



**West Australian Metals Ltd**  
ABN 71 001 666 600

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28 July 2005

Manager Announcements  
Company Announcements Office  
Australian Stock Exchange Limited  
20 Bridge Street  
Sydney NSW 2000

Dear Sir,

### **ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2005**

#### **Summary**

General Meeting of Shareholders to be convened on 4 August 2005 to consider: -

director's re-election

ratification of past placement

authority for placement to raise \$1,790,000 (less costs)

capital reduction by way of in specie distribution of Astop Biohealth shares

Option agreement finalised on new mineral sands and bauxite project in the Esperance region of Western Australia

### **CORPORATE**

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.

On 1 July, 2005 the Company lodged the Notice of General Meeting with ASX. 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, 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:
  - (a) 70,000,000 fully paid ordinary shares in the Company ("**Placement Shares**");
  - (b) 70,000,000 options to acquire ordinary shares in the Company ("**Placement Options**"); and
  - (c) 40,000,000 partly paid shares in the Company ("**Placement Partly Paid Shares**");
- **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.

## **PROPOSED PLACEMENT**

At The General Meeting, Resolution 3 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 the 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 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; 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) 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).

West Australian Metals lodged a disclosure document on 19 July, 2005, relating to the Placement Securities so that the Placement Investors will not be subject to the secondary sales restrictions in the Corporations Act.

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 19.2 cents and 40,000,000 partly paid shares paid to 0.1 cent.

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

## **INVESTMENT – PROPOSED CAPITAL REDUCTION**

### **Astop Biohealth Ltd**

Astop Biohealth Ltd, formerly Asthmastop Ltd, is an unlisted biomedical company which has exclusive rights to the development, manufacture, trialling and distribution of a patentable nutritional formulation which targets the causal factors of asthma.

On 12 November 2004, West Australian Metals advised that the Company had entered into a Subscription Deed with 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-licensed 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 ASX to fund marketing and commercialisation of ABL’s products in Australia and internationally. ABL has indicated that it wishes to seek listing by the end of the 2005 calendar year.

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’s 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.

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 to offer the interests to West Australian Metals Shareholders once they become an ABL shareholder.

Subject to shareholder approval pursuant to Resolution 4 at the General Meeting, the issued share capital of the Company will be reduced by an amount equal to the value of ABL Capital Reduction Shares held by the 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.

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).

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.

## **CAPITAL STRUCTURE**

West Australian Metals Ltd issued capital (as at 30 June 2005)

	<i>Number</i>	<i>Details</i>
Shares	<b>114,922,746</b>	
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.

## **LEGAL PROCEEDINGS – AUSTIN ENGINEERING LTD**

Austin Engineering Ltd initiated proceedings in the District Court of Queensland for the recovery of \$83,570.88 plus interest for claimed overpayment to West Australian Metals of costs related to the listing of Austin Engineering on ASX in March 2004.

West Australian Metals rejects Austin's claim and will defend the action. The Company awaits a hearing date.

## **EXPLORATION ACTIVITIES**

### **ESPERANCE PROJECTS**

#### **CONDINGUP BAUXITE**

*E63/831 and E63/939 – West Australian Metals Ltd can earn 80%*

#### **ESPERANCE MINERAL SANDS**

*E63/832, E63/833 and E63/834 – West Australian Metals Ltd can earn 80%*

#### **SCADDAN MINERAL SANDS**

*(ELA63/818), (ELA63/819) and (ELA63/820) – West Australian Metals Ltd can earn 80% non-basement rights*

West Australian Metals Ltd's wholly owned subsidiary, Bronzewing Gold NL, has entered into option and joint venture agreements with Plasia Pty Ltd and Mr Scott Bishop to explore for mineral sands and bauxite in the Esperance district of Western Australia.

Plasia Pty Ltd is an unlisted company which secured tenements over two exploration areas in the Esperance region based on conceptual models for the accumulation of mineral sands and bauxite in the region.

The Scaddan mineral sands area consists of three exploration licences E63/832 to 63/834 held by Plasia and the non-basement material rights over exploration licence applications E63/818 to 63/820 held by Mr Scott Bishop. The area covering some 1,500km<sup>2</sup> over the Esperance Eocene Embayment and palaeo-shoreline has the potential to host a new mineral sands basin containing heavy mineral deposits similar to the Eucla Basin occurrences currently being explored by several companies in South Australia.

The Condingup bauxite area comprises two granted exploration licences, E63/831 and E63/939 covering 296km<sup>2</sup> over a potential shallow basin filled bauxite deposit which may host an exploitable large deposit located within 50km of the Port of Esperance infrastructure.

