

ANGLO AUSTRALIAN RESOURCES NL

**HALF YEARLY REPORT
31 DECEMBER 2002**

ANGLO AUSTRALIAN RESOURCES NL DIRECTORS' REPORT

The directors present their report for the half-year ended 31 December 2002 and the auditors' review report thereon.

DIRECTORS

The directors of the Company during or since the end of the half-year are:

Name	Period of Directorship
Jones, John Load Cecil	Director and Chairman since 1990
Clarke, Denis Edmund	Director since 1999
Fyson, Christopher Hugh	Director since 1985
Pilmer, Angus Claymore	Director since 1985
Wynd, Robert Scott	Director since 1990

REVIEW OF OPERATIONS

The Company is engaged in gold and base metal exploration projects in Western Australia and in Tasmania.

Western Australia

Koongie Park – Base Metals

The company has successfully negotiated a 100% interest in this property. An information memorandum has been prepared for the project and a number of companies have been approached and are considering the data with a view to joint venture.

Austin Downs - Gold

A detailed soil-sampling program defined two zones of 10ppb gold anomalism over strike lengths of 800m. The north eastern anomaly (up to 76ppb AU) corresponds to a zone of shearing and porphyry intrusives.

Barloweerie and Dalgaranga – Gold

New tenement applications await granting.

Bulga Downs

No field work during the half year ended 31 December 2002 was undertaken by joint venture partner Sipa Perenjori NL.

West Musgrave – Base Metals

The company withdrew from this joint venture during this period.

Tasmania

East Denison

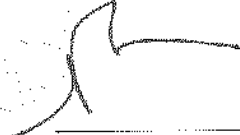
Planning completed for drilling program to be completed in the next half of the financial year.

New Projects

The company has been very active with the acquisition of a number of quality exploration projects during the half year. These projects include the Feysville project acquired from Gold Fields Australasia Pty Ltd where defined gold mineralisation remains open along strike or down dip at a number of prospects. The company has also acquired the gold rights for the Carnilya projects, also from Gold Fields Australasia Pty Ltd, and submitted tenement applications at Maynards Dam (Eastern Goldfields, WA), Pinnacles (Murchison, WA) and Cutty Sark (Mount Read Volcanics, Tasmania)

Signed at Perth, Western Australia, this 14th of March 2003 in accordance with a resolution of Directors.


J L C JONES
Chairman


A C PILMER
Director

**ANGLO AUSTRALIAN RESOURCES NL
DIRECTORS' DECLARATION**

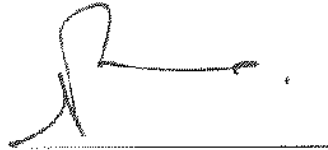
In the opinion of the directors of Anglo Australian Resources NL.

1. the financial statements and notes set out on pages 3 to 7 are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the financial position of the company as at 31 December 2002 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (b) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
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
Chairman



A.C. PILMER
Director

Dated at Perth, Western Australia this 14th day of March 2003

ANGLO AUSTRALIAN RESOURCES NL
STATEMENT OF FINANCIAL PERFORMANCE
For the Half-Year Ended 31 December 2002

	Note	2002 \$	2001 \$
Revenues from ordinary activities		<u>1,665</u>	<u>101</u>
Total revenue		<u>1,665</u>	<u>101</u>
Expenses from ordinary activities			
Exploration and development expenditure written off		34,930	5,509
Administration expenses		108,660	129,076
Borrowing costs		542	2,050
Total expenses		<u>144,132</u>	<u>136,635</u>
Loss from ordinary activities before related income tax		(142,467)	(136,534)
Income tax benefit relating to ordinary activities		<u>-</u>	<u>-</u>
Net Loss from ordinary activities after related income tax	3	\$ <u>(142,467)</u>	\$ <u>(136,534)</u>
Basic Earnings (Loss) per share		(0.07) cents	(0.08) cents

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

ANGLO AUSTRALIAN RESOURCES NL
STATEMENT OF FINANCIAL POSITION
As at 31 December 2002

	Note	31 December 2002 \$	30 June 2002 \$
Current Assets			
Cash assets		37,455	41,197
Receivables		<u>12,277</u>	<u>11,308</u>
Total Current Assets		<u>49,732</u>	<u>52,505</u>
Non-Current Assets			
Property, plant & equipment		29,743	30,110
Exploration expenditure		<u>661,834</u>	<u>541,384</u>
Total Non-Current Assets		<u>691,577</u>	<u>571,494</u>
Total Assets		<u>741,309</u>	<u>623,999</u>
Current Liabilities			
Payables		222,362	84,221
Interest-bearing liabilities		<u>16,425</u>	<u>19,595</u>
Total Current Liabilities		<u>238,787</u>	<u>103,816</u>
Total Liabilities		<u>238,787</u>	<u>103,816</u>
Net Assets		<u>\$ 502,522</u>	<u>\$ 520,183</u>
Equity			
Contributed Equity	2	15,172,459	15,047,653
Accumulated Losses	3	<u>(14,669,937)</u>	<u>(14,527,470)</u>
Total Equity		<u>\$ 502,522</u>	<u>\$ 520,183</u>

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

ANGLO AUSTRALIAN RESOURCES NL
STATEMENT OF CASH FLOWS
for the half year ended 31 December 2002

