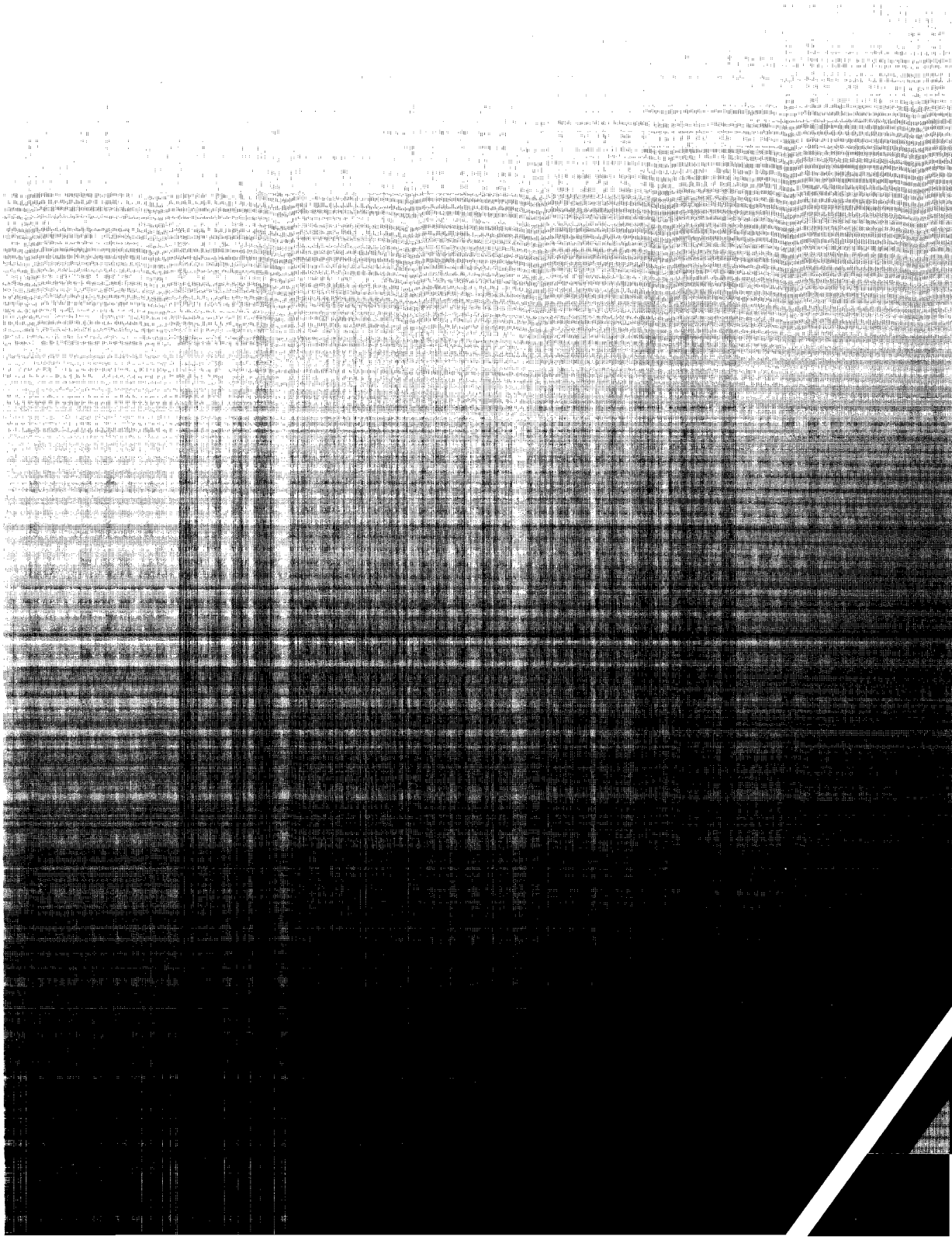
2002 ANNUAL REPORT



ANGLO AUSTRALIAN RESOURCES NL

A.C.N. 009 159 077

CONTENTS

COMPANY DIRECTORY

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

General Manager – Exploration
Peter Komyshan

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 Ltd
Level 2
45 St George's Terrace
PERTH WA 6000
Telephone (08) 9220 4755
Facsimile (08) 9323 2033

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

CHAIRMAN'S REPORT

The recent addition of five new Gold Projects and one Base Metal Project will bear testimony to the Company's determination to now emerge as a noticeable force in the Australian exploration sector.

This burst of activity has flowed from the appointment, in March 2002, of a senior geologist, Mr Peter Komyshan B.Sc. (Hons) AusIMM as General Manager Exploration, who has particular and recent experience in Tasmania and the Yilgarn Province of Western Australia.

Both the new appointment and the new projects are in keeping with the Directors' intention to rebuild the Company's Exploration Portfolio with projects consisting of quality properties and if possible to secure and maintain 100% interest in those properties until it becomes commercially advantageous to seek joint venture partners.

The exploration projects better described in the Review of Operations following in this Report now form the base for the Company to more actively pursue its restated exploration goals.

Kimberley Region – Western Australia

The company has now secured a 100% interest in the Koongie Park properties (which are subject to plaints, which will be contested) and will make every attempt to further the development of this project by a farm out arrangement with a major joint venture partner.

Murchison District – Western Australia

The increased group of five projects has now given the Company a recognisable profile in this interesting area and are now the subject of further and imminent exploration programmes.

