant to a Disclosure Document dated 10 August, 2005, the opportunity to be issued a total of 4,000,000 Astop Biohealth shares at an issue price of 12.5 cents per share in proportion to each shareholder's shareholding in West Australian Metals at 11 August, 2005.
- (b) when making its Initial Public Offer, agreed to grant to West Australian Metals' shareholders first priority in subscribing up to 50% of the shares offered by Astop Biohealth in the initial public offering in proportion to their shareholding in West Australian Metals at 11 August, 2005, at the same price as the remaining shares to be offered in the initial public offer by Astop Biohealth.

The Record Date for the Capital Reduction and distribution of Astop Biohealth shares and entitlements was prior to the issue and allotment of the securities offered in August under the Placement Prospectus dated 19 July, 2005 and as a result, the Placement Investors did not participate in the Capital Reduction.

## **REVIEW OF OPERATIONS**

### **For the Year Ending 30 June 2005**

#### **UNMARKETABLE PARCEL SALE FACILITY**

West Australian Metals had a large proportion of small shareholders by virtue of the one for ten reconstruction of capital which took place in 1996. The large number of shareholders on the register that held less than A\$500 worth of shares (an Unmarketable Parcel) represented significant registry costs for the Company and in order to efficiently manage these costs West Australian Metals initiated an Unmarketable Parcel Sale Facility in February 2005, which offered small share holders the opportunity to dispose of their holding.

The facility closed on 31 March 2005 and a total of 2,495,676 shares, representing the holdings of nearly 1,600 small shareholders, were sold on 14 April 2005 at a price of 3.1 cents per share. Proceeds from the sale were distributed to those former shareholders whose unmarketable parcels had been sold. All costs relating to the sale of the unmarketable parcels, including brokerage, were paid by West Australian Metals.

#### **OPTION EXPIRY**

In March, 2005, 7,000 options exercisable on or before 31 March 2005 at a price of 19.2 cents each were exercised and 45,949,604 options expired on 31 March 2005.

#### **SHARE PLACEMENTS**

##### **April Placement**

On 8 April, 2005, West Australian Metals agreed to place to non-related parties a total of 14,989,923 ordinary fully paid shares at an issue price of 2.4 cents per share. The funds raised amounted to \$359,758.15 less costs.

The issue of shares was made under Listing Rule 7.1, which does not require shareholder approval, and the issue was later ratified by shareholders at the General Meeting held on 4 August, 2005, in accordance with Listing Rule 7.4.

Proceeds from the placement were applied to progress West Australian Metals' mineral exploration activities and for working capital and the placement expanded the issued capital of the Company to 114,922,746 fully paid shares and 3,250,000 unlisted options exercisable at 19.2 cents.

##### **August Placement**

On 30 May, 2005 West Australian Metals advised that it intended to convene a General Meeting of shareholders to obtain shareholder approval for the placement of: -

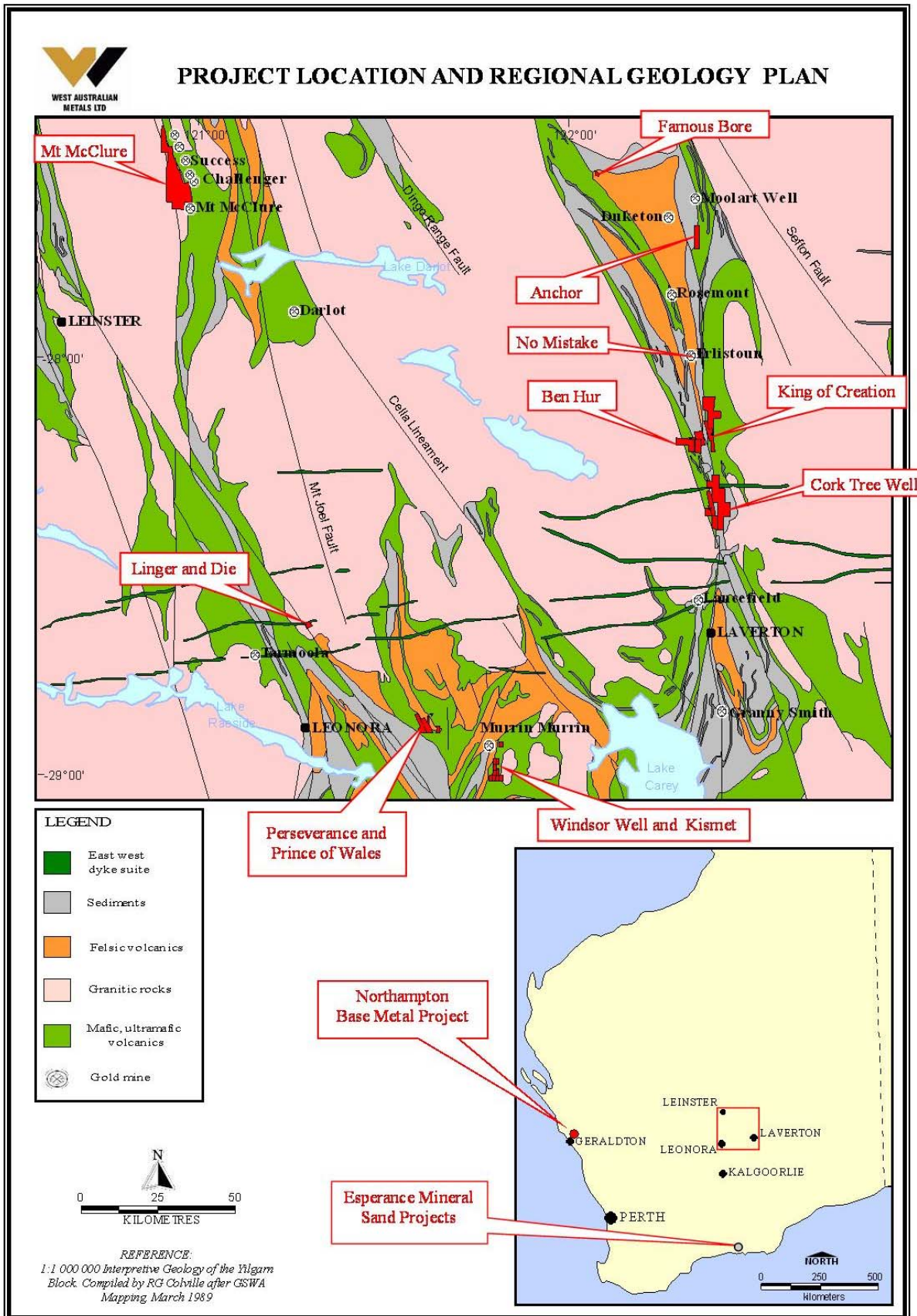
- 70,000,000 ordinary fully paid shares at an issue price of 2.4 cents per share;
- 70,000,000 options to acquire fully paid ordinary shares in the Company at an issue price of 0.1 cents per option with an exercise price of 5.0 cents and expiring 3 years from the date of issue; and
- 40,000,000 partly paid shares at an issue price of 0.1 cents and convertible to ordinary fully paid shares in the Company on payment of a further 2.3 cents per share.

A prospectus was lodged on 19 July, 2005 relating to the Placement which was fully underwritten and subscribed to by clients of R M Capital Pty Ltd. The offer opened on 27 July, 2005, subject to shareholder approval.

The Placement was approved by shareholders at the General Meeting on 4 August, 2005, and the offer closed oversubscribed on 12 August, 2005. The Placement expanded the issued capital of the Company to 184,922,746 ordinary fully paid shares, 70,000,000 options exercisable at 5.0 cents each and 3,250,000 unlisted options exercisable at 18.8 cents and 40,000,000 partly paid shares.

Proceeds from this placement totalling \$1.79 million, less costs, will be used to progress the Company's exploration activities, working capital requirements and for further mineral project acquisitions.

**REVIEW OF OPERATIONS**  
 For the Year Ending 30 June 2005



## REVIEW OF OPERATIONS For the Year Ending 30 June 2005

### MINERAL EXPLORATION

West Australian Metals' wholly owned subsidiary, Bronzewing Gold Ltd, is focussed on mineral exploration on its gold resource properties in the North-Eastern Goldfields of Western Australia and mineral sand and bauxite options in the south of Western Australia.

Throughout the year the Company continued to assess its current mineral properties and other projects and exploration opportunities in Western Australia and elsewhere. The Company entered into option agreements over a substantial area in the Esperance region of Western Australia which is potentially prospective for mineral sands and bauxite.

#### Esperance and Scaddan Mineral Sands Project

*West Australian Metals Ltd can earn 80%*

*E63/832, E63/833 and (ELA63/834)*

*West Australian Metals Ltd can earn 80% non-basement rights*

*E63/818, (ELA63/819) and (ELA63/820)*

West Australian Metals Ltd's wholly owned subsidiary, Bronzewing Gold Ltd, entered into option and joint venture agreements with Plasia Pty Ltd and Mr S Bishop on 26 May, 2005, to explore for mineral sands and bauxite in the Esperance district in the south of Western Australia.

Plasia Pty Ltd secured tenements over two exploration areas in the Esperance region based on conceptual models for the accumulation of mineral sands and bauxite in the region.

Under the terms of the Option and Joint Venture agreements signed on 26 May, 2005, Bronzewing Gold has an exclusive six month option to assess the tenements and the conceptual models and the right to earn a 80% interest in the tenements by sole funding exploration of \$1.0 million over 3.5 years and progressive payments to Plasia and Bishop totalling \$300,000. An initial payment of \$50,000 was made to Plasia and Bishop on signing of the agreements as reimbursement of costs to date.

The Esperance and Scaddan mineral sands areas consist of granted exploration licences E63/832 and E63/833 and licence application ELA63/834 held by Plasia and the non-basement material rights over exploration licence E63/818 and applications ELA63/819 and ELA63/820 held by Mr Scott Bishop, covering a total of 1,500 square kilometres, 50 kilometres to the north-east of the Port of Esperance.

Conceptually the Scaddan area has the potential to host a mineral sands basin containing heavy mineral deposits similar to the Eucla Basin occurrences currently being explored in South Australia and may be prospective for concentrations of rutile, zircon and ilmenite in the Eocene (early to mid-Tertiary) beach sands of the Esperance Embayment inland from the present day Esperance Bay coastline.

A review of available exploration and geophysical data was completed and preliminary ground magnetic traverses and field reconnaissance has been carried out to aid drill targeting. An initial aircore drilling program is proposed to test several potential strandline targets.

#### Condingup Bauxite Project

*E63/831 and E63/939*

*West Australian Metals Ltd can earn 80%*

The Condingup bauxite area comprises two granted exploration licences, E63/831 and E63/939 covering 296 square kilometres over a potential shallow basin filled bauxite deposit which may host an exploitable large deposit located within 50 kilometres of the Port of Esperance infrastructure.

The tenements are covered under the terms of the Option and Joint Venture Agreement signed with Plasia Pty Ltd on 26 May, 2005 under which Bronzewing Gold has an exclusive six month option and a right to earn up to 80 % of the project.

Plasia has developed a model for the development of laterites which are prospective for both iron ore and bauxite, based on pisolites derived from submarine sediments and accumulation in favourable basin sites.



## REVIEW OF OPERATIONS For the Year Ending 30 June 2005

In the Condingup area a large Tertiary lateritised plain overlain by Eocene and younger sediments, extends out under the sea and these lateritised Plantagenet beds represent a potential host for bauxite pisolite development.

Sparse initial sampling has detected bauxite grades in excess of 23%Al<sub>2</sub>O<sub>3</sub> which are up gradable to ore grade, greater than 40%, through removal of sand impurities.

The existence of potential ore grade bauxite lends support to the proposal that thick bauxite sequences may be concealed within basement depression beneath the shallow sand cover. Broad spaced aircore drilling is planned to test the presence, thickness and quality of the pisolites in the area.

### Anchor Project

M38/302, L38/85

West Australian Metals Ltd - 100%

The Anchor project is located 108 kilometres north of Laverton and seven kilometres east of the old Duketon Mining Centre. The mining lease covers an area of 936 hectares orientated north south over six kilometres of greenstone contact which hosts high-grade gold mineralisation at the Anchor deposit and Anchor North in the north-eastern half of the lease.

Mineralisation is associated with quartz veining within a highly altered chert unit, on the contact between an ultramafic unit and basalts. The chert horizon trends north-northeast and dips steeply to the east. Northwest trending faults, exhibiting dextral displacement and characterised by intense quartz veining, silicification and increase in iron content on the surface, influence the distribution of the mineralisation.