Under the terms of the Option and Joint Venture agreements which were signed on 26 May, 2005, Bronzewing Gold has an exclusive six month option to assess the tenements and the conceptual models and the right to earn a 80% interest in the tenements by sole funding exploration of \$1.0 million over 3.5 years and progressive payments to Plasia totalling \$300,000. An initial payment of \$50,000 was made to Plasia on signing of the agreements as reimbursement of Plasia's costs to date.

A review of historical exploration and air magnetics in the region and field reconnaissance was completed during the quarter in preparation for preliminary ground magnetic surveys and aircore drilling scheduled for July and August 2005.

### **DUKETON BELT**

#### **KING OF CREATION**

*M38/160 – West Australian Metals Ltd ("WME") 100%  
(ELA 38/1368), (ELA38/1375) – WME earning 70%*

The King of Creation Project is located 50km north of Laverton and is secured by Mining Lease M38/160 covering 855ha over a north trending sequence of intensely deformed and altered quartz poor sediments, banded cherts and

intermediate to basic volcanics. A major trans-current shear zone is localised within and transects this sequence which hosts the King of Creation, Queen of Creation, Spes Unica and Mighty Atom prospects.

The central part of the mineralised shear was previously mined by Hillmin Gold Mines and produced 57,693 ozs of gold from 811,500 tonnes of ore from an open pit up to December 1990. The mine is located on a tenement (ELA38/1375) which is excised from M38/160 and which is the subject of a joint venture agreement between the owner, Heron Resources Limited, and West Australian Metals' subsidiary Bronzewing Gold NL. This joint venture also encompasses ELA38/1368 covering the northern extensions to the King of Creation shear zone.

Current indicated and inferred resource estimates for M38/160 total 435,000 tonnes grading 1.45g/t for 20,000ozs Au.

Reverse circulation drilling, delayed by unavailability of drilling rigs, is now planned to be conducted in August to further test the zone of mineralisation (5m @ 7.92g/t) located 1.7 kilometres north-west of the King of Creation open pit.

### **BEN HUR**

M38/339, P38/3165, (ELA38/1748) and (PLA38/3185)

WME 100%

The Ben Hur Project to the west of King of Creation covers 4km of strike of the Ben Hur shear where mineralisation is hosted in an east dipping sheared quartz dolerite unit 40m to 50m wide. High grade mineralisation is associated with narrow, north plunging veins within a broad south plunging mineralised zone at the Ben Hur and Ben Hur North deposits.

Resource estimates, based on three-dimensional block modelling, using a 1.0g/t lower cut, no top cut and a variable SG between 1.9 and 2.7t/m<sup>3</sup> reflecting degree of oxidation, are

<i>Indicated Resource</i>	877,000 tonnes @ 1.95g/t
<i>Inferred Resource</i>	1,285,000 tonnes @ 2.1g/t
<i>Total</i>	2,162,000 tonnes @ 2.04g/t for 142,000ozs Au

An additional inferred polygonal resource of 130,000 tonnes @ 2.8g/t Au (12,000ozs) remains current for the Kennecott East zone on a parallel structure to the north east of the Ben Hur mineralisation.

### **CORK TREE WELL**

M38/346, G38/4, (PLA38/3158), (MLA38/917), (MLA38/918), E38/1563 and (ELA38/1618)

WME 100%

The Cork Tree Well tenements are 32km north of Laverton and cover 760ha in a sequence of Archaean basic volcanics, tuffs and meta-sediments with banded iron formation. Mineralisation occurs mainly in interflow cherts and shales, which dip steeply to the east and become subsidiary to graphitic shale in the primary zone.

The Cork Tree Well open pits on M38/346 were mined by Austwhim Resources NL between 1985 and 1988 and produced 699,115 tonnes at a grade of 2.3g/t Au. Current inferred resource estimates within the Cork Tree tenements total 243,000 tonnes @ 2.2g/t Au.

Exploration licence E38/1563 was granted on 28 June, 2005 for a term of five years.

Extensive upgrade of the historic drilling database and field mapping was carried out to assist facilitate drill targeting. Drilling is planned in August to test northern strike extensions to the Cork Tree North mineralised zone and structural targets in the north of the tenement.

### **ANCHOR**

M38/302

WME 100%

The Anchor project, located 108km north of Laverton, consists of Mining Lease 38/302 covering an area of 936ha extending 6km over an ultramafic contact which hosts high grade gold mineralisation at the Anchor open pit.

The Anchor deposit in the north of the lease produced 29,000 tonnes of high-grade ore grading 26g/t Au from a small open pit in 2000/2001. The gold mineralisation is associated with a highly altered siliceous chert zone, up to 4m in width on the ultramafic contact and is controlled by northwest trending cross faulting.

Indicated mineral resources in the vicinity of the open pit, based on 0.5g/t lower cut-off, no top cut and SG of 2.4t/m<sup>3</sup> are 76,700 tonnes @ 4.4g/t for 10,800ozs Au.