Eastern Goldfields – Western Australia

The Company intends to concentrate on securing more projects in this productive area of Western Australia and should add to the Maynards Dam project acquired by application during the course of this next year.

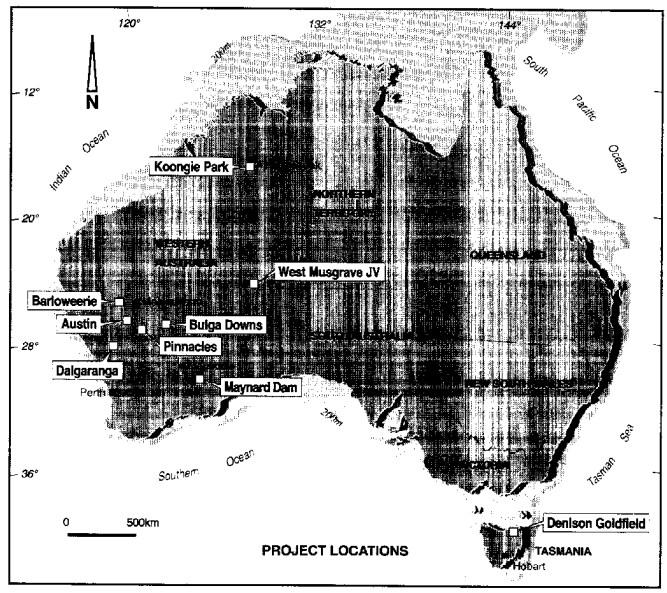
Tasmania

Following encouragement by a Tasmanian Government Delegation, the Company has secured by application an exploration opportunity for Base Metals and possible Gold on the West Coast of Tasmania which strategically straddles the central part of the Mt Read Volcanic Belt between the world class Rosebery and Hellyer Base Metal deposits.

The East Denison Project stays under notice with further drilling programmes to be effected during the course of this next year.

The Company has now embarked on a defined exploration course and will as a matter of necessity have to complete a number of capital raisings in this next year in order to fund the increased exploration activity.

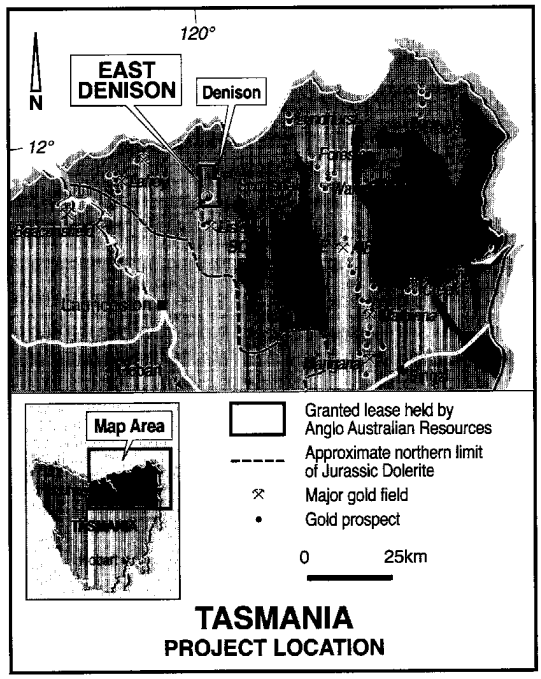
J L C Jones
Chairman



GOLD PROJECTS

DENISON - TASMANIA

Anglo 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 tenement area was reduced this year from 108sq km to 66sq km, partially to comply with statutory requirements.

The **East Denison Prospect** was discovered as a result of Anglo Australian Resources' effective regional exploration programme conducted over the past four years. Although located in the old Denison Goldfield, the prospect is a true discovery as the mineralisation was missed by previous prospectors and explorers.

In 1996 soil sampling gave first indications of the mineralised zone. Trenching subsequently returned wide intervals of mineralisation including 24m @ 2.54g/t Au and 35m @ 1.2g/t Au. Auger geochemical sampling was then used to extend and better define geochemical anomalies located by the initial soil sampling surveys. In 1998 a small, first pass drilling program of 14 reverse circulation holes was completed. The best result was 20m @ 1.0g/t Au including 7m @ 2.38g/t Au.

Late in 1998 a geological consultant interpreted gold mineralisation to occur in a well defined, continuous, fault controlled, NNE-SSW trending zone dipping shallowly at 15° - 20° easterly which is traceable by geochemistry for 1.25 kilometres. Mineralisation is associated with quartz vein stockworks and silicification in sandstones and siltstones of the Mathina Group.

Reverse circulation drilling programs in 2000 and 2001 confirmed the near surface shallow dipping mineralised structure with significant intersections of 20m @ 1.0g/t Au, 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). Mineralisation remains open to the south, south-east and east.

A program of stepout drilling from EDRC 27 has been recommended. In addition a compilation and review of data has highlighted untested soil geochemical anomalies corresponding to the Sir William Denison historical workings and soil anomalies paralleling the East Denison trend. Stream sediment anomalies north of the Denison and East Denison grids also remain to be followed up.

