WEST AUSTRALIAN METALS LTD

ABN 71 001 666 600

NOTICE OF GENERAL MEETING

EXPLANATORY STATEMENT

AND

PROXY FORM

TO ASSIST SHAREHOLDERS IN THEIR CONSIDERATION OF RESOLUTIONS TO BE PUT AT THE GENERAL MEETING OF THE COMPANY TO BE HELD AT LEVEL 6, BGC CENTRE, 28 THE ESPLANADE, PERTH ON THURSDAY, 4 AUGUST 2005 AT 11.00 AM (WST)

THIS DOCUMENT IS IMPORTANT

If you do not understand this document or are in any doubt as to how to deal with this document, you should consult your stockbroker, solicitor, accountant or other professional adviser immediately.

WEST AUSTRALIAN METALS LTD

ABN 71 001 666 600

NOTICE OF GENERAL MEETING

4 AUGUST 2005

CONTENTS OF NOTICE

CORPORATE DIRECTORY

DIRECTORS

Robert P Martin	**Non-Executive Chairman**
David A Hamlyn	**Executive Director**
Lindsay A Colless	**Non-Executive Director and Company Secretary**
Rodger S Johnston	**Non-Executive Director**

REGISTERED OFFICE

129 Edward Street, PERTH WA 6000

Tel: 08 9227 1186 Fax: 08 9227 8178

POSTAL ADDRESS

PO Box 8178, PERTH BUSINESS CENTRE WA 6849

OPERATIONS OFFICE

Level 13, BGC Centre, 28 The Esplanade, PERTH WA 6000

Tel: 08 9322 7903 Fax: 08 9322 7796

SHARE REGISTRY

Advanced Share Registry Services Pty Ltd
110 Stirling Highway, NEDLANDS WA 6009
(PO Box 1156, NEDLANDS WA 6909)
Tel: 08 9389 8033 Fax: 08 9389 7871

HOME STOCK EXCHANGE

Australian Stock Exchange Limited (ASX)
PERTH WA

LAWYERS

Clayton Utz
QV1, 250 St Georges Terrace, PERTH WA 6000

AUDITORS

Rothsay Chartered Accountants
Level 1, 2 Barrack Street, SYDNEY NSW 2000

ISSUED CAPITAL (at 29 June 2005)

	Number	*Details*
Shares	**114,922,746**	
Options – unlisted	250,000	– Exercisable on or before 31 October 2005 at 19.2 cents each.
	1,000,000	– Exercisable on or before 24 November 2007 at 19.2 cents each.
	2,000,000	– Exercisable on or before 31 October 2007 at 19.2 cents each.

WEST AUSTRALIAN METALS LTD

ABN 71 001 666 600

NOTICE OF GENERAL MEETING

4 AUGUST 2005

CHAIRMAN'S LETTER

The Board of West Australian Metals Ltd (WME) is convening a General Meeting of shareholders on 4 August 2005 to seek shareholder approval on four resolutions: -

1. the re-election of a director;
2. the ratification of a placement of shares completed in April 2005;
3. authority to place a further 70,000,000 ordinary fully paid shares, 70,000,000 options to acquire fully paid ordinary shares and 40,000,000 partly paid shares, to raise $1.79 million, less costs; and
4. to reduce the issued share capital of the Company by the pro rata in specie distribution of the Company's 4,000,000 shares in Astop Biohealth Ltd ("**ABL**") to West Australian Metals Shareholders as at the Record Date.

The attached Notice of Meeting and Explanatory Statement contain details of each resolution to be considered at the General Meeting.

The Directors are seeking Shareholder support for the significant capital raising under Resolution 3 to enable the Company to more aggressively pursue new exploration opportunities and advance exploration of the Company's existing mineral properties.

Mindful of the dilutionary effect upon existing Shareholders of the proposed placement, the Board has resolved, with Shareholder approval under Resolution 4, to return the Company's non-mineral investment assets back to Shareholders through the in specie distribution of Astop Biohealth Ltd shares and entitlements to existing West Australian Metals' Shareholders registered as shareholders as at 5pm WST on Thursday, 11 August 2005, being the Record Date.

The resolutions if approved by Shareholders, will pave the way for West Australian Metals to become a more focussed mineral explorer while offering the existing Shareholders continuing exposure to a highly prospective emerging company in the biohealth sector.

West Australian Metals Shareholders are encouraged to study the information presented in the Notice of Meeting and Explanatory Statements and to support the resolutions either by proxy or by voting in person at the Meeting at 11.00am on Thursday, 4 August 2005.

R Martin
Chairman

WEST AUSTRALIAN METALS LTD

ABN 71 001 666 600

NOTICE OF GENERAL MEETING

4 AUGUST 2005

PART 1

NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting of Shareholders of West Australian Metals Ltd ("WME" or the "Company") will be held at Level 6, BGC Centre, 28 The Esplanade, Perth WA on Thursday, 4 August 2005 at 11.00 am (Western Standard Time) for the purpose of transacting the following business: -

BUSINESS

1. **RESOLUTION 1 - RE-ELECTION OF RODGER JOHNSTON AS DIRECTOR**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution: -

> "To elect Mr Rodger Johnston as director, who retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election."

2. **RESOLUTION 2 - RATIFICATION OF PAST PLACEMENT**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution: -

"That, for the purposes of Rule 7.4 of the Listing Rules of Australian Stock Exchange Limited, and for all other purposes, the Company ratify and confirm the issue of 14,989,923 fully paid ordinary shares in the Company at an issue price of 2.4 cents ($0.024) each to the following persons:

	Shares
Nefco Nominees Pty Ltd	10,000,000
Bellhouse Investments Pty Ltd	1,000,000
Kapiri Holdings Pty Ltd	1,000,000
Goldmedal Nominees Pty Ltd	2,989,923
	14,989,923

The Company will disregard any votes cast on this resolution by the Past Placement Participants and any Associate of a Past Placement Participant. However, the Company need not disregard a vote if it is cast by a Past Placement Participant as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by a Past Placement Participant chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

3. **RESOLUTION 3 - PLACEMENT APPROVAL**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution: -

"That, for the purposes of Rule 7.1 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, the directors of the Company be authorised to issue, not later than three months after the date of this meeting:

(a) up to 70,000,000 fully paid ordinary shares in the Company at an issue price of 2.4 cents ($0.024) per share ("**Placement Shares**"); and

(b) up to 70,000,000 options to acquire ordinary shares in the Company on the terms and conditions set out in Schedule 1 of the notice convening this meeting ("**Placement Options**");

(c) up to 40,000,000 partly paid shares in the Company on the terms and conditions set out in Schedule 2 of the notice convening this meeting ("**Placement Partly Paid Shares**");

to Placement Investors. Such Placement Shares, Placement Options and Placement Partly Paid Shares to be allotted and issued on the terms and conditions as set out in the Explanatory Statement accompanying this Notice."

The Company will disregard any votes cast on this resolution by any Placement Investor or any of their Associates and a person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 4 - EQUAL REDUCTION OF CAPITAL (BY DISPOSAL OF AN ASSET HELD BY THE COMPANY)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution: -

"That for the purpose of Sections 256B and 256C of the Corporations Act 2001 and for all other purposes; the issued share capital of the Company be reduced by an amount equal to the value of ABL Capital Reduction Shares by way of a pro rata in specie distribution of the ABL Capital Reduction Shares to WME Shareholders as at the Record Date, subject to the terms and conditions set out in the Explanatory Statement accompanying the Notice of Meeting."