Previous tenement owners commenced a small trial open pit in 1999. The pit to a depth of 30 metres and extending 140 metres along strike, produced 22,624 tonnes of ore grading 27.92 g/t Au, which was toll treated at Sons of Gwalia's mill in Leonora.

Bronzewing Gold Ltd acquired the mining lease in October 2001, and an additional 6,294 dry tonnes grading 16.14g/t was mined from the base of the pit, to give total reconciled production from the pit of 28,936 tonnes grading 25.8g/t for 22,892 ounces of gold.

Mineral resources to a vertical depth of approximately 60 metres in the vicinity of the open pit, based on block modelling using a 1.0g/t lower cut-off, no top cut and SG of 2.4 are: -

**Anchor Pit**                      *Indicated*                      **79,600 tonnes @ 4.2 g/t for 10,700ozs Au**

Mineralisation has also been established at Anchor North, 500 metres north of the Anchor pit, where drilling has intersected high grade mineralisation on the prospective ultramafic contact including intercepts of 2 metres @ 15.0 g/t Au from surface and 3 metres @ 35.6g/t from 7 metres depth.

The Anchor tenement lies to the south of the Moolart Well exploration project held by Regis Resources NL and Newmont Australia Ltd where recent drilling has identified extensive shallow lateritic gold mineralisation over a four kilometre strike with deeper intersections within extensions to the units which host mineralisation within the Anchor lease. Moolart Well is a priority exploration and development target for Regis Resources in the Duketon region.

During the year aircore drilling programs were carried out to test north trending structures in the central and western part of the tenement, extensions to mineralisation between the Anchor pit and Anchor North and on laterite covered ultramafic and mafic units in the north east.

Magnetic and favourable geological targets in the central and western parts of the lease were tested with aircore drilling in August 2004. Twelve holes (AAC4001 to AAC4012), totalling 568 metres of drilling were completed on north trending structures in the central and western part of the tenement. Results were disappointing with no significant mineralisation encountered, the best intersection was: -

Hole No	Northing	Easting	Dip	Azimuth	Depth	Results
AAC4010	6936452	435280	-60°	254°	55m	4m @ 0.23g/t (36-40m)

## REVIEW OF OPERATIONS For the Year Ending 30 June 2005

An aircore drilling program to test shallow mineralisation immediately to the north of the Anchor pit was carried out in November 2004. The program consisted of 277 metres of drilling in seven holes over a strike length of 120 metres on extensions to the ultramafic contact and associated ironstone and quartz veining which hosts the Anchor mineralisation. Only minor narrow low grade mineralisation was encountered with best intercepts: -

Hole No	Northing	Easting	Dip	Azimuth	Depth	Results
AAC4017	6939121	435698	-60°	255°	46m	1m @ 0.37g/t (28-29m)
AAC4020	6939203	435695	-60°	255°	37m	1m @ 0.30g/t (25-26m)
AAC4021	6939210	435715	-60°	258°	61m	1m @ 1.32g/t (30-31m)

Twenty aircore holes, totalling 1092 metres of drilling were completed to test for mineralisation associated with laterites and quartz/chert units in north east of the tenement. The broad spaced drilling did not define significant Moolart Well style mineralisation within the laterites or mineralisation associated with quartz veining and chert units intersected in the area.

### Ben Hur Project

M38/339, P38/3165, (PLA38/3185), (ELA38/1748)

West Australian Metals Ltd - 100%

The Ben Hur project is located 50 kilometres north of Laverton in the North-Eastern Goldfields of Western Australia. Mining Lease M38/339 covers an area of 800 hectares in the northern extensions to the Laverton Tectonic Zone

Gold mineralisation at Ben Hur is associated with an intrusive quartz dolerite unit, 40 to 50 metres thick and dipping steeply east. The dolerite, similar to the unit hosting mineralisation at the Rosemont deposit 35 kilometres to the north-west, parallels the regional north-northwest strike and has been traced over the length of the tenement. Mineralisation occurs in stringer quartz veins and stock works within the dolerite and forms two parallel lines of mineralisation, the Ben Hur-Ben Hur North line and the parallel Kennecott East zone to the east.

Recent drilling programs delineated broad zones of mineralisation over 1,000 metres of strike. A persistent, south plunging zone of mineralisation, 70 to 80 metres high and 15 to 20 metres true width has been defined within broad zones of altered dolerite and drill intercepts including 28 metres @ 2.6g/t from 144 metres depth and 7 metres @ 7.7g/t from 128 metres which was contained within a broader zone of 24 metres @ 2.56g/t (cut to 14g/t). The mineralisation remains open at depth.

In the shallower part of the resource, where drilling intensity is greatest, narrow high grade structures have been delineated which strike normal to the stratigraphy and dip at 15° to 20° to the north. Intercepts on these structures include 2 metres @ 10.27g/t from 53 metres, 4 metres @ 24.85g/t from 65 metres and 11 metres @ 12.46g/t from 25 metres (incl. 1 metre @ 99.6g/t from 31 metres).

Three-dimensional, block modelling has been carried out on the Ben Hur and Ben Hur North resources and incorporates the narrow high grade, north dipping shoots defined within the broad south plunging mineralised envelope. Mineral resources for the Ben Hur and Ben Hur North zone combined, using a 1.0g/t lower cut, no top cut and a variable SG between 1.9 and 2.7 reflecting degree of oxidisation, are

<b>Ben Hur/Ben Hur North</b>	<i>Indicated</i>	877,000 tonnes @ 1.95 g/t
	<i>Inferred</i>	1,285,000 tonnes @ 2.1 g/t
<b>TOTAL</b>		<b>2,162,000 tonnes @ 2.04g/t for 142,000ozs Au</b>

An additional inferred polygonal resource for the Kennecott East zone to the north east of the Ben Hur mineralisation is: -

<b>Kennecott East</b>	<i>Inferred</i>	<b>130,000 tonnes @ 2.8 g/t for 12,000ozs Au</b>
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During the year drilling was conducted in the western portion of the tenement to test a series of soil anomalies delineated over three kilometres along the western margin of the lease. Twenty-five broad spaced aircore holes (BAC4001 to BAC4025) were drilled on a 1000 x 80 metre pattern covering the western half of the lease. A total of 1,285 metres of drilling was completed.

## REVIEW OF OPERATIONS

### For the Year Ending 30 June 2005

The broad spaced program intersected only one anomalous result in basalts in the southern part of the lease: -

Hole No	Northing	Easting	Dip	Azimuth	Depth	Results
BAC4008	6883018	437660	-60°	253°	51m	4m @ 0.56g/t (44-48m)

The program did not detect significant new zones of mineralisation associated with the basalt/dolerite units and ferruginous chert to the west of the known mineralised units at Ben Hur.

### King of Creation Project

M38/160

West Australian Metals Ltd - 100%

The King of Creation project is located 50 kilometres north of Laverton and is secured by a mining lease covering 855 hectares. The project lies 1.5 kilometres to the east of Ben Hur and is approximately 8 kilometres in length.

The lease covers a north trending sequence of deformed and altered quartz poor sediments, cherts and intermediate to basic volcanics. Gold mineralisation is associated with quartz veining, banded cherts and graphitic schists localised within a major transcurrent shear zone. The mineralisation is persistent along strike, but individual veins or bands of mineralisation tend to be variable in grade.

The central part of the mineralised zone, covered by E38/1375 which is excised from M38/160, was mined by Hillmin Gold Mines Pty Limited and produced 57,693.3 ounces of gold from 811,500 tonnes of ore, up to December 1990.

Current mineral resources on strike extensions to the mineralisation within M38/160 based on a 0.5 g/t lower cut-off and no top cut, are: -

<b>King of Creation North</b>	<i>Indicated</i>	120,000 tonnes @ 1.5 g/t
	<i>Inferred</i>	13,000 tonnes @ 1.0 g/t
<b>King of Creation South</b>	<i>Indicated</i>	128,000 tonnes @ 1.4 g/t
	<i>Inferred</i>	37,000 tonnes @ 2.0 g/t
<b>Queen of Creation</b>	<i>Indicated</i>	94,000 tonnes @ 1.5 g/t
	<i>Inferred</i>	43,000 tonnes @ 1.0 g/t
<b>TOTAL</b>		<b>435,000 tonnes @ 1.5 g/t for 21,000ozs Au</b>

West Australian Metals' subsidiary, Bronzewing Gold Ltd, has entered into a Joint Venture with Heron Resources Limited to explore and develop resources on Exploration Licences 38/1368 and 38/1375 located immediately to the north of the King of Creation mining lease and covering the King of Creation open pit.

Under the terms of the Joint Venture, Bronzewing Gold may earn a 70% interest in E38/1368 and E38/1375 by sole funding exploration expenditure of \$250,000 from the Commencement Date (18<sup>th</sup> July 2003) to within four years from the date of grant of E38/1375. Bronzewing Gold will automatically earn an additional 10% interest should Heron elect not to contribute to further exploration expenditure once the initial \$250,000 has been spent and Heron will then retain a 20% free carried interest up to a decision to mine. At any time during the term of the Joint Venture, Heron may convert its interest to a 2.0% gross royalty on all gold and silver and a 2.0% Net Smelter Return on all other metals produced from the tenements.

Exploration during the year concentrated on the north-west part of the King of Creation mining lease where earlier soil sampling on a 100 x 25 metre grid delineated a series of anomalies on the margins of a low, north trending, chert ridge which parallels the main King of Creation shear. Peak gold values up to 40ppb were recorded in a background of 5ppb Au with coincident anomalous arsenic values.

Broad spaced reverse circulation drilling to test the soil anomalies in the north-west had previously intersected mineralisation on a north-south trending structure paralleling the King of Creation/Little Doris shear located 500 metres to the east. Seventeen aircore holes (KAC4001 to KAC4017), totalling 533 metres of drilling were completed to further test the soil anomalies and strike extensions of mineralisation encountered in KRC4002 (5 metres @ 1.78g/t from 25 metres).

## REVIEW OF OPERATIONS For the Year Ending 30 June 2005

Hole KAC4016 encountered 12 metres @ 4.10g/t (12-24 metres) including 4 metres @ 11.75g/t (16-20 metres) in quartz veined shales and ferruginous cherts, similar to the mineralisation previously intersected in KRC4002 (5 metres @ 1.78g/t), 580 metres to the north. Re-sampling of the mineralised zone in KAC4016 and other zones in holes KAC4007, 4 metres @ 1.15g/t (32-36 metres) and KAC4010, 8 metres @ 0.43g/t (28-36 metres) confirmed mineralisation within the chert/shale horizon.

Hole No	Northing	Easting	Dip	Azimuth	Depth	Re-sample Results
KAC4007	6888503	439168	-60°	084°	40m	2m @ 2.07g/t (32-34m)
KAC4010	6888422	439118	-60°	078°	45m	1m @ 2.18g/t (35-36m)
KAC4016	6887909	439280	-60°	086°	48m	5m @ 7.92g/t (15-20m) incl. 2m @ 17.7g/t (17-19m)

Six follow-up aircore holes totalling 411 metres of drilling conducted in August 2005 encountered only low grade mineralisation on strike and dip extensions to the mineralised chert intersected in KAC4016.

Hole No	Northing	Easting	Dip	Azimuth	Depth	Results
KAC5001	6887939	439277	-60°	092°	70m	4m @ 0.69g/t (14-18m)
KAC5003	6887915	439269	-60°	091°	80m	6m @ 0.61g/t (52-58m)
KAC5004	6887873	439280	-60°	092°	66m	2m @ 0.96g/t (32-34m)

The drilling indicates sporadic mineralisation in chert and black shale units on the margin of a dolerite intrusive. No mineralisation was encountered in the mafic unit.

### Cork Tree Well Project

West Australian Metals Ltd - 100%

M38/346, E38/1563, GPL38/4, (MLA38/917),  
(MLA38/918), (PLA38/3158), (ELA38/1618).

The Cork Tree Well tenements are 32 kilometres north of Laverton and the current granted tenements, M38/346 and E38/1563 cover approximately 1,000 hectares over a sequence of Archaean basic volcanics, tuffs and meta-sediments with banded iron formation on the western limb of the Eristoun syncline and adjacent to the Laverton tectonic lineament. Mineralisation occurs in interflow cherts and shales, which dip steeply to the east and become subsidiary to graphitic shale in the primary zone.