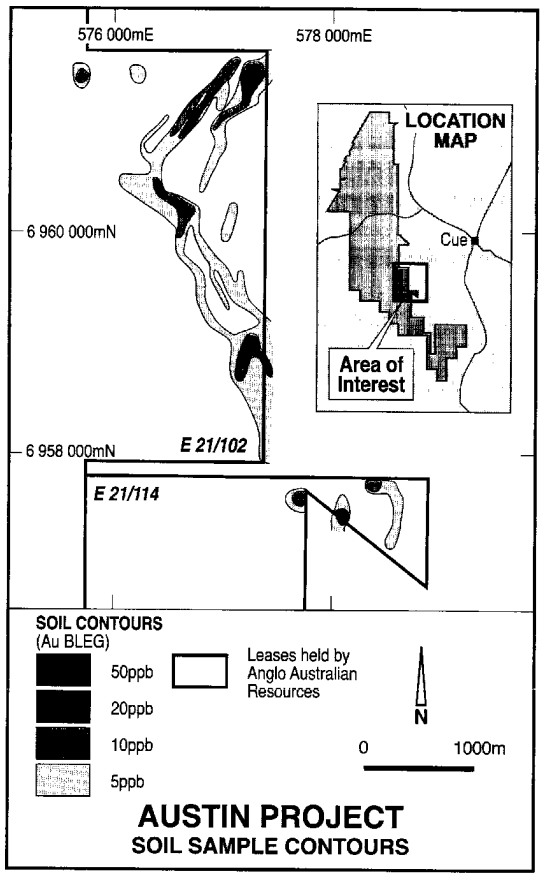
AUSTIN PROJECT WA

Anglo Australian Resources NL 100%

The project, located 12 km east and south east of Cue, in the Murchison District of Western Australia consists of two granted exploration licences, two exploration licence appplications and one prospecting licence totalling 344 sq km in area. It is located midway between AAR's Dalgaranga and Barloweerie projects (map attached). Consideration for the acquisition to a private prospecting syndicate consits of 500,000 fully paid ordinary AAR shares and a $10 per ounce royalty, capped at $500,000, on gold produced from the tenements.

The project straddles granite and greenstone terrain between million ounce deposits Big Bell and Golden Crown. Eastern tenements cover strike extensions of stratigraphy which hosts the Cuddingwarra mineralisation and contain untested soil geochemical anomalies. Prospectors using metal detectors recently located small nuggets in the area of the geochemical anomalies.

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 rocks 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 north westerly trend, based on a structural trend in the magnetic data and anomalous soil assays from the first phase soil program and a north easterly trending zone corresponding to a north east trending signature in the magnetics and north east trending zone of altered porphyry dykes.

Soil assays ranged from below detection (1ppb) to 188ppb Au. Background values are in the range of 1-3ppb Au. The data shows a north west 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.

In addition, a northeast trending zone is more promising, with two >10ppb zones each delineated over 800m of strike and maximum values of 76ppb and 26ppb, corresponding to and parallel to a zone of porphyries.

A program of RAB drilling to test these anomalies is planned for the December quarter.

MURCHISON DISTRICT PROJECTS.

Anglo Australian Resources NL 100%

AAR 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 in the later part of the 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. Project details are summarised below.

Barloweerie

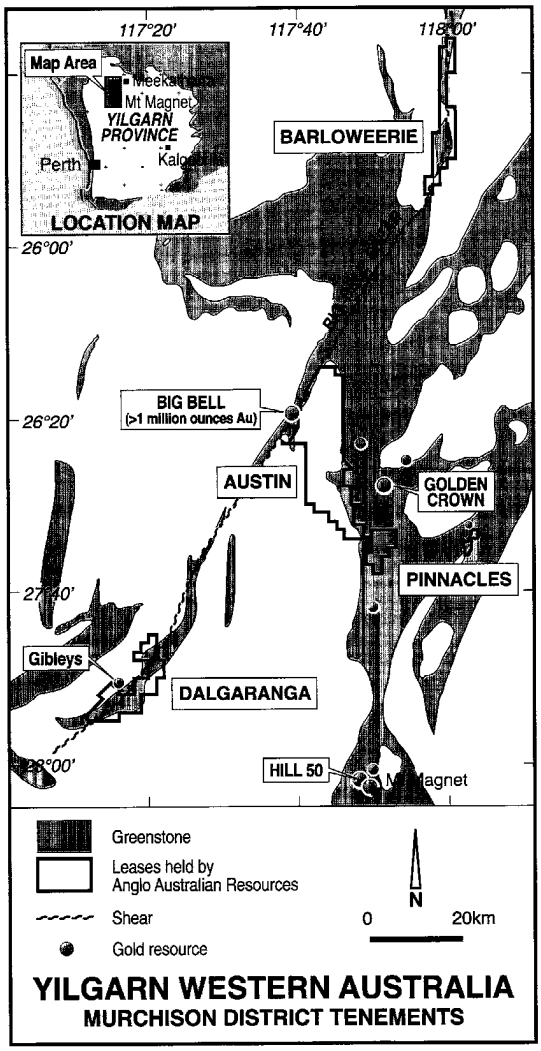
This application for one exploration licence of 98sq km, located 50km west of Meekatharra and 70km north north east of Big Bell, covers approximately 33 km of the extension of the Big Bell shear. Previous exploration has not targeted the main structural corridor.

Dalgaranga

Applications have been lodged for one exploration licence and six prospecting licences covering 105 sq km of the Dalgaranga greenstone belt. This project is located 60 km north west of Mt Magnet and 60 km south west 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. AAR 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 EL application located 20km east of Cue consists of a small area of 4 sub-blocks immediately east of the Pinnacle workings.