	2002	2001
	\$	\$
CASHFLOWS FROM OPERATING ACTIVITIES		
Payments in the course of operations	(56,692)	(37,335)
Interest Received	211	101
Other Revenue	1,454	-
Interest and Other Costs of Finance Paid	<u>(542)</u>	<u>(2,050)</u>
NET CASH (USED IN) OPERATING ACTIVITIES	<u>(55,659)</u>	<u>(39,284)</u>
CASHFLOWS FROM INVESTING ACTIVITIES		
Payments to Suppliers and Employees – Exploration	<u>(108,534)</u>	<u>(64,699)</u>
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(108,534)</u>	<u>(64,699)</u>
CASHFLOWS FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	50,000	76,000
Repayment of External Borrowings	(3,749)	(3,984)
Other Share Issue Costs	(1,800)	(1,800)
Proceeds from Share Issue	<u>116,000</u>	<u>73,500</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>160,451</u>	<u>143,716</u>
Net increase/(decrease) in Cash Held	(3,742)	39,733
Cash at Beginning of half-year	<u>41,197</u>	<u>(14,757)</u>
Cash at end of half-year	<u><u>37,455</u></u>	<u><u>24,976</u></u>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

ANGLO AUSTRALIAN RESOURCES NL
NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 31 December 2002

1 Statement of significant accounting policies

(a) Basis of preparation of half-year financial report

The half-year financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 1029 *Interim Financial Reporting*, the recognition and measurement requirements of applicable AASB standards, Urgent Issues Group consensus views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. This half-year financial report is to be read in conjunction with the 30 June 2002 Annual Financial Report and any public announcements by Anglo Australian Resources NL during the half-year in accordance with continuous disclosure obligations arising under 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.

The half year report does not include full note disclosures of the type normally included in an annual financial report.

(b) Going Concern

The company incurred an operating loss of \$142,467 for the half year ended 31 December 2002 and an operating loss of \$670,633 for the year ended 30 June 2002. The company had a working capital deficiency of \$189,055 at 31 December 2002.

The financial statements have been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The directors believe the adoption of a going concern basis is appropriate for the following reasons:

- The Company issued a prospectus on 5 February 2003 and consequently 23,850,000 shares of 2.5c each have been issued with the total of \$596,200 new capital raised.
- 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.

ANGLO AUSTRALIAN RESOURCES NL
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
for the half-year ended 31 December 2002

2 Contributed Equity

	31 Dec 2002	30 June 2002
Contributed equity		
Issued and paid-up capital		
194,539,700 (June 2002: 188,239,700)	15,172,459	15,047,653

On 7 November 2002 the Company made a placement of 5,800,000 shares at an issue price of 2.0 cents a share to raise a total of \$116,000. Transaction costs of \$6,194 were recognised as a reduction of the proceeds of the issue.

On 9 December 2002 the Company issued 500,000 shares at a price of 3.0 cents a share being consideration for the acquisition of 100% interest in mining tenements: P20/1862, E20,510, E20/452, E21/102 and E21/114 known as the Austin Project.

3 Accumulated Losses

	Half-year ended 31 Dec 2002	Half-year ended 31 Dec 2001
Loss for the half-year	142,467	136,534
Accumulated losses at beginning of half-year	<u>14,527,470</u>	<u>13,856,838</u>
Accumulated losses	<u>14,669,937</u>	<u>13,993,372</u>

4 Segment Reporting

The Company operates predominately in one business segment, being gold and base metal exploration and one geographical segment being Australia.

5. Non Cash Financing and Investing Activities

The company issued 500,000 shares at a price of 3.0 cents a share as consideration for the acquisition of mining tenements. These acquisitions are not reflected in the statement of cash flows.

6. Events Subsequent to Balance Date

Koongie Park

The company, in January 2003, successfully negotiated the withdrawal of a plaint, lodged by a private individual, against the Koongie Park mineral tenements and those properties are now 100% owned by the company and free of any encumbrances.

Feysville/Carnilya

The company, in January 2003, successfully negotiated the acquisition of two significant mining tenements in the Eastern Goldfields of Western Australia from Gold Fields Australasia Pty Ltd for the issue of 15,00,000 shares of 2.6 cents each and 7,500,000 options exercisable at 5 cents each.

Share Issue

The company, in February 2003, successfully completed a share issue of 23,850,000 shares of 2.5 cents each to raise a total of \$596,250.



Independent review report to the members of Anglo Australian Resources Limited

Scope

We have reviewed the financial report of Anglo Australian Resources Limited ("the Company") for the half-year ended 31 December 2002, consisting of the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes 1 to 6 and the directors' declaration. The Company's directors are responsible for the financial report.

We have performed an independent review of the financial report in order to state whether, on basis of procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" 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 and in order for the Company to lodge the financial report with the Australian Securities and Investment Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. The review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. Our review has not involved a study and evaluation of internal accounting controls, tests of accounting records or tests of responses to inquiries by obtaining corroborative evidence from inspection, observation or confirmation. The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Anglo Australian Resources Limited is not in accordance with:

- a) the Corporations Act 2001, including:
 - i. giving a true and fair view of the Company's financial position as at 31 December 2002 and of its performance for the half-year ended on that date; and
 - ii. complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia.

KPMG

T R HART
Partner

Perth

14 March 2003



Legal member firm name, legal description of member firm, is a member of KPMG International, a Swiss association