The Cork Tree Well deposit was mined by Austwhim Resources NL between 1985 and 1988 and produced 699,115 tonnes at a grade of 2.3g/t Au and current inferred resource estimates for the Cork Tree North mineralisation and remnant mineralisation in the saddle area between the two present pits and in an area one kilometre to the north at 12200N are: -

<b>Cork Tree Well North</b>	<i>Inferred</i>	60,000 tonnes @ 4.0 g/t
<b>Cork Tree Well Saddle</b>	<i>Inferred</i>	35,000 tonnes @ 1.3 g/t
<b>Cork Tree Well 12200N</b>	<i>Inferred</i>	148,000 tonnes @ 1.8 g/t
<b>TOTAL</b>		<b>243,000 tonnes @ 2.2 g/t for 17,000ozs Au</b>

E38/1563 immediately to the west of the Cork Tree Well mining lease covers extensions of cross-cutting structures which may control the localisation of mineralisation along favourable lithological units within the basic volcanics, tuffs and meta-sediments.

E38/1618 (application) to the east of Cork Tree Well covers 15 kilometres of strike of the doleritic unit which hosts mineralisation at Ben Hur, 10 kilometres to the north.

A program of aircore drilling was conducted to test dolerites, banded iron formations and structural targets in the northern section of the M38/346. A total of 621 metres of aircore drilling was completed in 18 holes. The drilling did not intersect any gold mineralisation on the mafic units or the banded iron and chert horizons.

## REVIEW OF OPERATIONS For the Year Ending 30 June 2005

### Famous Bore Project

M38/384

West Australian Metals Ltd - surrendered

The Famous Bore lease covers an area of 107 hectares at the northern end of the Duketon greenstone belt, approximately 120 kilometres north of Laverton. Modest historic gold production (678 tonnes @ 25.4g/t) has been recorded from the Stockwhip and Blanket workings within the tenement and gold mineralisation has been delineated at Famous Blue two kilometres to the south.

A review of all exploration data failed to delineate further untested drill targets and the lease was surrendered during the year.

### No Mistake

P38/2659 (MLA38/802)

West Australian Metals Ltd - 100%

The No Mistake prospecting licence and mining lease application covers an area of 11.25 hectares located 75 kilometres north of Laverton.

The small tenement is located within the Eristoun resource area where Newmont Australia Ltd and Regis Resources NL (formerly Johnson's Well Mining) have delineated significant mineralisation. The tenement hosts gold mineralisation associated with veining within a sheared dioritic unit which has been extensively drilled immediately to the north and south by the Newmont/Regis Resources joint venture.

Five reverse circulation holes totalling 491 metres of drilling were completed by Newmont on behalf of Bronzewing Gold in May 2004. Holes were spaced 80 metres apart on three lines 200 metres apart and all holes intersected mineralisation within the shear zone.

Newmont completed re-sampling of the drill holes. Assay results for the original four metre composite samples and the re-sampled one metre intervals are: -

Hole No	Northing	Easting	Dip	Azimuth	Depth	Results - 4m composites	Results - 1m re-splits
NEWEERC009	6906080	434880	60°	090°	80m	8m @ 10.3g/t (64-72m)	5m @ 9.56g/t (66-71m) incl. 2m @ 21.65 (66-68)
NEWEERC010	6906080	434800	60°	090°	100m	8m @ 0.93g/t (84-92m)	5m @ 1.13g/t (86-91m)
NEWEERC011	6906160	434840	60°	090°	100m	8m @ 0.57g/t (72-80m)	1m @ 2.82g/t (74-75m)
NEWEERC012	6906240	434920	60°	090°	100m	12m @ 2.9g/t (64-76m)	8m @ 4.32g/t (64-72m)
NEWEERC013	6906240	434860	60°	090°	111m	8m @ 4.5g/t (100-108m)	1m @ 2.79g/t (78-79m) 3m @ 2.65g/t (83-86m) 4m @ 16.32g/t (101-105m)

Mineralisation intersected by the broad spaced drilling confirms continuity of the mineralised vein structure through the No Mistake tenement and further infill drilling is warranted to establish resources on the tenement.

### Windsor Well and Kismet Prospect

West Australian Metals Ltd - 100%

M39/334, (MLA39/367), (MLA39/381), (MLA39/382),  
(MLA39/482), (MLA39/483), (MLA39/528), (MLA39/529),  
(MLA39/530), (MLA39/663)

The area is located 50 km east of Leonora and consists of mining lease applications and a granted Mining Lease, totalling nearly 14 square kilometres in area.

The Windsor Well and Kismet prospects cover a sequence of mafic and ultramafic intrusive rocks of the Murrin Murrin greenstone belt which contain narrow sedimentary and volcanic units and occasional felsic intrusives. Gold mineralisation is evident from numerous shallow workings in the area and is frequently associated with high-grade quartz veining on the mafic-sediment contacts. Recorded production from the Windsor Well-Little Battery workings is 29 kilograms of gold from 970 tonnes of ore for a recovered grade of 30g/t Au.

## REVIEW OF OPERATIONS For the Year Ending 30 June 2005

Aircore drilling for extensions to gold mineralisation down dip and along strike from the Kismet historical workings on M39/334, had previously intersected shallow high grade mineralisation (4 metres @ 11.16 g/t from 22 metres) within the north-south striking quartz/chert lode. This structure was previously mined to a depth of approximately 15 metres and further drilling was carried out during the year to test depth and plunge extensions to the mineralisation and to test northern strike extensions to the mineralised structures. Seven holes totalling 331 metres of drilling were completed.

Holes were drilled at 30 metre intervals along the main Kismet workings to test potential depth extensions to the mineralised structure beneath the previous drilling and below the possible zone of gold depletion. Only low grade mineralisation was encountered on the Kismet structure with best result 2 metres @ 0.55g/t Au located 30 metres north and 20 metres west of the high grade intercept (4 metres @ 11.6g/t) previously encountered. Drilling beneath the high grade intercept did not encounter significant mineralisation.

An area of shallow pits, old costeans and minor metal detector scrapings on possible northern extensions to the Kismet structure was tested with three holes. The best individual sample was 2 metres @ 0.86g/t from 34 to 36 metres depth. Drilling in the area failed to identify quartz veining and mineralisation which could be correlated with extensions to the Kismet workings.

### Perseverance Prospect

West Australian Metals Ltd - 100%

M37/422, M37/487, (MLA37/538),  
(MLA37/926), (MLA37/927), P37/4018

The Perseverance block of prospecting licences, mining lease applications and mining leases covers an area of 1,616 hectares 35 kilometres east of Leonora.

Gold mineralisation is related to quartz veining in a variety of lithologies and the prospect incorporates the historic Prince of Wales Mine, the Perseverance-Webster's Find mines and the Benalla Mine located in an isolated tenement situated one kilometre north east.

The most significant production came from the Perseverance and the Webster's Find mines, which operated from 1897 to 1909. The total tonnage mined was 21,529 tonnes at an average recovered grade of 18.26 g/t gold. The Prince of Wales Mine has a small, but very high-grade recorded production of 12.2 tonnes at 2.83kg/t (a total of 1,108ozs of gold).

The area holds potential for small, high-grade deposits amenable to open pit and underground development.

An aircore hammer drilling program was completed on M37/422 over potential southern extensions to the Prince of Wales mineralised structure and over areas of possible parallel mineralisation to the southwest of the old workings. Depth of drilling was limited by the shallow depth of oxidation in the dolerites. Sixteen holes totalling 250 metres of drilling were completed. No mineralisation was encountered with best result 2 metres @ 0.17g/t Au.

In August 2005, 366 metres of air core drilling was carried out in 11 holes to test continuity of mineralisation at the southern end of the Webster's Find workings. The drilling intersected narrow mineralisation in the shallow east dipping quartz veined shear with best intersections: -

Hole No	Northing	Easting	Dip	Azimuth	Depth	Results
WAC5002	6807068	368343	-90°	N/A	20m	2m @ 4.59g/t (14-16m)
WAC5006	6807022	368362	-90°	N/A	39m	2m @ 44.4g/t (24-26m)
WAC5008	6806991	368278	-90°	N/A	24m	4m @ 2.48g/t (18-22m)
WAC5009	6806987	368327	-90°	N/A	39m	4m @ 2.46g/t (30-34m)

### Linger and Die Prospect

West Australian Metals Ltd - 100%

M37/787

The Linger and Die mining lease is located 28 kilometres north of Leonora and covers 200 hectares surrounding the old Dodgers Well Mining Centre.

## REVIEW OF OPERATIONS For the Year Ending 30 June 2005

Recorded production from the area includes historic production of 2,000 ounces of gold from 1,400 tonnes of ore from 1897 and more recent mining in the 1980's extracting a further 2,007 tonnes at an average grade of 11.77 g/t from small pits along the old line of historical workings.

The lease covers the sheared granite-greenstone contact which strikes approximately east-west and dips 65° to 85° to the north. Gold mineralisation is associated with quartz veining within sheared granite and basalt adjacent to the contact.

An aircore drilling program was completed to test extensions to mineralisation between the eastern open pits and the western historic workings. Ten holes totalling 676 metres of drilling on three traverses 160 metres apart, encountered only low grade mineralisation with best result 2 metres @ 0.73g/t Au.

The recent drilling, combined with results encountered by previous explorers, has down graded the potential of the Linger and Die lease to host a significant open pittable deposit or even a small high grade tonnage.

### Mt McClure Prospect

E36/389

*West Australian Metals Ltd –withdrawn from joint venture*

The Mt McClure Exploration Licence E36/389 lies approximately 160 kilometres north of Leonora and covers an area of 82 square kilometres over part of the western contact of the Yandal greenstone belt.

Poorly exposed sediments and felsic and mafic volcanics form the margin of the greenstone belt along the eastern side of the exploration licence. A number of shears and associated bands of mylonite in the contact zone have been identified striking north northwest, parallel to the contact, which is marked by a massive quartz vein.

A major shear, two kilometres east of the eastern boundary of the tenement, hosts the deposits mined at the Mt McClure mine and the exploration licence holds potential for associated mineralised splay structure and cross cutting shears.

Bronzewing Gold entered into a joint venture with Mr George Lee over E36/389 on 6 August 2004. Under the terms of the Joint Venture Bronzewing Gold has the right to earn a 50% equity in the tenement by sole funding exploration expenditure of \$26,100 on or before 14 January 2005 and reimbursement of exploration costs of \$18,738 on 14 January 2005. The Company could earn a further 25% in the tenement by sole funding exploration expenditure of \$75,000 within two years.

Soil and LAG sampling carried out by Audax Resources in 1995 delineated several anomalies in the southern part of the tenement. RAB drilling on LAG anomalies failed to define significant mineralisation and shallow (<10m) drilling on the Chilli soil anomaly was similarly unsuccessful. The Chilli anomaly consists of a persistent gold in soil anomaly extending 700 metres and open to the south with a peak value of 172ppb Au in a back ground of 4ppb. A single RAB traverse of nine holes totalling 62 metres of drilling was completed across the centre of the anomaly.

Lee conducted soil and stream sediment sampling over the southern half of the tenement in 2003/4, extending the Chilli anomaly and defining other lower order anomalies on the eastern margin of the licence.

An aircore drilling program was carried out in November 2004 to test soil anomalies in the central and southern portion of the tenement. The drilling was limited in depth due the shallow weathering in the area but failed to detect any significant mineralisation. Twenty-two holes totalling 189 metres of drilling were completed with the deepest hole only reaching a depth of 17 metres. Best results were: -

Hole No	Northing	Easting	Dip	Azimuth	Depth	Results
MAC4001	6943207	299238	-60°	270°	10m	4m @ 0.27g/t (0-4m)
MAC4020	6947001	298003	-60°	270°	10m	4m @ 1.10g/t (0-4m)
MAC4022	6947001	298043	-60°	270°	9m	4m @ 0.21g/t (4-8m)

The drilling results and the extent of outcrop in the area downgraded the potential of the tenement to host a significant gold deposit. West Australian Metals withdrew from the joint venture in January 2005.

## **REVIEW OF OPERATIONS**

### **For the Year Ending 30 June 2005**

#### **Northampton Base Metal Project**

*West Australian Metals Ltd – 100%*

*Victoria Locations 833 and part 118 and 119,  
(ELA66/50)*

West Australian Metals currently holds the mineral rights to Victoria Locations 118, 119 and 833 covering 282 hectares over historic minesites and has applied for a further 60 square kilometres (ELA66/50) in the Northampton copper-lead-zinc province near Geraldton in Western Australia.