The project located predominantly under cover 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.

MAYNARDS DAM

Anglo Australian Resources NL 100%

As part of a policy of acquisition by application of open ground in prospective areas, AAR have submitted an EL application of 11 sub blocks at Maynards Dam. The project is located 35km south east of St Ives and 4km north east of the Paris gold workings. Geologically the project is located 5km east of the Boulder Lefroy Fault Zone and contains a sequence of gabbros and basalts, faulted against a volcano-sedimentary sequence. Late north east trending faults, which control some of the mineralisation in the St Ives area, are interpreted to crosscut the stratigraphy. 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. The project, managed by Sipa Resources International NL (Sipa), is located adjacent to Sipa's Bulga Downs North property. Soil geochemistry, rock chip sampling and limited drilling on both projects has identified a number of gold anomalies with significant drilling intercepts from the Bulga Downs North, Macaw, Macaw North, Paradise Bore and Toucan prospects. Mineralisation is hosted in gossanous iron formation and mafic lithologies. An indicated resource of 120,000 tonnes @ 5.3g/t Au at the Paradise Bore prospect (100% Sipa) has been reported by Sipa. Recent work (June 2002) by Sipa, diamond drill testing fresh rock down plunge extensions of the oxide resource at Paradise Bore intersected high grade values such as 4m @ 6.3g/t including 0.6m @ 31.1g/t and 3m @6.6g/t including 1m @ 17.2g/t.

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

BASE METAL PROJECTS

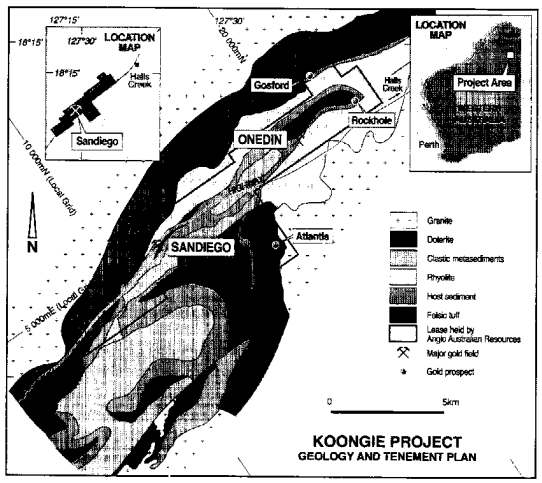
KOONGIE PARK JOINT VENTURE WA

Anglo Australian Resources NL 100%

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

In June 2002 Anglo Australian Resources NL (AAR) announced that it had completed negotiations with Barrick Gold of Australia Limited (Barrick) whereby Barrick's subsidiary company Lachlan Resources NL (Lachlan) has agreed to terminate the Koongie Joint Venture (Koongie JV) (in which AAR has an interest of 44% and Lachlan an interest of 56%) and transfer all of its rights, title and interests in and under the Koongie JV agreement and all property comprehended by that agreement to AAR. Lachlan will transfer its interest in the Koongie JV to AAR for nil consideration, provided that all rents are paid for the current year, and with an undertaking from Lachlan to contribute to the legal costs of defending the plaints. In return, AAR will release Lachlan from any claims or liabilities in respect of the Koongie JV. AAR will then hold 100% of the subject area. Each of the 6 mining leases were plainted by an individual earlier this year and notices of defence have been served on the plaintiff. AAR will continue the defence of these applications and believes that there are adequate and competent grounds to defeat them given the history and extent of exploration on the subject area.

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 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. However, at current commodity prices the deposits are sub economic. In addition, the discovery of additional resources is desirable to achieve economies of scale. To accomplish this aim AAR is seeking a joint venture partner to advance the project.

CUTTY SARK – TAS

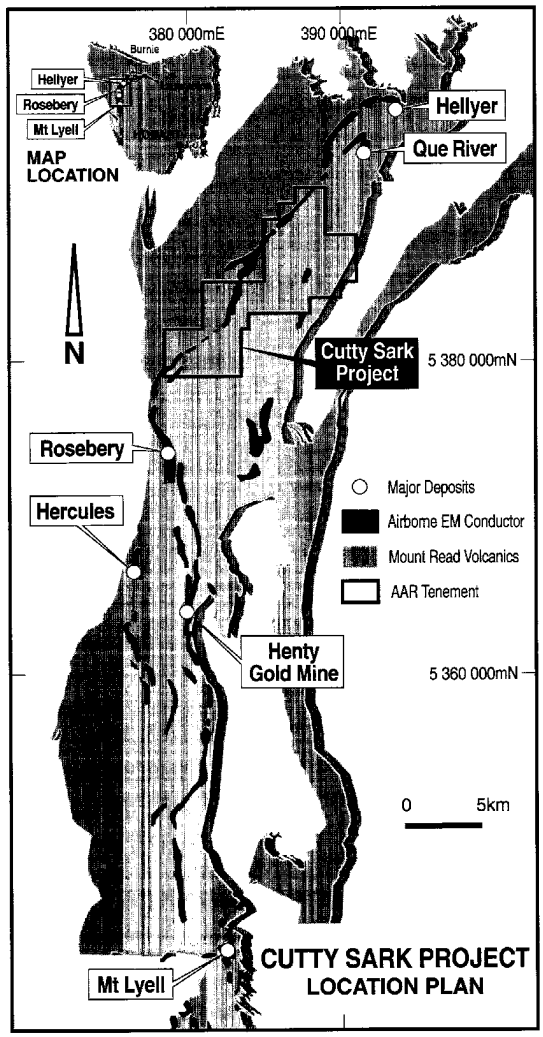
Anglo Australian Resources NL 100%

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. The sealed Murchison highway passes through the centre of the tenement. The project is located one hour from the coastal town of Burnie. The area has relatively high rainfall and vegetation varies from temperate rainforest to button grass plains.

