

2004 ANNUAL REPORT

ANGLO AUSTRALIAN RESOURCES NL

A.C.N. 009 159 077



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Directors

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

General Manager – Exploration

Peter Komysan

Company Secretary

Angus Claymore Pilmer

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Home Stock Exchange

Australian Stock Exchange Limited Perth

Share Registry

Computershare Investor Services Pty Limited
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Other Information

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

During this financial year ended 30 June 2004 the Company successfully raised \$1,740,013 in new capital (including \$1,140,605 from the Shareholders' Share Purchase Plan) from various placements, which has been utilised to:

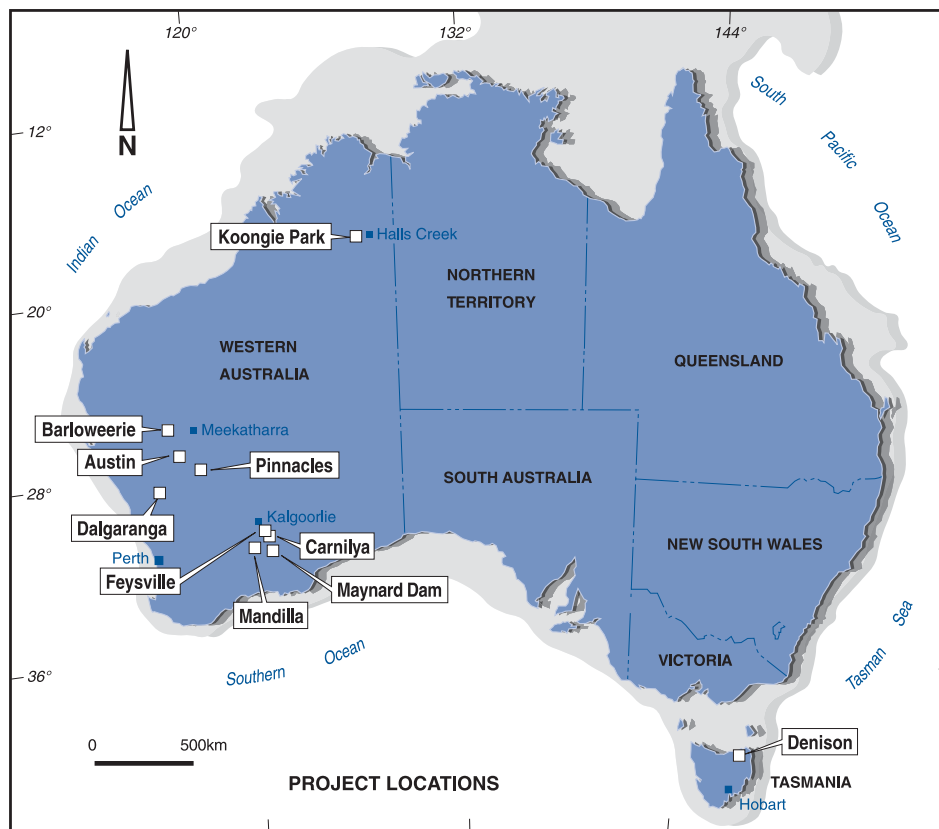
- i) advanced exploration and pre-development activities on the Mandilla project in the Eastern Goldfields south of Kalgoorlie in Western Australia; and
- ii) increase the available working capital of the Company.

The Company has successfully identified an inferred resource of 27,000 t @ 10.9 g/t Au (10,000 oz) at Mandilla and is now completing pre-feasibility studies in order to properly and completely evaluate the development options.

The small, but high grade, shallow Mandilla gold deposit has been the focus of our exploration efforts during the year, as the potential for development is high. An additional bonus resulting from the exploration has been that the drilling returned several significant deeper intersections in the bedrock beneath the shallow deposit. Excellent potential, therefore, exists for high grade bedrock mineralisation and this potential will be addressed by future deeper drilling.

J L C Jones
Chairman

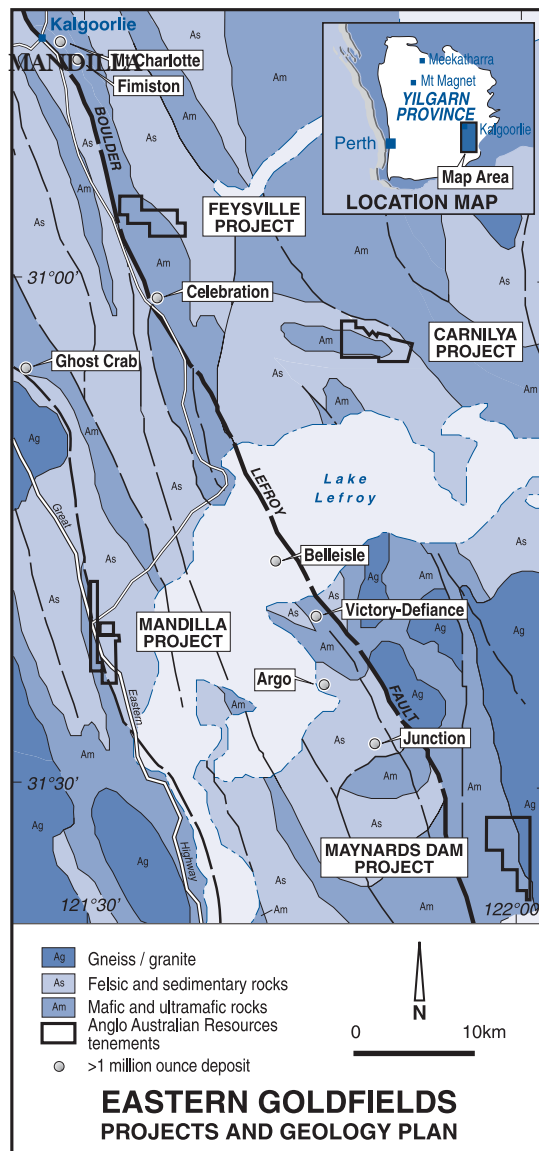
30 September 2004



REVIEW OF OPERATIONS

GOLD PROJECTS

EASTERN GOLDFIELDS - WA



MANDILLA - WA

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 east of Kambalda. It was purchased by Anglo Australian in 2003.