The mineral field hosts numerous small lead-zinc-silver and copper deposits which have been intermittently mined since 1850 and West Australian Metals' mineral rights to freehold titles and the exploration licence application cover the Protheroe lead and Narra Tarra copper mines which were among the deepest, richest and most prolific producers in the region.

Mineralisation in the area is localised on three northeast trending mineralised shears within the garnet gneiss country rock. The western shear hosts the east dipping Narra Tarra Pb/Cu Lode, the central structure the west dipping Protheroe Pb Lode and the East Lode hosts Cu and Pb mineralisation. The Protheroe Mine contained the highest grade lead ore body in the Northampton Field with mineralisation concentrated in a single vein varying in width up to 1.7 metres and containing heavily disseminated to solid galena and averaging 24% Pb.

The Northampton area holds potential for modest tonnages of high-grade lead and copper mineralisation.

#### **Badgebup Gold Project**

*West Australian Metals Ltd – 1.125% of gross production income*

*M70/488, M70/210, M70/211*

West Australian Metals holds a 1.125% interest in gross production income from the Badgebup (Blackburn) Gold Project in the South West Mineral Field of Western Australia.

The project is owned by Great Southern Resources Pty Limited and is currently on care and maintenance.

No royalty was received from this project during the year.



**REVIEW OF OPERATIONS**  
For the Year Ending 30 June 2005

**MINERAL RESOURCE STATEMENT**  
Gold Resource Estimate at 30 June 2005

<i>Project</i>	<i>Tonnes</i>	<i>Grade g/t Au</i>	<i>Category</i>
<b>Anchor</b>	<b>79,600</b>	<b>4.2</b>	Indicated
Ben Hur – Ben Hur North	877,000	2.0	Indicated
	1,285,000	2.1	Inferred
Kennecott East	130,000	2.8	Inferred
<b>TOTAL – Ben Hur</b>	<b>2,292,000</b>	<b>2.1</b>	Indicated and Inferred
King of Creation North	120,000	1.5	Indicated
	13,000	1.0	Inferred
King of Creation South	128,000	1.4	Indicated
	37,000	2.0	Inferred
Queen of Creation	94,000	1.5	Indicated
	43,000	1.0	Inferred
<b>TOTAL – King of Creation</b>	<b>435,000</b>	<b>1.5</b>	Indicated and Inferred
Cork Tree Well North	60,000	4.0	Inferred
Cork Tree Well Saddle	35,000	1.3	Inferred
Cork Tree Well 12200N	148,000	1.8	Inferred
<b>TOTAL – Cork Tree Well</b>	<b>243,000</b>	<b>2.2</b>	Inferred
<b>TOTAL – Indicated</b>	<b>1,298,600</b>	<b>2.0</b>	<b>81,800 ounces</b>
<b>TOTAL – Inferred</b>	<b>1,751,000</b>	<b>2.1</b>	<b>120,000 ounces</b>
<b>TOTAL Indicated and Inferred</b>	<b>3,049,600</b>	<b>2.1</b>	<b>201,800 ounces</b>

NOTE: This report is based on information compiled by Mr D Hamlyn MAusIMM, a director of the Group. Mr Hamlyn has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Hamlyn consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of West Australian Metals Ltd and the entities it controlled at the end of, or during, the year ended 30 June 2005.

### DIRECTORS

The following persons were directors of West Australian Metals Ltd during the whole of the financial year and up to the date of this report:

R S Johnston (Chairman) appointed as a director 24 May 2005 and as Chairman 15 September 2005

D A Hamlyn (Executive Director-Minerals)

R P Martin

L A Colless (Director) resigned 30 August 2005

T J Shanahan (Director) appointed 7 September 2005

### PRINCIPAL ACTIVITIES

The principal activities of the Company during the course of the financial year were exploration for gold and other minerals and investment in listed and unlisted public companies.

Other than that, there has been no significant change in the nature of these activities during the financial year.

### RESULTS

The loss of the economic entity for the financial year was \$897,074 (2004 \$2,035,669).

### DIVIDENDS

No dividends have been paid by the economic entity during the financial year ended 30 June 2005, nor have the Directors recommended that any dividends be paid.

### REVIEW OF OPERATIONS

The Company continued to explore for minerals on its tenements during the year. There were no significant mineral reserves delineated during the year. The Company intends to continue exploration on its tenements in the future and to continue to seek further projects.

A more detailed review of operations for the financial year, together with future prospects is set out in the Annual Report which will be available on the Company's web site.

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

At the end of this financial year, the directors considered the carrying value of the mineral tenements to the extent that the net carrying value represents a fair value of the tenements, as valued by the directors.

Other than the items mentioned above, the state of affairs of the Company was not affected by any significant changes during the year.

### EVENTS SUBSEQUENT TO BALANCE DATE

On 26 August 2005, the Company entered into a Deed of Indemnity with Lindsay Arthur Colless, a director at that date. The Deed contracts the Company to indemnify and keep indemnified, to the maximum permitted by law, Lindsay Arthur Colless against all liabilities and losses, including legal expenses, incurred by Lindsay Arthur Colless as an officer of the Company. No liability has arisen under this indemnity as at the date of this report. It is the intention of the Company, if reasonably available, to procure Directors' and Officers' Indemnity insurance.

On 24 August 2005, the Company made the following placement:

Issued 70,000,000 ordinary fully paid shares at an issue price of 2.4 cents each. Issued 70,000,000 options exercisable at 5 cents each on or before 24 August 2008 at an issue price of 0.1 cents each. Issue 40,000,000 partly paid shares of 2.4 cents each issued at 0.1 cents each with 2.3 cents each to pay, convertible at any time on or before 24 August 2008.

On 4 August 2005, the Company reduced its issued share capital by an equal reduction, pro rata in specie distribution of the Company's 4,000,000 shares in Astop Biohealth Ltd, to West Australian Metals Ltd shareholders.

No other 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 the Company, or the state of affairs of the Company in the financial year subsequent to the financial year ended 30 June 2005.

## **DIRECTORS' REPORT (Continued)**

### **LIKELY DEVELOPMENTS**

The Company intends to continue exploration on its existing tenements, to acquire further tenements for exploration of all minerals, to seek other areas of investment, and to develop the resources on its tenements.

### **DIRECTORS' QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES**

#### **Rodger S Johnston – Non-Executive Chairman**

Mr Johnston, 50, has a Bachelor of Economics from the University of Sydney and was a member of the Australian Society of Accountants (CPA Australia) from 1976 to 1996. He commenced his career as an insolvency specialist, rising to the level of Senior Management. During the 1980s he managed a private investment company following which he was principal of a venture capital firm for a period of eight years. He is Chairman and CEO of ASX listed IC2 Global Limited, a non-executive director of ASX listed mining company Rusina Mining NL and non-executive director of People's Merchant Bank Limited which is listed on the Colombo Stock Exchange. Member of the nomination and remuneration committees from date of appointment as a director.

#### **David A Hamlyn – Executive Director - Minerals**

Mr Hamlyn, 51, is a geologist with a broad range of exploration and mine management experience. Mr Hamlyn has been involved in the exploration for precious and base metals throughout Australia since 1977 and was Resident Manager of Centaur Mining and Exploration Limited's gold operations in the Kalgoorlie region, from 1992 to 1999 and General Manager of New Hampton Goldfields Ltd's Jubilee Gold Operations to 2001. Mr Hamlyn joined the Company in February 2002. Member of the nomination and remuneration committees.

#### **Robert P Martin – Non-Executive Director**

Mr Martin, 61, has over 37 years experience in the management and operation of mining, industrial and commercial undertakings in Western Australia. He has extensive knowledge of the West Australian investment community and is a director of aiLimited, a listed public industrial company. Member of audit, nomination and remuneration committees.

#### **Lindsay A Colless – Non-Executive Director (resigned 30 August 2005) and Company Secretary (continuing)**

Mr Colless, 60, is Chairman of Mineral Administration Services Pty Ltd, a West Australian based company that provides management, company secretarial, accounting, treasury and financial administration services to listed public companies in the resources and financial services industries. He is a director and/or company secretary of a number of publicly listed companies including Alkane Exploration Ltd group, Summit Resources Ltd group and Newland Resources Ltd group, in Australia. Former Directorship held in the last three years are; Yilgarn Gold Limited group (Feb. 2003 to Apr. 2005), South Boulder Mines Ltd (Aug. 2001 to May 2004), Northern Star Resources Ltd (May 2000 to Sep. 2003), Austin Engineering Limited (Jun. 2001 to Mar.2004), Solco Ltd (Nov.2002 to Dec. 2002). Mr Colless is a Member of the Institute of Chartered Accountants in Australia and a Fellow Member of the Institute of Company Directors. Member of the nomination and remuneration committees up to his resignation as a director.

#### **Terence J Shanahan – Non-Executive Director**

Mr Shanahan, 59, was appointed to the Board subsequent to the end of the financial year. He is a former funds manager and has consulted to various projects in the mining sector. He has experience in corporate matters including corporate restructures, new business acquisitions, new listings and capital raisings. He was a founding shareholder and director of Astrovision Australia Ltd, a company now 51% owned by Horizon Global Ltd. Member of the nomination and remuneration committees from date of appointment as a director.

### **DIRECTORS' MEETINGS**

The following table sets out the numbers of meetings of the Company's directors held during the year ended 30 June 2005, and the number of meetings attended by each director.

There were four (4) Audit, no Nomination and three (3) Remuneration Committee Meetings held during the financial year.

## DIRECTORS' REPORT (Continued)

The number of meetings attended by each director during the year is as follows:

Director	Number of meetings attended	Audit	Committee Meetings	
			Nomination	Remuneration
R S Johnston*	1	N/A	-	-
D A Hamlyn	14	N/A	-	2
R P Martin	14	4	-	3
L A Colless	14	N/A	-	3

\*R S Johnston (meetings since appointment 1)

### AUDIT COMMITTEE

The audit committee comprises Mr R Martin, an independent director.

### NOMINATION COMMITTEE

The Nomination Committee comprises the full Board. No meetings were held during the financial year.

### REMUNERATION REPORT

#### A. Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward corporate governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage/alignment of executive compensation
- Transparency
- Capital management

The Company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy for the organisation.

Alignment to shareholders' interests:

- Has economic profit as a core component of plan design
- Focuses on sustained growth in share price and delivering constant return on assets as well as focusing the Executive on key non-financial drivers of value
- Attracts and retains high calibre executives

Alignment to program participants' interests:

- Rewards capability and experience
- Reflects competitive reward for contribution to shareholder growth
- Provides a clear structure for earning rewards
- Provides recognition for contribution

#### *Non-executive directors*

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

#### *Directors' fees*

Directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at \$40,000 in aggregate. This amount is separate from any specific tasks the directors may take on for the Company. For example, Mr Colless undertakes all the financial, administration and accounting functions for the Company as well as being Company Secretary. His remuneration is set out earlier in this report and is fully disclosed in the Notes to the Financial Statements.

## DIRECTORS' REPORT (Continued)

### REMUNERATION REPORT (Continued)

#### B. Details of remuneration

	Economic Entity		Company	
	2005	2004	2005	2004
	\$	\$	\$	\$
Total income received, or due and receivable by the directors	<b>295,692</b>	282,200	<b>295,692</b>	227,700

The details of directors' remunerations paid or payable are as follows:

#### Executive Director

Name	Primary Base Salary	Primary Fees and Disbursements	Post-employment Superannuation	Total
	\$	\$	\$	\$
D A Hamlyn	<u>150,000</u>	-	<u>13,500</u>	<u>163,500</u>

#### Non-executive Directors

Name	Primary Directors' Base Fee	Primary Fees and Disbursements	Post-employment Superannuation	Total
	\$	\$	\$	\$
R S Johnston	1,150	-	104	1,254
R P Martin	10,000	74,038 (a)	900	84,938
L A Colless	10,000	36,000 (b)	-	46,000

- a) Consulting fees of \$40,000 (2004 \$40,000) paid to a company in which Mr Martin has a substantial financial interest for services provided in the normal course of business and at normal commercial rates. Rent and outgoings of \$34,038 (2004 \$nil) paid to a company in which Mr Martin has a substantial financial interest for office accommodation provided in the normal course of business and at normal commercial rates.
- b) Administration and secretarial fees of \$36,000 (2004 \$36,000) payable to a company in which Mr Colless has a substantial financial interest for services provided in the normal course of business and at normal commercial rates.

#### C. Service agreements

##### David A Hamlyn – Executive Director

There is no formal written service agreement in place.