Dated this 1st day of July 2005
By order of the Board of Directors

L A Colless
Company Secretary

PART 2

EXPLANATORY STATEMENT

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1. INTRODUCTION

This Explanatory Statement has been prepared for the information of shareholders of West Australian Metals Limited ("WME" or the "Company") in connection with the business to be conducted at the General Meeting to be held on Thursday, 4 August 2005 at 11.00am (Western Standard Time) at Level 6, BGC Centre, 28 The Esplanade, Perth, Western Australia.

At the General Meeting, shareholders will be asked to consider the following resolutions:

- (**resolutions 1**) the re-election of Mr Rodger Johnston as director of the Company;
- (**resolution 2**) ratify the past placement of 14,989,923 fully paid shares issued in April 2005 under Rule 7.4 of the Listing Rules of Australian Stock Exchange Limited;
- (**resolution 3**) the issue, not later than three months after the date of this meeting of the:
  - Placement Shares;
  - Placement Options; and
  - Placement Partly Paid Shares; and
- (**resolution 4**) an equal reduction of capital and pro rata distribution in specie of some of the Company's interests and entitlements in Astop Biohealth Ltd, being the ABL Capital Reduction Shares.

The purpose of this Explanatory Statement is to give shareholders information which the Board considers to be material to shareholders in relation to the resolutions and the capital reduction.

Resolutions 1, 2, 3 and 4 are ordinary resolutions, requiring them to be passed by a simple majority of votes cast by shareholders entitled to vote on those resolutions.

The Explanatory Statement is an important document and should be read in conjunction with the accompanying Notice of Meeting.

Certain defined terms and phrases are used in this Explanatory Statement. Please refer to section 10 for their meanings.

Indicative Dates

General Meeting	Thursday, 4 August 2005
Trading in WME's reorganised options on a deferred settlement basis starts. Trading in WME's reorganised Shares on an ex return of capital basis starts	Friday, 5 August
Record Date	5pm (WST) on Thursday, 11 August 2005
Capital Reduction occurs and ABL Capital Reduction Shares are transferred to WME Shareholders	Friday, 12 August
Allotment and Issue of Placement Securities	Monday, 15 August
Despatch Date for holdings. Deferred settlement market ends	Thursday, 18 August

2. RESOLUTION 1 – RE-ELECTION OF RODGER JOHNSTON AS DIRECTOR

Mr Rodger Johnston, who is seeking re-election as a director of the Company, has the support of the Board.

Mr Johnston was appointed to the Board on 18 May 2005 and in accordance with the Constitution of the Company offers himself for re-election by shareholders at the first meeting after his appointment.

3. RESOLUTION 2 – RATIFICATION OF PAST PLACEMENT

This resolution seeks shareholder approval to ratify and confirm the issue of 14,989,923 fully paid ordinary shares in the Company at an issue price of 2.4 cents ($0.024) each. The placement was completed on 18 April 2005 and made under Rule 7.1 of the Listing Rules of Australian Stock Exchange Limited. For the purposes of Rule 7.4, the Company is required to seek shareholder approval of the Past Placement to the following persons:

	Shares
Nefco Nominees Pty Ltd	10,000,000
Bellhouse Investments Pty Ltd	1,000,000
Kapiri Holdings Pty Ltd	1,000,000
Goldmedal Nominees Pty Ltd	2,989,923
	14,989,923

The following additional information is provided to shareholders to assist in assessing resolution 2:

a) The number of securities allotted was 14,989,923 fully paid ordinary shares.
b) The price at which the shares were issued was 2.4 cents.
c) The terms of the ordinary shares are the same as those governing the current issued ordinary shares in the Company.
d) The names of the allottees are set out above.
e) The funds raised ($359,758.15) will be used for working capital and exploration programs on the Company's mineral properties in Western Australia.

This resolution is an ordinary resolution requiring a simple majority.

4. RESOLUTION 3 - PLACEMENT APPROVAL

This resolution seeks approval pursuant to Listing Rule 7.1 of the ASX Listing Rules to authorise the directors of the Company to issue, not later than three months after the date of this meeting:

(a) up to 70,000,000 fully paid ordinary shares in the Company at an issue price of 2.4 cents ($0.024) to be issued to approved investors (being the Placement Shares); and
(b) up to 70,000,000 options to acquire ordinary shares in the Company such options to be issued subject to the terms and conditions set out in Schedule 1 of the notice convening this meeting to be granted to approved investors (being the Placement Options); and
(c) up to 40,000,000 partly paid shares in the Company at an issue price of 2.4 cents ($0.024) and partly paid to 0.1 cents ($0.001) to approved investors (being the Placement Partly Paid Shares).

West Australian Metals anticipates lodging a disclosure document relating to the Placement Securities so that the Placement Investors will not be subject to the secondary sales restrictions in the Corporations Act. The disclosure document is scheduled for lodgement after the despatch of the Notice of General Meeting to West Australian Metals Shareholders but prior to this General Meeting being held on 4 August 2005.

The Placement will be fully underwritten and subscribed to by clients of R M Capital Pty Ltd who will be approved and selected by the Board of the Company.

The Placement, if approved by Shareholders, would expand the issued capital of the Company to 184,922,746 ordinary fully paid shares, 70,000,000 options exercisable at 5.0 cents each and 3,250,000 unlisted options exercisable at 19.8 cents and 40,000,000 partly paid shares paid to 0.1 cent.

Proceeds from the Placement will total $1.79 million (less costs).

The Placement Shares and Placement Partly Paid Shares to be issued and any West Australian Metals' Shares issued following the exercise of Placement Options will have a diluting effect on the issued capital of the Company. The following table demonstrates the impact of the Placement on the issued capital of the Company: -

	PRE-PLACEMENT		**PLACEMENT**	**POST-PLACEMENT**	
Class of Security	***Current Issued Capital***	***Exercise/ Conversion Price***	***Proposed Issue***	***Expanded Issued Capital***	***Exercise/ Conversion Price***
Fully Paid Shares	**114,922,746**	-	70,000,000	**184,922,746**	-
Listed Options	**0**	-	70,000,000	**70,000,000**	5.0 cents
Unlisted Options	**3,250,000**	19.2 cents	0	**3,250,000**	18.8 cents*
Partly Paid Shares	**0**	-	40,000,000	**40,000,000**	2.3 cents
TOTAL CAPITAL**	**118,172,746**		180,000,000	**298,172,746**	

* provided Resolution 4 is passed and the Capital Reduction proceeds
** on conversion of all options and partly paid shares

<u>*Listing Rule Requirements*</u>

ASX Listing Rule 7.1 provides that a listed entity may not issue securities in any twelve month period which, when aggregated with the number of fully paid Shares on issue, exceeds 15 per cent of the number of fully paid Shares on issue at the beginning of the twelve month period, except with the prior approval of shareholders of the Company in general meeting, of the precise terms and conditions of the proposed issue. The Shares proposed to be issued pursuant to Resolution 3 of this Notice of Meeting exceed the 15% threshold referred to above and, accordingly, shareholder approval is sought for the issue.