Gold mineralisation is associated with the faulted western contact of the Emu Rocks Granite. Previous exploration by WMC Resources Limited ("WMC") of 403 aircore, RC and diamond holes, primarily focused

on gold-in-soil anomalies located at the granite/sediment contact. WMC partially defined two zones of shallow supergene gold mineralisation, the first at West Mandilla over 1100m of strike (4m @ 76.88g/t Au and 1m @ 62.0g/t Au) and the second at East Mandilla over 300m of strike (7m @ 16.89g/t Au and 6m @ 5.47g/t Au). Limited deeper bedrock drilling by WMC intersected narrow (<1m), but very high grade, quartz veins in the granite. Better intersections include 0.55m @ 283.7g/t Au, 1m @ 28g/t Au and 2.09m @ 97.82 g/t Au.

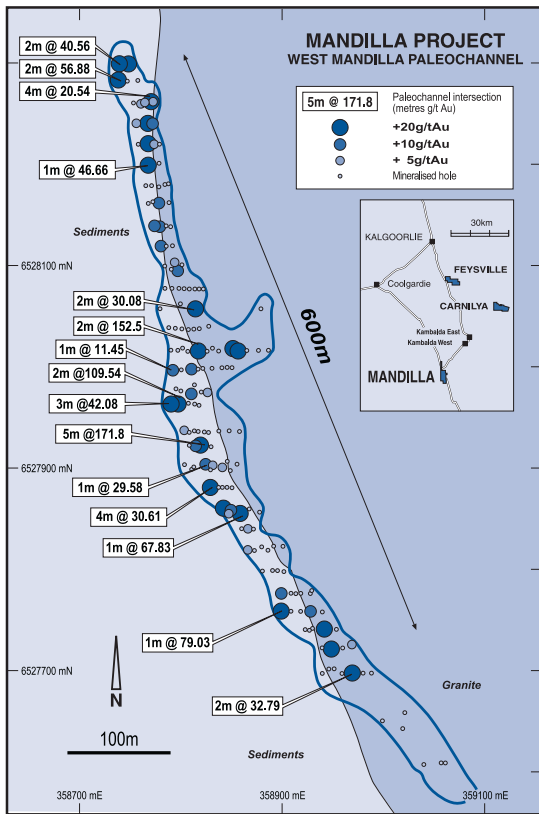
Anglo Australian concentrated initially on further testing of the shallow supergene mineralisation, as this offered the best prospects for discovery of a mineable deposit within the constraints of the Company's limited financial resources. During the year to 30 June 2004, 368 aircore holes totalling 11,885m and 10 RC holes totalling 1,152m were completed, mostly at the West Mandilla prospect. Drilling successfully defined a modest sized high grade gold deposit extending over 600m within a shallow palaeochannel. Gold is concentrated in quartz-rich gravel near the base of the palaeochannel, typically over a width of 10 to 20m and a thickness of one to two metres. The base of the palaeochannel lies only 17 to 23m below surface.

The aircore drilling produced several bonanza grade intersections from the palaeochannel, including 5m @ 171.88g/t Au (including 1m @ 823g/t), 1m @ 109.54g/t Au, 4m @ 30.61 (including 1m @ 103g/t Au) and 1m @ 79.03g/t Au. Other intersections include 3m @ 16.93g/t Au, 1m @ 79.03 g/t Au, 1m @ 67.83g/t Au, 2m @ 56.88g/t Au, 1m @ 46.66g/t Au, 2m @ 30.08g/t Au and 2m @ 49.11g/t Au. Intersections exceeding 10 gram x metres are presented in Table 1. Some 49 intersections exceed 5 g/t Au and 15 intersections exceed 40 g/t Au. Screen fire assaying and leach well tests indicate that there is a considerable coarse gold component to the mineralisation, a feature typical of palaeochannel-style gold deposits.

Drilling, at 20x10m to 20x5m spacing, confirms good continuity of high grade mineralisation along the length of the palaeochannel. A preliminary estimate by Anglo Australian of the mineralisation defined to date using a sectional method and a bottom cut of 1 g/t and a top cut of 40 g/t:

Inferred Resource: 27,000 tonnes @ 10.9 g/t Au

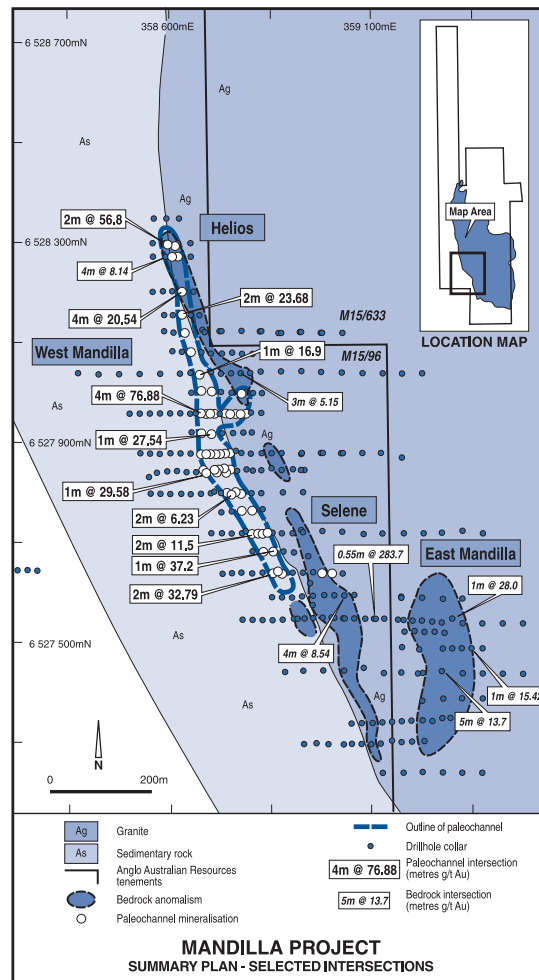
Although the resource is relatively small, the Company believes profitable development may be possible because of its high grade, shallow position and ease of mining. It is envisaged that development would involve contract mining and custom milling at a nearby mill.