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 the 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 is the first such correlation!**

This application of 61sq km covers a 12km of strike of the semi-continuous zone of conductivity between Hellyer and Rosebery. Reconnaissance exploration is anticipated to confirm a zone of strong alteration and or a black shale horizon overlying the prospective zone. 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.

WEST MUSGRAVE JOINT VENTURE – WA

Anglo 50%, PayLODE 50%

In July 2000, the Company with PayLODE Pty Ltd jointly applied for 10 Exploration Licences in the West Musgrave area in Western Australia. Additionally, the Company entered into a joint venture on two Exploration Licence Applications held by PayLODE. In all, the tenements cover 1,715 square kilometres.

A review of targeting criteria and analysis of publicly available aeromagnetic data was conducted this year. It is concluded that many of the magnetic targets are located at depths of greater than 300m below surface (beneath sedimentary cover). Drilling by BHP on an adjacent tenement also confirms this depth of sedimentary cover. Targets of this depth are for the most part beyond the financial capacity of the company. The AAR board subsequently decided to withdraw from the joint venture in September 2002. All carried forward exploration expenditure on these tenements was written off as at 30 June 2002.

Peter Komyshan
General Manager – Exploration
25 October 2002

SCHEDULE OF MINING TENEMENTS

As at 25 October 2002

Project	Tenement	Interest	Title Holder	Joint Venturer
		Western Australia		
Koongie Park	ML's 80/276, 277, 278, 371, 372, 373	100%	Anglo Australian Resources NL	
Bulga Downs	EL's 29/117 & 279	40.7%	Anglo Australian Resources NL / Sipa Perenjori NL	Sipa Perenjori NL
Austin	EL's 21/102, 20/114, P 20/1862 ELA 20/510	100%	Anglo Australian Resources NL	
Barloweerie	ELA 51/1015	100%	Anglo Australian Resources NL	
Dalgaranga	PLA's 59/1625-1630, ELA 59/1107	100%	Anglo Australian Resources NL	
Pinnacles	ELA 21/115	100%	Anglo Australian Resources NL	
Maynard Dam	ELA 15/776	100%	Anglo Australian Resources NL	
		Tasmania		
Denison	EL 38/94	90%	Anglo Australian Resources NL	Silverthorn Resources Pty Ltd
Cutty Sark	ELA 37/2002	100%	Anglo Australian Resources NL	

The Directors present their report together with the financial report of Anglo Australian Resources NL ("the Company") for the year ended 30 June 2002 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 $670,633 (2001 $366,754).

4. DIVIDENDS

No dividends have been paid by the Company during the financial year ended 30 June 2002, 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 7.

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 $14,445,162 to $15,047,653 as a result of the issue of the following:

3,500,000 shares of 2.1 cents fully paid by placement at a cost of $7,350 in December 2001.

7,625,000 shares of 2.0 cents fully paid by placement at a cost of $NIL in December 2001.

15,000,000 shares of 2.7 cents fully paid by placement at a cost of $21,159 in May 2002.

7. SUBSEQUENT EVENTS

The Company issued a prospectus on 25 October 2002 for 5,800,000 shares at 2.0 cents each in order to raise $116,000 and 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 3 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 2 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 2 Directors' meetings.

Fyson, Christopher Hugh

(Appointed 10 December 1985)

Mr Fyson has 26 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 3 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 3 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
	55,000
Executive	
D. Kruger (Salary)	57,942
D. Kruger (Resignation Bonus)	31,667
D. Kruger (Superannuation)	3,803
P. Komyshan (Salary)	24,231
P. Komyshan (Superannuation)	2,423
	120,066

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
	6,503,625	24,566,515

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 25th day of October 2002

CORPORATE GOVERNANCE STATEMENT

For the year ended 30 June 2002

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 nonexecutive 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 2002

	Note	2002 $	2001 $
Other revenues from ordinary activities	2	1,317	5,668
Total revenue		1,317	5,668
Expenses from ordinary activities			
Exploration and development expenditure written off			
– current year	3	91,998	51,303
– previously capitalised	3	338,607	100,000
Administration expenses		239,098	202,129
Other expenses from ordinary activities		–	16,370
Borrowing costs	3	2,247	2,620
Total expenses		671,950	372,422
Loss from ordinary activities before related income tax		(670,633)	(366,754)
Income tax benefit relating to ordinary activities	5	–	–
Net Loss from ordinary activities after related income tax	13	(670,633)	(366,754)
Basic Earnings Per Share	22	(0.39 cents)	(0.24 cents)

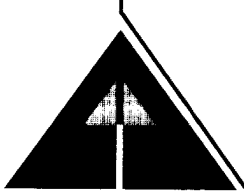
The above Statement of Financial Performance is to be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2002