The following additional information is provided to shareholders to assist in assessing resolution 4:

a) A maximum of 70,000,000 Shares, 70,000,000 Placement Options to subscribe for Shares and 40,000,000 Placement Partly Paid Shares will be issued pursuant to resolution 3.
b) The Placement Shares, Placement Options and Placement Partly Paid Shares will be allotted at the discretion of the Directors. As at the date of this Explanatory Memorandum the Placement Investors have not been identified.
c) The Placement Shares, Placement Options and Placement Partly Paid Shares will be issued no later than three months after the date of the meeting. Allotment will take place progressively.
d) The Placement Shares will be issued at a price of 2.4 cents each ($0.024) and the Placement Shares to be issued will be fully paid ordinary shares in the capital of the Company and will rank, from the date of allotment, in all respects equally with the then existing issued ordinary shares in the capital of the Company.
e) The Placement Options will be issued at an issue price of 0.1 cent ($0.001) and each Placement Option will be exercisable on payment of 5.0 cents ($0.05) to one fully paid share in the Company under the terms and conditions of the Placement Options as set out in schedule 1 to the Notice of Meeting.
f) The Placement Partly Paid Shares will be issued at an issue price of 2.4 cents ($0.024) with 0.1 cent ($0.001) payable on application and each Placement Partly Paid Share convertible to one fully paid share in the Company on payment of 2.3 cents ($0.023) under the terms and conditions of the Placement Partly Paid Shares as set out in schedule 2 to the Notice of Meeting.
g) The identity of any Placement Investors are not yet known to the Company. The Placement Investors will be approved and selected by the Board on the basis that they are clients of R M Capital Pty Ltd;
h) The funds raised by the Placement will be used to provide funds for exploration and development of the Company's mining projects, the evaluation and purchase of potential new mineral projects, the Company's corporate and administrative activities and the costs of the issue.
i) The Placement Securities to be issued constitute in excess of 15% of the Company's issued share capital and shareholder approval is sought under ASX Listing Rule 7.1.

j) Application will be made for quotation on ASX of the Placement Shares. In accordance with their terms, application will be made for quotation on ASX of the Placement Options and the Placement Partly Paid Shares.
k) No Director or their Associates will take up shares in the Placement.

This resolution is an ordinary resolution requiring a simple majority.

5. RESOLUTION 4 – EQUAL REDUCTION OF CAPITAL (BY DISPOSAL OF AN ASSET HELD BY THE COMPANY) – ASTOP BIOHEALTH LTD DISTRIBUTION

This resolution seeks approval pursuant to Sections 256B and 256C of the Corporations Act 2001 to reduce the issued share capital of the Company by an amount equal to the value of the ABL Capital Reduction Shares by way of a pro rata in specie distribution of the ABL Capital Reduction Shares to WME Shareholders as at the Record Date.

5.1. *BACKGROUND TO RESOLUTIONS 4 – WEST AUSTRALIAN METALS (WME) INVESTMENT IN ASTOP BIOHEALTH LIMITED (ABL)*

On 12 November 2004, West Australian Metals advised that following independent due diligence investigations and market research, the Company had entered into a Subscription Deed with unlisted biomedical company, Asthmastop Ltd giving West Australian Metals the right to invest up to $1,000,000 and not less than $500,000 in shares and convertible notes in Asthmastop Ltd. In May 2005 Asthmastop Ltd was renamed Astop Biohealth Limited ("ABL").

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

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

ABL has informed West Australian Metals that it is currently considering a proposal to proceed to an initial public offer and listing on the Australian Stock Exchange to fund marketing and commercialisation of ABL's products in Australia and internationally. ABL has not informed West Australian Metals of the specific timing of the initial public offer, but has indicated that it wishes to seek listing by the end of the 2005 calendar year. The Board of West Australian Metals notes that there is no guarantee that ABL will list on ASX, or do so within its preferred time frame. Furthermore, the proposal to proceed with ABL's initial public offering and listing is subject to the normal risks associated with seeking a listing on ASX. For further details regarding the risks relating to ABL, please refer to paragraph 5.7 of this Notice.

5.2 *TERMS OF DEED*

Under the terms of the Subscription Deed signed on 10 November 2004, West Australian Metals has an exclusive right to invest up to $1,000,000 and not less than $500,000 in shares and convertible notes in ABL. West Australian Metals will provide these funds in tranches of $250,000, subject to ABL achieving agreed development milestones.

ABL issued West Australian Metals with 2,000,000 shares in ABL at a price of $0.125 per share following payment of the first tranche of $250,000 which occurred on signing of the Subscription Deed on 10 November and 2,000,000 Convertible Notes, convertible to fully paid shares in ABL at a price of A$0.125 per note were issued on completion of ABL laboratory facility on 7 April 2005. West Australian Metals will convert the 2,000,000 convertible notes (at no further cost to West Australian Metals) into ABL Shares. The 2,000,000 ABL Shares already owned by West Australian Metals and the 2,000,000 ABL Shares issued to West Australian Metals as a result of the conversion of the 2,000,000 convertible notes will comprise the ABL Capital Reduction Shares to be distributed pursuant to the Capital Reduction.

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

ABL further granted West Australian Metals, in the event of an initial public offer by ABL of its securities and subsequent application for listing on ASX, a priority right to subscribe for up to 50% of shares in the initial public offer by ABL.

ABL is focussed on the commercial development of its products which offer potential health benefits to the 2.2 million Australians and 52 million people globally who are affected by asthma and West Australian Metals believe that the ABL investment was a sound commercial and ethical investment for the Company.

5.3 *AMENDED DEED*

West Australian Metals and ABL amended the Subscription Deed to facilitate the Capital Reduction and the distribution of entitlements to West Australian Metals Shareholders. Under the terms of the Amended Deed, ABL acknowledges West Australian Metals rights to transfer its shares to the Company's Shareholders and in place of West Australian Metals' option to acquire a further 4,000,000 Convertible Notes at a price of A$0.125 per note and a priority right to subscribe for up to 50% of shares in the initial public offer by ABL, ABL has agreed to: -

(a) offer West Australian Metals' Shareholders, pursuant to a Disclosure Document which must have an offer closing date no later than 31 August 2005, the opportunity to be issued a total of 4,000,000 ABL Shares at an issue price of 12.5 cents per ABL Share (ABL 12.5¢ Placement Shares) in proportion to each Shareholder's shareholding in West Australian Metals at the Record Date.

(b) when making its Initial Public Offer grant to West Australian Metals' Shareholders first priority in subscribing up to 50% of the ABL Shares offered by ABL in an initial public offering by ABL in proportion to their shareholding in West Australian Metals at the Record Date, at the same price as the remaining shares to be offered in the initial public offer by ABL.

The funds raised by the issue of the 12.5¢ Placement Shares will be applied only in accordance with the following objectives:

(a) to meet costs of prospectus preparation relating to the initial public offer by ABL;

(b) to continue implementation and development of the production and distribution program for ASTOP;

(c) to continue clinical trial research programs for ASTOP;

(d) to pursue overseas marketing opportunities for ASTOP; and

(e) to meet the ABL's working capital requirements (but not the repayment of any loans or payment of any consultancy fees owing by ABL to any person as at the date of the Deed).

5.4. *SUMMARY OF THE CAPITAL REDUCTION*

On 30 May 2005, West Australian Metals announced to ASX that the Company would seek to convene a general meeting of shareholders to obtain shareholder approval for the placement of various shares and options with investors ("**Placement**"). Proceeds from the Placement will be $1,790,000 (less costs) and will be used to progress West Australian Metals' exploration activities, working capital requirements and for further project acquisitions.

West Australian Metals wishes to dispose of all of its interests in ABL to its existing shareholders for no consideration prior to the issue of the Placement Securities. The Company wishes to dispose of some of the interests under the Deed by way of an equal capital reduction with the remaining other interests being effectively transferred from West Australian Metals to ABL with a contractual obligation imposed on ABL (as set out in the Amended Deed and summarised in paragraph 5.3 above) to offer the interests to West Australian Metals Shareholders once they become an ABL shareholder.

Subject to shareholder approval pursuant to resolution 4, the issued share capital of the Company will be reduced by an amount equal to the value of ABL Capital Reduction Shares held by Company by means of a pro rata in specie distribution of ABL fully paid shares to all West Australian Metals Shareholders (**"Capital Reduction"**). Each WME Shareholder will be distributed ABL Capital Reduction Shares in proportion to their holding in WME at the Record Date.

The Capital Reduction is somewhat similar, but not identical, to the de-merger and in specie distribution of West Australian Metals' shareholding in Austin Engineering Limited to West Australian Metals' shareholders in late 2003. Austin Engineering was admitted to the official list of ASX on 4 March 2004.