Feasibility studies are in progress. The deposit is located on a granted mining lease, which should facilitate granting of necessary approvals for development. A heritage survey, a prerequisite for development, has been completed.

The shallow aircore drilling, which was principally directed at the palaeochannel, also intersected gold mineralisation in bedrock at several locations beneath and adjacent to the palaeochannel. In all, five bedrock anomalies (Helios, Selene, East Mandilla, Anomaly 2 and the Northern soil anomaly) have been defined by drilling by the Company and WMC. The Helios anomaly is interpreted to be the source of the palaeochannel mineralisation because of its proximity to the palaeochannel. Significant aircore drilling intersections from bedrock are presented in Table 2.

Limited RC drilling (10 holes, 1,152m) during 2003/2004 provided a first pass, but very incomplete, test of the bedrock anomalies. Several significant intersections were returned, including 1m @10.5g/t Au, 1m @15.42g/t Au, 6m @ 3.06g/t Au, 1m @16.36g/t Au and 4m @8.54g/t Au. Mineralisation is associated with broad zones of hematite and chlorite alteration and quartz veining within porphyritic granite. These intersections confirm excellent potential for high grade bedrock mineralisation, particularly at the Helios and



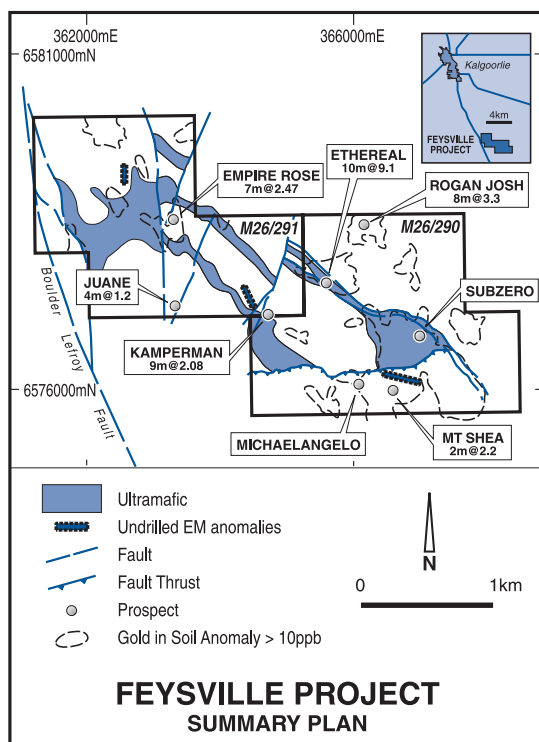
East Mandilla prospects and complement other significant intersections obtained earlier by WMC. Substantial additional drilling is required to fully evaluate the bedrock mineralisation.

FEYSVILLE - WA

Anglo Australian Resources NL 100%

The Feysville project consists of all mineral rights attached to two mining leases located 16km SSE of Kalgoorlie. It was purchased by Anglo Australian in 2003.

The project is situated in a 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, Revenge/Belleisle and St Ives as well as other substantial deposits such as Hannans South (located 3km north of the project). It is strategically located between several under-utilised gold processing plants, providing low cost development options for any resources discovered at Feysville.



Geology of the property is complex. Regional mapping has identified the 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. A sequence of mafic/ultramafic volcanics and porphyries is interpreted to be thrust over a felsic metasedimentary sequence along the Feysville Fault. Intermediate and felsic porphyries have extensively intruded the sequence.

Drilling at several historical gold workings intersected primary gold mineralisation associated with strong alteration. Mineralisation typically occurs at the sheared contacts of intrusive porphyry units and within pyrite sericite altered porphyries. Locally it occurs in chalcopyrite magnetite-epidote altered breccia zones within ultramafic units.

Pre-2000 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 by WMC consisted of a comprehensive soil survey, reconnaissance ground electromagnetics ("EM") surveying, 264 RAB/Aircore holes, 444 RC holes and 5 diamond holes. The soil survey defined an area of extensive gold anomalism in the SE corner of the property.

Drilling by WMC testing gold targets intersected 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. Drilling in 2003 by Anglo Australian of 20 RC holes (2,063m) partially tested six prospects. Better intersections included 6m @ 2.78g/t Au from the Ethereal prospect and 3m @ 3.2g/t Au and 5m @ 3.71g/t Au from the Kamperman prospect. Most prospects are still at early stages with mineralisation open along strike and at depth.

During this year, Anglo Australian completed 52 RAB drillholes (1,542m) to test several gold and nickel targets. A single RAB drill traverse at Ethereal West located a new wide zone (12m @ 0.3g/tAu) of supergene gold mineralisation 600m along strike from the Ethereal prospect. Additional drilling is required to ascertain the significance of this intersection.

A recent review of the ground EM data has highlighted several highly rated undrilled EM anomalies located in settings prospective for nickel mineralisation. Follow up of these anomalies was conducted by reconnaissance drilling and detailed ground EM. Wide-spaced shallow RAB drilling in the vicinity of the broadly defined EM anomalies confirmed the presence of ultramafic lithologies and defined moderate to low order nickel geochemical anomalies. The detailed ground EM data has confirmed three significant bedrock conductors. Modelling of the data is expected to provide immediate bedrock drilling targets.

CARNILYA - WA

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. It was purchased by Anglo Australian in 2003.

Nickel sulphide mineralisation (Carnilya Hill, Zone 29, and Dunlop) is hosted by two east-west trending ultramafic units. Gold potential has been poorly tested, as past exploration by WMC focused on the nickel potential. Only 10% of all drillholes were assayed for gold. Gold exploration targets defined by WMC include two partially tested gold in soil anomalies (SUB and Laterite Hill). Drilling incidental to the SUB soil anomaly, targeting nickel sulphides, obtained intersections up to 4m @ 2.14g/t Au. No field work has been conducted on this project this year.