	Note	2002 $	2001 $
Current Assets			
Cash assets		41,197	12,965
Receivables	6	11,308	24,983
Total Current Assets		52,505	37,948
Non-Current Assets			
Property, plant & equipment	7	30,110	39,440
Exploration expenditure	8	541,384	811,322
Total Non-Current Assets		571,494	850,762
Total Assets		623,999	888,710
Current Liabilities			
Payables	9	84,221	111,393
Interest-bearing liabilities	10	19,595	34,637
Provisions	11	–	7,260
Total Current Liabilities		103,816	153,290
Non-Current Liabilities			
Payables	9	–	127,500
Interest-bearing liabilities	10	–	19,595
Total Non-Current Liabilities		–	147,095
Total Liabilities		103,816	300,385
Net Assets		520,183	588,325
Shareholders' Equity			
Contributed Equity	12	15,047,653	14,445,162
Accumulated Losses	13	(14,527,470)	(13,856,837)
Total Shareholders' Equity		520,183	588,325

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



As at 30 June 2002

	Note	2002 $	2001 $
Cash Flows from Operating Activities			
Cash payments in the course of operations		(225,524)	(204,777)
Net cash used in operating activities	19 (ii)	(225,524)	(204,777)
Cash Flows from Investing Activities			
Interest Received		1,317	2,678
Exploration expenditure		(160,667)	(195,546)
Payments for property, plant & equipment		–	(3,338)
Net cash used investing activities		(159,350)	(196,206)
Cash Flows from Financing Activities			
Proceeds from issue of shares		449,991	241,125
Term Loans from Directors		–	13,750
Cash payments finance lease		(7,963)	(7,965)
Interest paid		(1,200)	(568)
Net cash provided by financing activities		440,828	246,342
Net Increase/(Decrease) In Cash Held		55,954	(154,641)
Cash at the beginning of the financial year		(14,757)	139,884
Cash at the End of the Financial Year	19 (i)	41,197	(14,757)

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

For the Year Ended 30 June 2002

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 25 October 2002 for 5,800,000 shares at 2.0 cents each in order to raise $116,000 pursuant to section 7.1 of the Australian Stock Exchange Listing Rules.

It is the intention of the directors to call a general meeting of shareholders prior to the Annual General Meeting and seek approval from the shareholders for the previous placements of shares made pursuant to section 7.1 of the Australian Stock Exchange Listing Rules and in addition seek their approval for the issue of up to 20,000,000 shares at not less than 80% of market value in order to raise sufficient funds to meet the ongoing operational expenditure and to satisfy any creditors. The directors have made initial contact with stockbrokers and other parties to facilitate this capital raising and are confident sufficient funds will be raised to enable the Company to continue to operate.

Should the Company be unsuccessful in these capital raisings there is significant uncertainty as to whether the Company can continue as a going concern and therefore whether assets would be realised and liabilities settled in the ordinary course of business and at the amounts recorded in the financial statements.

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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(cont.)*

1.4 Exploration, Evaluation and Development Expenditure *(cont.)*

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.

1.5 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:

	2002	2001
Plant and equipment	13% to 40%	13% to 40%
Office furniture and equipment	17%	17%
Leased Assets – Motor Vehicle	22.5%	22.5%

Depreciation rates and methods are reviewed annually for appropriateness

Finance Leases

Finance Leases are capitalised. An asset and a liability equal to the present value of the minimum lease payments are recorded at the inception of the contract. Interest is written off as an expense of the accounting period in which it is incurred. Assets under finance leases are amortised on a reducing balance method over their estimated useful lives.

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. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(cont.)*

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.

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.

	2002 $	2001 $
2. REVENUE FROM ORDINARY ACTIVITIES		
Revenue from operating activities		
Interest received – other parties	1,317	2,678
Revenue from outside operating activities		
Other	–	2,990
	1,317	5,668
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	2,975	2,300
– office furniture	1,105	1,105
Amortisation – leased asset - motor vehicles	5,250	6,773
Exploration expenditure written off	430,605	151,303
Interest paid – other persons	1,200	568
Finance charges – leased asset	1,048	2,052
Provision for employee entitlements	(7,260)	1,203
Rental expense	14,980	17,053

	2002 $	2001 $
4. AUDITORS' REMUNERATION		
Auditor's remuneration - auditing services - KPMG	10,458	10,000
5. TAXATION		
(a) Prima facie income tax benefit calculated at 30% (2001: 34%) of loss from ordinary activities	201,189	124,696
Add/(less) tax effect of		
Non-deductible items	(1,903)	(5,566)
Timing differences and tax losses not brought to account as future income tax benefits	(199,286)	(119,130)
Income tax expense or benefit attributable to the operating loss	–	–

(b) Future income tax benefits

Estimated future income tax benefits attributable to allowable expenditure and exploration expenditure carried forward amounting to approximately $2,252,955 (2001: $2,134,695) have not been brought to account at 30 June 2002 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	11,308	24,983
	11,308	24,983
7. PROPERTY PLANT & EQUIPMENT		
Plant & equipment at cost	53,252	53,252
Less: Accumulated depreciation	43,303	40,328
	9,949	12,924
Office furniture & fittings at cost	20,570	20,570
Less: Accumulated depreciation	18,490	17,385
	2,080	3,185
Leased asset – motor vehicle	43,499	43,499
Less: Accumulated amortisation	25,418	20,168
	18,081	23,331
Total property plant & equipment	30,110	39,440