The Board of WME is of the view that the Capital Reduction is in the best interests of West Australian Metals and its shareholders.

All West Australian Metals Shareholders recorded on the share register on the Record Date will be issued with approximately 4 ABL Shares for every 115 West Australian Metals Shares. Fractional entitlements will be rounded down and any surplus ABL Shares resulting from the rounding down of fractional entitlements will be retained by West Australian Metals.

The Record Date is prior to the issue and allotment of the Placement Securities and as a result, the Placement Investors will not participate in the Capital Reduction as a result of the Placement

If shareholders approve the Capital Reduction, trading in West Australian Metals will start on an "ex return of capital basis" on Friday, 5 August 2005.

The Record Date for determining shareholder entitlements is five (5) business days after shareholder approval is obtained and ASX is informed that the reduction of capital is approved, being 5.00pm (WST) Thursday, 11 August 2005. The last day for West Australian Metals to send notice and issue new shareholding statements is Thursday, 18 August 2005. The deferred settlement market also ends on this date.

ABL has informed West Australian Metals that it is currently considering a proposal to proceed to an initial public offer and listing on the Australian Stock Exchange in 2005 to fund marketing and commercialisation of ABL's products in Australia and internationally.

Pursuant to the Amended Deed, West Australian Metals shareholders at the Record Date will have a priority to apply for up to 50% of the ABL Shares offered under the initial public offer.

The capital structure of ABL on 24 June 2005 was:

Number of ABL Shares	Number of ABL options
36,451,560 shares & 2,000,000 convertible notes	3,220,000

The number of securityholders of ABL on 24 June 2005 was:

Number of ABL Shareholders	Number of ABL optionholders
123	6

On the basis WME Shareholders approve the Capital Reduction, the capital structure of ABL after the Capital Reduction will be:

Number of ABL Shares	Number of ABL options
38,451,560	3,220,000

On the basis WME Shareholders approve the Capital Reduction, the number of securityholders of ABL after the Capital Reduction based on the number of West Australian Metals Shareholders on the register as at 24 June 2005 will be (this is likely to change as at 5pm WST on the Record Date):

Number of ABL Shareholders	Number of ABL optionholders
843	6

5.5. *REASONS FOR THE CAPITAL REDUCTION*

West Australian Metals' rationale for the Capital Reduction is set out below: -

(a) West Australian Metals is a mineral exploration company which holds a suite of mineral resource and exploration properties in Western Australia through its wholly owned subsidiary Bronzewing Gold NL, as well as the Company's investment in biomedical company ABL;

(b) The ABL investment is a non-core asset of the Company;

(c) The Directors' of West Australian Metals are of the view that there is additional value yet to be realised in the Company's' non-mining investments and associated rights and are keen to protect the interests of existing shareholders from the dilutionary effects of the proposed Placement;

(d) A pro rata distribution of the Company's shareholding in ABL under the Amended Deed will protect the interest of the current shareholders whose funds have been utilised to secure the investments.

(e) Shareholder approval to the Placement is being sought at the same General Meeting as the Capital Reduction. Placement Investors will not vote on the Capital Reduction as they will only receive the Placement Securities after the General Meeting and therefore will not be Shareholders at the Record Date.

(f) WME intends to make the Placement to Investors who will be investing in West Australian Metals on the basis that the Company is a mining and exploration focussed company and does not have an interest in ABL.

5.6. *BENEFITS AND DISADVANTAGES OF THE CAPITAL REDUCTION*

5.6.1 *Advantages*

The Capital Reduction offers the following advantages:

a) West Australian Metals will be able to focus its financial resources and interests on the Company's mineral properties and the acquisition of new mineral projects;

b) The potential value of the Company's non-core investment in ABL will be retained by West Australian Metals Shareholders at the Record Date;

c) Shareholders will have greater flexibility in their investment choices through exposure to the mining and exploration sector offered by West Australian Metals and potentially the biomedical sector through the successful listing of ABL

d) All WME Shareholders retain an interest in the development of the Company's investment in ABL through their individual pro-rata shareholding in ABL;

e) All WME Shareholders retain their percentage ownership interest in the capital of the Company;

f) The potential listing of ABL on ASX may possibly result in a higher combined market valuation for the Company and ABL than the current capital of the Company; and

g) Future capital raisings may be more achievable by each individual entity.

5.6.2 *Disadvantages*

The Capital Reduction may involve the following disadvantages:

a) West Australian Metals Shareholders will receive shares in an unlisted biomedical company, the value of which may only be realised on the successful listing of ABL on ASX;

b) ABL has indicated that the company is proposing to progress towards listing on ASX in 2005 but the successful listing of ABL cannot be guaranteed and if ABL does not list, then ABL Shares will be relatively illiquid and WME Shareholders may not be able to sell their ABL Shares;

c) The market value of West Australian Metals Shares may be eroded as a result of the return of capital to Shareholders and the value of Shareholders investments in West Australian Metals may be reduced;

d) Following the Capital Reduction, West Australian Metals will have only a minimal interest in ABL, comprising any surplus ABL Shares resulting from the rounding down of fractional entitlements;

e) West Australian Metals will not have access to any potential income from the sale of ABL Shares if ABL successfully lists and commences trading on ASX and alternate methods of capital raising could have a dilutionary effect on existing Shareholders interests in the Company.

f) WME Shareholders may incur additional transaction costs if they wish to dispose of their new investment in ABL;

g) There may be a taxation consequence in respect of the distribution of the ABL Shares to WME Shareholders. WME Shareholders should obtain their own independent taxation advice prior to voting on Resolution 4; and

h) By not retaining its interest in ABL, the Company will forego any premium the Company might have received from a person seeking to acquire a controlling stake in ABL. Any premium arising from a takeover of ABL will instead be directly available to the Shareholders of the Company entitled to participate in the Capital Reduction.

5.7. *INFORMATION ON ASTOP BIOHEALTH LTD*

5.7.1 Background

Astop Biohealth Ltd (formerly Asthmastop Ltd) was incorporated in Western Australia in 2001 with the objective of advancing the development of a product designed to assist in the alleviation and relief of respiratory complaints.

ABL holds the exclusive rights to the Intellectual Property of a patentable, nutritional formulation that targets the symptoms and causal effects of asthma. This new remedy is called ASTOP. The formulation has Australian Therapeutic Goods Administration (TGA) listing as a complementary medicine.

ASTOP is a specifically prepared formulation of enhanced probiotics, antioxidants, vitamins and minerals with a homeopathic content delivered in an easy to swallow capsule. ASTOP is non-toxic, has no known side effects and can be taken in conjunction with existing medication so there is no risk to the patient. ASTOP is to be sold as an over-the-counter medicine, it is not a steroid and is not an inhaled prescription drug.

ABL has successfully trialled hundreds of Australian asthmatics and people with breathing problems aged between 13 months to 89 years of age on ASTOP for the past three years. The product has consistently shown high rates of success in reducing the symptoms of asthma and results show ASTOP is effective in 90% of children and 70% of adults trialled.

Over two million Australians have asthma and the market in Australia for anti-asthma products is approximately $650 million per year and growing at 12.6% per annum. ABL is targeting an Australian release of ASTOP in September 2005 and release in the United States direct to the public in 2006, where the anti-asthma products market is approximately US$8 billion and growing at 10.5% per year.

