

2003 ANNUAL REPORT

ANGLO AUSTRALIAN RESOURCES NL

A.C.N. 009 159 077



CONTENTS

Company Directory	1
Chairman's Report	2
Review of Operations	3
Schedule of Mining Tenements	9
Directors' Report	10
Corporate Governance Statement	12
Statement of Financial Performance	13
Statement of Financial Position	14
Statement of Cash Flows	15
Notes to the Financial Statements	16
Directors' Declaration	27
Independent Audit Report	28
Additional Information	29

COMPANY DIRECTORY**Directors**

John Load Cecil Jones (Chairman)
 Denis Edmund Clarke
 Christopher Hugh Fyson
 Angus Claymore Pilmer
 Robert Scott Wynd

General Manager – Exploration

Peter Komyschan

Company Secretary

Angus Claymore Pilmer

Operations Office

Level 1
 44 Ord Street
 WEST PERTH WA 6005
 Telephone (08) 9322 5811
 Facsimile (08) 9322 5301

Registered Office

C/- A C Pilmer & Co
 Level 2
 44 Ord Street
 Telephone (08) 9322 1788
 Facsimile (08) 9322 1744

Bankers

National Australia Bank Ltd
 1232 Hay Street
 WEST PERTH WA 6005

Auditors

KPMG
 Level 31, Central Park
 152-158 St George's Terrace
 PERTH WA 6000

Home Stock Exchange

Australian Stock Exchange Limited Perth

Share Registry

Computershare Investor Services Pty Limited
 Level 2
 45 St George's Terrace
 PERTH WA 6000
 Telephone (08) 9323 2000
 Facsimile (08) 9323 2033

Other Information

The Company is a listed company limited by shares, incorporated and domiciled in Australia.

CHAIRMAN'S REPORT

The year under review saw the Company reinvigorated as its portfolio of projects was expanded and substantial progress was made towards the goal of becoming a gold producer. Details of operations during the year and plans for future exploration are set out in the Review of Operations.

In particular, the Company's recent acquisition of the advanced Mandilla Project near Kalgoorlie, which is due for settlement following the Annual General Meeting of Shareholders, provides excellent prospects for gold production in the short term. Additionally, it further develops our relationship with the major miner, Gold Fields Limited of South Africa, which will on settlement become a substantial shareholder in our Company. Mandilla, in the proven Eastern Goldfields area of Western Australia, will be the focus of our near term exploration and development activities, with delineation drilling scheduled to commence before the end of the calendar year. If, as expected, we are successful in defining a shallow mineable resource, excellent prospects exist for early cash flow through custom milling of the ore at nearby plants.

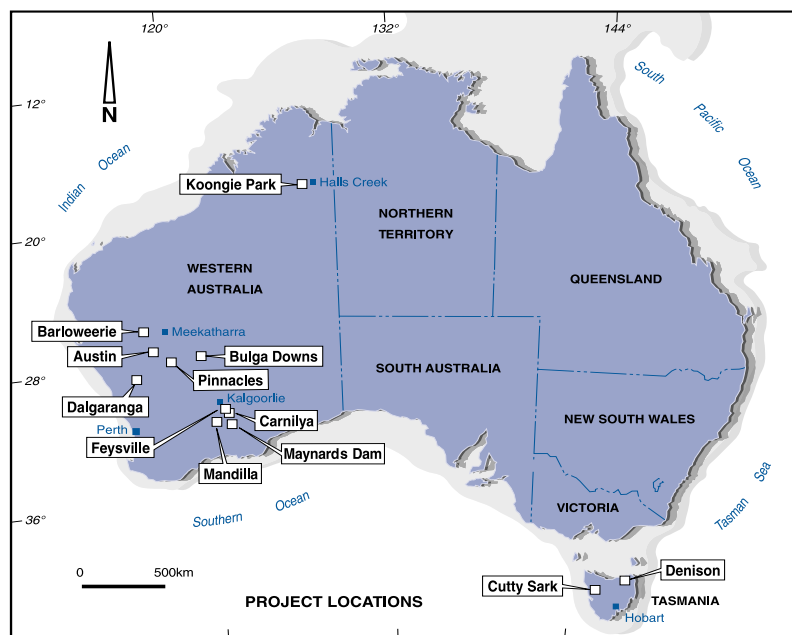
The expansion of the Company's portfolio of exploration and potential development projects over the last year was indeed timely. As I write, the gold and nickel exploration business is booming and acquisition of quality projects has become more costly and difficult. The Company successfully acquired multiple projects in the Eastern Goldfields and the Murchison District of Western Australia and moved to full ownership of the Koongie Park base metal project. We plan to add value to the projects through selective exploration with some projects possibly being farmed out in the future. Our shareholders are well positioned to benefit from this extensive, carefully assembled, portfolio of quality gold exploration assets.

I complement our Exploration Manager, Peter Komysan, on the success of our project acquisition efforts and the technical excellence shown in all our exploration activities throughout the year. Also I thank all my fellow directors for their constant support and efforts during this busy period of renewed growth for our Company.

I believe the outlook for the coming year is one of further progress that will be rewarding for shareholders.