	2002 $	2001 $
7. PROPERTY PLANT & EQUIPMENT *(cont.)*		
Reconciliations		
Plant & Equipment		
Carrying amount at beginning of year	12,924	11,760
Additions	–	3,464
Depreciation	(2,975)	(2,300)
Carrying amount at end of year	9,949	12,924
Office Furniture		
Carrying amount at beginning of year	3,185	1,424
Restatement of depreciation	–	2,866
Depreciation	(1,105)	(1,105)
Carrying amount at end of year	2,080	3,185
Motor Vehicle		
Carrying amount at beginning of year	23,331	30,104
Deprecation	(5,250)	(6,773)
Carrying amount at end of year	18,081	23,331

8. EXPLORATION EXPENDITURE		
Deferred exploration and acquisition expenditure		
Balance at beginning of year	811,322	767,079
Add: Expenditure during the year	160,667	195,546
	971,989	962,625
Amounts written off during the year	430,605	151,303
Balance at end of year	541,384	811,322

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.

Mining leases in respect of the company's Koongie park tenements were plainted by an individual during the year and notices of defence have been served on the plaintiff. The Company will continue the defence of these applications and believes there are adequate grounds to defeat them given the history and extent of exploration on the subject area. Deferred exploration costs carried forward on these tenements at 30 June 2002 total $266,248.

	Note	2002 $	2001 $
9. PAYABLES			
Current			
Trade creditors and accruals		84,221	111,393
Non-current			
Amounts due to directors		–	127,500
10. INTEREST BEARING LIABILITIES			
Current			
Bank overdraft – secured (i)	19(i)	–	27,722
Lease liability – secured (ii)	14	19,595	6,915
		19,595	34,637
Non-Current			
Lease liability – secured (ii)	14	–	19,595

(i) The bank overdraft facility totals $100,000 and is secured by a Registered Charge over the company assets.

(ii) Finance leases are secured by the asset under lease.

11. PROVISIONS			
Employee entitlements		–	7,260
Number of Employees		1	1
12. CONTRIBUTED EQUITY			
Issued and Paid Up Capital			
188,239,700 ordinary shares fully paid (2001 – 162,114,700 ordinary shares fully paid)		15,047,653	14,445,162
Movements in Ordinary Share Capital			
Balance at beginning of financial year		14,445,162	14,204,037
18,500,000 shares issued for cash (i)		449,991	241,125
7,625,000 shares issued to satisfy debt (ii)		152,500	–
Balance at end of year		15,047,653	14,445,162

	Note	2002 $	2001 $

12. CONTRIBUTED EQUITY *(cont.)*

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

December 2001 3,500,000 shares were issued at 2.1 cents.

Transaction costs of $7,350 were recognised as a reduction of the proceeds of issue.

May 2002 15,000,000 shares were issued at 2.7 cents.

Transaction costs of $21,159 were recognised as a reduction of the proceeds of issue.

In the prior year 12,000,000 ordinary shares were issued in February 2001 at 2.2 cents each.

(ii) December 2001 7,625,000 shares were issued pursuant to the Special Resolutions passed at the 2001 Annual General Meeting of Shareholders at 2.0 cents each to satisfy outstanding directors fees and director related entity loans of $152,500.

13. ACCUMULATED LOSSES

Accumulated Losses at the beginning of the year	13,856,837	13,490,083
Net Loss from ordinary activities after related income tax	670,633	366,754
	14,527,470	13,856,837

14. 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 $679,236 (2001 - $267,800). Whilst the aforementioned obligations are capable of being varied from time to time, in order to maintain current rights of tenure to mining tenement licences, the Company will be required to outlay approximately $62,976 in respect of tenement rentals. These are expected to be fulfilled in the normal course of operations of the Company. For one year or later and not more than five years the total obligations are approximately $1,338,691 (2001 $428,480) and for later than five years the total obligations are $NIL (2001 - $NIL).

Finance Lease Payment Commitments

Finance lease commitments are payable:

Within 1 year		19,742	7,963
One year or later and no later than five years		–	19,742
		19,742	27,705
Less future lease finance charges		147	1,195
		19,595	26,510
Lease liabilities provided for in the financial statements:			
Current	10	19,595	6,915
Non Current	10	–	19,595
Total Lease Liability		19,595	26,510

The Company leases a motor vehicle under a lease agreement which expires in January 2003. At the end of the lease the Company will own the vehicle.

	2002 $	2001 $

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
	Number	**Number**
(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

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.	–	102,122
	Number	**Number**
(ii) The number of Executives of the Company whose income from the Company or any related party falls within the following bands:		
$100,000 - $110,000	–	1

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: $17,189 (2001 – $17,388) was paid to Vernon Pty Ltd, a company of which Mr J L C Jones is a director; $5,978 (2001 – $6,048) was paid to Westbury Management Services Pty Ltd, a company of which Mr J L C Jones is a director; $NIL (2001 – $8,360) was paid to Emeritus E.Commerce Systems Pty Ltd, a company which Mr E C C Jones (the son of Mr J L C Jones) is a director; and $74,400 (2001 - $71,300) 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.

18. RELATED PARTIES *(cont.)*

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

During the year ended 30 June 2002 no ordinary shares were disposed of and 200,000 ordinary shares (to 30 June 2001: 1,050,000) were acquired by the Directors on the same terms and conditions available to other shareholders.

At 30 June 2001 the Company had loans of $127,500 owing to Directors and director related entities. A further $25,000 was loaned by Directors during the year. These loans were settled during the year by the issue of 7,625,000 shares referred to above (Note 12ii).