5.7.2 Risk factors for ABL

On successful completion of the Capital Reduction, members of the Company will hold shares in ABL and should be aware of the general and specific risk factors which may affect ABL and the value of its securities. The risk factors perceived and reviewed by each of the Directors of the Company are outlined below:

General Economic Climate - Factors such as inflation, currency fluctuations, interest rates, supply and demand of capital and industrial disruption have an impact on business costs, commodity prices and stock market prices. ABL's operating costs, possible future revenues and future profitability can be affected by these factors, which are beyond the control of ABL;

Technical and Marketing Risks – Failure of ABL to secure TGA licencing for its Perth laboratory or cancellation of the licence would impact on production. Failure to finalise distribution arrangements domestically and internationally and market acceptance of ASTOP could influence future revenues. Competitor activities and the development of new and alternate treatments could affect future product sales and profitability.

Proposal to proceed with initial public offering and application for Listing on ASX and general share market conditions - ABL has informed WME that it is currently in the process of considering a proposal to proceed with an initial public offering and listing on ASX in 2005 to fund the marketing and commercialisation of ABL's products in Australia and internationally. Pursuit of an initial public offering by ABL has inherent risks of its own including the general economic climate, sharemarket conditions, and market sentiments towards the nature of ABL's business. ABL will also be subject to the Listing Rules if listed.

- There are general risks associated with any investment in the stock market. The price of ABL's securities, once listed, will be subject to varied and often unpredictable influences on the market for equities in general.

- The issue of further ABL Shares by ABL under any initial public offering prospectus will also dilute the interests of Company members in ABL

5.7.3 ABL Management

Directors

ABL's board of Directors currently comprises:

Mr Kevin Parry	*Executive Chairman*
Mr Paul Rengal	*Non-Executive Deputy Chairman*
Mr Peter McIntyre	*Non-Executive Director and Company Secretary*

Key Management

Senior management personnel are;

Mr Cameron Parry	*Executive Officer*
Mr Paul Rowney	*Costing and Management Accounting Consultant*
Dr Deborah Cooper	*Quality Control Manager*
Mr Patrick Finucane	*Sales and Marketing Manager*

Scientific Advisory Panel

ABL has established an advisory panel to assist in the establishment of clinical protocols, evaluation of results and development of research and development programmes.

The committee is to comprise respected independent researcher, Professor Marc Cohen together with Dr Enzo Almonte and ASTOP inventor, Ms Kay Whyte. As further research and development associations are formed, other health professionals and scientists will be invited to join the scientific advisory panel.

5.7.4 Information concerning ABL's Shares

The ABL Shares are not listed for quotation on any stock exchange.

A summary of the more significant rights attaching to the ABL Shares is set out below. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of members of ABL

Full details of the rights attaching to the ABL Shares are set out in ABL's constitution.

The more significant rights attaching to the ABL Shares are as follows:

General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of ABL.

Shareholders may requisition meetings in accordance with the Corporations Law and ABL's Constitution.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- each shareholders entitled to vote may vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a shareholder or a proxy or representative of a shareholder has one vote; and
- on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount of the issue price there of paid up bears to the total issue price.

Dividend Rights

ABL in general meeting may from time to time declare a dividend to be paid to the shareholders entitled to the dividend. Subject to certain limitations, the dividend as declared shall be payable on all shares in proportion to the amount of capital for the time being paid up or credited as paid up in respect of such shares, unless it was a term of issue of such shares that they would carry full dividend rights, and such shares were issued on a pro-rata basis to shareholders. The directors of ABL may from time to time pay to the shareholders such interim dividends as they may determine.

Winding Up

If ABL is wound up, the liquidator may, with the authority of a special resolution, divide among the shareholders in kind the whole or any part of the assets of ABL, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such assets in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability. Where an order is made for the winding up of ABL or it is resolved by special resolution to wind up ABL, then on a distribution of assets to shareholders, shares issued for cash to members of the public shall rank in priority to shares classified by the home branch of ASX as vendor securities at the time of the commencement of the winding up.

Transfer of Shares

Generally, shares in ABL are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Law and the Listing Rules.

Future Increase in Capital

The allotment and issues of any new shares is under the control of the directors of ABL. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Law, the directors of ABL may issue shares as they shall, in their absolute discretion.

Variation of Rights

Under the Corporations Law, ABL may, with the sanction of a special resolution passed at a meeting of shareholders, vary or abrogate the rights attaching to shares.

Directors

The minimum number of directors of ABL is 3 and the maximum is to be fixed by the directors of ABL, but may not be more that 9 unless members pass a resolution varying that number.

Dividend Plans

The Constitution contains a provision allowing the directors of ABL to implement a dividend reinvestment plan. It is not currently intended that a dividend reinvestment plan will be implemented.

A pro-forma balance sheet for ABL is contained in Appendix B which shows the financial impact of the resolution, if passed, on ABL (assuming no further shares are issued).

5.8. *TAX INFORMATION*

The following is a summary of indicative taxation implications to shareholders of the Company. The Company recommends that shareholders obtain their own independent taxation advice in relation to the impact of the Resolutions on their individual circumstances. The following is provided as a general guide of the likely outcomes.

5.8.1 Income Tax

West Australian Metals is advised that there should be no income tax liabilities for West Australian Metals Shareholders in accepting ABL shares (provided that the shares are held on capital account).

The transaction proposes that shareholders will receive an in specie distribution of approximately 4 ABL Shares for every 115 West Australian Metals Shares held. Shareholders should note that:

- the distribution of ABL Shares will not be made out of the Company profits;
- the distribution will be debited against a credit balance in the Company's share capital account; and
- the amount of the distribution does not exceed the balance of the share capital account.

The distribution should be excluded from the definition of a dividend for income tax purposes. Consequently the receipt of ABL Shares should not be assessable for income tax purposes provided that the shares are held on capital account.

5.8.2 Capital Gains Tax Consequences

Where there is a distribution to a shareholder in relation to a share they hold on capital account and some or all of the distribution is not assessable, this will have Capital Gains Tax ("CGT") implications to the holder of the shares.

The Board of West Australian Metals estimates the market value of the ABL shares at ($500,000/114,922,746) $0.0043 per West Australian Metals share based on the original investment of $500,000 by West Australian Metals in ABL.

Since there have been no West Australian Metals Shares issued at $0.0043 or less, a taxable capital gain should not be delivered by any West Australian Metals shareholder in respect to the in specie distribution of the ABL shares. This aside, the following discussion is none-the-less presented to provide a background on the inferred CGT situation.

For CGT purposes, the cost base of the Shares is reduced by the value of the non-assessable distribution received.

Broadly, where the value of the non-assessable amount is not more than the cost base of the Shares held, the cost base for CGT purposes is reduced by the value of the non-assessable amount to arrive at an adjusted cost base. If the holder of the West Australian Metals Shares subsequently sells the West Australian Metals Shares, it is the adjusted cost base that is taken into account calculating the amount of any capital gain (or loss) that arises.

Where the value of the non-assessable amount is more than the cost base of the Shares held, then the excess is a capital gain. The amount of the capital gain (as adjusted for any CGT concession that may apply – see below Paragraph 5.8.3) will need to be included in the holder's tax return.

Where the non-assessable distribution is not in cash (as in the case with an in specie distribution), the market value of the property received (i.e., the ABL shares) is used in calculating the reduction of the cost base.

In calculating the estimated market value of the ABL shares, the Board has valued the investment currently held by West Australian Metals on the basis the amount of the cash investment in ABL shares to date.

The holder of the ABL shares will be taken to have purchased the ABL shares for a cost equal to their estimated market value of $0.125 at the time of the in specie distribution.

5.8.3. 50% Capital Gain Reduction

This concession may allow individual, trust and superannuation fund shareholders to reduce any capital gain by one half (or one third in the case of complying superannuation funds) if the shares are held on capital account.

You must have acquired the shares at least 12 months before the CGT event which results in the capital gain. Therefore, if you hold your ABL shares for at least 12 months after the capital reduction, you will generally be entitled to this concession if you sell the ABL shares.