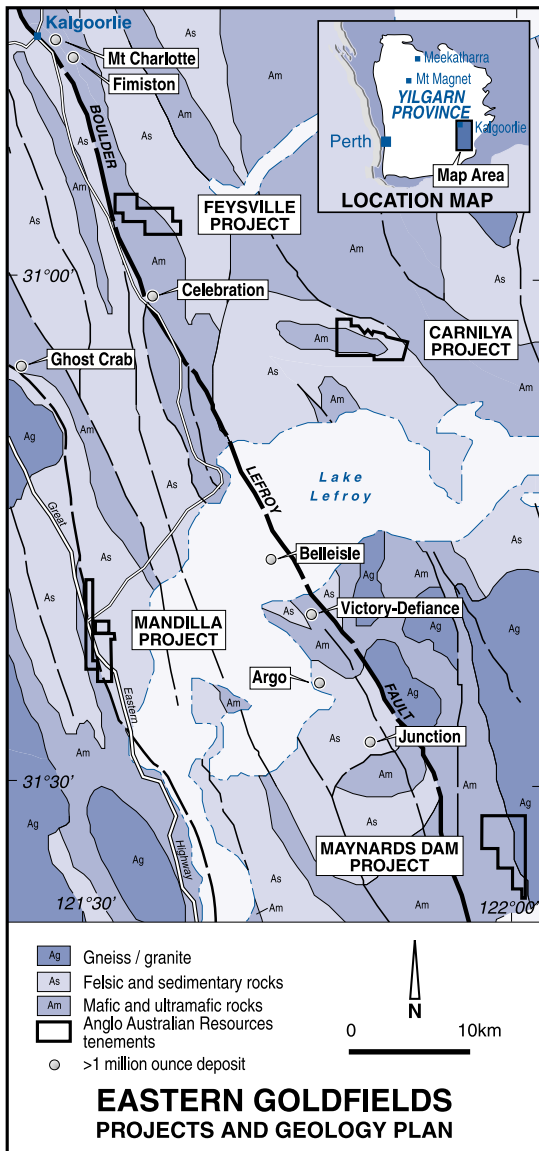
J L C Jones
Chairman

30 September 2003



GOLD PROJECTS

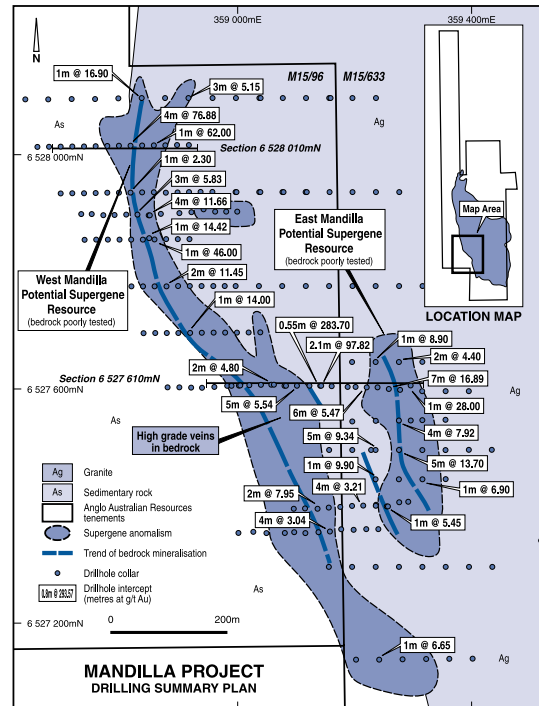
EASTERN GOLDFIELDS



Anglo Australian Resources NL is proceeding to complete the announced agreements with St Ives Gold Mining Company Pty Ltd and Agnew Gold Mining Company Pty Ltd, wholly owned subsidiary companies of Gold Fields Australia Pty Ltd, the Australian mining arm of Gold Fields Limited of South Africa to acquire the Feysville, Carnilya and Mandilla projects. These projects have not only given the Company a strong presence in the premier gold province of Western Australia but also provide the Company with an opportunity to possibly become a gold producer in the short to medium term.

MANDILLA

Anglo Australian Resources NL 100% gold rights

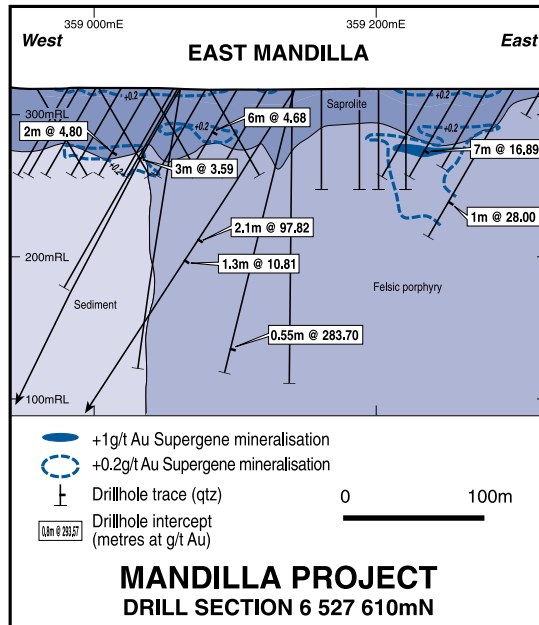


The Mandilla project consists of 100% interest in the gold rights attached to two mining leases located 70km south of Kalgoorlie and 20km south west of Kambalda. The project is located on the contact of a sequence dominated by mafics and ultramafics with a sequence of felsic volcanoclastics and metasediments of the Mandilla Formation. The sedimentary sequence is intruded by the Emu Rocks Granite (a high level stock of porphyritic monzogranite). The western contact of the granite is faulted by an interpreted southern extension of a splay fault off the Zuleika Shear Zone, which hosts 1 million ounce deposits at Raleigh (Kundana) and Mt Marion (Ghost Crab).

Previous exploration by WMC Resources Limited of 403 aircore, RC and diamond holes, primarily focused on gold in soil geochemical anomalies located at the granite sediment contact. This work defined two zones of supergene anomalies at West Mandilla over 1100m of strike (eg. 4m @ 76.88g/t Au and 1m @ 62.0g/t Au) and East Mandilla (300m of strike) (eg. 7m @ 16.89g/t Au and 6m @ 5.47g/t Au). Bedrock drilling, limited to only a few sections, has located gold mineralisation associated with narrow (< 1m) but high grade quartz veins in the granite near its faulted contact. Bedrock

REVIEW OF OPERATIONS (cont.)

intersections include 0.55m @ 283.7g/t Au, 1m @ 28g/t Au and 2.09m @ 97.82 g/t Au. This drilling indicates that there may be up to 3 veins, which dip at 60-70° to the east. Mineralisation on the West Mandilla trend remains open to the south and north beneath younger paleochannel sediments. The project contains over 4km of strike of the prospective granite sediment contact.



Anglo Australian Resources sees potential to define:

- A shallow mineable resource of supergene mineralisation of 15,000- 30,000oz located 20-25m below surface on part of the West Mandilla trend. Successful definition of resources could see early development of the resource through toll treatment at nearby under-utilised mills. Infill drilling is required to assess this potential and confirm previously intersected high grades.
- A supergene resource at East Mandilla of up to 50,000oz located 40-50m below the surface. Conformation drilling is required.
- Bedrock resources in narrow, but very high grade, veins that are potentially mineable by underground methods. Deeper bedrock drilling on section 6527600N has shown the presence of narrow high grade veins in the granite, with values up to 1520g/t over 0.1m. The orientation and extent of the veins are unknown due to insufficient bedrock drilling on adjacent sections. These veins are probably the source of the extensive supergene mineralisation.

In addition, an 500 x 200m gold soil anomaly north of Mandilla West, which has yet to be drill tested, forms a high priority target.

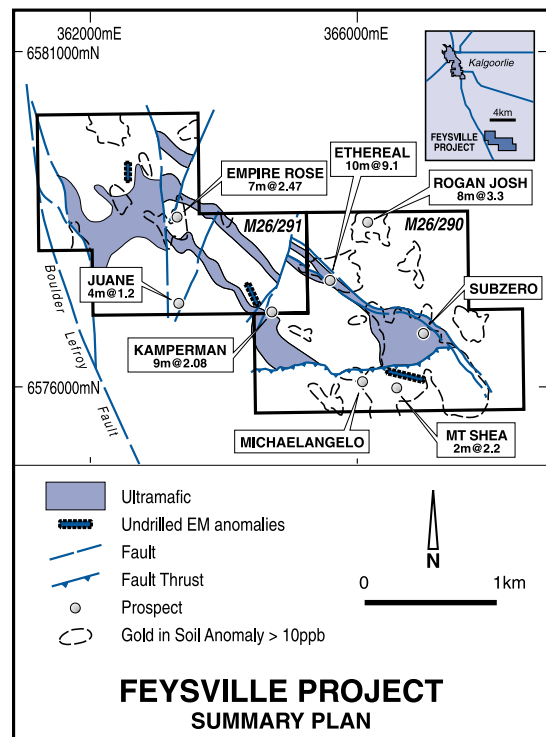
CARNILYA

Anglo Australian Resources NL 100% gold rights

The Carnilya project consists of the gold mining rights only attached to four mining leases located 45km southeast of Kalgoorlie. The geology is dominated by two east-west trending ultramafic units which host known occurrences of nickel sulphide mineralisation (Carnilya Hill, Zone 29, and Dunlop). The ultramafic unit, interbedded with sediments, overlies tholeiitic basalt and forms a south dipping recumbent fold. The gold potential of the project has been poorly tested as a result of past exploration focusing on the nickel potential. Only 10% of all holes drilled on the project were assayed for gold. Gold exploration targets include two partially tested gold in soil anomalies (SUB and Laterite Hill). Drilling incidental to the SUB soil anomaly, targeting nickel sulphides, obtained values up to 4m @ 2.14g/t Au.

FEYSVILLE

Anglo Australian Resources NL 100%



The Feysville project consists of all mineral rights attached to two mining leases located 16km SSE of

Kalgoorlie. The project is situated in the geological / structural corridor, bounded by the Boulder Lefroy Fault, that hosts the world class plus million ounce deposits of Mt Charlotte, Fimiston, New Celebration, Victory-Defiance, Junction, Argo and Revenge / Belleisle, and St Ives as well as other substantial deposits such as Hannans South (located 3km north of the project). The project is strategically located between a number of under-utilised gold processing plants, providing low cost development options for any resources discovered at Feysville.