MAYNARDS DAM - WA

Anglo Australian Resources NL 100%

The property, consisting of one tenement application, is located 35km south east of St Ives. 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 north-easterly trending faults, which control some of the gold mineralisation in the St Ives area, are interpreted to crosscut the stratigraphy.

The tenement was granted in July 2004 after the Company signed regional heritage agreements with local native title claimants. A program of data compilation followed by reconnaissance RAB drilling is planned for this coming year.

AUSTIN - 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 probable strike extensions of rock units which host the Cuddingwarra mineralisation and contain untested gold-in-soil anomalies. Prospectors using metal detectors in the area of the geochemical anomalies have located small nuggets.

A planned RAB drilling program designed to follow up the gold anomalies has been delayed until 2005 by the requirement to complete a heritage survey.

MURCHISON DISTRICT - WA

Anglo Australian Resources NL 100%

Anglo Australian 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, 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 hosts the plus one million ounce Big Bell deposit. Negotiations with native title land claimants represented by the Yamatji Land Council have been completed and a regional heritage agreement has been signed. Tenements are expected to be granted this year. Details of the various projects are summarised below.

Barloweerie

This application for one exploration licence of 98 sq 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 plans to compile the previous exploration data with a view to defining drill targets.

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

Pinnacles

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

The area is interpreted to contain the fault bounded felsic unit that hosts most of the gold mineralisation at the Tuckabianna mine. Anglo Australian's initial interest is focused on a magnetic anomaly within this felsic unit that could reflect magnetite alteration associated with gold mineralisation.

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. Anglo Australian has sold its interest by conditional contract for \$80,000.

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 north-eastern Tasmania and includes the historic Denison Goldfield

where epigenetic gold mineralisation in quartz sulphide reef structures was last mined in the 1930's.

The East Denison Prospect was discovered in 1992 as a result of Anglo Australian's effective regional exploration programme consisting of soil sampling, trenching, auger sampling and RC drilling.

Follow-up by the Company defined wide zones of mineralisation intersected in trenches (including 24m @ 2.54g/t Au and 35m @ 1.2g/t Au) and RC holes (20m @ 1.0g/t, including 7m @ 2.4g/t Au, 6m @ 6.38g/t Au, 5m @ 2.17 g/t Au and 9m @ 1.81g/t Au). Mineralisation is interpreted to form a NNE-SSW trending zone dipping easterly at 15° - 20°.

No significant exploration was conducted on the project during 2003/2004. Access tracks and drill holes were rehabilitated.

Anglo Australian is assessing its options for the project, as the currently defined mineralisation is considered too small for economic development.

BASE METAL PROJECTS

CUTTY SARK – TASMANIA

Anglo Australian Resources NL 100%

Anglo Australian applied for this project area in 2003 in the belief that various Electromagnetic ("EM") anomalies detected by government surveys might reflect the presence of massive base metal sulphide deposits. However, a field and literature review showed the EM anomalies to be associated with conductive swamps and transmission lines. As this suggested the potential for the anomalies to be associated with base metal mineralisation was limited, the tenement applications were withdrawn.

KOONGIE PARK - 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. Anglo Australian has explored the project since 1990.

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 prospects include Atlantis, Gosford and Rockhole.

At Sandiego, Lachlan Resources NL in 1997 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 estimated a Zn resource and an 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**

These resource estimations, while based on 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 last year, concluded that at the reigning commodity prices the deposits were sub-economic. While rising base metal prices this year have improved the potential economics of the project, discovery of additional resources is still desirable to achieve economies of scale.

This year Anglo Australian successfully trialled termite mound geochemical sampling over both the Onedin and Sandiego deposits. Termites collect weathered bedrock material from considerable depths and the termite mounds, therefore, effectively form a homogenous bulk sample reflecting the underlying bedrock. This trial survey detected strong copper, lead and zinc anomalies and weak gold anomalies over both deposits. As this initial orientation geochemical survey indicated the termite sampling technique was effective in detecting bedrock mineralisation, a more extensive survey was conducted over other prospects and conceptual targets. A total of 1,815 samples were collected. The survey highlights rock units anomalous in Cu, Pb and Zn south of Onedin and north of Sandiego.

During the past year consultants Southern Geoscience reviewed and compiled the extensive database of historical geophysical information. Several untested electromagnetic and induced polarisation anomalies near Onedin and Sandiego were highlighted, requiring further investigation.

Anglo Australian is seeking a joint venture partner to drill test the geophysical and geochemical targets generated by the Company's recent exploration.

PETER KOMYSHAN

General Manger – Exploration
30 September 2004

REVIEW OF OPERATIONS (cont.)