Similarly, if you make a capital gain as a result of the non-assessable distribution in relation to your West Australian Metals Shares, you may be entitled to this concession if you purchased the West Australian Metals Shares more than 12 months before the capital reduction.

If you sell your West Australian Metals Shares after the capital reduction and make a capital gain, you may also be able to benefit from the concession if you have held the West Australian Metals Shares for more than 12 months at the time of sale.

We recommend that you seek professional taxation advice to determine whether and to what extent the holder is affected by the non-assessable distribution to its holding of West Australian Metals Shares.

5.9. SUPPLEMENTARY INFORMATION ON RESOLUTION 4

Under the terms of the Capital Reduction, the Company will reduce its share capital by way of the distribution by the Company to its Shareholders of approximately 4.0 million ABL Shares at an indicative issue price of $0.125 each. For every 115 West Australian Metal Shares held at the Record Date, shareholders will receive 4 ABL Shares. Fractional entitlements will be rounded down. Any surplus ABL Shares resulting from the rounding down of fractional entitlements will be retained by the Company for its own benefit.

It is not proposed that any West Australian Metals Shareholder will receive any payment of cash as a result of the Capital Reduction.

ABL has informed WME that it is currently in the process of considering a proposal to proceed to an initial public offering and listing on ASX in 2005 to fund the marketing and commercialisation of ABL's products in Australia and internationally. If this occurs, the ABL Shares distributed to West Australian Metals Shareholders will be freely tradeable on ASX (subject to the ASX Listing Rules and any waivers to the Listing Rules granted by ASX subsequent to the date of this Notice of Meeting) from the date of quotation of ABL.

Shareholder approval is required for Resolution 4 for the following reasons: -

Section 256C (1) of the Corporations Act 2001

The distribution of ABL Shares contemplated by this resolution is an equal reduction in the Company's capital as the distribution will be made to all Shareholders on a pro rata basis.

Section 256B(1) of the Corporations Act 2001 states that a company may reduce its share capital in a way that is not otherwise authorised by law if the reduction: -

- is fair and reasonable to the company's shareholders as a whole;
- does not materially prejudice the company's ability to pay creditors; and
- is approved by shareholders under section 256C of the Corporations Act 2001.

The proposed capital reduction is an equal reduction for the purpose of section 256B (2) of the Corporations Act 2001 as it: -

- relates only to West Australian Metals Shares;
- applies to each West Australian Metals Shareholder in proportion to the number of West Australian Metals Shares they hold; and
- the terms of the reduction are the same for each West Australian Metals Shareholder.

Section 256C (1) of the Corporations Act 2001 requires shareholder approval by ordinary resolution if the reduction is an equal reduction.

Information Required for Purposes of Section 256C of the Corporations Act 2001

The purpose of the reduction of the Company's issued share capital is to enable the Company to distribute the ABL Shares to West Australian Metals Shareholders (as at the Record Date). West Australian Metals Shareholders will then become shareholders in ABL.

Effect of Proposed Equal Capital Reduction on the Company

If the equal capital reduction is approved, the net assets of the Company will be reduced by an amount equal to the book value of the Company's investment in ABL ($500,000).

A pro-forma balance sheet for the Company is contained in Appendix A which shows the financial impact of the resolution, if passed, on the Company (assuming no further shares are issued).

Effect of Proposed Equal Capital Reduction on Shareholders in the Company

All West Australian Metals Shareholders recorded on the West Australian Metals share register with effect from 5pm (WST) on 11 August 2005 (the Record Date) will be issued with approximately 4 fully paid ordinary ABL Shares for every 115 West Australian Metals Shares held, for no issue price.

ABL is required to issue a Prospectus at a date following approval of the Capital Reduction at the General Meeting. Under the Prospectus, West Australian Metals Shareholders will have an entitlement to apply for 1 new ABL Share for every ABL Share already held by virtue of the Capital Reduction at an issue price of $0.125 per new ABL Share.

The Directors are of the opinion that the Capital Reduction:

- is fair and reasonable to the Company's shareholders as it is an equal reduction not differently affecting any one shareholder's holding in the Company; and
- does not materially prejudice the Company's ability to pay its creditors.

Effect of Proposed Equal Capital Reduction on Creditors

The proposed equal capital reduction involves a reduction in the Company's paid up share capital. However, in the opinion of the West Australian Metals Directors, this will not materially prejudice the Company's ability to pay its creditors as the amount owed to creditors at the date of the meeting is not material and the Company's cash reserves are sufficient to pay these amounts.

Information Provided for the Purpose of Listing Rule 7.20

Listing Rule 7.20 requires the following information to accompany the Notice of Meeting in relation to approval sought under Resolution 4:

the proposed return of capital will not affect the number of shares held by each West Australian Metals Shareholder. As there is no amount unpaid on any security there will be no effect on partly paid shares; and

fractional entitlements to ABL Shares shall be rounded down.

Effect on option holders

In accordance with Listing Rule 7.22 and the terms of existing options, options to subscribe for West Australian Metals Shares shall have their exercise price per option reduced by the same amount as the amount returned to West Australian Shareholders pursuant to the Capital Reduction.

Assuming that the total amount of capital returned is the estimated $500,000 the result and effect on the exercise price of existing options will be as follows:

Option Class	Exercise Price pre capital reduction	Exercise Price post capital reduction
Listed Options		
nil	-	-
Unlisted Options		
250,000 – exercisable on or before 31 October 2005	$0.192	$0.188
1,000,000 – exercisable on or before 24 November 2007	$0.192	$0.188
2,000,000 – exercisable on or before 31 October 2007	$0.192	$0.188

Effect on future dividends

The Capital Reduction will have little effect on the Company's ability to pay future dividends.

Directors' Interests (as at the date of this Notice)

	WME INTEREST			ABL INTEREST post capital reduction		
Director	***Shares (direct)***	***Shares (indirect)***	***Options***	***Shares (direct)***	***Shares (indirect)***	***Options***
RP Martin	0	6,167,750	0	0	214,530	0
DA Hamlyn	0	1,102,000	1,000,000	0	38,330	0
LA Colless	0	5,538	0	0	*100,192	0
RS Johnston	0	0	0	0	0	0

* Mr Colless, through his interest in Mineral Administration Services Pty Ltd, holds an interest in 100,000 ABL shares prior to the Capital Reduction.

5.10 *ASX LISTING RULE WAIVERS*

ASX Listing Rule 7.25

ASX Listing Rule 7.25 provides that a company must not reorganise its capital if the effect of doing so would be to decrease the price at which its main class of shares would be likely to trade after the reorganisation to an amount less than 20 cents.

The proposed capital reduction involves the distribution of an amount of capital representing approximately 4.48% of the contributed equity of the Company and therefore may cause the Shares to trade, after the capital reduction, at a level less than the level at which they traded prior to the capital reduction. The Company has sought and received from the ASX a waiver from this Listing Rule.

ASX Listing Chapter 9

ABL has received an in-principle waiver from Chapter 9 of the ASX Listing Rules for those ABL shareholders who are not related parties or promoters of ABL and who will be distributed shares in ABL as a result of a capital reduction in specie by West Australian Metals Ltd so that those ABL Shares are not subject to escrow restrictions.

6. *OVERSEAS SHAREHOLDERS*

With the exception of residents of Australia and New Zealand, the distribution of the ABL Shares to Shareholders of the Company under the Capital Reduction will be subject to the legal and regulatory requirements in their relevant jurisdictions. If, in the opinion of the Directors, the requirements of any jurisdiction where a Shareholder is resident restricts or prohibits the distribution of ABL Shares to that Shareholder or would impose on the Company or ABL an obligation to prepare a prospectus or other similar disclosure document or otherwise impose on the Company or ABL an undue burden, the ABL Shares to which the relevant Shareholders are entitled will be sold by the Company on behalf of those Shareholders as soon as practicable after the Record Date. The Company will then account to the relevant Shareholders for the net proceeds of sale after deducting the costs and expenses of the sale. As the Capital Reduction is being represented and satisfied by the distribution to Shareholders of ABL Shares and, given that security prices may vary from time to time (assuming a liquid market is available), the net proceeds of sale to such Shareholders may be more or less than $0.125 per ABL Share as set out in this Explanatory Statement.