The Feysville geology is complex with regional mapping identifying a double plunging northwest trending antiformal structure known as the Feysville Dome that is bounded to the west by the Boulder Lefroy Fault and to the south by the Feysville Fault. The Feysville fault, located on the southern margin of the tenement, is interpreted to represent thrusting of underlying mafic/ultramafic volcanic and intrusive rocks over a younger felsic metasedimentary sequence to the south. Intermediate and felsic porphyries have extensively intruded the sequence.

There are a number of historical gold workings on the project and drilling has identified strong alteration associated with primary gold mineralisation. Gold mineralisation is typically located at the sheared contacts of intrusive porphyry units, within pyrite sericite altered porphyries and also associated with chalcopyrite magnetite / epidote altered breccia zones within ultramafic units.

Previous exploration by WMC Resources Limited targeted gold and nickel with initial focus on the ultramafic unit for nickel sulphides, with best results of 2m @ 1% Ni and 4m @ 0.65%Ni. Exploration has consisted of a comprehensive soil survey, ground EM surveying, 264 RAB / Aircore holes, 444 RC holes and 5 diamond holes. The soil survey defined an area of extensive gold anomalism clustered in the SE corner of the project area. Follow-up drilling confirmed the gold potential of the area with intersections such as 7m @ 2.47g/t Au at Empire Rose, 10m @ 9.1g/t Au at Ethereal, 8m @ 2.08g/t at Kamperman and 8m @ 3.26g/t Au at Rogan Josh. Most prospects are at early stages with mineralisation open along strike and at depth. Much of the drilling elsewhere has been to shallow depths. However the substantial secondary gold mineralisation defined by these shallower holes provide targets for deeper drilling. Undrilled geochemical anomalies and conceptual targets defined from interpretation of detailed ground magnetic data

provide additional exploration targets. In addition, a recent review of the ground EM data has highlighted a number of highly rated undrilled EM anomalies located in settings prospective for nickel mineralisation

This year the Company completed a 20 hole 2063m, RC drilling program on the project, partially testing 6 prospects. Highlights include 6m @ 2.78 g/t Au from the Ethereal prospect, 3m @ 3.2g/t Au and 5m @ 3.71g/t Au (including 2m @ 7.96 g/t Au) from the Kamperman prospect.

At Ethereal 10 holes tested strike extensions of the known mineralisation (10m @ 9.1 g/t Au) as well as potential parallel lodes. Drilling confirmed the depth potential of the prospect with an intersection of 6m @ 2.78g/t from 83m. However, drill testing of strike extensions produced narrow lower grade zones, limiting the total strike length of significant mineralisation at the prospect to 100m. Preliminary modelling of all mineralised intersections will be undertaken to assess the resource potential of the prospect.

Encouraging intersections were received from the Kamperman prospect. Significant intersections of 3m @ 3.2g/t Au from 106m and 5m @ 3.71g/t Au from 32m (including 2m @ 7.96 g/t Au) were received from drill holes on section 364700N corresponding to zones of strong pyrite alteration. The potential of the prospect is still to be determined, with mineralisation open to the southeast and possible strike extensions to the northwest, offset by a fault, corresponding to an undrilled EM anomaly. A program of RAB drilling is proposed for the area to determine the orientation of the mineralisation.

MAYNARDS DAM

Anglo Australian Resources NL 100%

The tenement application is located 35km southeast of St Ives and 4km northeast of the Paris gold workings. Geologically the project is located 5km east of the Boulder Lefroy Fault Zone and contains a sequence of gabbro and basalt, faulted against a volcano-sedimentary sequence. Late northeasterly trending faults, which control some of the mineralisation in the St Ives area, are interpreted to crosscut the stratigraphy. Granting of the tenement is subject to the completion of negotiations over access agreements with native title claimants.

AUSTIN PROJECT WA

Anglo Australian Resources NL 100%

The project, located 12 km east and southeast of Cue in the Murchison District of Western Australia, covers granite and greenstone terrain between million ounce deposits Big Bell and Golden Crown. Eastern tenements cover strike extensions of stratigraphy which host the Cuddingwarra mineralisation and contain untested soil geochemical anomalies. Prospectors using metal detectors in the area of the geochemical anomalies recently located small nuggets.

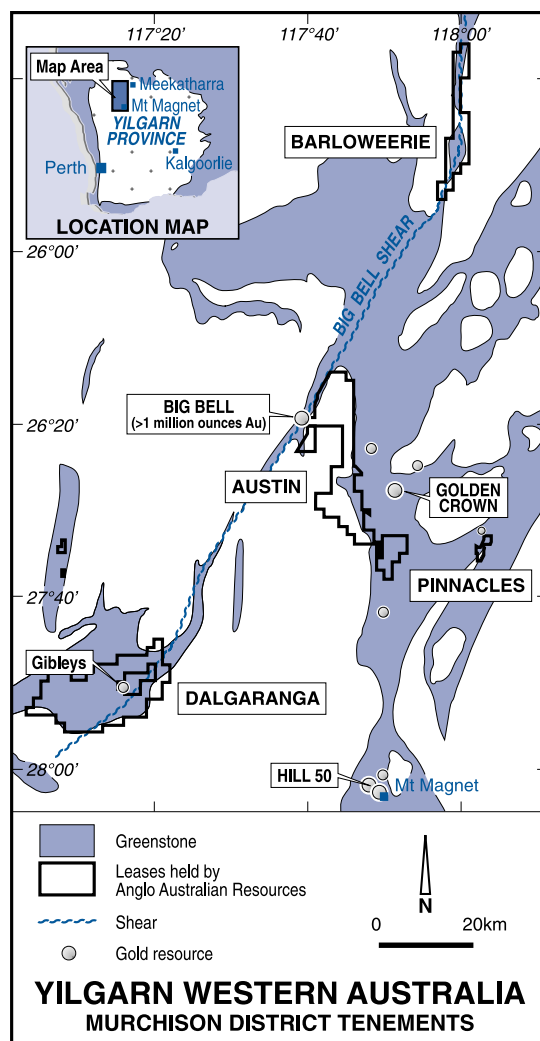
A two phase soil and rock chip sampling program consisting of 599 soil samples and 47 rock chip samples was completed in July and August 2002. Soils were assayed by bulk leach extraction techniques while the rock chips were assayed by fire assay. The program targeted soil anomalies defined by reconnaissance soil sampling of previous explorers; an area in which nuggets were recently found by prospectors; an apparent northwesterly trend based on a structural trend in the magnetic data. Soil assays ranged from below detection (1ppb) to 188ppb Au. Background values are in the range of 1-3ppb Au. The data shows a northwesterly trending anomalous zone is confirmed at a 5ppb contour level over a strike length of 2.5km. However, the anomalous zone splits up into two smaller areas of 500x100m and 300x200m at more suitable contour levels of 10ppb with maximum values of 22ppb in both areas.

A program of RAB drilling to test these anomalies is planned for later this year.

MURCHISON DISTRICT PROJECTS.

Anglo Australian Resources NL 100%

Anglo Australian Resources NL considers the Murchison District, which contains five plus one million ounce gold deposits, to be an under-explored and highly prospective part of the Yilgarn province. This belief in its prospectivity, backed up by in-house research, has resulted in the submission of tenement applications for three separate areas in the Murchison District during June quarter 2002. Two of these areas are located on the highly prospective Big Bell Shear which host the plus one million ounce Big Bell deposit. Granting of all of the tenements is subject to negotiations with native title land claimants represented by the Yamatji Land Council. Project details are summarised below.



Barloweerie

This application for one exploration licence of 98sq km, located 50km west of Meekatharra and 70km north northeast of Big Bell, covers approximately 33 km of the extension of the Big Bell shear. Previous exploration has not targeted the main structural corridor.