Under Mr Hamlyn's offer of employment, his base salary exclusive of superannuation is \$150,000pa reviewable on an annual basis by the remuneration committee. No termination benefit, on early termination by the Company, is provided for.

#### D. Share-based payments

No share based remuneration compensation plan exists.

#### DIRECTORS' INTERESTS

The interests of Directors in securities of the Company at the date of this report are:

Director	Direct	Indirect	Options	Details of Options
R S Johnston	-	-	-	-
D A Hamlyn	-	1,102,000	1,000,000	(granted 27/11/02, exercisable at 18.8c before 24/11/07)
R P Martin	-	15,188,250	-	-
L A Colless	-	5,538	-	-
T J Shanahan	-	-	-	-

## DIRECTORS' REPORT (Continued)

### SHARE OPTIONS

Options to take up ordinary shares in the capital of West Australian Metals Ltd granted and still outstanding are as follows:

Listed - Public issue	45,956,604
Granted during year	Nil
Exercised during year	7,000
Expired during year	(45,949,604)

The above options were exercisable at 19.2 cents each at any time on or before 31 March 2005.

Listed - Public issue	Nil
Granted since year end	70,000,000
Exercised since year end	Nil

The above options are exercisable at 5 cents each at any time on or before 24 August 2008.

Unlisted - Consultants	250,000
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The above options are exercisable at 18.8 cents each at any time on or before 31 October 2005

Unlisted - Directors	1,000,000
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The above options are exercisable at 18.8 cents each at any time on or before 24 November 2007

Unlisted - Ex Director	2,000,000
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The above options are exercisable at 18.8 cents each on or before 31 October 2007.

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.

### AUDIT INDEPENDENCE AND NON-AUDIT SERVICES

#### Auditors' independence -section 307C

The following is a copy of a letter received from the Company's auditors:

#### Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

To the directors of West Australian Metals Ltd,

I declare that to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2005 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Graham Swan  
Lead auditor  
Rothsay Chartered Accountants

The following amounts were paid to the auditors	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>
<b>Auditors' remuneration</b>		
- auditing the accounts	8,000	15,500
<b>Non-Audit Services</b>		
- taxation services	750	400

The Board is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

### CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of West Australian Metals Ltd support and have adhered to the principles of corporate governance and have established a set of policies and manuals for the purpose of managing corporate governance. The Company's detailed corporate governance policy statement is contained in the additional Supplementary Information section of the annual report and can be viewed on the Company's web site at [www.wametals.com.au](http://www.wametals.com.au).

## **DIRECTORS' REPORT (Continued)**

### **ENVIRONMENTAL REGULATIONS**

The Company's environmental obligations are regulated under both State and Federal Law. The Company has complied with its environmental performance obligations. No environmental breaches have been notified by any Government agency to the date of the Directors' Report.

### **INDEMNIFICATION AND INSURANCE**

On 26 August 2005, the Company entered into a Deed of Indemnity with Lindsay Arthur Colless, a director at that date. The Deed contracts the Company to indemnify and keep indemnified, to the maximum permitted by law, Mr. Colless against all liabilities and losses, including legal expenses, incurred by him as an officer of the Company. It is the intention of the Company, if reasonably available, to procure Directors' and Officers' Indemnity insurance.

Dated this 19th day of September 2005.

Signed in accordance with a resolution of the Directors:

D A Hamlyn  
Director

**STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ended 30 June 2005

	Note	Economic Entity		Company	
		2005	2004	2005	2004
		\$	\$	\$	\$
Sales Revenue		-	-	-	-
Other revenue		139,053	57,918	138,313	31,732
<b>Total revenue</b>	2	<b>139,053</b>	<b>57,918</b>	<b>138,313</b>	<b>31,732</b>
Direct costs of production		-	-	-	-
Costs of divestment of subsidiary	8	-	(118,886)	-	(118,886)
Auditors' remuneration					
- audit fees		(8,000)	(15,500)	(8,000)	(15,500)
- other services		(750)	(400)	(750)	-
Depreciation		(5,907)	44,042	(5,334)	(1,556)
Directors' fees		(11,150)	(10,000)	(11,150)	(10,000)
Directors consulting		(50,000)	(50,000)	(50,000)	(50,000)
Annual report costs		(9,816)	(11,736)	(9,816)	(11,736)
Cost of shares sold		(48,866)	(43,000)	(48,866)	(41,000)
Cost of assets sold		-	(46,505)	-	-
Consulting		(36,000)	(36,900)	(36,000)	(36,900)
Provision for loss on investments		2,275	29,468	2,275	28,568
Provision subsidiaries		-	-	(603,153)	(1,518,392)
Rent and rates		(37,483)	(6,998)	(37,483)	(6,998)
Legal fees		(92,607)	(6,025)	(91,420)	(6,025)
Salaries and employee entitlements		(45,481)	(83,508)	(45,481)	(58,406)
Exploration costs		(604,305)	(1,685,987)	(4,466)	(174,203)
Other expenses		(88,038)	(51,652)	(85,744)	(49,549)
<b>Total Expenses</b>		<b>(1,036,128)</b>	<b>(2,093,587)</b>	<b>(1,035,388)</b>	<b>(2,070,583)</b>
Profit (loss) from ordinary activities before related income tax expense		(897,075)	(2,035,669)	(897,075)	(2,038,851)
Income tax expense	3	-	-	-	-
<b>Profit (loss) from ordinary activities after related income tax expense</b>		<b>(897,075)</b>	<b>(2,035,669)</b>	<b>(897,075)</b>	<b>(2,038,851)</b>
Net Loss attributable to member of West Australian Metals Ltd		(897,075)	(2,035,669)	(897,075)	(2,038,851)
Accumulated losses at beginning of financial year		(9,590,107)	(7,701,623)	(9,590,107)	(7,551,256)
Accumulated profits of subsidiary in opening balance now written back on disposal		-	147,185	-	-
<b>Accumulated losses at end of financial year</b>		<b>(10,487,182)</b>	<b>(9,590,107)</b>	<b>(10,487,182)</b>	<b>(9,590,107)</b>
Earnings per share – basic	18	(0.0087)	(0.0206)	(0.0087)	(0.0206)

The accompanying notes form part of this report



**STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2005

	Note	Economic Entity		Company	
		2005 \$	2004 \$	2005 \$	2004 \$
<b>Current Assets</b>					
Cash	16	229,976	1,190,212	224,108	1,186,974
Receivables	4	29,844	33,710	22,694	20,019
Investments	5	616,324	90,487	602,500	76,663
<b>Total Current Assets</b>		<b>876,144</b>	<b>1,314,409</b>	<b>849,302</b>	<b>1,283,656</b>
<b>Non-Current Assets</b>					
Plant & equipment	6	9,441	3,590	8,776	2,352
Investments in subsidiaries	7		-	724,283	777,550
Exploration projects	8	722,216	863,000	24,000	24,000
<b>Total Non-Current Assets</b>		<b>731,657</b>	<b>866,590</b>	<b>757,059</b>	<b>803,902</b>
<b>TOTAL ASSETS</b>		<b>1,607,801</b>	<b>2,180,999</b>	<b>1,606,361</b>	<b>2,087,558</b>
<b>Current Liabilities</b>					
Creditors and borrowings	9	124,873	155,439	123,433	61,998
<b>Total Current Liabilities</b>		<b>124,873</b>	<b>155,439</b>	<b>123,433</b>	<b>61,998</b>
<b>TOTAL LIABILITIES</b>		<b>124,873</b>	<b>155,439</b>	<b>123,433</b>	<b>61,998</b>
<b>NET ASSETS</b>		<b>1,482,928</b>	<b>2,025,560</b>	<b>1,482,928</b>	<b>2,025,560</b>
<b>Shareholders' Equity</b>					
Share capital	10	11,160,110	10,805,667	11,160,110	10,805,667
Reserves	11	810,000	810,000	810,000	810,000
Accumulated losses		(10,487,182)	(9,590,107)	(10,487,182)	(9,590,107)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>1,482,928</b>	<b>2,025,560</b>	<b>1,482,928</b>	<b>2,025,560</b>

The accompanying notes form part of this report

**STATEMENT OF CASH FLOWS**  
for the year ended 30 June 2005

	Note	Economic Entity		Company	
		2005	2004	2005	2004
		\$	\$	\$	\$
<b>Cash flows from operating activities</b>					
Cash receipts in ordinary course of operations (inclusive of goods and services tax)		22,148	11,120	22,148	-
Interest received		39,940	12,230	39,200	11,772
Borrowing costs		-	-	-	-
Payments to suppliers (inclusive of goods and services tax)		(402,840)	(430,222)	(313,898)	(440,197)
<b>Net cash from operating activities</b>	17	<b>(340,752)</b>	<b>(406,872)</b>	<b>(252,550)</b>	<b>(428,425)</b>
<b>Cash flows from investing activities</b>					
Proceeds sale of property, plant and equipment		-	12,000	-	-
Expenditure on property, plant & equipment		(11,758)	-	(11,758)	-
Loan to subsidiary		-	-	(549,887)	(375,941)
Purchase of tenements		(50,000)	(3,204)	-	(3,204)
Exploration expenditure		(413,522)	(374,261)	(4,466)	-
Proceeds from sale of investments		73,782	22,568	73,782	19,960
Purchase of investments		(572,429)	(54,895)	(572,429)	(54,895)
<b>Net cash from investing activities</b>		<b>(973,927)</b>	<b>(397,792)</b>	<b>(1,064,758)</b>	<b>(414,080)</b>
<b>Cash flows from financing activities</b>					
Proceeds from issue of shares		354,442	346,547	354,442	346,547
Repayment of borrowings		-	1,622,083	-	1,657,238
<b>Net cash flow from financing activities</b>		<b>354,442</b>	<b>1,968,630</b>	<b>354,442</b>	<b>2,003,785</b>
<b>Net (increase) decrease in cash held</b>		<b>(960,236)</b>	<b>1,163,966</b>	<b>(962,866)</b>	<b>1,161,280</b>
Cash at beginning of year		1,190,212	(111,606)	1,186,974	25,694
Cash at beginning of year attributable to subsidiary disposed of during year		-	137,852	-	-
<b>Cash at the end of the financial year</b>	16	<b>229,976</b>	<b>1,190,212</b>	<b>224,108</b>	<b>1,186,974</b>

The accompanying notes form part of this report.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2005

### 1. STATEMENT OF 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 Law 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 profits 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 financial statements at the rates which are expected to apply when those timing differences reverse.

#### b) **Exploration expenditure**

Exploration, evaluation, and relevant acquisition costs are accumulated separately for each area of interest. They comprise acquisition costs, direct exploration and evaluation costs, and an appropriate portion of related overhead expenditure. They do not include general overhead or administrative expenditure not having a specific nexus with a particular area of interest.

Revenue received from the sale or disposal of product, materials, or services during the exploration and evaluation phase of operations is not offset against expenditure in respect of the area of interest or mineral resource concerned but is taken into the financial statements as income.

Costs of this nature are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- (i) such costs are expected to be recouped through successful development and exploitation or from sale of the area; or
- (ii) exploration and evaluation activities in the area have not, at balance date, reached a stage which permits a reasonable assessment of the existence, or otherwise, of economically recoverable reserves and active operations in, or relating to, the area are continuing.

Exploration and evaluation expenditure which does not satisfy these criteria is written off.

Economically recoverable reserves are defined as the estimated quantity of product in an area of interest, which can be expected to be profitably extracted, processed and sold under current and foreseeable economic conditions.

#### (c) **International Accounting Standards**

With regard to AASB 1047 Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards, the Company has instigated a continual review of International Accounting Standards and the effects they will have on the Company's future financial statements.

#### d) **Investments - Other Corporations**

Investments in corporations other than related corporations are valued at the lower of cost or directors' valuation based on market value at balance date. Dividends are brought to account as they are received.

#### e) **Cash**

For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and which are used in the cash management function on a day to day basis, net of outstanding temporary bank overdrafts.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2005

### 1. STATEMENT OF ACCOUNTING POLICIES

#### f) **Plant & equipment**

Plant and equipment is brought to account at cost or at independent or directors' valuation less, where applicable, any accumulated depreciation or amortisation. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not shown in the accounts at a value in excess of the recoverable amount from 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. Office furniture and equipment is depreciated on a straight line method.

#### g) **Employee benefits**

##### *Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in creditors and borrowings in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

##### *Long service leave*

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with wages and salaries above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits only where there is a reasonable expectation that a liability will be incurred.