7 DISCLOSURE TO ASX

As the Shares are quoted on the financial market of ASX, the Company is a disclosing entity under the Corporations Act and is subject to regular reporting and disclosure obligations. Copies of documents lodged in relation to the Company may be obtained for a fee from, or inspected at, an office in ASIC.

The Company will provide a copy of any of the following documents, free of charge, to any member who requests it prior to the date of the meeting:

(a) ABL's constitution; and
(b) all documents lodged with ASX pursuant to ASX Listing Rule 3.1 in the period starting 1 July 2005 and prior to the giving of the notice of meeting and this Explanatory Statement.

8 OTHER INFORMATION

There is no further information known to the Company that is material to the decision on how to vote on this resolution. If any Shareholder is in doubt as to how to vote on the resolutions and/or as to how the resolution may affect them, they should seek advice from their accountant, solicitor or other professional advisor as soon as possible.

9 RECOMMENDATION

The directors of the Company believe that all of the resolutions are in the best interests of the Company and recommend that shareholders vote in favour of all of the resolutions, with the exception of; -

Resolutions 1, on which Mr Johnston makes no recommendation; and

Resolution 4, on which Mr Colless, who is a director of Mineral Administration Services Pty Ltd, a company which holds a minor interest in ABL, makes no recommendation.

10. GLOSSARY

The following terms and abbreviations used in this Explanatory Memorandum have the following meanings:

TERM	MEANING
Amended Deed	Means the Subscription Deed as amended by a Deed of Amendment of Subscription Deed between ABL and the Company.
Associate	Has the meaning given to it by Division 2 of Part 1.2 of the *Corporations Act*.
ASX	Australian Stock Exchange Limited.
Astop Biohealth or ABL	Astop Biohealth Ltd ABN 39 098 939 934, previously named Asthmastop Ltd.
ABL Share	A fully paid ordinary share in Astop Biohealth Limited.
ABL Capital Reduction Shares	The 4,000,000 ABL Shares held by the Company and to be distributed to WME Shareholders in proportion to their shareholding in the Company at the Record Date.
ABL 12.5¢ Placement Shares	The offer to be made to West Australian Metals Shareholders under the ABL Disclosure Document, of up to 4,000,000 ABL Shares at an issue price of 12.5 cents per share, on the basis of one new ABL Share for each ABL Share already held. - not yet used.
Board	The board of Directors of West Australian Metals.
Capital Reduction	The equal reduction of capital to be undertaken by West Australian Metals pursuant to Resolutions 4 and which is more fully described in sections 5 of this Explanatory Statement.

Company or West Australian Metals	West Australian Metals Ltd ABN 71 001 666 600.
Directors	The directors of West Australian Metals.
Explanatory Statement	This explanatory memorandum including all appendices
General Meeting	The proposed General Meeting of the West Australian Metals Shareholders to be held on Thursday, 4 August 2005 at 11.00 am, or any adjournment thereof, to consider and, if thought fit, pass the Resolutions.
Listing Rules	The listing rules of ASX.
Notice of Meeting	The notice of General Meeting which accompanies this Explanatory Statement.
Past Placement	means the issue of 14,989,923 Shares by the Company to the Past Placement Participants.
Past Placement Participants	Nefco Nominees Pty Ltd, Bellhouse Investments Pty Ltd, Kapiri Holdings Pty Ltd and Goldmedal Nominees Pty Ltd.
Placement	Means the issue of up to 70,000,000 Placement Shares, 70,000,000 Placement Options and 40,000,000 Placement Partly Paid Shares.
Placement Partly Paid Shares	Up to 40,000,000 West Australian Metals' partly paid shares to be issued on the terms and conditions set out in Schedule 2 pursuant to resolution 3.
Placement Investors	means those investors approved and selected by the Board on the basis that they are clients of R M Capital Pty Ltd.
Placement Options	Up to 70,000,000 options to subscribe for West Australian Metals Shares to be granted on the terms and conditions set out in Schedule 1 of the Notice of Meeting pursuant to resolution 3.
Placement Securities	The Placement Shares, Placement Options and Placement Partly Paid Shares.
Placement Shares	Up to 70,000,000 West Australian Metals' Shares to be issued pursuant to resolution 3 in the Notice of Meeting.
Prospectus	The prospectus to be issued by Astop Biohealth following approval of the Capital Reduction containing the offer to West Australian Metals Shareholders.
Record Date	5pm on 11 August 2005 or such other date as decided by the Company and is permitted by the Listing Rules.
Resolutions	The resolutions contained in the Notice of Meeting.
R M Capital Pty Ltd	R M Capital Pty Ltd ACN 065 412 820.
Share	A fully paid ordinary share in the capital of West Australian Metals Ltd.
West Australian Metals Share	A fully paid ordinary share in the capital of West Australian Metals Ltd.
WST	Western Standard Time.
West Australian Metals Shareholder or WME Shareholder	A registered holder of West Australian Metals Shares.

This Explanatory Statement is dated 1 July 2005

Appendix A

Pro Forma Balance Sheet of West Australian Metals Ltd Post Reduction and Pre-Placement

The following unaudited consolidated pro forma balance sheet has been prepared by the Company on the basis of the Company's unaudited consolidated balance sheet at 30 April 2005, adjusted for the following:

(a) the issue of 4,000,000 ABL Shares at $0.125 each to the Company;

(b) the in specie distribution of 4,000,000 ABL shares by the Company to its shareholders.

WEST AUSTRALIAN METALS LTD

Pro-Forma Condensed Consolidated Statement of Financial Position

	Note	Audit review as at 31 Dec 2004 $	Unaudited as at 30 April 2005 $	Pro-Forma as at 30 April 2005 $
Current Assets				
Cash		**492,791**	392,191	392,191
Receivables		**0**	18,143	18,143
Investments		**367,281**	617,281	117,281
Total Current Assets		**860,072**	1,027,615	527,615
Non-Current Assets				
Property, plant & equipment		**12,539**	12,539	12,539
Other - exploration tenements		**663,000**	777,114	777,114
Total Non-Current Assets		**675,539**	789,653	789,653
Total Assets		**1,535,611**	1,817,268	1,317,268
Current Liabilities				
Creditors and borrowings		**59,818**	62,193	62,193
Total Current Liabilities		**59,818**	62,193	62,193
Non-Current Liabilities				
Creditors and Borrowings		-	-	-
Total non-current liabilities		-	61,193	-
Total Liabilities		**59,818**	62,193	62,193
Net Assets		**1,475,793**	1,755,075	1,255,075
Equity				
Contributed equity	1	**10,805,668**	11,160,110	10,660,110
Reserves		**810,000**	810,000	810,000
Accumulated losses		**(10,139,875)**	(10,215,035)	(10,215,035)
Total Shareholders' Equity		**1,475,793**	1,755,075	1,255,075

Note 1
The Company's issued capital on completion of the Capital Reduction will be: -

	Number	*Details*
Shares	**114,922,746**	
Options – listed	nil	
Options – unlisted	250,000	– Exercisable on or before 31 October 2005 at 18.8 cents each.
	1,000,000	– Exercisable on or before 24 November 2007 at 18.8 cents each.
	2,000,000	– Exercisable on or before 31 October 2007 at 18.8 cents each.