Dalgaranga

Applications have been lodged for two exploration licences and eleven prospecting licences covering 350 sq km of the Dalgaranga greenstone belt. This project is located 60 km northwest of Mt Magnet and 60 km southwest of Big Bell. The applications also cover the northern and southern strike extensions of the structure that hosts the Gibleys (Dalgaranga) gold deposit. Until recently, Gibleys (Dalgaranga) was successfully mined by the Equigold NL/WRF Securities Ltd joint venture.

Within the application area extensive exploration by Hunter Resources and Equigold defined a lag anomaly over 150x100m containing a maximum of 1g/t Au. Follow up RAB drilling produced best results of 4m @ 5g/t Au and 2m @ 0.83g/t Au at shallow depths. Rock chips of a quartz vein produced anomalous values of up to 3.1g/t Au. Anglo Australian Resources NL plans to compile the previous exploration data with a view of defining drill targets.

The project also contains a scheelite prospect at Duffy Bore where rock chip values of up to 110ppm tungsten have been recorded.

Pinnacles

The exploration licence application located 20km east of Cue consists of small area of 4 sub-blocks immediately east of the Pinnacle workings.

The project area is interpreted to contain the fault bounded felsic unit which hosts most of the mineralisation at Tuckabianna. A magnetic anomaly within this felsic unit could reflect magnetite alteration (often associated with gold mineralisation within this rock type c.f. Carosue Dam) or a BIF unit.

Compilation of previous work is in progress.

BULGA DOWNS JOINT VENTURE - WA

Anglo Australian Resources N.L. 40.7%

Sipa Exploration N.L. 59.3%

The Bulga Downs Gold Project area is located approximately 150km northwest of Menzies and lies within the Archaean Maynard Hills greenstone belt.

No significant exploration was carried out this year by Sipa Exploration NL on the Bulga Downs JV.

EAST DENISON - TASMANIA

Anglo Australian Resources NL 90%

Silverthorn Resources Pty Ltd 10%

The Denison lease is located approximately 40km north-northeast of Launceston in northeastern Tasmania and includes the historic Denison Goldfield where epigenetic gold mineralisation in quartz sulphide reef structures were last mined in the 1930's.

The East Denison Prospect was discovered as a result of Anglo Australian Resources NL's effective regional exploration programme consisting of soil sampling, trenching, auger sampling and RC drilling.

Wide zones of mineralisation intersected in trenches (including 24m @ 2.54g/t Au and 35m @ 1.2g/t Au) and RC holes eg. 20m @ 1.0g/t, including 7m @ 2.4g/t Au (EDRC12); 6m @ 6.38g/t Au (EDRC15); 5m @ 2.17 g/t Au (EDRC28) and 9m @ 1.81g/t Au (EDRC27), corresponds to a well defined, continuous, NNE-SSW trending zone dipping shallowly at 15° - 20° easterly.

In July 2003, Anglo Australian Resources NL tested the SSW plunge of the mineralisation with a 5 hole (342m) RC drill program. Low gold values encountered in this drilling limit the tonnage potential of the mineralisation. In addition, three historical production lodes, the Wiangatta, Alcatricity and Sir William Denison, and the Western East Denison soil anomaly were drill tested by a 9 hole RC (611m) drill program. No significant intersections were detected.

Anglo Australian Resources NL is assessing its options for the project.

BASE METAL PROJECTS

CUTTY SARK – TASMANIA

Anglo Australian Resources NL 100%

The project application (submitted September 2002) is located on the West Coast of Tasmania, straddling the central part of the Mt. Read Volcanic Belt between the Rosebery and Hellyer base metal deposits. Exploration on this project will target volcanic hosted massive sulphide base metal deposits (VHMS) and structurally controlled gold mineralisation.

The central part of the Mt Read volcanic belt hosts three world class base metal deposits of Rosebery, Hellyer and Mt. Lyell as well as smaller but significant base metal deposits of Que River and Hercules and the structurally controlled Henty gold deposit.

VHMS mineralisation is generally stratabound mineralisation and located either within a quiescent period of volcanic activity and or at the change in volcanic activity from acid volcanism to volcanism of more basic composition. Locally, around each of the deposits, the mineralisation is confined to a particular stratigraphic horizon. Correlation of this horizon across the whole volcanic belt has proved difficult due to facies variation of the complex volcanic stratigraphy, successive deformation events resulting in folding and faulting, paucity of outcrop and extensive vegetation cover. Recently, the Tasmanian government (MRT) flew an

airborne EM survey over prospective part of western Tasmania. This data shows that all known base metal deposits are highly conductive (well known at Hellyer and Que River, which were discovered by EM surveys). The data also shows that there is a semi-continuous zone of conductivity (allowing for folding/ faulting of stratigraphy) connecting all major base metal deposits and base metal prospects from Hellyer to Mt Lyell. This conductive zone appears to outline a prospective stratigraphic unit/ time line, correlating stratigraphy at Rosebery and Hellyer. This application of 61sq km covers a 12km of strike of the semi-continuous zone of conductivity between Hellyer and Rosebery.

The application contains a number of base metal prospects including Cutty Sark, Chester, Boundary Prospect and Pearce Copper Reward. Exploration will focus on follow up of EM anomalies defined by the MRT Survey. Initially this work will include a review of previous work and some ground reconnaissance. Geochemical surveys and ground EM surveys will target any of the untested EM anomalies. An exploration partner will be sought at an early stage of exploration on this project.

The application also covers 3kms of strike of the Henty Fault zone, which hosts the Henty gold deposit. The gold potential of this structure will be assessed by review of previous exploration and surface soil geochemical surveys.

KOONGIE PARK PROJECT WA

Anglo Australian Resources NL 100%

The Koongie Park project, an advanced base metals project consisting of 6 mining leases, is located 25km south-west of Halls Creek in the Kimberley region of Western Australia.

The project area covers several base metal prospects, which occur along a 15km contact of a volcano-sedimentary sequence. The area has been explored since 1972, with the discovery of several zinc-copper-lead-silver deposits, the main prospects being Sandiego and Onedin. Other known identified prospects include Atlantis, Gosford and Rockhole.

At Sandiego, Lachlan Resources NL defined a Zn and Cu resource of:

- a) 1.3 Mt @ 0.6% Cu, 1.3% Pb, 9.1%Zn, 72 g/t Ag and 0.34 g/t Au .
- b) 0.92Mt @ 2.9% Cu

At Onedin, Lachlan calculated a Zn and open pittable Cu resource of:

- a) 1.14 Mt @ 0.70%Cu, 1.2% Pb, 7.0% Zn and 40 g/t Ag
- b) 2.22Mt @ 1.2% Cu, 1.7% Pb, 2.7% Zn, and 38 g/t Ag

Note these resource calculations, while based on careful cross sectional methodology, are not JORC compliant.

Both deposits have high grade cores with grades in excess of 20% zinc. Preliminary studies of development options including processing at a nearby plant, conducted this year, concluded that at current commodity prices the deposits are sub-economic. Discovery of additional resources is desirable to achieve economies of scale.

Recent exploration activity in the Kimberly region has highlighted the potential for gold mineralisation within the project area. Evaluation of detailed aeromagnetic data indicates a number of structural targets that may be prospective for gold mineralisation. Previous exploration on the project has been focused on basemetals. However drill holes by Lachlan (late 1990's) testing basemetal targets were partly assayed for gold. Results such as 15m @ 3.93g/t Au (ORC1, 51-66m) and 9m @ 9.49g/t Au (ORCD27, 96-105m) from the Onedin prospect and 5m @ 8.13g/t Au (SRCD10, 17-22m) 4m @ 6.96 g/t Au (SRCD7, 182-186m) from the Sandiego prospect and numerous lower grade intersections support the view that the project has potential for gold. No other gold exploration has been conducted within the project. Anglo Australian Resources NL is seeking a joint venture partner to advance the basemetal and gold potential of the project.