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:

	2002 $	2001 $
Cash	200	200
Short term deposits	30,264	12,765
Cash at Bank (Overdraft)	10,733	(27,722)
	41,197	(14,757)

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

	2002 $	2001 $
Operating loss after income tax	(670,633)	(366,754)
Add/(less) items classified as Investing/financing activities and non-cash items:		
Interest received	(1,317)	(2,678)
Other Income Received	–	(2,989)
Exploration expenditure written off	430,605	151,303
Depreciation	9,330	10,178
Interest paid	1,200	568
Finance charges – leased assets	1,048	2,052
	(229,767)	(208,320)

	2002 $	2001 $
19. NOTES TO THE STATEMENT OF CASH FLOWS *(cont.)*		
Add/(less) change in assets and liabilities:		
Increase/(Decrease) in accounts payable	(154,672)	27,324
Less accounts payable settled by share issue	152,500	–
	(2,172)	27,324
Increase/(Decrease) in provisions	(7,260)	1,203
Decrease/(Increase) in receivables	13,675	(24,983)
	6,415	(23,780)
Net Cash Used In Operating Activities	225,524	(204,777)

(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	
		2002 %	2001 %	2002 $	2001 $
Western Musgrave WA	Earning	50	50	57,108	90,081
Denison Goldfield TAS	Diluted	90	90	17,224	53,486
Bulga Downs WA		40.7	40.7	2,447	20,112

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
2002							
Financial Assets							
Cash assets		1.7%	41,197	–	–	–	41,197
Receivables	6	–	–	–	–	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

21. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE *(cont.)*

	Note	Weighted average interest rate	Floating interest rate	1 year or less	1 to 5 years	Non-interest bearing	Total
2001							
Financial Assets							
Cash assets		3.7%	12,965	–	–	–	12,965
Receivables			–	–	–	24,983	24,983
			12,965	–	–	24,983	37,948
Financial Liabilities							
Payables	9	–	–	–	–	111,393	111,393
Bank overdrafts	10	9.8%	27,722	–	–	–	27,722
Lease liabilities	10	7.4%	–	6,915	19,595	–	26,510
Amounts due to Directors	9		–	–		127,500	127,500
Employee entitlements	11	–	–	–	–	7,260	7,260
			27,722	6,915	19,595	246,153	300,385

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.

22. EARNINGS PER SHARE

	2002 $	2001 $
Basic loss per share (cents)	(0.39) cents	(0.24) cents
(a) The weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	170,207,200	155,114,700

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 8% of gross salary to approved superannuation plans for the benefit of employees and the Directors.

24. SUBSEQUENT EVENTS

The Company issued a prospectus on 25 October 2002 for 5,800,000 shares at 2.0 cents each in order to raise $116,000 pursuant to section 7.1 of the Australian Stock Exchange Listing Rules.

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 25th day of October 2002

INDEPENDENT AUDIT REPORT

SCOPE

We have audited the financial report of Anglo Australian Resources NL for the financial year ended 30 June 2002, consisting of the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes 1 to 24 and the directors' declaration. The Company's directors are responsible for the report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

Our audit had been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the Company's financial position, and performance as represented by the results of its operations and its cash flows.

The Audit opinion expressed in this report has been formed on the above basis.

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 2002 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.

INHERENT UNCERTAINTY REGARDING CONTINUATION AS A GOING CONCERN

Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 1.2, there is significant uncertainty whether the entity will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

KPMG

TREVOR HART
Partner

Perth
25 October 2002

ADDITIONAL INFORMATION AS AT 25 OCTOBER 2002

1. SHAREHOLDING

(a) Substantial Shareholder

Name	Held	Held	Total	%
John L C Jones	1,906,250	10,190,616	12,096,866	6.42

(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	26	1.93
1,001 - 5,000	191	14.20
5,001 - 10,000	175	13.01
10,001 - 100,000	658	48.92
100,000 and over	295	21.94
	1,345	100.00

(e) Marketable Parcel

There are 594 shareholders who hold less than a marketable parcel.

(f) Top 20 Shareholders

	Number of Shares	% of Issued Capital
National Nominees Limited	13,912,250	7.39
Commonwealth Custodial Services Limited	7,000,000	3.72
Lachlan Resources NL	4,750,000	2.52
Vier Pty Ltd	4,221,274	2.24
Hampton Transport Services Pty Ltd	4,164,000	2.21
Jindabyne Pty Ltd	3,967,586	2.11
Claymore Estate Pty Ltd	3,649,000	1.94
Vernon Pty Ltd	3,500,000	1.86
Bencarra Pty Ltd	3,028,625	1.61
Mr Thomas Robert Gerard Sutherland	2,850,000	1.51
Westpac Custodian Nominees	1,886,095	1.00
Mr John Load Cecil Jones	1,750,000	0.93
Ms Alice Rose Jackson	1,620,000	0.86
Mr Ted Marchese	1,612,500	0.86
Paso Holdings Pty Ltd	1,591,222	0.85
Troy Resources NL	1,570,000	0.83
Domo Nominees Pty Ltd	1,499,700	0.80
Karels Consolidated Investments Limited	1,420,000	0.75
View Factory Pty Ltd	1,400,000	0.74
Mr Robert Scott Wynd	1,365,625	0.73
	66,757,877	35.46

(g) On Market Buy-Back

There is no current On Market Buy-Back