##### *Superannuation*

The amounts charged to the statement of financial performance for superannuation represents the contributions to superannuation funds in accordance with the statutory superannuation contributions requirements or an employee salary sacrifice arrangement. No liability exists for any further contributions by the Company in respect to any superannuation scheme.

##### *Equity based compensation benefits*

The Company does not operate an employee option scheme as such. The amounts disclosed for remuneration of directors and executives include the assessed fair values of options granted during the year at the date they were granted.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2005

	Economic Entity		Company	
	2005 \$	2004 \$	2005 \$	2004 \$
<b>2. OPERATING REVENUE</b>				
Included in operating revenue are the following items				
Revenue from sale of property, plant & equipment	-	12,000	-	-
Revenue from sale of investments	<b>73,782</b>	22,568	<b>73,782</b>	19,960
Other revenue	<b>25,331</b>	11,120	<b>25,331</b>	-
Interest received or due and receivable from other corporations	<b>39,940</b>	12,230	<b>39,200</b>	11,772
	<b>139,053</b>	57,918	<b>138,313</b>	31,732
<b>3. INCOME TAX</b>				
No income tax expense has been provided in the accounts because the company has an operating loss for the year. No future tax benefit attributable to tax losses has been brought to account as recovery is not certain or assured.				
The directors estimate that the potential future income tax benefit, at the prevailing rate of 30% (2004 30%), at 30 June 2005 in respect of tax losses not brought to account is	<b>3,513,539</b>	3,244,416	<b>3,170,302</b>	2,901,180
The benefit will only be obtained if the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised, continues to comply with the conditions for deductibility imposed by taxation legislation and there are no changes in tax legislation adversely affecting the economic entity in realising the benefit.				
<b>4. RECEIVABLES</b>				
Debtors	<b>3,905</b>	-	<b>3,905</b>	-
GST refundable	<b>21,653</b>	33,710	<b>14,503</b>	20,019
Income tax franking credits	<b>4,286</b>		<b>4,286</b>	
	<b>29,844</b>	33,710	<b>22,694</b>	20,019
<b>5. INVESTMENTS</b>				
Shares in listed companies at lower of cost or market value (Market value \$109,324, <b>2004</b> \$84,296)	<b>102,500</b>	76,663	<b>102,500</b>	76,663
Shares in unlisted companies at lower of cost or market value (Market value \$500,000, <b>2004</b> \$nil)	<b>500,000</b>	-	<b>500,000</b>	-
Funds on deposit	<b>13,824</b>	13,824	-	-
	<b>616,324</b>	90,487	<b>602,500</b>	76,663

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2005

	<b>Economic Entity</b>		<b>Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>6. PLANT AND EQUIPMENT</b>				
Plant & equipment – at cost	23,143	11,385	19,202	7,444
Less: Accumulated depreciation	(13,702)	(7,795)	(10,426)	(5,092)
Net carrying value	<b>9,441</b>	3,590	<b>8,776</b>	2,352
Reconciliation of carrying amount				
Brought forward	<b>3,590</b>	1,232,171	<b>2,352</b>	3,908
Plant & equipment acquired during year	<b>11,758</b>	-	<b>11,758</b>	-
Plant & equipment of subsidiary divested during year	-	(1,226,118)	-	-
Disposals	-	(87)	-	-
Depreciation during year	<b>(5,907)</b>	(2,376)	<b>(5,334)</b>	(1,556)
Carrying value at balance date	<b>9,441</b>	3,590	<b>8,776</b>	2,352

**7. INVESTMENT IN CONTROLLED ENTITIES**

<b>Name</b>	<b>Country of Incorporation</b>	<b>Percentage of equity interest held by economic entity</b>	
		<b>2005</b>	<b>2004</b>
Bronzewing Gold Ltd <b>Investment</b>	Australia	<b>100%</b>	100%
Shares at cost			
Bronzewing Gold Ltd		<b>1,520,000</b>	1,520,000
Loans			
Bronzewing Gold Ltd		<b>3,577,524</b>	3,027,087
Less: Provision for loss		<b>(4,373,241)</b>	(3,770,087)
		<b>724,283</b>	777,550
		<b>Company</b>	
		<b>2005</b>	<b>2004</b>
		<b>\$</b>	<b>\$</b>
<b>Contribution to group operating loss</b>			
West Australian Metals Ltd		<b>293,922</b>	520,459
Bronzewing Gold Ltd		<b>603,153</b>	1,515,210
		<b>897,075</b>	2,035,669

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

	<b>Economic Entity</b>		<b>Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>8. EXPLORATION PROJECTS</b>				
Exploration brought forward	<b>863,000</b>	2,171,523	<b>24,000</b>	195,000
Expenditure during year	<b>463,522</b>	377,465	<b>4,466</b>	3,204
Less: Expenditure written off	<b>(604,306)</b>	(1,685,988)	<b>(4,466)</b>	(174,204)
Carrying value at end of year	<b>722,216</b>	863,000	<b>24,000</b>	24,000

Two tenements acquired by the subsidiary are subject to an obligation to pay a royalty to a previous owner. The title to some of the tenements acquired has not passed to the subsidiary and applications for the transfer of title are pending. The entity's activities in the mining industry are subject to regulations and approvals including mining, heritage, environmental and the implications of the High Court of Australia decision in the "Mabo", "Wik" and other cases, the existing and future State and Federal legislation and any implications resulting from those. Approvals, although granted in most cases, are discretionary. The question of native title has yet to be determined on most tenement areas and could affect any mining title area whether granted by the State or not. At the date of this report the directors are unable to quantify the financial impact of any such claims.

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2005

**9. CREDITORS AND BORROWINGS**

**Current**

Accounts payable	87,238	144,229	85,798	50,788
Provision Annual Leave	23,705	11,210	23,705	11,210
Provision Long Service leave	13,930	-	13,930	-
	<b>124,873</b>	<b>155,439</b>	<b>123,433</b>	<b>61,998</b>

**Non Current**

Provision Long Service Leave	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**10. SHARE CAPITAL**

**Issued Capital**

	Number	2005 \$	Number	2004 \$
Balance at beginning of year	99,925,823	10,930,324	96,425,823	11,399,716
Placement	14,989,923	359,758	3,500,000	350,000
Conversion of notes	-	-	-	-
Option exercise	7,000	1,400	-	-
	<b>114,922,746</b>	<b>11,291,482</b>	<b>99,925,823</b>	<b>11,749,716</b>
Less: Distribution in specie (see below)	-	-	-	(819,392)
	<b>114,922,746</b>	<b>11,291,482</b>	<b>99,925,823</b>	<b>10,930,324</b>
Less: accumulated costs of issues	-	(131,372)	-	(124,657)
Balance at end of year	<b>114,922,746</b>	<b>11,160,110</b>	<b>99,925,823</b>	<b>10,805,667</b>

The placement of 14,989,923 shares at 0.024 cents each raised an amount of \$359,758 less costs which funds were utilised for working capital.

Distribution in specie.

On 8 December 2003, Austin Engineering Limited, a wholly owned entity of the Company, issued 22,205,738 ordinary fully paid shares at a deemed issue price of \$0.037 by way of an in-specie distribution to shareholders of West Australian Metals Ltd as at the record date 5 December 2003 and as approved at a general meeting of shareholders of West Australian Metals Ltd held on 28 November 2003. The loan outstanding from Austin Engineering Limited was reduced by \$819,392 and the contributed equity of West Australian Metals was reduced by an equivalent amount.

	Number	2005 \$	Number	2004 \$
<b>Options – expiring 31 March 2005</b>				
Balance at beginning of year	42,956,604	-	42,456,604	-
Exercised during year	(7,000)	-	-	-
Issued during year	-	-	3,500,000	-
<b>Expired during year</b>	<b>(45,449,604)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Balance at end of year	-	-	45,956,604	-
<b>Options – expiring 31 October 2005</b>				
Balance at beginning of year	250,000	-	250,000	-
Balance at end of year	250,000	-	250,000	-
<b>Options – expiring 24 November 2007</b>				
Balance at beginning of year	1,000,000	-	-	-
Issued during year	-	-	1,000,000	-
Balance at end of year	1,000,000	-	1,000,000	-
<b>Options – expiring 31 October 2007</b>				
Balance at beginning of year	2,000,000	-	-	-
Issued during year	-	-	2,000,000	-
Balance at end of year	2,000,000	-	2,000,000	-

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2005

	Economic Entity		Company	
	2005	2004	2005	2004
	\$	\$	\$	\$
<b>11. RESERVES</b>				
Asset Revaluation Reserve	<b>810,000</b>	810,000	<b>810,000</b>	810,000
	<b>810,000</b>	810,000	<b>810,000</b>	810,000

### 12. SEGMENTAL INFORMATION

The Company operated predominantly in two industries and in two geographic locations. The operations of the Company consisted of mineral exploration, mining and exploitation and engineering within Australia.

Industry	Revenue		Results		Assets	
	2005	2004	2005	2004	2005	2004
Engineering	-	-	-	(77,292)	-	-
Exploration	<b>139,053</b>	59,718	<b>(897,074)</b>	(1,958,377)	<b>1,607,801</b>	2,180,999
	<b>139,053</b>	59,718	<b>(897,074)</b>	(2,035,669)	<b>1,607,801</b>	2,180,999

### 13. RELATED PARTIES

The names of each person holding the position of director during the financial year are Messrs Rodger Johnston, David Hamlyn, Robert Martin, and Lindsay Colless.

Mr Colless has a significant financial interest in Mineral Administration services Pty Ltd, a company that provided secretarial, accounting and financial administration services to the economic entity and was paid fees of \$46,000 including directors fees (2004 \$46,000). Mr Martin has a significant financial interest in a company that provided consulting services and office accommodation to the economic entity and was paid fees of \$84,938 including directors fees and superannuation (2004 \$50,900).

All dealings are in the ordinary course of business and on normal commercial terms and conditions.

Aggregate numbers of shares and share options of West Australian Metals Ltd acquired by directors or their director-related entities from the Company were as follows:-

	2005	2004
Ordinary shares	-	-
Options granted	-	-

Aggregate numbers of shares and share options of West Australian Metals Ltd held directly, indirectly or beneficially by directors or their director-related entities at balance date:-

	2005	2004
Ordinary shares	<b>7,295,788</b>	6,705,613
Options	<b>1,000,000</b>	2,297,650

### 14. INTEREST IN JOINT VENTURES

The Company has various interests in joint ventures over mineral projects. As at 30 June 2005, the joint ventures in existence were as follows:-

**Badgebup** - The Company has a 1.125% gross production income interest in a joint venture with Great Southern Resources Pty Limited.

**King of Creation Extended** - The Company has a right to earn 70 to 80% interest in E38/1368 and E38/1375 through a joint venture with Heron Resources Limited.

**Esperance Mineral Sands and Bauxite** - The Company has an option and joint venture agreement with Plasia Pty Ltd to earn 80% interest in E63/831, E63/832, E63/833, E63/834 and E63/939.

**Scaddan Mineral Sands** - The Company has an option and joint venture agreement with S.R. Bishop and Plasia Pty Ltd to earn 80% interest in the non-bedrock mineral rights in E63/818, E63/819 and E63/820.

### 15. COMMITMENTS FOR EXPENDITURE

#### Mineral Tenement Leases

In order to maintain current rights of tenure to mining tenements, the economic entity will be required to outlay in 2005/06 amounts of approximately \$77,189 (2004 \$54,290) in respect of tenement lease rentals and \$614,140 (2004 \$413,100) in exploration expenditures to meet the minimum expenditure requirements of the various mines departments and farm in obligations. These obligations will be fulfilled in the normal course of operations, which may include farm-out, joint venture and direct exploration expenditure.



## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2005

### 16. RECONCILIATION OF CASH

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank and short term deposits at call. Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:

	Economic Entity		Company	
	2005	2004	2005	2004
	\$	\$	\$	\$
Cash at bank and on hand	229,976	65,212	224,108	61,974
Cash on deposit	-	1,125,000	-	1,125,000
	<b>229,976</b>	<b>1,190,212</b>	<b>224,108</b>	<b>1,186,974</b>

### 17. RECONCILIATION OF NET CASH OUTFLOW FROM OPERATING ACTIVITIES TO OPERATING LOSS AFTER INCOME TAX

	Economic Entity		Company	
	2005	2004	2005	2004
	\$	\$	\$	\$
Operating Profit (loss)	(897,074)	(2,035,670)	(897,074)	(2,038,851)
Add (less) non cash items				
(Profit) Loss on sale of shares	(24,916)	20,432	(24,916)	21,040
Depreciation	5,907	(44,042)	5,334	1,556
Provision for exploration expenditure	484,480	1,642,842	4,467	174,204
Provision annual leave	12,496	(15,060)	12,496	3,409
Provision long service leave	13,930	-	13,930	-
Provision for profit/(loss) on investments	(2,275)	(29,468)	(2,275)	(28,568)
Proceeds of sale of fixed assets	-	(12,000)	-	-
Cost of fixed assets disposed	-	46,505	-	-
Decrease/increase in operating assets and liabilities:				
Receivables	3,864	(13,937)	(2,676)	(3,133)
Stocks on hand and work in progress	-	-	-	-
Creditors & borrowings	(56,990)	(9,620)	35,011	(76,474)
Add (less) items classified as investing or financing activities:				
Exploration expenditure	-	43,146	-	-
Provision for loan to subsidiary	119,826	-	603,153	1,518,392
Net cash provided by operating activities	<b>(340,752)</b>	<b>(406,872)</b>	<b>(252,550)</b>	<b>(428,425)</b>

### 18. EARNINGS PER SHARE ("EPS")

Basic earnings per share	<b>\$(0.0087)</b>	\$(0.0206)
Weighted average number of ordinary shares on issue used in calculation of basic earnings per share	<b>102,925,553</b>	98,765,549
Diluted earnings per share is not materially different from basic earnings per share		

### 19. AUDITORS' REMUNERATION

	Economic Entity		Company	
	2005	2004	2005	2004
	\$	\$	\$	\$
Amount received or due and receivable by the auditor for:				
a) <b>Audit services</b>				
Current year audit of financial statements	8,000	15,500	8,000	15,500
b) <b>Other services</b>				
Income tax return preparation	750	400	750	-
Total remuneration of auditors	<b>8,750</b>	<b>15,900</b>	<b>8,750</b>	<b>15,500</b>

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2005

### 19. AUDITORS' REMUNERATION (Continued)

The Company has received notification from the Company's auditor that he satisfies the independence criterion and that there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct in relation to the audit. The Company is satisfied that the non-audit services provided is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

### 20. SUBSEQUENT EVENTS

On 24 August 2005, the Company made the following placement:

Issued 70,000,000 ordinary fully paid shares at an issue price of 2.4 cents each. Issued 70,000,000 options exercisable at 5 cents each on or before 24 August 2008 at an issue price of 0.1 cents each. Issue 40,000,000 partly paid shares of 2.4 cents each issued at 0.1 cents each with 2.3 cents each to pay, convertible at any time on or before 24 August 2008.

On 4 August 2005, the Company reduced its issued share capital by an equal reduction, pro rata in specie distribution of the Company's 4,000,000 shares in Astop Biohealth Ltd, to West Australian Metals Ltd shareholders.

The financial effects of the above subsequent events have not been disclosed in the financial statements.

No other 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 the Company, or the state of affairs of the Company in the financial year subsequent to the financial year ended 30 June 2005.

### 21. FINANCIAL INSTRUMENTS

#### (i) Significant accounting policies

Details of significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the accounts.

#### (ii) Interest rate risk

The following table details the Company's exposure to interest rate risk as at the reporting date:

2005	Average Interest Rate	Variable Interest Rate	Fixed Interest Rate Maturity Less than 1 year	Non-interest Bearing	Total
	%	\$	\$	\$	\$
<b>Financial Assets</b>					
Cash	3.45	229,976	-	-	229,976
Receivables		-	-	29,844	29,844
		<b>229,976</b>	<b>-</b>	<b>29,844</b>	<b>259,820</b>
<b>Financial liabilities</b>					
Accounts payable		124,873	-	124,873	124,873
		<b>124,873</b>	<b>-</b>	<b>124,873</b>	<b>124,873</b>
<b>2004</b>					
<b>Financial Assets</b>					
Cash	1.15	59,874	-	5,339	65,213
At call deposits	3.30	1,138,824	-	-	1,138,824
Receivables		-	-	33,709	33,709
		<b>1,198,698</b>	<b>-</b>	<b>39,048</b>	<b>1,237,746</b>
<b>Financial liabilities</b>					
Bank overdraft	8.70	-	-	144,229	144,229
Accounts payable		-	-	144,229	144,229
		<b>59,874</b>	<b>-</b>	<b>5,339</b>	<b>65,213</b>

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2005

### 21. FINANCIAL INSTRUMENTS (Continued)

#### (iii) Credit risk

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

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

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Company's maximum exposure to credit risk without taking account of the fair value of any collateral or other security obtained.

#### (iv) Net fair value

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

### 22. IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

West Australian Metals Ltd is in the process of transitioning its accounting policies and financial reporting from current Australian Accounting Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS) which will be applicable for the financial year ended 30 June 2006.

In 2004, the Company allocated resources to conduct impact assessments to identify key areas that would be impacted by the transition to AIFRS. Priority has been given to the preparation of an opening balance sheet in accordance with AIFRS in the future, and is required when West Australian Metals Ltd prepares its first fully AIFRS compliant financial report for the year ended 30 June 2006.

Set out below are the key areas where accounting policies are expected to change on adoption of AIFRS and our best estimate of the quantitative impact of the changes on total equity as at the date of transition and 30 June 2005 and on net loss for the year ended 30 June 2005.

The figures disclosed are management's best estimate of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report. The actual effects of transition to AIFRS may differ from the estimates disclosed due to:

- (a) ongoing work being undertaken due to the AIFRS review;
- (b) potential amendments to AIFRSs and Interpretations thereof being issued by the standard-setters and the International Financial Reporting Interpretations Committee, and;
- (c) emerging accepted practice in the interpretation and application of AIFRS and Urgent Issues Group interpretations.

#### (a) Reconciliation of equity as presented under AGAAP to that under AIFRS

	Economic Entity		Company	
	30 June 2005	1 July 2004	30 June 2005	1 July 2004
	\$	\$	\$	\$
<b>Total equity under AGAAP</b>	<b>1,482,928</b>	<b>2,025,560</b>	<b>1,482,928</b>	<b>2,025,560</b>
Adjustments for effect of transition to AIFRSs	-	-	-	-
<b>Total equity under AIFRS</b>	<b>1,482,928</b>	<b>2,025,560</b>	<b>1,482,928</b>	<b>2,025,560</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2005

22. **IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)**

(b) **Reconciliation of net loss under AGAAP to that under AIFRS**

	30 June 2005
	\$
<b>Net loss as reported under AGAAP</b>	<b>897,075</b>
Adjustments for effect of transition to AIFRSs	-
<b>Net loss under AIFRS</b>	<b>897,075</b>

No material impacts are expected in relation to the statement of cash flows.

Expected changes to accounting policies on adoption of AIFRS

*A Taxation*

Under AASB 112, the Australian equivalent to IAS 12 "Income Taxes", a balance sheet approach will be adopted for calculating taxation, replacing the "statement of financial performance approach". This method recognizes deferred tax balances for all temporary differences arising between the carrying value of an asset or liability and its tax base. Whilst there will be enhanced disclosure of the composition of the deferred tax assets and liabilities it is not expected that there will be any significant impact in terms of the statement of financial position or performance.

The Company will not bring to account the estimated future income tax benefits attributable to tax losses and temporary differences as a deferred tax asset, as it is not yet considered probable that future taxable profit will be available for utilisation.

*B Impairment of Assets*

Under the Australian equivalent to IAS 36 "Impairment of Assets" the recoverable amount of an asset is determined as the higher of net selling price and value in use. This will result in a change to the Company's current accounting policy which determines the recoverable amount of an asset on the basis of discounted (undiscounted) cashflows. Under the new policy it is likely that the impairment of assets will be recognized sooner and the amount of write downs will be greater.

Property plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses (the cost method). The fair value of property plant and equipment, as determined by reference to observable prices, is not materially different to the carrying amount.

*C Share based payments*

Under AASB 2 "Share Based Payments", the Company will be required to bring to account the effect of share-based payments, including options, on its financial performance and financial position.

The Company has not applied AASB 2 to existing options as AASB 1 (25B) allows relief from its application for first time adoption of AIFRS.

23. **CONTINGENT LIABILITY**

A contingent liability exists in relation to legal action taken by Austin Engineering Ltd against the Company. Austin Engineering Ltd successfully raised \$2.8 million through an Initial Public Offer and was admitted to the official list of ASX in March 2004. Part of the Austin IPO funds were utilised to repay a loan from West Australian Metals Ltd and the costs of the Austin IPO.

Austin Engineering Ltd initiated proceedings in the District Court of Queensland for the recovery of \$83,570.88 plus interest for claimed overpayment of costs related to the ASX listing made to West Australian Metals Ltd.

West Australian Metals Ltd rejects the claim, which was served on the Company on 4 January 2005, and will defend the action as aggressively as it requires to ensure shareholders interests are protected. As the claim is still before the court no liability has been recognised in the accounts.

## **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 consolidated entity;
- c) in the directors opinion, the attached financial statements and notes thereto are in accordance with the Corporation 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

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

Signed at Perth this 19th day of September 2005.

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

On behalf of the Directors

D A Hamlyn  
Director

## **INDEPENDENT AUDITOR'S REPORT**

to the members of West Australian Metals Ltd

### **Scope**

The financial report comprises the statement of financial performance, statement of financial position, statement of cashflows, accompanying notes and the directors' declaration for West Australian Metals Limited the company and the consolidated entity for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that 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.

### **Audit approach**

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing 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, Australian Accounting Standards and other mandatory professional reporting requirements in Australia a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

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

- examining on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

Whilst 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**

We are independent of the company, and have met the independence requirements of Australian professional ethical requirements and the Corporations Act 2001.

### **Audit opinion**

In our opinion, the financial report of West Australian Metals Limited 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 2005 and their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements.

Rothsay

Graham R Swan  
Partner

Dated 19th September 2005

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

## CORPORATE GOVERNANCE

### INTRODUCTION

West Australian Metals Limited ("**Company**") has adopted systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised below.

The following additional information about the Company's corporate governance practices is set out on the Company's website at [www.wametals.com.au](http://www.wametals.com.au) :

- Corporate Governance Disclosures and explanations;
- Statement of Board and Management Functions (Board Charter);
- Nomination Committee Charter;
- Policy and Procedure for Selection and Appointment of New Directors;
- Summary of Code of Conduct for Company Executives;
- Summary of Policy for Trading in Company Securities;
- Audit Committee Charter;
- Procedure for Selection, Appointment and Rotation of External Auditor;
- Summary of Compliance Procedures for ASX Listing Rule Disclosure;
- Shareholder Communication Strategy;
- Summary of Company's Risk Management Policy and Internal Compliance and Control System;
- Remuneration Committee Charter; and
- Corporate Code of Conduct.

### COMPLIANCE WITH PRINCIPLES OF GOOD CORPORATE GOVERNANCE AND BEST PRACTICE RECOMMENDATIONS

The Company, during the financial year ended 30 June 2005 (the **Reporting Period**), has continued to follow the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations (**ASX Principles and Recommendations**).

#### 1. Management and oversight

The Board has adopted a charter setting out the purpose and role of the Board, its responsibilities and powers and the way in which the Board functions.

Formal letters of engagement setting out key terms and conditions of appointment are in place for non executive directors and the Executive Director was employed pursuant to an engagement agreement including a formal job description.

#### 2. Board structure

For most of the Reporting Period the Board comprised three directors of which only one was considered to be independent. Two independent directors have been appointed during and after the Reporting Period. Whilst the Board has determined that, given the size and nature of the Company, a majority of independent directors is not necessarily appropriate, three out of the four current directors are independent.

In accordance with the Constitution of the Company, all directors, other than the Managing Director, must retire from office no later than the third annual general meeting following their last election and that one third of the directors are to retire from office at each annual general meeting. Where eligible, a director may stand for re-election.

The Chairman is an independent non executive director.

## CORPORATE GOVERNANCE

During the Reporting Period the directors were:

- Mr Robert Paul Martin, independent non executive Chairman, was appointed to the Board on 24 December 1998. Mr Martin stepped down as Chairman on 16 September 2005 and continues as an independent non executive director.
- Mr David Alan Hamlyn, Executive Director appointed to the Board on 11 February 2002.
- Mr Lindsay Arthur Colless was appointed to the Board on 30 October 1986. Mr Colless resigned as a director of the Company on 30 August 2005 and continues as Chief Financial Officer and Company Secretary.
- Mr Rodger Stuart Johnston, independent non executive director, was appointed to the Board on 24 May 2005. Subsequent to the Reporting Period Mr Johnston assumed the role of Chairman of the Board on 16 September 2005.
- Mr Terence John Shanahan was appointed an independent non executive director on 7 September 2005.