WEST MUSGRAVE JOINT VENTURE – WA

Anglo Australian Resources NL 50%
PayLODE Pty Ltd 50%

A reinterpretation of publicly available aeromagnetic data, a review of targeting criteria and the lack of exploration success in the West Musgrave area resulted in a reassessment of the prospectivity of this project and Anglo Australian Resources NL's withdrawal from the project in October 2002. Anglo retains no interest in the project.

Peter Komyschan
General Manager – Exploration
30 September 2003

SCHEDULE OF MINING TENEMENTS

As at 25 September 2003

Project	Tenement	Interest	Title Holder	Joint Venturer
Western Australia				
Koongie Park	MLs 80/276, 277, 278, 371, 372, 373	100%	Anglo Australian Resources NL	Sipa Perenjori NL
Bulga Downs	ELs 29/117 & 279	40.7%	Anglo Australian Resources NL/ Sipa Perenjori NL	
Austin	ELs 21/102, 20/114, 20/452 ELA 20/510	100%	Anglo Australian Resources NL	
Barloweerie	ELA 51/1015	100%	Anglo Australian Resources NL	
Dalgaranga	PLA's 59/1625-1630, 1643-7, ELA's 59/1107, 59/1127	100%	Anglo Australian Resources NL	
Pinnacles	ELA21/115	100%	Anglo Australian Resources NL	
Maynards Dam	ELA15/776	100%	Anglo Australian Resources NL	
Feysville	MLs 26/290, 291 *	100%	St Ives Gold Mining Company Pty Limited	
Carnilya	MLs 26/47-9, 26/453 *	100% (gold rights)	Carey Mining 2000 Pty Ltd	
Mandilla	M15/96 *	100% (gold rights)	WMC Resources Limited	
	ML15/633 *	100%	St Ives Gold Mining Company Pty Limited	
	ELA15/789	100%	Anglo Australian Resources NL	
Tasmania				
Denison	EL 38/94	90%	Anglo Australian Resources NL	Silverthorn Resources Pty Ltd
Cutty Sark	ELA 37/02	100%	Anglo Australian Resources NL	

* These properties have been acquired subject to completion of contract.
See Notes to and Forming Part of the Accounts – Note 14 – Capital Commitments



DIRECTORS' REPORT

The Directors present their report together with the financial report of Anglo Australian Resources NL ("the Company") for the year ended 30 June 2003 and the auditors' report thereon.

1. DIRECTORS

The Directors of the Company at any time during or since the financial year are:

John Load Cecil Jones
Denis Edmund Clarke
Christopher Hugh Fyson
Angus Claymore Pilmer
Robert Scott Wynd

2. PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year were the acquisition and investigation of mineral tenements and mineral exploration. There has been no change in the nature of these activities during the financial year.

3. RESULTS

The net loss of the Company for the financial year, after provision for income tax was \$547,183 (2002 \$670,633).

4. DIVIDENDS

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

5. REVIEW OF OPERATIONS

A review of the operations for the financial year, together with future prospects which form part of this report are set out on pages 3 to 9.

6. CHANGE IN STATE OF AFFAIRS

Significant changes in the state of affairs of the Company that occurred during the financial year were:

- (a) The paid up capital was increased from \$15,047,653 to \$15,748,677 as a result of the issue of the following:
 - 23,850,000 shares of 2.5 cents fully paid by placement at a cost of \$29,632 in February 2003.
 - 500,000 shares of 2.5 cents fully paid by placement at a cost of \$NIL in February 2003.

500,000 shares of 3.0 cents fully paid by placement at a cost of \$NIL in December 2002.
5,800,000 shares of 2.0 cents fully paid by placement at a cost of \$9,094 in November 2002.

7. SUBSEQUENT EVENTS

The Company issued a prospectus on 27 August 2003 for 25,000,000 shares at 2.5 cents each in order to raise \$625,000 pursuant to section 7.1 of the Australian Stock Exchange Listing Rules.

Other than the matter discussed above, there has not been any matter or circumstance that has arisen since the end of the financial year that the Directors are aware of, that has significantly affected, or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in financial years after the financial year.

8. LIKELY DEVELOPMENTS

The Company intends to continue its exploration program on its existing tenements and to acquire further suitable tenements for exploration.

9. PARTICULARS OF DIRECTORS

During the year there were 5 Directors' meetings held. The particulars of the qualifications and experience of the Directors and the number of meetings attended by each Director during the year are detailed below:

Jones, John Load Cecil (Chairman) (Appointed 9 February 1990)

Mr Jones has extensive experience in the mining industry and is a director of a number of public companies. He is presently the Executive Chairman of Troy Resources NL and has been a Director and Chairman of the Company since 1990.

Mr Jones has an interest in 12,096,866 shares.

Mr Jones attended 4 Directors' meetings.

Clarke, Denis Edmund (Appointed 31 March 1999)

Dr Clarke is an experienced Company Director widely known in the mining and investing communities. Over sixteen years in various senior positions he contributed significantly to the outstanding success of Plutonic Resources Limited which rapidly developed from a small explorer/non-producer into one of Australia's largest gold producers operating five mines.

Dr Clarke has an interest in 1,625,000 shares.
Dr Clarke attended 3 Directors' meetings.

Fyson, Christopher Hugh
(Appointed 10 December 1985)

Mr Fyson has 27 years experience in real estate and development in the Goldfields Region of Western Australia and is a past president of the Kalgoorlie Boulder Chamber of Commerce. Mr Fyson initiated the Goldfields Mining Expo of which he was Chairman for its first three years. He is a State and National Director of the Professionals Real Estate Group and has Chaired both Boards for four years each. He has been a Director of the Company since 1985.

Mr Fyson has an interest in 9,252,899 shares.
Mr Fyson attended 5 Directors' meetings.

Pilmer, Angus Claymore
(Appointed 10 December 1985)

Mr Pilmer is a Management Accountant. He is experienced in corporate management and is a director of a number of private companies. He has been a Director of the Company since 1985.

Mr Pilmer has an interest in 5,502,750 shares.
Mr Pilmer attended 5 Directors' meetings.

Wynd, Robert Scott
(Appointed 19 October 1990)

Mr Wynd is a Fellow of the Securities Institute of Australia and has 33 years experience as a stockbroker. He has been a Director of the Company since 1990.

Mr Wynd has an interest in 2,592,625 shares.
Mr Wynd attended 2 Directors' meetings.

10. DIRECTORS' AND EXECUTIVE REMUNERATION

The following table discloses the remuneration of the directors and executives.

Name	\$
Directors	
J.L.C. Jones (Directors fees)	15,000
D.E. Clarke (Directors fees)	10,000
C.H. Fyson (Directors fees)	10,000
A.C. Pilmer (Directors fees)	10,000
R.S. Wynd (Directors fees)	10,000
	<u>55,000</u>
Executive	
P. Komyshan (Salary)	100,000
P. Komyshan (Superannuation)	10,000
	<u>110,000</u>

11. DIRECTORS' INTERESTS

The aggregate number of ordinary shares in the Company held directly, indirectly or beneficially by directors or their director-related entities at the date of this report are:

No of Shares	Directly	Indirectly
J.L.C. Jones	1,906,250	10,190,616
D.E. Clarke	625,000	1,000,000
C.H. Fyson	1,253,000	7,999,899
A.C. Pilmer	1,353,750	4,149,000
R.S. Wynd	1,365,625	1,227,000
	<u>6,503,625</u>	<u>24,566,515</u>

12. INDEMNIFICATION OF OFFICERS AND AUDITORS

The Company has agreed to indemnify the following current directors of the Company, J L C Jones, D E Clarke, C H Fyson, A C Pilmer and R S Wynd and the General Manager Exploration Mr Peter Komyshan against all liabilities to another person (other than the Company or related body corporate) that may arise from their position as officers of the Company, except where the liability arises out of conduct involving lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has not entered into an agreement with their current auditors, KPMG, indemnifying them against any claims by third parties arising from their report on the annual financial report.