The Anchor tenement lies immediately to the south of Regis Resources' Moolart Well project where recent drilling has identified extensive shallow gold mineralisation over a 4km strike.

### **FAMOUS BORE**

*M38/384*

*WME 0% - SURRENDERED*

Located approximately 120km north of Laverton, the project covers an area of 107ha at the northern end of the Duketon greenstone belt.

Mineralisation is associated with quartz veining within deeply weathered, sheared felsic tuff similar to the mineralisation at the Famous Blue deposit, two kilometres to the south.

This tenement was relinquished during the quarter and the Company retains no further interest in the property.

### **NO MISTAKE**

*P38/2659 (MLA38/802)*

*WME 100%*

The No Mistake mining lease application covers an area of 11.25ha and is located 75km north of Laverton.

The tenement is located within the Erlistoun resource area where Newmont Exploration and Regis Resources NL have delineated significant mineralisation. Newmont Exploration conducted broad spaced reverse circulation drilling on behalf of Bronzewing Gold in May 2004, which confirmed continuity of the mineralised vein structure through the No Mistake tenement. Further infill drilling is warranted to establish resources on the tenement.

## **LEONORA PROJECTS**

### **PERSEVERANCE**

*M37/422, M37/487, P37/4018 (MLA37/538), (MLA37/926), (MLA37/927)*

*WME 100%*

The Perseverance tenements are located 35km east of Leonora and cover 1,616ha of faulted and folded sequence of mafic extrusive and intrusive units with interlayered tuffs and sediments. Gold mineralisation is associated with quartz veining in a variety of lithologies and the prospect incorporates the historic Prince of Wales Mine, the Perseverance - Webster's Find mines and the Benalla Mine.

The Webster's Find and nearby Perseverance mines produced a total of 21,529 tonnes of ore at an average grade of 18.26g/t Au between 1897 and 1909.

Drilling planned to test continuity of mineralisation at the southern end of the Webster's workings was delayed by problems in securing a rig for the program and is now planned to be carried out in August.

### **WINDSOR WELL/KISMET**

*M39/334, (MLA39/367), (MLA39/381), (MLA39/382), (MLA39/482), (MLA39/483) (MLA39/528), (MLA39/529), (MLA39/530) and (MLA39/663)*

*WME 100%*

The tenements are located 50km east of Leonora and cover 14km<sup>2</sup> over a sequence of mafic and ultramafic intrusive rocks with narrow sedimentary and volcanic units and occasional felsic intrusives. Gold mineralisation is evident from numerous shallow workings in the area and is frequently associated with high-grade quartz veining on the mafic-sediment contacts.

Previous drilling adjacent to the old Kismet line of workings (M39/334) intersected narrow high grade mineralisation (4m @ 11.6g/t) but seven holes, totalling 331m of drilling, completed in the March quarter failed to identify extensions to the historic mineralisation. No further work was completed this quarter.

### **LINGER AND DIE PROSPECT**

*M37/787*

*WME 100%*

The prospect is located 28km north of Leonora and is secured by a mining lease covering 200ha over the old Dodgers Well Mining Centre. The area produced 2,000ozs of gold from 1,400 tonnes of ore from 1897 and more recent mining in the 1980's extracted 2,007 tonnes at an average grade of 11.8g/t Au, the ore being mined from small pits along the old line of historical workings.

An aircore drilling program completed last quarter failed to extend mineralisation between the eastern open pits and the western historic workings. No work was carried out during the quarter.

#### **NORTHAMPTON BASE METAL PROJECT**

*Victoria Locations 833 and Part 118, 119 and (ELA 66/50)*

*WME 100%*

West Australian Metals currently holds approximately 282ha of ground under Victoria Locations 118, 119 and 833 and has applied for a further 60km<sup>2</sup> (ELA66/50) in the Northampton copper-lead-zinc province near Geraldton in Western Australia.

The mineral field hosts numerous small lead-zinc-silver and copper deposits which have been intermittently mined since 1850 and West Australian Metals' freehold titles and exploration licence application cover the Protheroe and Narra Tarra Pb-Zn mines which were among the deepest, richest and most prolific producers in the region.

The Northampton area holds potential for modest tonnages of high-grade lead, zinc and copper mineralisation.

Further evaluation of the area is proposed on grant of E63/50

#### **BADGEBUP**

*WME 1.125% gross product share*

West Australian Metals Ltd holds a 1.125% interest in gross production income from the Badgobup Gold Project in the South West Mineral Field of WA.

No gold royalty was received during the quarter.

*Leases in brackets are applications going through the Native Title process.*

Yours faithfully,  
for **WEST AUSTRALIAN METALS LTD**



D A Hamlyn  
**Executive Director**

*NOTE: The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr D Hamlyn, a full time employee of the company, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Hamlyn has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hamlyn consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*