Following the Capital Reduction, the exercise price of all options to subscribe for West Australian Metals Shares will be reduced in accordance with the ASX Listing Rules from 19.2 cents each to 18.8 cents each. At the time of the Capital Reduction the Company only has unlisted options on issue.

Appendix B

ASTOP BIOHEALTH LTD

Unaudited Pro-Forma Statement of Financial Position Post Reduction

31 December 2004

	Note	Audit review as at 30 June 2004 $	Unaudited as at 31 Dec 2004 $	Pro-Forma as at 31 Dec 2004 $
Current Assets				
Cash		4,949	171,190	171,190
Receivables		223,504	91,743	91,743
Inventories		42,334	9,832	9,832
Other Financial assets		66,950	0	0
Total Current Assets		337,737	272,765	272,765
Non-Current Assets				
Property, plant & equipment		100,016	94,676	94,676
Intangibles	1	7,505,461	7,520,848	7,520,848
Total Non-Current Assets		7,605,477	7,615,524	7,615,524
Total Assets		7,943,214	7,888,289	7,888,289
Current Liabilities				
Accounts Payable - Trade		177,471	163,683	163,683
Accounts Payable - Other		27,500	893	893
Total Current Liabilities		204,971	164,576	164,576
Non-Current Liabilities				
Creditors and Borrowings		95,391	0	0
Total non-current liabilities		95,391	0	0
Total Liabilities		300,362	164,576	164,576
Net Assets		7,642,852	7,723,713	7,723,713
Equity				
Contributed equity		1,002,890	1,627,890	1,627,890
Asset Revaluation Reserves		7,489,520	7,489,519	7,489,519
Retained Profits		(849,558)	(1,393,696)	(1,393,696)
Total Shareholders' Equity		7,642,852	7,723,713	7,723,713

Note 1 – **Intangibles**
The Directors of ABL valued the intellectual property formulations including provisional patent and trademarks, in the second half of 2002, at $7.5 million. This figure (less depreciation plus national phase patent entry and trademark costs and formation expenses) has been used for the Company's audited accounts for the past two years.

SCHEDULE 1

Terms and conditions of the options proposed to be issued under Resolutions 3 are:

(a) Each Option will be issued at a price of 0.1 cent ($0.001) per option

(b) Each Option will entitle the holder to subscribe for one fully paid ordinary share in the Company at an exercise price of 5.0 cents ($0.05) per option.

(b) The Options are exercisable at any time on or before third anniversary of the issue date wholly or in part by delivering a duly completed form of notice of exercise to the Company, accompanied by payment of the exercise price.

(c) All shares allotted on exercise of the Options will rank equally in all respects with the Company's then existing ordinary fully paid shares.

(d) The Options are freely transferable.

(e) Application will be made to Australian Stock Exchange Limited ("ASX") for official quotation of the Options not later than 10 business days after the date of issue of the Options. Application will be made to ASX for official quotation by ASX of all shares allotted pursuant to the exercise of Options not later than 10 business days after the date of allotment.

(f) Holders may only participate in new issues of securities to holders of ordinary shares in the Company if an Option has been exercised and shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give at least 7 business days' notice to holders of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules of ASX.

(g) There will be no change to the exercise price of an Option or the number of shares over which an Option is exercisable in the event of the Company making a pro rata issue of shares or other securities to the holders of ordinary shares in the Company (other than for a bonus issue).

(h) If there is a bonus issue ("Bonus Issue") to the holders of ordinary shares in the Company, the number of shares over which an Option is exercisable will be increased by the number of shares which the holder would have received if the Option had been exercised before the record date for the bonus issue ("Bonus Shares"). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other shares of that class at the date of issue of the Bonus Shares.

(i) If, prior to the expiry of any options, there is a reorganisation of the issued capital of the Company, the Options shall be reorganised in the manner set out in the Listing Rules of ASX.

SCHEDULE 2

Terms and conditions of the Placement Partly Paid Shares proposed to be issued under Resolutions 3 are:

(a) Each Placement Partly Paid Share will be issued at a price of 0.1 cent ($0.001) per share

(b) Each Placement Partly Paid Share will entitle the holder to convert to one fully paid ordinary share in the Company on payment of the outstanding price of 2.3 cents ($0.023) per share.

(c) The Placement Partly Paid Shares are convertible at any time on or before third anniversary of the issue date wholly or in part by payment of the outstanding price.

(d) All shares allotted on conversion of the Placement Partly Paid Shares will rank equally in all respects with the Company's then existing ordinary fully paid shares.

WEST AUSTRALIAN METALS LTD

ABN 71 001 666 600

NOTICE OF GENERAL MEETING

4 AUGUST 2005

PROXY FORM

I ....of...

Name of shareholder Address of shareholder

being a member of WEST AUSTRALIAN METALS LTD hereby appoint

....of...

Name of proxy Address of proxy

or failing him

....of...

Name of proxy Address of proxy

or failing them, the Chairman of the meeting as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held on Thursday, 4 August 2005 and at any adjournment thereof.

If no person is named above or if the person named does not attend the meeting or is not a legally effective choice the Chairman of the meeting will be my/our proxy to vote for me/us on my/our behalf at the meeting or any adjournment of the meeting.

If you do not wish to direct your proxy how to vote, please place a mark in the box. By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolutions and votes cast by him other than as proxy holder will be disregarded because of that interest. The Chairman intends to vote those proxies without specific direction in favour of the resolutions. ☐

I/We understand that if I/we have not directed my/our proxy how to vote, my/our proxy may vote or abstain from voting as he or she thinks fit.

RESOLUTIONS	**FOR**	**AGAINST**	**ABSTAIN**
1. **Re-election of Mr R S Johnston**			
2. **Ratification of Past Placement**			
3. **Placement Approval**			
4. **Equal Reduction of Capital**			

Dated this day of 2005

If the member is a company, then it shall affix its Common Seal overleaf or sign by a duly authorised officers.
If the member is an individual or joint holder, then please sign overleaf where indicated.

WEST AUSTRALIAN METALS LTD

ABN 71 001 666 600

NOTICE OF GENERAL MEETING

4 AUGUST 2005

PROXY FORM - page 2

EXECUTED by)
)
ACN/ABN)
In accordance with section 127 of the)
Corporations Act 2001)

....
Director/Company Secretary*

....
Director/Sole Director and Sole Company Secretary*

....
Name of Director/Company Secretary*
(BLOCK LETTERS)

....
Name of Director/Sole Director and Sole Company Secretary* (BLOCK LETTERS)

*Delete whichever is not applicable

OR

....
Signature

....
(Insert capacity in which duly authorised officer is signing for a member which is a company)

If the member is an individual or joint holder:

....
Signature

....
Signature

1. A member entitled to attend and vote at the Annual General Meeting convened by the above Notice is entitled to appoint not more than 2 proxies to vote on the member's behalf.
2. Where 2 proxies are appointed and the appointment does not specify the proportion or number of the member's votes each proxy may exercise half of the member's voting rights.
3. A proxy need not be a member.
4. Proxy forms (and the power of attorney, if any, under which the proxy form is signed) must be received at 129 Edward Street, Perth, Western Australia, fax number (08) 9227 8178 no later than 48 hours before the time fixed for holding the meeting.
5. Appointment of a proxy by a member being a natural person must be under the hand of the member or of an attorney appointed in writing by the member.
6. Appointment of a proxy by a member being a body corporate must be under the common seal of the body corporate or under the hand of an attorney appointed in writing by the body corporate.
7. If signing under a power of attorney, the power of attorney must be deposited at the Company's registered office for inspection and return, when the proxy is lodged.
8. The proxy appointment may be a standing appointment for all general meetings until it is revoked.
9. As permitted by the Corporations Act, the Board has determined that, for the purposes of voting at the meeting, members are those persons who are the registered holders of shares at 7pm WST on Tuesday, 2 August 2005. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.