Signed in accordance with a resolution of the Directors

J L C JONES	A C PILMER
Director	Director

Dated at Perth this 30th day of September 2003.



For the year ended 30 June 2003

This statement outlines the main Corporate Governance practices that were in place throughout the financial year, unless otherwise stated. These practices are dealt with under the following headings: Composition of the Board, Independent Professional Advice, Remuneration, Business Risk and Ethical Standards.

The Board of Directors of Anglo Australian Resources NL is responsible for the corporate governance of the Company. The Board monitors the business and affairs of Anglo Australian Resources NL on behalf of the shareholders by whom they are elected and to whom they are accountable.

At the date of this report no separate committees of the Board of Directors exist. There being only five non executive Directors of the Company, all matters to be dealt with by a committee are dealt with by the Board of Directors.

The following outlines the main corporate governance practices established to ensure the board is equipped to discharge its responsibilities.

Composition of the Board

The composition of the Board is determined in accordance with the following principles and guidelines:

- The Board shall comprise at least 3 Directors, increasing where additional expertise is considered desirable in certain areas.
- The Board shall comprise a majority of non executive Directors.
- Directors may bring characteristics which allow a mix of qualifications, skills and experience.

The Board will review its composition on an annual basis to ensure that the Board has the appropriate mix of expertise and experience. Where a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board will select appropriate candidates with relevant qualifications, skills, and experience.

The performance of all Directors will be reviewed by the Chairman each year. Directors whose performance is unsatisfactory will be asked to retire.

Independent Professional Advice

Each Director will have the right to seek independent professional advice at the Company's expense. However, prior approval by the Chairman will be required, which will not be unreasonably withheld.

Remuneration

The Board will review the remuneration packages and policies applicable to senior executives and non-executive Directors on an annual basis. Remuneration levels will be competitively set to attract qualified, experienced Directors and senior executives. Where necessary the Board will obtain independent advice on the appropriateness of remuneration packages.

Business Risk

The Board will monitor and receive advice on areas of operational and financial risk and consider strategies for appropriate risk management arrangements.

Specific areas of risk which are identified will be regularly considered at Board Meetings including foreign currency and commodities price fluctuations, tenement management, human resources, the environment and continuous disclosure obligations.

Ethical Standards

The Board's policy for the Directors and management is to conduct themselves with the highest ethical standards. All Directors and employees will be expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Environmental Regulations

The Company is committed to a high standard of environmental performance and during the year has not received any fines or prosecutions under any environmental laws or regulations. The Company did not incur any environmental incidents during the year.

Auditors Rotation

The engagement partner of the company's external auditor is rotated at intervals of no more than seven years. The auditor is next due to be rotated in 2006.



STATEMENT OF FINANCIAL PERFORMANCE

For the Year Ended 30 June 2003

	Note	2003 \$	2002 \$
Other revenues from ordinary activities	2	<u>5,704</u>	<u>1,317</u>
Total revenue		<u>5,704</u>	<u>1,317</u>
Expenses from ordinary activities			
Exploration and development expenditure written off			
– current year	3	93,194	91,998
– previously capitalised	3	250,000	338,607
Administration expenses		208,487	239,098
Borrowing costs	3	<u>1,206</u>	<u>2,247</u>
Total expenses		<u>552,887</u>	<u>671,950</u>
Loss from ordinary activities before related income tax		(547,183)	(670,633)
Income tax benefit relating to ordinary activities	5	–	–
Net Loss from ordinary activities after related income tax	13	<u><u>(547,183)</u></u>	<u><u>(670,633)</u></u>
Basic Earnings Per Share	22	(0.27 cents)	(0.39 cents)

The above Statement of Financial Performance is to be read in conjunction with the accompanying notes.



STATEMENT OF FINANCIAL POSITION

As at 30 June 2003

	Note	2003 \$	2002 \$
Current Assets			
Cash assets		136,339	41,197
Receivables	6	2,035	11,308
Total Current Assets		<u>138,374</u>	<u>52,505</u>
Non-Current Assets			
Property, plant & equipment	7	26,177	30,110
Exploration expenditure	8	666,781	541,384
Total Non-Current Assets		<u>692,958</u>	<u>571,494</u>
Total Assets		<u>831,332</u>	<u>623,999</u>
Current Liabilities			
Payables	9	152,808	84,221
Interest-bearing liabilities	10	-	19,595
Provisions	11	4,500	-
Total Current Liabilities		<u>157,308</u>	<u>103,816</u>
Total Liabilities		<u>157,308</u>	<u>103,816</u>
Net Assets		<u>674,024</u>	<u>520,183</u>
Shareholders' Equity			
Contributed Equity	12	15,748,677	15,047,653
Accumulated Losses	13	(15,074,653)	(14,527,470)
Total Shareholders' Equity		<u>674,024</u>	<u>520,183</u>

The above Statement of Financial Position is to be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

As at 30 June 2003

	Note	2003 \$	2002 \$
Cash Flows from Operating Activities			
Cash payments in the course of operations		(116,901)	(225,524)
Net cash used in operating activities	19 (ii)	(116,901)	(225,524)
Cash Flows from Investing Activities			
Interest Received		3,610	1,317
Exploration expenditure		(468,591)	(160,667)
Payments for property, plant & equipment		(3,199)	–
Net cash used investing activities		(468,180)	(159,350)
Cash Flows from Financing Activities			
Proceeds from issue of shares		701,024	449,991
Cash payments finance lease		(19,742)	(7,963)
Interest paid		(1,059)	(1,200)
Net cash provided by financing activities		680,223	440,828
Net Increase/(Decrease) In Cash Held			
Cash at the beginning of the financial year		41,197	(14,757)
Cash at the End of the Financial Year	19 (i)	136,339	41,197

The above Statement of Cash Flows is to be read in conjunction with the accompanying notes.



For the Year Ended 30 June 2003

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

It has been prepared on the basis of historical costs and, except where stated, does not take into account changing money values or current valuations of non-current assets.

These accounting policies have been consistently applied by the Company and, except where there is a change in accounting policy, are consistent with those of the previous year.

1.2 Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Company does not have a source of income but is reliant on equity capital for its ongoing funding requirements. The Directors consider that there are reasonable grounds to believe that the Company will continue to obtain investors' support to meet its funding requirements for the foreseeable future.

The Company issued a prospectus on 27 August 2003 for 25,000,000 shares at 2.5 cents each in order to raise \$625,000 pursuant to section 7.1 of the Australian Stock Exchange Listing Rules. This issue had been fully subscribed at the date of this report.

1.3 Income Tax

The Company adopts the income statement liability method of tax effect accounting.

1.4 Exploration, Evaluation and Development Expenditure

Exploration and evaluation costs are accumulated in respect of each separate area of interest and carried forward in the statement of financial position where:

- (a) rights to tenure of the area of interest are current; and
- (b) one of the following conditions is met:
 - (i) such costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale; or
 - (ii) exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the areas are continuing.

Accumulated expenditure on areas which have been abandoned, or are considered to be of no value is written off in the year in which such a decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in future.



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

1.5 Recoverable amount of non-current assets valued on cost basis

The carrying amounts of non-current assets valued on the cost basis, other than exploration and evaluation expenditure carried forward, are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is recognised as an expense in the net profit or loss in the reporting period in which it occurs. In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value, except where specifically stated.

1.6 Revenue Recognition

Interest Income

Interest income is recognised as it accrues.

1.7 Asset Sales

The gross proceeds of asset sales are included as revenue of the Company. The profit or loss on disposal of assets is brought to account at the date an unconditional contract of sale is signed.

1.8 Depreciation

Items of property, plant and equipment are initially recorded at cost and depreciated as outlined below. All plant and equipment is depreciated over its estimated useful life using either the straight line or reducing balance methods commencing from the date the asset is held ready for use.