Review of Operations – Mandilla – Table 1

Table 1 Palaeochannel intersections greater than 10 grammetres

Hole	Northing	Easting	Depth (m)	Inclination	Bearing	From (m)	To (m)	intersection (m)	Au (g/t)
MNAC263B	6,527,923	358,819	26	-90	0	21	26	5	171.88
MNAC263B					inc	21	22	1	823.15
MNAC258	6,527,963	358,797	24	-90	0	18	19	1	109.54
MNAC358	6,527,760	358,904	26	-90	0	21	22	1	79.03
MNAC275	6,527,860	358,842	26	-90	0	21	22	1	67.83
MNAC303	6,528,280	358,752	42	-90	0	20	22	2	56.88
MNAC243	6,528,018	358,851	26	-90	0	19	21	2	49.11
MNAC214	6,528,199	358,768	50	-90	0	18	19	1	46.66
MNAC349	6,527,960	358,793	26	-90	0	17	20	3	42.08
MNAC305	6,528,300	358,755	26	-90	0	19	21	2	40.56
MNAC362	6,527,700	358,970	30	-90	0	19	21	2	32.79
MNAC207	6,528,240	358,768	34	-90	0	18	19	1	30.89
MNAC273	6,527,881	358,829	26	-90	0	21	25	4	30.61
MNAC273					inc	21	22	1	103.06
MNAC234	6,528,057	358,814	26	-90	0	20	22	2	30.08
MNAC002	6,527,904	358,825	30	-90	0	21	22	1	29.58
MNAC129	6,527,973	358,810	30	-90	0	19	20	1	27.54
MNAC294	6,527,758	358,928	26	-90	0	22	23	1	20.86
MNAC141	6,528,220	358,768	46	-90	0	20	24	4	20.54
MNAC141					inc	20	21	1	72.2
MNAC245	6,527,998	358,811	26	-90	0	20	21	1	19.49
MNAC071	6,527,741	358,942	30	-90	0	22	24	2	19.19
MNAC196	6,528,299	358,748	44	-90	0	20	23	3	16.93
MNAC264	6,527,922	358,815	26	-90	0	20	22	2	16.33
MNAC299	6,527,721	358,949	26	-90	0	19	21	2	14.55
MNAC212	6,528,240	358,772	39	-90	0	17	18	1	13.1
MNAC222	6,528,162	358,778	24	-90	0	16	19	3	12.51
MNAC345	6,528,000	358,795	26	-90	0	19	20	1	11.45
MNAC226	6,528,119	358,780	24	-90	0	19	20	1	10.82
MNAC281	6,527,819	358,866	26	-90	0	21	22	1	10.13
MNAC353	6,527,880	358,825	26	-90	0	20	22	2	8.55
MNAC347	6,527,980	358,830	26	-90	0	20	23	3	8.39
MNAC224	6,528,139	358,774	24	-90	0	18	20	2	6.8
MNAC093	6,527,857	358,848	30	-90	0	20	22	2	6.23
MNAC203	6,528,262	358,773	37	-90	0	18	20	2	5.36
MNAC268	6,527,901	358,841	26	-90	0	21	24	3	4.4

REVIEW OF OPERATIONS (cont.)

Review of Operations – Mandilla – Table 2

Table 2 Summary of Bedrock Intersections exceeding 1g/t Au

Hole_id	Mga_North	Mga_East	EOHdepth	Dip	Bearing	From	To	M	Au
MNAC327	6,528,200	358,762	26	-90	0	25	26	1	12.8
MNAC117	6,527,662	359,061	47	-90	0	38	39	1	10.14
MNAC303	6,528,280	358,752	42	-90	0	27	31	4	8.14
MNAC111	6,527,657	358,939	45	-90	0	44	45	1	4.33
MNAC102	6,530,640	358,020	13	-60	270	0	3	3	3.8
MNAC078	6,527,579	359,241	46	-90	0	38	39	1	3.68
MNAC077	6,527,580	359,262	38	-90	0	32	33	1	3.49
MNAC078	6,527,579	359,241	46	-90	0	33	34	1	3.13
MNAC117	6,527,662	359,061	47	-90	0	34	40	6	2.88
MNAC213	6,528,261	358,765	38	-90	0	25	27	2	2.88
MNAC078	6,527,579	359,241	46	-90	0	40	41	1	2.85
MNAC118	6,527,663	359,083	45	-90	0	32	36	4	2.26
MNAC042	6,528,135	358,819	30	-90	0	28	29	1	1.78
MNAC122	6,527,721	359,020	49	-90	0	42	45	3	1.71
MNAC053	6,528,260	358,761	38	-90	0	31	32	1	1.51
MNAC325	6,528,220	358,784	26	-90	0	25	25	1	1.5
MNAC213	6,528,261	358,765	38	-90	0	22	23	1	1.48
MNAC117	6,527,662	359,061	47	-90	0	43	44	1	1.38
MNAC135	6,528,137	358,790	30	-90	0	29	30	1	1.24
MNAC223	6,528,162	358,788	24	-90	0	22	23	1	1.23
MNAC030	6,528,057	358,879	45	-90	0	33	34	1	1.2
MNAC367	6,527,140	359,225	50	-90	0	38	42	4	1.17
MNAC135	6,528,137	358,790	30	-90	0	23	24	1	1.13
MNAC214	6,528,199	358,768	50	-90	0	28	29	1	1.13
MNAC118	6,527,663	359,083	45	-90	0	28	29	1	1.08
MNAC213	6,528,261	358,765	38	-90	0	31	32	1	1.08
MNAC118	6,527,663	359,083	45	-90	0	39	45	6	1.05

SCHEDULE OF MINING TENEMENTS

As at 25 September 2004

Project	Tenement	Interest	Title Holder	Joint Venturer
Western Australia				
Koongie Park	MLs 80/276, 277, 278, 371, 372, 373	100%	Anglo Australian Resources 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	EL15/776	100%	Anglo Australian Resources NL	
Feysville	MLs 26/290,291	100%	Anglo Australian Resources NL	
Carnilya	MLs 26/47-49, 26/453	100% (gold rights)	Carey Mining (2002) Pty Ltd	
Mandilla	M15/96	100% (gold rights)	Australian Nickel Mines NL	
	ML15/633	100%	Anglo Australian Resources NL	
	ELA15/789	100%	Anglo Australian Resources NL	
Tasmania				
Denison	EL 38/94	90%	Anglo Australian Resources NL	Silverthorn Resources Pty Ltd



The Directors present their report together with the financial report of Anglo Australian Resources NL ("the Company") for the year ended 30 June 2004 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 (Resigned December 2003)

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 \$343,693 (2003 \$547,183).

4. DIVIDENDS

No dividends have been paid by the Company during the financial year ended 30 June 2004, 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 2 to 8.

6. CHANGE IN STATE OF AFFAIRS

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

The paid up capital was increased from \$15,748,677 to \$18,282,531 as a result of the issue of the following:

25,000,000 shares of 2.5 cents fully paid by placement at a cost of \$41,587 in October 2003.

15,000,000 shares of 2.6 cents fully paid by placement at a cost of \$7,853 in December 2003.