Profiles of the directors are set out in the Directors' Report.

The independence of Mr Johnston, Mr Shanahan and Mr Martin, the Company's three non-executive directors, was considered in the context of the ASX suggested criteria for independence, which was included in the commentary to the ASX Principles and Recommendations. Mr Johnston and Mr Shanahan are considered independent in accordance with the criteria. Mr Martin, while a substantial shareholder for the purposes of the Corporations Act, is considered to be independent as the Company considers that his interests are aligned with interests of the shareholders.

If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his office as a director then, provided the director first obtains approval for incurring such expense from the Chairman, the Company will pay the reasonable expenses associated with obtaining such advise.

The full Board comprises the nomination committee which operates in accordance with the nomination committee charter. Although there was no formal meeting of the Board as the nomination committee during the Reporting Period, the Board considered nomination issues at two meetings at which all directors were in attendance.

### 3. Responsible decision making

The Board has adopted a code of conduct for directors and executives. The Board has also adopted a policy on trading in the Company's securities by directors, officers and employees of the Company.

### 4. Integrity of financial reporting

The Board has established a structure to independently verify and safeguard the integrity of the company's financial reporting and to ensure the independence and competence of the Company's external auditor.

The Board requires the Executive Director and the Chief Financial Officer to state in writing that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards; that this opinion is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The Board has established an audit committee which operates under a formal charter. The audit committee currently and during the Reporting Period comprises Mr Robert Martin, an independent, non executive director. The Board considers the composition of the audit committee, although not meeting the recommended size of at least three members, to be satisfactory in view of the Company's current scope of activities and the most appropriate structure to ensure the integrity of the Company's financial reporting. The audit committee reviews the Company's financial reporting systems on an ongoing basis and has formalised its findings on four occasions during the Reporting Period.

### 5. Timely and balanced disclosure

The Board is committed to complying with the continuous disclosure obligations of the Corporations Act 2001 and the listing rules of Australian Stock Exchange Limited. The Board has established a policy and procedures for compliance with these requirements.



## **CORPORATE GOVERNANCE**

### 6. Shareholder rights

The Board has established arrangements for communication and participation of shareholders.

The Company maintains an up to date website comprising corporate information, synopses of the Company's projects, periodic reports and announcements. Hard copies of publicly released documents are available from the Company on request.

Shareholders are given a reasonable opportunity to ask questions of the Board at general meetings. The external auditor is invited to such meetings to answer questions from shareholders on matters relating to the audit of the Company's financial statements.

### 7. Risk management

The Board has adopted an internal control framework and a risk management policy designed to ensure operational, legal and financial risks are identified, assessed, addressed and monitored. As stated previously, the Executive Director and the Chief Financial Officer are required to provide a statement that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects (see item 4 above).

### 8. Enhancement of performance

During the Reporting Period an evaluation of the Board and its members was carried out. The evaluation process comprised an ongoing review by the Chairman. The full Board reviews the performance of the Executive Director on an ongoing basis.

### 9. Remuneration

The Board's remuneration policy is set out in the Remuneration Report section of the Directors' Report.

The remuneration committee comprises the full Board. During the Reporting Period the Board met three times to consider remuneration matters. All members of the committee attended each meeting except Mr Hamlyn did not attend a meeting convened to consider the remuneration package of the Executive Director. No director participated in any deliberation regarding his own remuneration or related issues.

There are no termination or retirement benefits for non-executive directors.

### 10. Stakeholder interests.

The Board has adopted a corporate code of conduct setting out the standard which the Board, management and employees of the Company are encouraged to comply with when dealing with each other, shareholders and the broader community.

## **ENVIRONMENTAL OBLIGATIONS**

The Company's environmental obligations are regulated under both State and Federal Law. The Company has complied with its environmental performance obligations. No environmental breaches have been notified by any Government agency to the date of this report.

## SHAREHOLDER INFORMATION

### 1. SHAREHOLDING at 27 September 2005

(a) Distribution of Shareholders - WME

Shareholding	Number of Holders
1 - 1,000	119
1,001 - 5,000	74
5,001 - 10,000	74
10,001 - 100,000	340
100,001 - Over	226
	833

(b) There are 179 shareholders who hold less than a marketable parcel.

(c) Voting rights are one vote for each fully paid ordinary share.

(d) The names of the substantial shareholders as disclosed in substantial holding notices given to the Company are:

Shareholder	Number of Shares
Robert Paul Martin	15,188,250
Natwest Securities Ltd	10,000,000

(e) There are a total of Nil restricted ordinary fully paid shares.

### 2. TOP TWENTY SHAREHOLDERS at 27 September 2005

Shareholder	Number of Shares	% Issued Capital
Nefco Nominees Pty Ltd	15,825,000	8.56
Accord Investment Corporation Pty Ltd	15,167,750	8.20
CSBC Fourth Nominees Pty Ltd	8,100,000	4.38
Caldwell Associates Ltd & Forest Nominees Limited	8,000,000	4.32
Mr Kimberley Morrison & Mrs Christine Morrison	7,420,611	4.01
Goldmedal Nominees Pty Ltd	6,185,599	3.34
Minerichie Investments Pty Ltd & Neale Graeme Johnson & Chad Graeme Johnson	4,550,000	2.46
Eiroz Investment Corporation Pty Ltd	4,000,000	2.16
Makepiece Pty Ltd	3,505,339	1.90
Mr John Joseph Martin	2,711,771	1.47
I H Holdings Pty Ltd	2,150,000	1.16
Kapiri Holdings Pty Ltd	2,020,000	1.09
Talex Investments Pty Ltd	2,000,000	1.08
Auro Pty Ltd	2,000,000	1.08
Golmayo Trading Ltd	2,000,000	1.08
Eurobond Trading Ltd	2,000,000	1.08
Mr Michael Douglas Buckland	2,000,000	1.08
CIMB-GK Securities Pte Ltd	1,800,000	0.97
Bellhouse Investments Pty Ltd	1,500,000	0.81
Mr Donald Lawrence Valentino & Mrs Judith Ann Valentino	1,397,713	0.76
	94,333,783	50.99

### 3. OPTION HOLDING at 27 September 2005

Quoted options exercisable at 5 cents each expiring 24 August 2008 (WMEO).

(a) Distribution of Option holders - WMEO

Shareholding	Number of Holders
1 - 1,000	nil
1,001 - 5,000	nil
5,001 - 10,000	nil
10,001 - 100,000	29
100,001 - Over	80
	109

## SHAREHOLDER INFORMATION

- (b) Options do not carry voting rights.  
(c) There are a total of Nil restricted options expiring 31 March 2005.

### 4. TOP TWENTY OPTION HOLDERS at 27 September 2005

Option holder	Number of Options	% Issued Options
Bluefind Pty Ltd	5,000,000	7.15
Palmrose Pty Ltd	5,000,000	7.15
Bellhouse Investments Pty Ltd	4,500,000	6.43
Caldwell Associates Ltd & Forest Nominees Limited	4,000,000	5.72
Mr Chris Wells & Ms Josephine Wells	3,625,000	5.18
Ms Josephine Patoir	2,550,000	3.65
Auro Pty Ltd	2,000,000	2.86
Golmayo Trading Ltd	2,000,000	2.86
Eurobond Trading Ltd	2,000,000	2.86
Mr Gerald Wells	2,000,000	2.86
Nefco Nominees Pty Ltd	1,600,000	2.29
Chimaera Capital Limited	1,200,000	1.72
Mr Martin Gallagher	1,000,000	1.43
Mr Clement Lyle Davies	1,000,000	1.43
Mr Brendan Cribben	1,000,000	1.43
Talex Investments Pty Ltd	1,000,000	1.43
Morkim Pty Ltd	1,000,000	1.43
Middleton Nominees (SA) Pty Ltd	1,000,000	1.43
Parks (WA) Pty Ltd	1,000,000	1.43
Green Drilling Pty Ltd	1,000,000	1.43
	<b>43,475,000</b>	<b>62.17</b>

### 5. UNQUOTED SECURITIES

	Number of securities	Number of holders
a) Partly paid shares of 2.4 cents with 2.3 cents each uncalled, convertible on or before 24 August 2008 (WMEAO)	40,000,000	6
Holdings of 20% or more of this class:		
Golmayo Trading Ltd	15,000,000	
Eurobond Trading Ltd	8,000,000	
Nefco Nominees Pty Ltd	8,000,000	
b) Consultants options exercisable at 18.8 cents each on or before 31 October 2005 – WMEAM	250,000	1
Holdings of 20% or more of this class:		
Mr Noel Taylor	250,000	
c) Director's options exercisable at 18.8 cents each on or before 24 November 2007 – WMEAK	1,000,000	1
Holdings of 20% or more of this class:		
Mr David Alan Hamlyn	1,000,000	
c) Director's options exercisable at 18.8 cents each on or before 31 October 2007 – WMEAI	1,000,000	1
Holdings of 20% or more of this class:		
Mr Michael Douglas Buckland	1,000,000	

### 6. ON MARKET BUY BACK

Currently there is no on-market buy-back of the Company's securities.

## TENEMENT SCHEDULE

as at 30 September 2005

Tenement Number	Registered Title Holder	Registered Interest %	Other Interests	Project Name
M38/302	Bronzewing Gold Ltd (BRGL)	100		Anchor
L38/85	BRGL	100		Anchor
M38/339	BRGL	100		Ben Hur
PLA38/3185	BRGL	100		Ben Hur
ELA38/1748	BRGL	100		Camel Hump
P38/3165	BRGL	100		Camel Hump
M38/160	BRGL	100		King of Creation
ELA38/1368	Heron Resources Ltd (HR)	Earning 70%		King of Creation Extended JV
ELA38/1375	HR	Earning 70%		King of Creation Extended JV
M38/346	BRGL	100		Cork Tree Well
GPL38/4	BRGL	100		Cork Tree Well
E38/1563	BRGL	100		Cork Tree Well
MLA38/917	BRGL	100		Cork Tree Well
MLA38/918	BRGL	100		Cork Tree Well
PLA38/3158	BRGL	100		Cork Tree Well
ELA38/1618	BRGL	100		Cork Tree East
M38/384	BRGL	surrendered		Famous Bore
P38/2659	BRGL	100		No Mistake
MLA38/802	BRGL	100		No Mistake
M39/334	BRGL	100		Windsor Well/Kismet
MLA39/367	Roehampton Developments Pty Ltd (RD)	100		Windsor Well/Kismet
MLA39/381	RD	100		Windsor Well/Kismet
MLA39/382	RD	100		Windsor Well/Kismet
MLA39/482	RD	100		Windsor Well/Kismet
MLA39/483	RD	100		Windsor Well/Kismet
MLA39/528	BRGL	100		Windsor Well/Kismet
MLA39/529	BRGL	100		Windsor Well/Kismet
MLA39/530	BRGL	100		Windsor Well/Kismet
MLA39/663	BRGL	100		Windsor Well/Kismet
M37/422	BRGL	100		Perseverance
M37/487	BRGL	100		Perseverance
MLA37/538	RD	100		Perseverance
MLA37/926	BRGL	100		Perseverance
MLA37/927	BRGL	100		Perseverance
P37/4018	RD	100		Perseverance
M37/787	BRGL	100		Linger & Die
E63/831	Plasia Pty Ltd (PPL)	Option/earn 80%		Esperance Mineral Sand
E63/832	PPL	Option/earn 80%		Esperance Mineral Sand
ELA63/833	PPL	Option/earn 80%		Esperance Mineral Sand
E63/818	Scott Raymond Bishop (SRB)	Option/earn 80%	non-basement	Scaddan Mineral Sand
ELA63/819	SRB	Option/earn 80%	non-basement	Scaddan Mineral Sand
ELA63/820	SRB	Option/earn 80%	non-basement	Scaddan Mineral Sand
E63/834	PPL	Option/earn 80%		Condingup
E63/939	PPL	Option/earn 80%		Condingup
Vic Loc 118	West Australian Metals Ltd (WME)	100		Prothero, Northampton
Vic Loc 119	WME	100		Prothero, Northampton
Vic Loc 833	WME	100		Prothero, Northampton
ELA 66/50	WME	100		Prothero, Northampton
M70/210	Great Southern Resources Pty Ltd (GSR)	1.125% royalty		Badgebup
M70/211	GSR	1.125% royalty		Badgebup
M70/488	GSR	1.125% royalty		Badgebup

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