The depreciation rates used for each class of asset are as follows:

	2003	2002
Plant and equipment	13% to 40%	13% to 40%
Office furniture and equipment	17%	17%
Motor Vehicle	22.5%	22.5%

Depreciation rates and methods are reviewed annually for appropriateness

1.9 Joint Venture Operations

The Company's interest in joint venture operations are brought to account by including its proportionate share of the joint venture's assets, liabilities and expenses and the Company's revenue from sale of its share of output on a line to line basis from the date control commences to the date control ceases.

1.10 Employee Benefits

The provision for employee entitlements to annual leave represents the amount which the Company has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated at nominal amounts based on current wage and salary rates and includes related on costs.

1.11 Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company. Trade accounts payable are normally settled within 60 days.

NOTES (cont.)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

1.12 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognized as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

	2003 \$	2002 \$
2. REVENUE FROM ORDINARY ACTIVITIES		
Revenue from operating activities	2,094	–
Interest received – other parties	3,610	1,317
	<u>5,704</u>	<u>1,317</u>
3. LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX		
Loss from ordinary activities before income tax expense has been arrived at after charging/(crediting) the following:		
Depreciation - plant & equipment	2,710	2,975
- office furniture	354	1,105
- motor vehicles	4,068	5,250
Exploration expenditure written off	343,194	430,605
Interest paid – other persons	1,059	1,200
Finance charges – leased asset	147	1,047
Provision for employee entitlements	4,500	(7,260)
Rental expense	15,008	14,980
4. AUDITORS' REMUNERATION		
Auditor's remuneration - auditing services - KPMG	<u>10,500</u>	<u>10,458</u>

	2003 \$	2002 \$
5. TAXATION		
(a) Prima facie income tax benefit calculated at 30% (2002: 30%) of loss from ordinary activities	164,155	201,189
Add/(less) tax effect of		
Non-deductible items	(3,000)	(1,903)
Timing differences and tax losses not brought to account as future income tax benefits	(161,155)	(199,286)
Income tax expense or benefit attributable to the operating loss	—	—
(b) Future income tax benefits	<u>—</u>	<u>—</u>
Estimated future income tax benefits attributable to allowable expenditure and exploration expenditure carried forward amounting to approximately \$2,477,638 (2002: \$2,252,955) have not been brought to account at 30 June 2003 because the Directors do not regard realisation of the future income tax benefits as virtually certain. These benefits will only be obtained if:		
(i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised, in accordance with the Income Tax Assessment Act;		
(ii) the Company continues to comply with the conditions for deductibility imposed by law; and		
(iii) no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the loss.		
6. RECEIVABLES		
Other Debtors	<u>2,035</u>	<u>11,308</u>
7. PROPERTY PLANT & EQUIPMENT		
Plant & equipment at cost	56,450	53,252
Less: Accumulated depreciation	<u>46,013</u>	<u>43,303</u>
	10,437	9,949
Office furniture & fittings at cost	20,570	20,570
Less: Accumulated depreciation	<u>18,843</u>	<u>18,490</u>
	1,727	2,080
Leased asset – motor vehicle	43,499	43,499
Less: Accumulated amortisation	<u>29,486</u>	<u>25,418</u>
	14,013	18,081
Total property plant & equipment	<u>26,177</u>	<u>30,110</u>

NOTES (cont.)

	2003 \$	2002 \$
7. PROPERTY PLANT & EQUIPMENT (cont.)		
Reconciliations		
Plant & Equipment		
Carrying amount at beginning of year	9,949	12,924
Additions	3,199	–
Depreciation	(2,711)	(2,975)
Carrying amount at end of year	<u>10,437</u>	<u>9,949</u>
Office Furniture		
Carrying amount at beginning of year	2,080	3,185
Restatement of depreciation	–	–
Depreciation	(353)	(1,105)
Carrying amount at end of year	<u>1,727</u>	<u>2,080</u>
Motor Vehicle		
Carrying amount at beginning of year	18,081	23,331
Depreciation	(4,068)	(5,250)
Carrying amount at end of year	<u>14,013</u>	<u>18,081</u>
8. EXPLORATION EXPENDITURE		
Deferred exploration and acquisition expenditure		
Balance at beginning of year	541,384	811,322
Add: Expenditure during the year	468,591	160,667
	<u>1,009,975</u>	<u>971,989</u>
Amounts written off during the year	343,194	430,605
Balance at end of year	<u><u>666,781</u></u>	<u><u>541,384</u></u>

The ultimate recoupment of such expenditure is dependent upon successful development and commercial exploitation, or alternatively sale of the respective areas.

The Company's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time it is not possible to determine whether such claims exist or the quantum of such claims, if any.

	Note	2003 \$	2002 \$
9. PAYABLES			
Current			
Trade creditors and accruals		<u>152,808</u>	<u>84,221</u>
10. INTEREST BEARING LIABILITIES			
Current			
Lease liability – secured (i)	14	<u>–</u>	<u>19,595</u>
		<u>–</u>	<u>19,595</u>
		<u>–</u>	<u>19,595</u>
(i) Finance leases are secured by the asset under lease.			
11. PROVISIONS			
Employee entitlements		<u>4,500</u>	<u>–</u>
Number of Employees		<u>1</u>	<u>1</u>
12. CONTRIBUTED EQUITY			
Issued and Paid Up Capital			
218,889,700 ordinary shares fully paid			
(2002 – 188,239,700 ordinary shares fully paid)		<u>15,748,677</u>	<u>15,047,653</u>
Movements in Ordinary Share Capital			
Balance at beginning of financial year		15,047,653	14,445,162
29,650,000 shares issued for cash (i)		673,524	449,991
1,000,000 shares issued to satisfy tenement title debt (ii)		<u>27,500</u>	<u>152,500</u>
Balance at end of year		<u>15,748,677</u>	<u>15,047,653</u>
(i) The Company has issued ordinary shares as follows:			
November 2002 5,800,000 shares were issued at 2.0 cents. Transaction costs of \$9,094 were recognised as a reduction of the proceeds of issue.			
February 2003 23,850,000 shares were issued at 2.5 cents. Transaction costs of \$29,632 were recognised as a reduction of the proceeds of issue.			
(ii) December 2002 500,000 shares were issued at 3.0 cents. There were no transaction costs.			
March 2003 500,000 shares were issued at 2.5 cents. There were no transaction costs.			

NOTES (cont.)

	Notes	2003 \$	2002 \$
13. ACCUMULATED LOSSES			
Accumulated Losses at the beginning of the year		14,527,470	13,856,837
Net Loss from ordinary activities after related income tax		547,183	670,633
		<u>15,074,653</u>	<u>14,527,470</u>

14. COMMITMENTS

Capital Commitments

The Company has entered into certain commitments with respect to the completion of the acquisition of certain mining tenements and gold rights and has contracted to purchase these interests for the following consideration:

Areas of Interest	Consideration
Feysville/Carnilya	15,000,000 ordinary fully paid shares in the company together with 7,500,000 options at an issue price of 5 cents, exercisable at any time during a period of three years from settlement date.
Mandilla	Cash payment of \$50,000 and 17,500,000 ordinary fully paid shares in the company.

The completion and settlement of these contracts is subject to the approval of shareholders at the company's Annual General Meeting to the issue of the shares and option considerations to the vendors.

Mineral Tenement Leases

The Company has minimum expenditure obligations in pursuance of the terms and conditions of tenement licences in the forthcoming year of approximately \$866,183 (2002: \$679,236). The aforementioned expenditure obligations can be subject to variation to a lesser amount as a result of: reduction in tenement areas; relinquishment of tenements; and/or farm out of project areas to third party joint venture partners who assume responsibility for the expenditure obligations. However, in order to maintain the existing rights of tenure to mining tenement licences, the company will be required to outlay approximately \$103,600 in respect of tenement rentals. These obligations are expected to be fulfilled in the normal course of operations of the company. If the current status of the tenements is maintained, which in the nature of exploration progress is unlikely, then for one year or later and not more than five years then the total obligations are approximately \$4,070,043 (2002: \$1,338,691) and for later than five years the total obligations are \$NIL (2002: \$NIL).