42,906,889 shares of 2.7 cents fully paid by placement at a cost of \$17,881 in February 2004.

17,500,000 shares of 2.4 cents fully paid by placement at a cost of \$8,306 in February 2004.

703,411 shares of 2.7 cents fully paid by placement at a cost of \$2,997 in April 2004.

7. SUBSEQUENT EVENTS

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 6 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 6 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 6 Directors' meetings.

For the year ended 30 June 2004

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 2004

	Note	2004 \$	2003 \$
Other revenues from ordinary activities	2	122,898	5,704
Total revenue		<u>122,898</u>	<u>5,704</u>
Expenses from ordinary activities			
Exploration and development expenditure written off			
– current year	3	224,028	93,194
– previously capitalised	3	–	250,000
Administration expenses		242,563	208,487
Borrowing costs	3	–	1,206
Total expenses		<u>466,591</u>	<u>552,887</u>
Loss from ordinary activities before related income tax		(343,693)	(547,183)
Income tax benefit relating to ordinary activities	5	–	–
Net Loss from ordinary activities after related income tax	12	<u>(343,693)</u>	<u>(547,183)</u>
Basic Earnings Per Share	21	(0.13 cents)	(0.27 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 2004

	Note	2003 \$	2002 \$
Current Assets			
Cash assets		752,610	136,339
Receivables	6	96,777	2,035
Total Current Assets		<u>849,387</u>	<u>138,374</u>
Non-Current Assets			
Property, plant & equipment	7	47,592	26,177
Exploration expenditure	8	2,094,480	666,781
Total Non-Current Assets		<u>2,142,072</u>	<u>692,958</u>
Total Assets		<u>2,991,459</u>	<u>831,332</u>
Current Liabilities			
Payables	9	122,774	152,808
Provisions	10	4,500	4,500
Total Current Liabilities		<u>127,274</u>	<u>157,308</u>
Total Liabilities		<u>127,274</u>	<u>157,308</u>
Net Assets		<u>2,864,185</u>	<u>674,024</u>
Shareholders' Equity			
Contributed Equity	11	18,282,531	15,748,677
Accumulated Losses	12	(15,418,346)	(15,074,653)
Total Shareholders' Equity		<u>2,864,185</u>	<u>674,024</u>

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

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2004

	Note	2003 \$	2002 \$
Cash Flows from Operating Activities			
Cash payments in the course of operations		(255,349)	(116,901)
Net cash used in operating activities	18 (ii)	(255,349)	(116,901)
Cash Flows from Investing Activities			
Interest Received		20,990	3,610
Exploration expenditure		(791,730)	(468,591)
Payments for:			
property, plant & equipment		(44,459)	(3,199)
cash for interest in mineral tenements		(50,000)	–
Net cash used investing activities		(865,199)	(468,180)
Cash Flows from Financing Activities			
Proceeds from sale of property, plant and equipment		12,965	–
Proceeds from issue of shares		1,723,854	701,024
Cash payments finance lease		–	(19,742)
Interest paid		–	(1,059)
Net cash provided by financing activities		1,736,819	680,223
Net Increase/(Decrease) In Cash Held		616,271	95,142
Cash at the beginning of the financial year		136,339	41,197
Cash at the End of the Financial Year	18 (i)	752,610	136,339

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



For the Year Ended 30 June 2004

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Adoption of International Financial Reporting Standards

For reporting periods beginning on or after 1 January 2005, reporting entities must comply with International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board. Agincourt will adopt IFRS for the first time when preparing its half year report for the six months ending 31 December 2005.

This financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP). The differences between Australian GAAP and IFRS identified to date as potentially having a significant effect on the Company's financial performance and financial position are summarised below. The summary should not be taken as an exhaustive list of all the differences between Australian GAAP and IFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

The Company has not quantified the effects of the differences discussed below. Accordingly, there can be no assurances that the consolidated financial performance and financial position as disclosed in this financial report would not be significantly different if determined in accordance with IFRS.

Regulatory bodies that promulgate Australian GAAP and IFRS have ongoing projects that could affect the differences between Australian GAAP and IFRS described below and the impact of these differences relative to the Company's financial reports in the future. The potential impacts on the Company's financial performance and financial position of the adoption of IFRS, including system upgrades and other implementation costs which may be incurred, have not been quantified as at the transition date of 1 July 2004 due to the short timeframe between finalisation of the IFRS standards and the date of preparing this report. The impact on future years will depend on the particular circumstances prevailing in those years.

The key potential implications of the conversion to IFRS on the Company are as follows:

- financial instruments must be recognised in the statement of financial position and all derivatives and most financial assets must be carried at fair value
- income tax will be calculated based on the "balance sheet" approach, which will result in more deferred tax assets and liabilities and, as tax effects follow the underlying transaction, some tax effects will be recognised in equity
- the treatment of exploration expenditure under IFRS is uncertain. However, it is possible that exploration expenditure may need to be written off
- impairment of assets will be determined on a discounted basis, with strict test for determining whether goodwill and cash generating units have been impaired
- the present value of total estimated rehabilitation payments must be provided in full with a corresponding asset. The provision is increased annually for impact of discounting and the asset is amortised
- equity-based compensation in the form of shares and options will be recognised as expenses in the periods during which the employee provides related services
- changes in accounting policies will be recognised by restating comparatives rather than making current year adjustments with note disclosure of prior year effects.

The company has yet to commence the conversion process.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.2 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.

1.3 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.

1.4 Income Tax

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

1.5 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.

1.6 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. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.7 Revenue Recognition

Interest Income

Interest income is recognised as it accrues.

1.8 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.

1.9 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:

	2004	2003
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.

1.10 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.

1.11 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.

1.12 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.

1.13 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.

	2004 \$	2003 \$
2. REVENUE FROM ORDINARY ACTIVITIES		
Revenue from operating activities	8,943	2,094
Interest received – other parties	20,990	3,610
Proceeds from sale of assets	12,965	–
Proceeds from sale of tenements	<u>80,000</u>	<u>–</u>
	<u>122,898</u>	<u>5,704</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	2,213	2,710
- office furniture	294	354
- motor vehicles	7,575	4,068
Exploration expenditure written off	144,028	343,194
Interest paid – other persons	–	1,059
Finance charges – leased asset	–	147
Provision for employee entitlements	–	4,500
Rental expense	14,068	15,008
4. AUDITORS' REMUNERATION		
Auditor's remuneration - auditing services - KPMG	<u>15,750</u>	<u>10,500</u>
5. TAXATION		
(a) Prima facie income tax benefit calculated at 30% (2003: 30%) of loss from ordinary activities	103,108	164,155
Add/(less) tax effect of		
Non-deductible items	–	(3,000)
Timing differences and tax losses not brought to account as future income tax benefits	(103,108)	(161,155)
Income tax expense or benefit attributable to the operating loss	<u>–</u>	<u>–</u>

NOTES (cont.)

5. TAXATION (continued)

(b) Future income tax benefits

Estimated future income tax benefits attributable to allowable expenditure and exploration expenditure carried forward amounting to approximately \$2,580,746 (2003: \$2,477,638) have not been brought to account at 30 June 2004 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.

	2004 \$	2003 \$
6. RECEIVABLES		
Other Debtors	96,777	2,035
	<u>96,777</u>	<u>2,035</u>
7. PROPERTY PLANT & EQUIPMENT		
Plant & equipment at cost	56,450	56,450
Less: Accumulated depreciation	48,226	46,013
	<u>8,224</u>	<u>10,437</u>
Office furniture & fittings at cost	20,570	20,570
Less: Accumulated depreciation	19,137	18,843
	<u>1,433</u>	<u>1,727</u>
Motor Vehicle	44,459	43,499
Less: Accumulated amortisation	6,524	29,486
	<u>37,935</u>	<u>14,013</u>
Total property plant & equipment	<u>47,592</u>	<u>26,177</u>
Reconciliations		
Plant & Equipment		
Carrying amount at beginning of year	10,437	9,949
Additions -	3,199	
Depreciation	(2,213)	(2,711)
Carrying amount at end of year	<u>8,224</u>	<u>10,437</u>
Office Furniture		
Carrying amount at beginning of year	1,727	2,080
Depreciation	(294)	(353)
Carrying amount at end of year	<u>1,433</u>	<u>1,727</u>
Motor Vehicle		
Carrying amount at beginning of year	14,013	18,081
Disposals (12,962)	-	
Additions 44,459	-	
Depreciation	(7,575)	(4,068)
Carrying amount at end of year	<u>37,935</u>	<u>14,013</u>

	2004	2003
	\$	\$
8. EXPLORATION EXPENDITURE		
Deferred exploration and acquisition expenditure		
Balance at beginning of year	666,781	541,384
Acquisitions	860,000	–
Add: Expenditure during the year	791,730	468,591
	<u>2,318,511</u>	<u>1,009,975</u>
Amounts written off during the year	<u>224,031</u>	<u>343,194</u>
Balance at end of year	<u>2,094,480</u>	<u>666,781</u>
<p>The ultimate recoupment of such expenditure is dependent upon successful development and commercial exploitation, or alternatively sale of the respective areas.</p> <p>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.</p>		
9. PAYABLES		
Current		
Trade creditors and accruals	<u>122,774</u>	<u>152,808</u>
10. PROVISIONS		
Employee entitlements	<u>4,500</u>	<u>4,500</u>
Number of Employees	<u>1</u>	<u>1</u>
11. CONTRIBUTED EQUITY		
Issued and Paid Up Capital		
320,000,000 ordinary shares fully paid		
(2003 – 218,889,700 ordinary shares fully paid)	<u>18,282,531</u>	<u>15,748,677</u>
Movements in Ordinary Share Capital		
Balance at beginning of financial year	15,748,677	15,047,653
68,610,300 shares issued for cash (i)	1,740,013	673,524
32,500,000 shares issued to satisfy tenement acquisitions (ii)	<u>793,841</u>	<u>27,500</u>
Balance at end of year	<u>18,282,531</u>	<u>15,748,677</u>

NOTES (cont.)

11. CONTRIBUTED EQUITY (continued)

- (i) The Company has issued ordinary shares as follows:

October 2003 - 25,000,000 shares were issued at 2.5 cents. Transaction costs of \$41,587 were recognised as a reduction of the proceeds of issue.

February 2004 - 42,906,889 shares were issued at 2.7 cents. Transaction costs of \$17,881 were recognised as a reduction of the proceeds of issue.

April 2004 - 703,411 shares were issued at 2.7 cents. Transaction costs of \$2,997 were recognised as a reduction of the proceeds of issue.

- (ii) December 2003 - 15,000,000 shares were issued at 2.6 cents. Transaction costs of \$7,853 were recognised as a reduction of the proceeds of issue.

February 2004 - 17,500,000 shares were issued at 2.4 cents. Transaction costs of \$8,306 were recognised as a reduction of the proceeds of issue.

Share Options

During the financial year 7,500,000 options were issued over ordinary shares exercisable within 3 years from the date of issued being 10 December 2003 at 5c a share. These options were issued as a consequence of a contract to acquire the interest in certain mineral tenements and have an exercise price of 5c a share.

	2004	2003
	\$	\$
12. ACCUMULATED LOSSES		
Accumulated Losses at the beginning of the year	15,074,653	14,527,470
Net Loss from ordinary activities after related income tax	343,693	547,183
	<u>15,418,346</u>	<u>15,074,653</u>

13. COMMITMENTS

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 \$713,301 (2003: \$866,183). 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 \$140,000 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 \$2,630,000 (2003: \$4,070,043) and for later than five years the total obligations are \$NIL (2003: \$NIL).

14. FINANCIAL REPORTING BY SEGMENT

The Company operates in Australia and in one industry classification being mineral exploration.