Finance Lease Payment Commitments

Finance lease commitments are payable:

Within 1 year		–	19,742
One year or later and no later than five years		–	–
		–	19,742
Less future lease finance charges		–	147
		–	19,595
Lease liabilities provided for in the financial statements:			
Current	10	–	19,595
Total Lease Liability		–	19,595

Notes	2003 \$	2002 \$
15. FINANCIAL REPORTING BY SEGMENT		
The Company operates in Australia and in one industry classification being mineral exploration.		
16. REMUNERATION OF DIRECTORS		
(i) Total income paid or payable, or otherwise made available to all Directors of the Company or any related party.	55,000	55,000
	<u>Number</u>	<u>Number</u>
(ii) The number of Directors of the Company whose income from the Company or any related party falls within the following bands:		
\$10,000 - \$19,999	5	5
	<u>Number</u>	<u>Number</u>
17. REMUNERATION OF EXECUTIVE		
(i) Total income paid or payable, or otherwise made available to the Executive officers of the Company whose income is \$100,000 or more.	110,000	-
	<u>Number</u>	<u>Number</u>
(ii) The number of Executives of the Company whose income from the Company or any related party falls within the following bands:		
\$110,000 - \$119,999	1	
	<u>Number</u>	<u>Number</u>

18. RELATED PARTIES

Directors

The names of persons who were Directors of the Company at any time during the financial year are as follows: J L C Jones; Dr D E Clarke; C H Fyson; A C Pilmer; and R S Wynd.

The following fees for the provision of rent and consulting, administrative and accounting services were paid on normal commercial terms and conditions to the following Director related entities: \$17,381 (2002 – \$17,189) was paid to Vernon Pty Ltd, a company of which Mr J L C Jones is a director; and \$75,791 (2002 – \$74,400) was paid to A C Pilmer & Co, a firm of which Mr A C Pilmer is the Principal.

Other information relating to remuneration of Directors is set out in Note 16.

Interests in the Company held by the Directors at balance date are as follow:

	Number of Shares Held Directly and Indirectly
Mr J L C Jones	12,096,866
Dr D E Clarke	1,625,000
Mr C H Fyson	9,252,899
Mr A C Pilmer	5,502,750
Mr R S Wynd	2,592,625

NOTES (cont.)

	2003	2002
	\$	\$
18. RELATED PARTIES <i>(cont.)</i>		
During the year ended 30 June 2003 no ordinary shares were disposed of and no ordinary shares were acquired by the Directors. During the previous year ended 30 June 2002 no ordinary shares were disposed of and 200,000 ordinary shares were acquired on the same terms and conditions available to other shareholders and 7,625,000 ordinary shares were issued to directors to satisfy outstanding loans as approved by shareholders in general meeting.		
19. NOTES TO THE STATEMENT OF CASH FLOWS		
(i) Reconciliation of Cash		
For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank and short term deposits, net of outstanding bank overdrafts. 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:		
Cash	200	200
Short term deposits	105,011	30,264
Cash at Bank (Overdraft)	31,128	10,733
	<u>136,339</u>	<u>41,197</u>
(ii) Reconciliation of operating loss after income tax to net cash used in operating activities		
Operating loss after income tax	(547,183)	(670,633)
Add/(less) items classified as		
Investing/financing activities and non-cash items:		
Interest received	(3,610)	(1,317)
Exploration expenditure written off	343,194	430,605
Depreciation	7,132	9,330
Interest paid	1,059	1,200
Finance charges – leased assets	147	1,048
	<u>(199,261)</u>	<u>(229,767)</u>
Add/(less) change in assets and liabilities:		
Increase/(Decrease) in accounts payable	68,587	(154,672)
Less accounts payable settled by share issue	–	152,500
	<u>68,587</u>	<u>(2,172)</u>
Increase/(Decrease) in provisions	4,500	(7,260)
Decrease/(Increase) in receivables	9,273	13,675
	<u>13,773</u>	<u>6,415</u>
Net Cash Used In Operating Activities	<u>116,901</u>	<u>225,524</u>
(iii) Non Cash Transactions		
Refer Note 12 (ii)		

20. INTERESTS IN JOINT VENTURE OPERATIONS

The Company has interests in unincorporated joint ventures as follows. The principal activity of all joint venture operations is mineral exploration.

		Percentage Interest		Exploration Expenditure	
		2003	2002	2003	2002
		%	%	\$	\$
Western Musgrave WA	Earning	NIL	50	5,661	57,108
Denison Goldfield TAS	Diluted	90	90	32,441	17,224
Bulga Downs WA		40.7	40.7	–	2,447

The above amounts are included in Deferred Exploration and Acquisition Expenditure in Note 8.

21. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE**a) Interest Rate Risk Exposure**

	Note	Weighted average interest rate	Floating interest rate	1 year or less	1 to 5 years	Non- interest bearing	Total
2003							
Financial Assets							
Cash assets		1.7%	136,339	–	–	–	136,339
Receivables	6	–	–	–	–	2,035	2,035
			136,339	–	–	2,035	138,374
Financial Liabilities							
Payables	9	–	–	–	–	152,808	152,808
Provisions		–	–	–	–	4,500	4,500
			–	–	–	157,308	157,308
2002							
Financial Assets							
Receivables	6	1.7%	41,197	–	–	–	41,197
			–	–	–	11,308	11,308
			41,197	–	–	11,308	52,505
Financial Liabilities							
Payables	9	–	–	–	–	84,221	84,221
Lease liabilities	10	7.4%	–	19,595	–	–	19,595
			–	19,595	–	84,221	103,816

b) Credit Risk Exposure

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

The credit risk on financial assets of the Company which have been recognised on the balance sheet is the carrying amount, net of any provision for doubtful debts.

c) Net Fair Values of Financial Assets and Liabilities

Net fair values of financial assets and liabilities, which have been recognised in the statement of financial position, is the relevant contractual cash flows due from customers or suppliers. The relevant contractual cash flows have not been discounted to their present value. The carrying values of financial investments approximate their net fair values.

	2003 \$	2002 \$
22. EARNINGS PER SHARE		
Basic loss per share (cents)	(0.27) cents	(0.39) cents
(a) The weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	199,989,700	170,207,200

The Company has no potential ordinary shares which are dilutive.

23 SUPERANNUATION COMMITMENTS

The Company does not sponsor a superannuation plan for employees, however, it contributes 10% and 9% of gross salary to approved superannuation plans for the benefit of an employee and the Directors respectively.

24. SUBSEQUENT EVENTS

The Company issued a prospectus on 27 August 2003 for 25,000,000 shares at 2.5 cents each in order to raise \$625,000 pursuant to section 7.1 of the Australian Stock Exchange Listing Rules.



DIRECTORS' DECLARATION

1. In the opinion of the directors of Anglo Australian Resources NL
 - a) The financial statements and notes, set out on pages 13 to 26 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
 - b) for the reasons set out in note 1.2, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors:

J L C JONES
Director

A C PILMER
Director

Dated at Perth this 30th day of September 2003



INDEPENDENT AUDITORS' REPORT

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Anglo Australian Resources NL (the "Company"), for the year ended 30 June 2003.

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

Audit approach

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

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

- 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.

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

Independence

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

Audit opinion

In our opinion, the financial report of Anglo Australian Resources NL is in accordance with:

- a) the *Corporations Act 2001*, including:
 - i giving a true and fair view of the Company's financial position as at 30 June 2003 and of its performance for the financial year ended on that date; and
 - ii complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia.

KPMG

Partner

Perth

30 September, 2003

T R HART