15. REMUNERATION OF DIRECTORS

2004

	Directors Fees	Other Fees to related entities (i)	Rents to related entities (ii)	TOTAL
J L C Jones Chairman	15,000		14,521	29,521
C H Fyson Director	10,000			10,000
D E Clarke Director	10,000			10,000
A C Pilmer Director	10,000	72,994		82,994

2003

	Directors Fees	Other Fees to related entities (i)	Rents to related entities (ii)	TOTAL
J L C Jones Chairman	15,000		17,381	32,381
C H Fyson Director	10,000			10,000
D E Clarke Director	10,000			10,000
A C Pilmer Director	10,000	75,791		85,791
TOTAL	45,000	75,791	17,381	138,172

16. REMUNERATION OF EXECUTIVE

2004

	Salary Remuneration	Superannuation	TOTAL
Peter Komyschan	101,425	12,607	114,032

2003

	Salary Remuneration	Superannuation	TOTAL
Peter Komyschan	100,000	10,000	110,000

The remuneration package paid to this executive is determined by agreement of the directors.

17. 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: \$14,521 (2003 – \$17,381) was paid to Vernon Pty Ltd, a company of which Mr J L C Jones is a director; and \$72,994 (2003 – \$75,791) 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 15.

NOTES (cont.)

17. RELATED PARTIES (continued)

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	6,130,000

During the year ended 30 June 2004 no ordinary shares were disposed of by any director and 627,250 ordinary shares were acquired by one of the Directors – Mr A C Pilmer. During the previous year ended 30 June 2003 no ordinary shares were disposed of and no ordinary shares were acquired by the Directors.

	2004	2003
	\$	\$

18. 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	744,510	105,011
Cash at Bank	7,900	31,128
	<u>752,610</u>	<u>136,339</u>

(ii) Reconciliation of operating loss after income tax to net cash used in operating activities

Operating loss after income tax	(343,693)	(547,183)
Add/(less) items classified as Investing/financing activities and non-cash items:		
Interest received	(20,990)	(3,610)
Exploration expenditure written off	224,028	343,194
Depreciation	10,082	7,132
Interest paid	–	1,059
Finance charges – leased assets	–	147
	<u>(130,573)</u>	<u>(199,261)</u>
Add/(less) change in assets and liabilities:		
Increase/(Decrease) in accounts payable	(30,034)	68,587
Increase/(Decrease) in provisions	–	4,500
Decrease/(Increase) in receivables	(94,742)	9,273
	<u>(94,742)</u>	<u>13,773</u>
Net Cash Used In Operating Activities	<u>(255,349)</u>	<u>116,901</u>

(iii) Non Cash Transactions

Refer Note 12 (ii)

19. 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	
	2004	2003	2004	2003
	%	%	\$	\$
Denison Goldfield TAS Diluted	90	90	83,601	32,441

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

20. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

	Note	Weighted average interest rate	Floating interest rate	1 year or less	1 to 5 years	Non- interest bearing	Total
2004							
Financial Assets							
Cash assets		2.1%	752,610	—	—	—	752,610
Receivables	6	—	—	—	—	96,777	96,777
			752,610	—	—	96,777	849,387
Financial Liabilities							
Payables	9	—	—	—	—	122,774	122,774
Provisions		—	—	—	—	4,500	4,500
			—	—	—	127,274	127,274
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

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.

NOTES (cont.)

	2004 \$	2003 \$
21. EARNINGS PER SHARE		
Basic loss per share (cents)	(0.13) cents	(0.27) cents
(a) The weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	260,419,775	199,989,700

The Company has no potential ordinary shares which are dilutive.

22. 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.



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 1.3, 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 2004



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 2004.

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 2004 and of its performance for the financial year ended on that date; and
 - ii. complying with the Accounting Standards in Australia and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia.

KPMG
T R HART
Partner
Perth
30 September 2004

ADDITIONAL INFORMATION

AS AT 30 SEPTEMBER 2004

1. SHAREHOLDING

(a) Substantial Shareholder

Name	Total	%
St Ives Gold Mining Company Pty Ltd	32,500,000	10.16

(b) Voting Rights

Each member is entitled to one vote on a show of hands and one vote for each share held on a poll.

(c) Distribution of Shareholders

Size of Holding	Number of Holders	
	Shares	%
1 - 1,000	22	0.01
1,001 - 5,000	172	0.17
5,001 - 10,000	154	0.41
10,001 - 100,000	629	9.56
100,000 and over	449	89.86
	<u>1,426</u>	<u>100.00</u>

(e) Marketable Parcel

There are 528 shareholders who hold less than a marketable parcel.

(f) Top 20 Shareholders

	Number of Shares	% of Issued Capital
St Ives Gold Mining Company Pty Ltd	32,500,000	10.16
National Nominees Limited	23,178,750	7.24
J P Morgan Nominees Australia Limited	11,185,000	3.50
Anne Elizabeth Neate	8,370,000	2.62
Claymore Estate Pty Ltd	4,850,000	1.52
Lachlan Resources NL	4,750,000	1.48
Vier Pty Ltd	4,406,274	1.38
Hampton Transport Services Pty Ltd	4,349,000	1.36
Vernon Pty Ltd	3,685,000	1.15
Bencarra Pty Ltd	3,213,625	1.00
Dixtru Pty Ltd	2,585,000	0.81
Reynolds (Nominees) Pty Limited	2,350,000	0.73
Mr Cheng Chen	2,342,401	0.73
KPM Field Pty Ltd	2,200,000	0.69
HSBC Custody Nominees (Australia) Ltd	2,000,000	0.63
Mr David James Leahy	2,000,000	0.63
R.F. & C.P Johnson Pty Ltd	1,980,000	0.62
Mr John Load Cecil Jones	1,935,000	0.60
Troy Resources NL	1,755,000	0.55
Mr Angus Claymore Pilmer	1,715,000	0.54
	<u>121,350,050</u>	<u>37.94</u>

(g) On Market Buy-Back

There is no current On Market Buy-Back



